

A woman with curly hair, wearing a light-colored blazer, is seated at a table in a meeting. She is looking towards the right side of the frame with a thoughtful expression, her hand resting on the table. In the foreground, the back of another person's head and shoulders is visible, suggesting a collaborative meeting environment. The background shows a window with blinds and some papers on the wall.

Broker Services Retail Guidelines

DUCA Financial Services Credit Union

Last update: September 2024

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GENERAL INFORMATION

Key Contact Information	<p>Lucy Celebre Business Development Specialist 647.616.8450 lcelebre@duca.com</p> <p>Michael Fuller Business Development Specialist 416.553.7849 mfuller@duca.com</p>
Document Submission	<p>documents@ducabrokerservices.ca</p> <ul style="list-style-type: none">• Include ONLY the mortgage number in the subject line to submit your file's documentation
Status Update	<p>askami@ducabrokerservices.ca</p> <ul style="list-style-type: none">• Include ONLY the mortgage number in the subject line to receive an automated live response regarding the status of your file
Broker Website	<p>www.ducabrokerservices.ca</p> <ul style="list-style-type: none">• Access to rate sheets, policy guidelines, documents, and forms

PROPERTY TYPES

Eligible Property Types	<ul style="list-style-type: none"> • New homes with a Tarion New Home Warranty on residential properties • New homes without a warranty on residential properties with a full appraisal, Certificate of Completion and Municipal Occupancy Permit 	<ul style="list-style-type: none"> • Older homes built on residential properties which are in average or better condition, are marketable and have remaining economic life greater than the remaining amortization
Ineligible Properties	<ul style="list-style-type: none"> • Timeshares • Fractional Ownership • Houseboats • Mobile Homes • Log Homes • Unique properties (e.g., former schoolhouses & churches) • Government or private sponsored Social Housing • Leaseholds • Trailer Parks 	<ul style="list-style-type: none"> • Rooming Houses or Shared Rental Housing • Condo conversions • Condo hotels • Any project currently subject to litigation that may affect the value, financial condition, or marketability of the units • Any property that is prohibited by zoning regulations from rebuilding following partial or complete destruction • Any condo with pending litigation or special assessments • Properties with a stone foundation for seasonal, cottage or vacation properties only.
Other Ineligible Properties	<ul style="list-style-type: none"> • Industrial Properties • Commercial Properties 	<ul style="list-style-type: none"> • Co-Op Properties • Working Farms

Heating Costs	<p>If the actual cost is unknown, heating costs used should be:</p> <ul style="list-style-type: none"> • Up to 1000 sq ft: \$75.00 monthly • 1001 to 2500 sq ft: \$100.00 monthly • 2501 to 5000 sq ft: \$150.00 monthly • 5001 to 7500 sq ft: \$200.00 monthly • Over 7500 sq ft: \$250.00 monthly 	
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Property Appraisal	<p>All appraisals must be obtained through the following approved appraisal providers:</p> <ul style="list-style-type: none"> • FNF Canada • Solidify • NAS • RPS 	
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SLIDING SCALE

Area	Definition	Tier 1		Tier 2	
		Max LTV	First	Sliding Scale	Second
GTA	Ajax, Aurora, Brampton, Burlington, Caledon (Inclusive Bolton), East York, Etobicoke, Georgetown, Hamilton (Inclusive Ancaster, Stoney Creek, Waterdown & Dundas), Halton Hills, King City, Schomberg, Nobleton, Markham, Milton, Mississauga, Newmarket, East Gwillimbury (Holland Landing, Mt. Albert, Queensville and Sharon), West Gwillimbury (Inclusive Bradford), North York, Oakville, Oshawa, Pickering, Richmond Hill, Oak Ridges, Scarborough, Toronto, Vaughan, Concord, Kleinburg, Maple, Thornhill, Woodbridge, Whitchurch-Stouffville, Uxbridge and Whitby	<ul style="list-style-type: none"> • Prime/Near Prime/ BFS 80% • Bruised 65% • Vacation/Cottage 65% • Non-Readvanceable HELOC 65% 	\$2,000,000	50%	Remainder
Major Urban	Major Urban Centre must have a total population of at least 100,000 or more. Included in this area is Ottawa and Area (Nepean, Gloucester, Constance Bay, Stittsville, West Carleton, Cumberland, Kanata, Vanier), Orangeville, Grimsby, Bowmanville-Clarington, Courtice, Kitchener-Cambridge-Waterloo, Kingston, London, Guelph, Brantford, New Tecumseth (Alliston, Beeton and Tottenham), St. Catharines and Barrie.	<ul style="list-style-type: none"> • Prime/Near Prime/ BFS 80% • Bruised 65% • Vacation/Cottage 65% • Non-Readvanceable HELOC 65% 	\$1,500,000	50%	Remainder
Urban	All other cities with population of 30,000 or more. Included in this area is Peterborough, Belleville, Sarnia, Cornwall, Sault Saint Marie, Innisfil, Stratford, Sudbury, Thunder Bay, Manitock, Niagara Falls, North Bay, Georgina, Orillia, Quinte West (Trenton), Woodstock.	<ul style="list-style-type: none"> • Prime/Near Prime/ BFS 80% • Bruised 65% • Vacation/Cottage 65% 	\$1,000,000	50%	Remainder
Non-Urban	All other cities with population under 30,000	<ul style="list-style-type: none"> • Prime/Near Prime/ BFS 80% • Bruised 65% • Vacation/Cottage 65% 	\$800,000	50%	Remainder

DUCA MORTGAGE LOANS

	Prime (HR)	Prime Insurable	Prime Non-Insurable	Rental	Near Prime	Bruised Credit	Business for Self
Purpose	Purchase	Purchase	Purchase & Refinance	Purchase & Refinance	Purchase & Refinance	Purchase & Refinance	Purchase & Refinance
Occupancy	Owner-Occupied	Owner-Occupied	Owner-Occupied	Non-Owner Occupied	Owner-Occupied	Owner-Occupied	Owner-Occupied
Max. Loan Amount	\$924,999.99	\$799,999.99	\$5,000,000	\$1,500,000	\$2,000,000	\$1,500,000	\$1,500,000
Min. Score	600	600	600	650	600	500	600
Max GDS	39%	39%	45%	45%	55%	45%	45%
Max TDS	44%	44%	50%	50%	60%	50%	50%
Qualifying Rate	Greater of BoC 5 Year or Contract + 2%	Greater of BoC 5 Year or Contract + 2%	Greater of BoC 5 Year or Contract + 2%	Greater of BoC 5 Year or Contract + 2%	Greater of BoC 5 Year or Contract + 2%	Greater of BoC 5 Year or Contract + 2%	Greater of BoC 5 Year or Contract + 2%
Max LTV	95%	80%	80%	80%	80%	65%	80%
Property Location	Ontario	GTA, Major Urban, Urban, Rural	GTA, Major Urban, Urban, Rural	GTA, Major Urban, Urban, Rural	GTA, Major Urban, Urban, Rural	GTA, Major Urban, Urban, Rural	GTA, Major Urban, Urban, Rural
Min. Sq Ft House & Condo	750 Sq Ft & 450 Sq Ft	750 Sq Ft & 450 Sq Ft	750 Sq Ft & 450 Sq Ft	750 Sq Ft & 450 Sq Ft	750 Sq Ft & 450 Sq Ft	750 Sq Ft & 450 Sq Ft	750 Sq Ft & 450 Sq Ft
Sliding Scale	None	None	Sliding Scale	Sliding Scale	Sliding Scale	Sliding Scale	Sliding Scale
Bankruptcy	Discharged Min. 2 years	Discharged Min. 2 years	Discharged Min. 2 years	Discharged Min. 2 years	*Discharged Min. 2 years. *CP balance may be paid out	*Discharged Min. 2 years. *CP balance may be paid out	*Discharged Min. 2 years. *CP balance may be paid out
Additional Mortgage Financing	N/A	N/A	Allowed	N/A	Allowed	Allowed	Allowed
Income Verification	Traditional	Traditional	Traditional	Traditional	Traditional	Traditional	Non-Traditional
Max Term (years)	7	7	7	5	5	5	5
Lender's Fee	N/A	N/A	N/A	N/A	Yes	Yes	Yes
Max Amortization	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years

DUCA MORTGAGES OTHERS

	Non-Readvanceable HELOC	Bridge	Secured Bridge
Purpose	Refinance	Purchase	Purchase
Occupancy	Owner-Occupied	N/A	Not Applicable
Max. Loan Amount	\$2,500,000	\$500,000	\$1,000,000
Min. Score	650	650	650
Max GDS	39%	N/A	N/A
Max TDS	44%	N/A	N/A
Qualifying Rate	Greater of BoC 5 Year or Contract rate + 2%	N/A	N/A
Max LTV	65%	N/A	N/A
Property Location	GTA, Major Urban	Ontario	Ontario
Min. Sq Ft House & Condo	750 Sq Ft & 450 Sq Ft	N/A	N/A
Sliding Scale	Sliding Scale	N/A	N/A
Bankruptcy	Discharged Min 2 years	N/A	N/A
Additional Mortgage Financing	Allowed	N/A	N/A
Income Verification	Traditional/Non-traditional	N/A	N/A
Max Term (yrs)	1	N/A	N/A
Lender's Fee	N/A	N/A	N/A
Max Amortization	N/A	120 days	120 days

INCOME TYPES, DOCUMENTATION AND CALCULATIONS

Income Type:

Regular Full-Time or Part-Time

Insurer Verification (High Ratio, and Prime Insurable)

Use a primary and secondary verification method.

Primary method

Obtain 1 of the following:

- Recent paystub
- 2 months of recent direct deposit history
- Current letter of employment

If a letter of employment and another additional documentation from a primary method is obtained, verification using a secondary method is not required.

Secondary method

Obtain 1 of the following:

- Previous year-end paystub
- Most recent T4
- Most recent NOA

For Variable/Fluctuating Income follow Insurer guideline

Calculation

No averaging is required.

- Up to 100% of bi-weekly income x 26
- Up to 100% of monthly income x 12
- Up to 100% of annual income

For Variable/Fluctuating Income follow Insurer guideline.

Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)

Use a primary and secondary verification method.

Primary method

Obtain 1 of the following:

- Recent paystub
- 2 months of recent direct deposit history
- Current letter of employment

If a letter of employment and another additional documentation from a primary method is obtained, verification using a secondary method is not required.

Secondary method

Obtain 1 of the following:

- Previous year-end paystub
- T4
- NOA
- Verbal verification with employer

Calculation

No averaging is required.

- Up to 100% of bi-weekly income x 26
- Up to 100% of monthly income x 12
- Up to 100% of annual income

Income Type:

Casual, Secondary Job, Contract, Seasonal, Overtime, Bonuses, Tips, and Commissions

Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<p>Use a primary and secondary verification method.</p> <p>Primary method</p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none">• Recent paystub• Current letter of employment <p>Secondary method</p> <p><u>Obtain 2 of the following to verify income for the past 2 years:</u></p> <ul style="list-style-type: none">• Previous year-end paystub• T4• NOA <p>*For Variable/Fluctuating Income follow Insurer guideline.</p>	<p>Use a primary and secondary verification method.</p> <p>Primary method</p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none">• Recent paystub• Current letter of employment <p>Secondary method</p> <p><u>Obtain 2 of the following to verify income for the past 2 years:</u></p> <ul style="list-style-type: none">• Previous year-end paystub• T4• NOA• Verbal verification with employer
<p>Calculation</p> <p>Averaging is required.</p> <ul style="list-style-type: none">• Up to 100% of 2-year average <p>For seasonal workers no more than 30% of income should be EI.</p>	<p>Calculation</p> <p>Averaging is required.</p> <ul style="list-style-type: none">• Up to 100% of the most recent year• Income from the most recent year can be used for cases where income has shown a steady increase (multiple years)• If income has been showing a steady decline (multiple years) a lower amount than the 2-year average should be used• Otherwise, use up to 100% of 2-year average. <p>For seasonal workers no more than 30% of income should be EI.</p>

Income Type: Foreign Sources	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<p>Use a primary and secondary verification method.</p> <p>Primary method</p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none"> Recent paystub Current letter of employment <p>Secondary method</p> <p><u>Obtain the following:</u></p> <ul style="list-style-type: none"> NOA for the past 2 years 	<p>Use a primary and secondary verification method.</p> <p>Primary method</p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none"> Recent paystub Current letter of employment <p>Secondary method</p> <p><u>Obtain the following:</u></p> <ul style="list-style-type: none"> NOA for the past 2 years
<p>Calculation</p> <p>Averaging is required.</p> <ul style="list-style-type: none"> Up to 100% of 2-year average 	<p>Calculation</p> <p>Averaging is required.</p> <ul style="list-style-type: none"> Up to 100% of 2-year average

Income Type: Maternity Leave, and Paid Parental Leave	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<p>Calculation</p> <p>100% of return-to-work income if:</p> <ul style="list-style-type: none"> Written confirmation has been obtained from the employer stating anticipated return to work date <p>The applicant has the resources to cover monthly mortgage payments while on leave.</p>	<p>Calculation</p> <p>100% of return-to-work income if:</p> <ul style="list-style-type: none"> Written confirmation has been obtained from the employer stating anticipated return to work date <p>The applicant has the resources to cover monthly mortgage payments while on leave.</p>

Income Type:

Investment Income (Dividends, Interest and Registered Retirement Income Fund)

**Insurer Verification
(High Ratio, and Prime Insurable)**

Use a primary and secondary verification method.

Primary method

Obtain the following:

- Recent investment statement

Secondary method

Obtain 2 of the following to support income for the past 2 years:

- T5
- T4 RIF
- NOA

Calculation

Averaging is required.

- Up to 100% of 2-year average

**Traditional Verification
(Prime Non-Insurable, HELOC, Non-Readvanceable HELOC,
Near Prime, and Bruised)**

Use a primary and secondary verification method.

Primary method

Obtain the following:

- Recent investment statement

Secondary method

Obtain 2 of the following to support income for the past 2 years:

- T5
- T4 RIF
- NOA

Calculation

Averaging is required.

- Up to 100% of 2-year average

Income Type: Pension Income	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<p>For verification purpose, obtain 1 of the following:</p> <ul style="list-style-type: none"> • Most recent NOA • Recent account statement showing at least 3 months of consecutive deposit • Recent pension stub/pension statement • Recent T4A • Letter from previous employer / pension administrator stating pension amount 	<p>For verification purpose, obtain 1 of the following:</p> <ul style="list-style-type: none"> • Recent NOA • Recent account statement showing at least 3 months of consecutive deposit • Recent pension stub/pension statement • Recent T4A • Letter from previous employer / pension administrator stating pension amount
Calculation No averaging is required. <ul style="list-style-type: none"> • Up to 100% of monthly income x 12 • Up to 100% of annual income 	Calculation No averaging is required. <ul style="list-style-type: none"> • Up to 100% of monthly income x 12 • Up to 100% of annual income

Income Type:

Support Payments (Child Support, Alimony and Adoption)

**Insurer Verification
(High Ratio, and Prime Insurable)**

Use a primary and secondary verification method.

Primary method

Obtain 1 of the following:

- Court order
- Divorce agreement
- Separation agreement
- Contract from Ministry of Social Services
- Income letter from Ministry of Social Services

Secondary method

Obtain 1 of the following:

- NOA
- Recent account statements showing regular support payments
- **For child support only:** Ages of children must be obtained to ensure that the support will continue for at least 3 years

Calculation

No averaging is required.

- Up to 100% of bi-weekly income x 26
- Up to 100% of monthly income x 12
- Up to 100% of annual income

**Traditional Verification
(Prime Non-Insurable, HELOC, Non-Readvanceable HELOC,
Near Prime, and Bruised)**

Use a primary and secondary verification method.

Primary method

Obtain 1 of the following:

- Court order
- Divorce agreement
- Separation agreement
- Contract from Ministry of Social Services
- Income letter from Ministry of Social Services

Secondary method

Obtain 1 of the following:

- NOA
- Recent account statements showing regular support payments
- **For child support only:** Ages of children must be obtained to ensure that the support will continue for at least 3 years

Calculation

No averaging is required.

- Up to 100% of bi-weekly income x 26
- Up to 100% of monthly income x 12
- Up to 100% of annual income

Income Type: Long-Term Disability Income	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<u>Obtain 2 of the following:</u> <ul style="list-style-type: none"> • Award Letter from insurer • NOA • Recent statement of accounts showing regular disability 	<u>Obtain 2 of the following:</u> <ul style="list-style-type: none"> • Award Letter from insurer • NOA • Recent statement of accounts showing regular disability

Income Type: Temporary Disability Income	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<u>Obtain the following:</u> <ul style="list-style-type: none"> • Letter from employer stating benefits received and expected date when employee will return to work <u>In addition to the Letter from Employer, 1 of the following is to be obtained:</u> <ul style="list-style-type: none"> • NOA • Recent statement of accounts showing regular disability income 	<u>Obtain the following:</u> <ul style="list-style-type: none"> • Letter from employer stating benefits received and expected date when employee will return to work. <u>In addition to the Letter from Employer, 1 of the following is to be obtained:</u> <ul style="list-style-type: none"> • NOA • Recent statement of accounts showing regular disability income

Income Type: Foster Care Income	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<ul style="list-style-type: none"> Caregivers must have at least 2 years' of experience as foster parents <u>Obtain 1 of the following:</u> <ol style="list-style-type: none"> Contract from Ministry Pay stub Income Letter Letter from Social Services confirming tenure and current status Members must live on site Maximum of 6 children including any of their own 	<ul style="list-style-type: none"> Caregivers must have at least 2 years' of experience as foster parents <u>Obtain 1 of the following:</u> <ol style="list-style-type: none"> Contract from Ministry Pay stub Income Letter Letter from Social Services confirming tenure and current status Members must live on site Maximum of 6 children including any of their own
Calculation No averaging is required. <ul style="list-style-type: none"> Up to 100% of bi-weekly income x 26 Up to 100% of monthly income x 12 Up to 100% of annual income 	Calculation No averaging is required. <ul style="list-style-type: none"> Up to 100% of bi-weekly income x 26 Up to 100% of monthly income x 12 Up to 100% of annual income

Income Type: Car Allowance	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<ul style="list-style-type: none"> Confirmation that this allowance is a taxable benefit Must have been received for at least 1 year 	<ul style="list-style-type: none"> Confirmation that this allowance is a taxable benefit Must have been received for at least 1 year
Calculation No averaging is required. <ul style="list-style-type: none"> Up to 100% of bi-weekly income x 26 Up to 100% of monthly income x 12 Up to 100% of annual income Can be used to offset a car loan or lease 	Calculation No averaging is required. <ul style="list-style-type: none"> Up to 100% of bi-weekly income x 26 Up to 100% of monthly income x 12 Up to 100% of annual income Can be used to offset a car loan or lease

Income Type: CCB Income	
Insurer Verification (High Ratio, and Prime Insurable) <ul style="list-style-type: none"> • NA 	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised) <p>Use a primary and secondary verification method.</p> <p>Primary method</p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none"> • CCB income approval letter from CRA • T1 General <p>Secondary method</p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none"> • NOA • Recent account statements showing regular support payments <p>Ages of children must be obtained to ensure that the support will continue for at least 3 years</p>
Calculation <ul style="list-style-type: none"> • NA 	Calculation <p>No averaging is required.</p> <ul style="list-style-type: none"> • Up to 100% of monthly income x 12

Income Type: Existing Owner Occupied Rental	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<u>Obtain 2 of the following:</u> <ul style="list-style-type: none"> • Signed Lease Agreement along with copy of First and Last Cheque deposit • An appraisal which outlines a reasonable market rent • T1 general with Rental Schedule + NOA • Bank Statements demonstrating receipt of rental income 	<u>Obtain 2 of the following:</u> <ul style="list-style-type: none"> • Signed Lease Agreement along with copy of First and Last Cheque deposit • An appraisal which outlines a reasonable market rent • T1 general with Rental Schedule + NOA • Bank Statements demonstrating receipt of rental income
Calculation	Calculation
No averaging is required. <ul style="list-style-type: none"> • Up to 50% of gross monthly income x 12 • Up to 50% of gross annual income 	No averaging is required. <ul style="list-style-type: none"> • Up to 50% of gross monthly income x 12 • Up to 50% of gross annual income

Income Type: Existing Non-Owner Occupied Rental	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<u>Obtain 2 of the following:</u> <ul style="list-style-type: none"> • Signed Lease Agreement along with copy of First and Last Cheque deposit • An appraisal which outlines a reasonable market rent • T1 general with Rental Schedule + NOA • Bank Statements demonstrating receipt of rental income 	<u>Obtain 2 of the following:</u> <ul style="list-style-type: none"> • Signed Lease Agreement along with copy of First and Last Cheque deposit • An appraisal which outlines a reasonable market rent • T1 general with Rental Schedule + NOA • Bank Statements demonstrating receipt of rental income
Calculation No averaging is required. <ul style="list-style-type: none"> • Up to 90% of monthly income x 12 • Up to 90% of gross annual income Deductions to be included to determine if there is a deficit or income: <ul style="list-style-type: none"> • Mortgage Payment • Taxes • Heat • Insurance • 100% of Condo Fees 	Calculation No averaging is required. <ul style="list-style-type: none"> • Up to 90% of monthly income x 12 • Up to 90% of gross annual income Deductions to be included to determine if there is a deficit or income: <ul style="list-style-type: none"> • Mortgage Payment • Taxes • Heat • Insurance • 100% of Condo Fees

Income Type: New Owner Occupied Rental	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<u>obtain the following:</u> <ul style="list-style-type: none"> • An appraisal which outlines a reasonable market rent • Assignment of rents signed by the borrower 	<u>obtain the following:</u> <ul style="list-style-type: none"> • An appraisal which outlines a reasonable market rent • Assignment of rents signed by the borrower
Calculation No averaging is required. <ul style="list-style-type: none"> • Up to 50% of gross monthly income x 12 • Up to 50% of gross annual income 	Calculation No averaging is required. <ul style="list-style-type: none"> • Up to 50% of gross monthly income x 12 • Up to 50% of gross annual income

Income Type: New Non-Owner Occupied Rental	
Insurer Verification (High Ratio, and Prime Insurable)	Traditional Verification (Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)
<u>obtain the following:</u> <ul style="list-style-type: none"> • An appraisal which outlines a reasonable market rent • Assignment of rents signed by the borrower 	<u>obtain the following:</u> <ul style="list-style-type: none"> • An appraisal which outlines a reasonable market rent • Assignment of rents signed by the borrower
Calculation No averaging is required. <ul style="list-style-type: none"> • Up to 90% of gross monthly income x 12 • Up to 90% of gross annual income Deductions to be included to determine if there is a deficit or income: <ul style="list-style-type: none"> • Mortgage Payment • Taxes • Heat • Insurance • 100% of Condo Fees 	Calculation No averaging is required. <ul style="list-style-type: none"> • Up to 90% of gross monthly income x 12 • Up to 90% of gross annual income Deductions to be included to determine if there is a deficit or income: <ul style="list-style-type: none"> • Mortgage Payment • Taxes • Heat • Insurance • 100% of Condo Fees

Income Type:

Conventional Non-Owner-Occupied (Rental/Investment)

Conventional Non-Owner-Occupied Description

Conventional non-owner-occupied mortgage is a loan secured by a mortgage on a residential property that is not occupied by the Member (rental/investment).

Conventional Non-Owner-Occupied Qualification

All Conventional Non-Owner-Occupied mortgages must meet the following criteria;

- Minimum credit score of 650
- Qualified on the greater of the Bank of Canada 5-year mortgage benchmark rate (BoC) or Contract+2%
- Maximum GDS of 45% and TDS of 50%
- Maximum amortization of 30 years
- Traditional income verification only
- For purchases and refinance
- No Operating Lines allowable
- Maximum loan amount of \$1.5 million
- Minimum 20% down payment
- Minimum Property Standards Apply

If an existing owner-occupied property is converted to a rental property, the mortgage will need to be re-underwritten as a non-owner-occupied mortgage at renewal or when an application is received for a new owner-occupied property, whichever occurs first.

Income Type:

Self-Employed Income (Sole Proprietorship, Partnership, and Incorporated Company)

**Insurer Verification
(High Ratio, and Prime Insurable)**

Use a primary and secondary verification method.

Primary method

For verification purposes, obtain 2 recent years of the following:

- T1 General
- NOA
- Statement of Business Activities for Sole-Proprietorship
- Accountant Prepared Financial Statements for Partnerships or Incorporated company

Secondary method

Obtain 1 of the following:

- Articles of Incorporation
- Business License
- Business contracts supported by bank statements
- GST registrations/returns

Calculation

Averaging is required.

- Up to 100% of 2 year average
- Sole proprietors and Partnerships may be grossed up by 15%

**Traditional Verification
(Prime Non-Insurable, HELOC, Non-Readvanceable HELOC,
Near Prime, and Bruised)**

Use a primary and secondary verification method.

Primary method

For verification purposes, obtain 2 recent years of the following:

- T1 General
- NOA
- Statement of Business Activities for Sole-Proprietorship
- Accountant Prepared Financial Statements for Partnerships or Incorporated company

Secondary method

Obtain 1 of the following:

- Articles of Incorporation
- Business License
- Business contracts supported by bank statements
- GST registrations/returns

Calculation

Averaging is required.

- Up to 100% of 2 year average
- Sole proprietors and Partnerships may be grossed up by 15%

INCOME TYPES, DOCUMENTATION & CALCULATIONS–NON-TRADITIONAL

Income Type:

Self-Employed Income (Sole Proprietorship, Partnership, and Incorporated Company)

Non-Traditional Verification

(Business for Self, Non-Readvanceable HELOC)

Primary method

Obtain all of the following:

- BFS questionnaire filled by the applicant.
- Income declaration letter signed by the applicant.
- 6 months of bank statements to assess the revenue and expenses of the business.
- Most recent year NOA

Secondary method

Obtain 1 of the following:

- Articles of Incorporation
- Business License
- Business contracts supported by bank statements
- 2-year Accountant Prepared Financial Statements
- GST registration/returns
- Trade License

The following are required for assessment of income:

- Min. of 2 Years business operation whether incorporated, self-employed or a partnership
- Business Registration (License), Articles of Incorporation validated to ensure ownership as disclosed.
- Verification that business income is stable, genuine, and sustainable by:
 1. 6 months of bank statements from the operating account to assess the revenue and expenses of the business, additional bank statements up to 12 months may be requested if:
 - There are no sufficient revenue and expense transactions for assessment.
 - Nature of business is considered seasonal.
 2. Income reasonability must be addressed on file per applicant disclosure.
 3. Business expense reasonability must be addressed on file per applicant disclosure.
 4. Large, unusual deposits that do not match the business profile must be explained.
 5. Business for self demonstrates enough revenue and accumulated liquid assets.
 6. Most recent NOA to ensure no outstanding taxes owing.
 7. Using different income documentation and documenting in the LOS a rationale behind the document review to validate both revenue and expense, which may include:
 - Business for Self-Questionnaire
 - Business Bank Statements
 - Accountant Prepared Business Financial Statements
 - Business Contracts, Invoices, etc.

Calculation

Non-traditional verification bank statement deposit averaging is required, as per following steps:

1. Total deposits for 6 months
2. If 6 Month Bank Statements provided multiply the total revenue by 2 = To determine the annualized revenue
3. Deduct annualized expenses as per BFS Statements, BFS Questionnaire and/or Financial Statements.
4. Expenses must include the following:
 - a. Overhead expenses such as rent, salaries, benefits, advertisement, office supplies, taxes, insurance, cost of goods sold, etc.
 - b. Depreciation expense will be accepted if they have fixed assets within their balance sheet.
 - c. Short/Long-Term business loan payments, bank charges, interest, etc.
5. Remaining Net Income is to be used as qualifying income
6. No gross-ups allowed