

Effective October 1, 2018

The following is a summary of changes:

Documentation

All mortgage applications require the three most recent months of banking statements from the applicant's primary transactional account. The primary transactional account is the account where income is received and bills/debts are paid from.

We ask for banking statements to:

- Help us to get the full financial picture of the client
- Uncover an opportunity to identify income that may not have been considered and can be potentially used in favour of the adjudication

Amortization

- Refinances: Up to maximum 30-year amortization¹
- VRM Rate: Up to maximum 30-year amortization¹
- Insured: Up to maximum 25-year amortization¹
- Purchases: Amortizations greater than 30-year subject to:
 - Owner-occupied, urban centre
 - Beacon 680
 - Income expected to increase at a pace significantly greater than inflation (e.g. high potential to earn more)

¹Subject to beacon requirements.

Income

Alimony or spousal support and Canada Child Benefit

- Up to 100% of each may be used as long as the combined total does not represent more than 30% of total income
- Payments must continue for the next five years to be included in the calculation
- Canada Child Benefit is permitted on fixed term insured or conventional mortgages only

Maternity leave income

- 100% of salary can be used provided the individual is returning to work within 90 days of mortgage closing date; otherwise employment insurance income will be used

Rental income calculation

1) Subject property owner-occupied with legal suite & subject non-owner-occupied property

Method 1
Subject of the mortgage
50% of gross rental income to be added to eligible income

Subject property refers to the property to be mortgaged.

2) Non-subject rental properties

Method 2
Gross rental income
x 65%
- heat (\$100/month/unit)
- 100% P&I
- 100% condo fees

Net rental income

Non-subject property refers to property that is not the subject of the current mortgage application, but generates rental income that can be used to qualify an application.

Product features

	As of October 1, 2018	Prior to October 1, 2018
Equity 50	<ul style="list-style-type: none"> Max loan amount \$500,000 Up to 25-year amortization TDS up to 65% with proven income provided there is sufficient other probable income documented to bring TDS to 44% or lower Owner-occupied, 1 – 4 units, urban centre 	<ul style="list-style-type: none"> Max loan \$400,000 Up to 35-year amortization TDS up to 70% with other verifiable sources of income to bring TDS down to 44% Owner-occupied, 1 – 2 units
Equity 65	<ul style="list-style-type: none"> Max loan amount \$500,000 Up to 25-year amortization TDS up to 60% with proven income provided there is sufficient other probable income documented to bring TDS to 44% or lower Owner-occupied, 1 – 4 units, urban centre 	<ul style="list-style-type: none"> Max loan \$400,000 Up to 35-year amortization TDS up to 65% – net worth (excluding equity in property) must be 1.5x loan amount with confirmation required Owner-occupied, 1 – 2 units Net worth must be 1.5x loan amount with confirmation required
	TDS value	
	Less than 50%	Greater than 50%
	Must have positive net worth	Net worth must be 1.5x the loan amount excluding property
Home Equity Line of Credit (HELOC) & Homeowner's Kit (HOK)	<ul style="list-style-type: none"> Up to 4 eligible units – owner-occupied only Max TDS/GDS Ratios <ul style="list-style-type: none"> < 680 beacon: 35/42 ≥ 680 beacon: 39/44 	<ul style="list-style-type: none"> 1 – 2 units Max TDS/GDS ratios: 32/40

Probable income – for Equity 50 & 65

Probable income is not proven through traditional methods and may be used on Equity 50 & 65 mortgage applications with higher debt ratios.

Examples:

- Expenses shared with spouse (not on title/mortgage)
- Support payments from family members
- Investment income derived from significant financial assets
- Expenses covered by a company
- Other income may be considered with acceptable documentation

Note: Probable income must be supported with appropriate documentation.



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