



INFORMATION ABOUT THE BORROWING PROCESS

A pre-approval for a mortgage is the first step in purchasing a home. The next is to meet with your lender during the conditional offer period and get a final mortgage approval. Depending on your down payment, you may have what's called a conventional or a high-ratio mortgage.

A conventional mortgage is a mortgage loan that is less than 80% of the lending value of the property. In other words, your down payment is at least 20% of the purchase price. Mortgage insurance is not usually required for this type of mortgage.

A high-ratio mortgage is a mortgage loan that is greater than 80% of the lending value of the property. This type of mortgage enables you to purchase a home with less than 20% down payment and usually requires mortgage loan insurance, of which the Canada Mortgage and Housing Corporation (CMHC) is a major provider.

How does CMHC work?

CMHC is a crown corporation whose broad mandate includes programs to assist Canadians with housing matters. By law, financial institutions require that all high-ratio mortgages be insured against default. With mortgage loan insurance you can purchase a home with less than the 20% down payment normally required. Mortgage loan insurance protects the lender in the event that the borrower defaults on their mortgage. The cost for this type of insurance is in the form of a premium and can be paid in a single lump sum upon closing or it may be added to your mortgage and included in your monthly payments. Since most buyers do not have the extra cash on closing, it is most common for people to add the cost to the mortgage; interest is then paid on the insurance premium over the amortization period of the mortgage.

The premium charged by CMHC depends on the amount of down payment being made. The following is a summary of the CMHC insurance premiums for different down payment scenarios:

Down Payment	CMHC Insurance
5%	2.75%
10%	2.00%
15%	1.75%
20%	1.00%

For more information on the borrowing process please contact Greg Ambrose or Frances Davis in our office, or visit the CMHC website.

Continued on reverse.



THE FOLLOWING LENDERS ARE AVAILABLE TO HELP YOU WITH YOUR MORTGAGE REQUIREMENTS AT CHEAKAMUS CROSSING:

TD Canada Trust

Erin Kennedy	kennee2@tdbank.ca	604-905-5500 ext-226
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Garibaldi Mortgage

Doug Mildenberger	doug@mygmi.com	604-905-1412
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Jason McLean	jason@mygmi.com	604-905-1415

RBC

Jonathan Decaigny	jonathan.decaigny@rbc.com	604-935-7910
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CIBC

Chantel Jackson	chantel.jackson@cibc.com	604-932-8835
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OTHER COSTS ASSOCIATED WITH PURCHASING A HOME:

Closing Costs	
Legal Fees:	\$1,000 (approximately)
Property Transfer Tax:	1% of the first \$200,000, and 2% of the balance of the purchase price. First-time home buyers may be eligible to wave the PTT on purchase prices up to \$425,000
GST:	5% *The Federal Government provides a rebate program for a portion of GST on new construction
Ongoing Costs	
Property Taxes:	Determined annually by the B.C.Assessment Authority
Strata Fees:	Usually paid monthly

*For futher information, visit the British Columbia Real Estate Association at www.bcrea.bc.ca