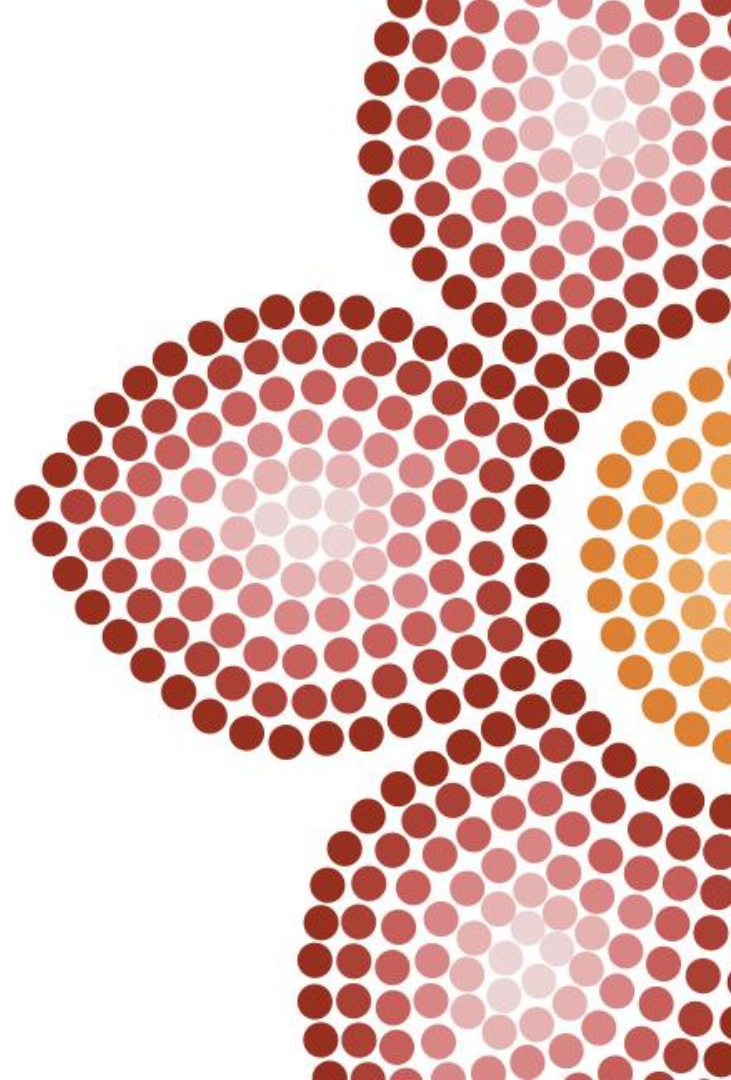


Financial literacy workshop series

Preparing for Homeownership



Technical information

For audio/visual troubleshooting, visit:

<https://support.zoom.us/hc/en-us>

Please remain on 'mute' unless otherwise requested.
Cameras may be on or off.

Participate in group discussion or ask questions at any
time using the chat function.

This workshop series will be **recorded**.

Land Acknowledgement

Midland is located on land which is the traditional and Treaty territory of the Anishinabek people, now known as the Chippewa Tri-Council comprised of Beausoleil First Nation, Rama First Nation, and the Georgina Island First Nation. We recognize that Midland is located on land which is the traditional territory of the Huron-Wendat and the historic Homelands of the Metis, and that Midland is home to a large and diverse community of Indigenous peoples.

Introductions: Who are we?

Metis Nation of Ontario

Housing & Infrastructure Branch

Housing Programs Department

Financial Literacy Program

Contact: housingprograms@metisnation.org

Métis Nation
of Ontario 



Introductions: Who am I?



Jessica Dusome

Financial Literacy Coordinator

Housing Programs

JessicaD@metisnation.org



Introductions: Tell me about you!

Poll questions:

1. What region of Ontario are you joining us from?
2. When are you planning on buying your first home?
3. Have you accessed any programs or services offered by MNO Housing Programs?

Where are we?

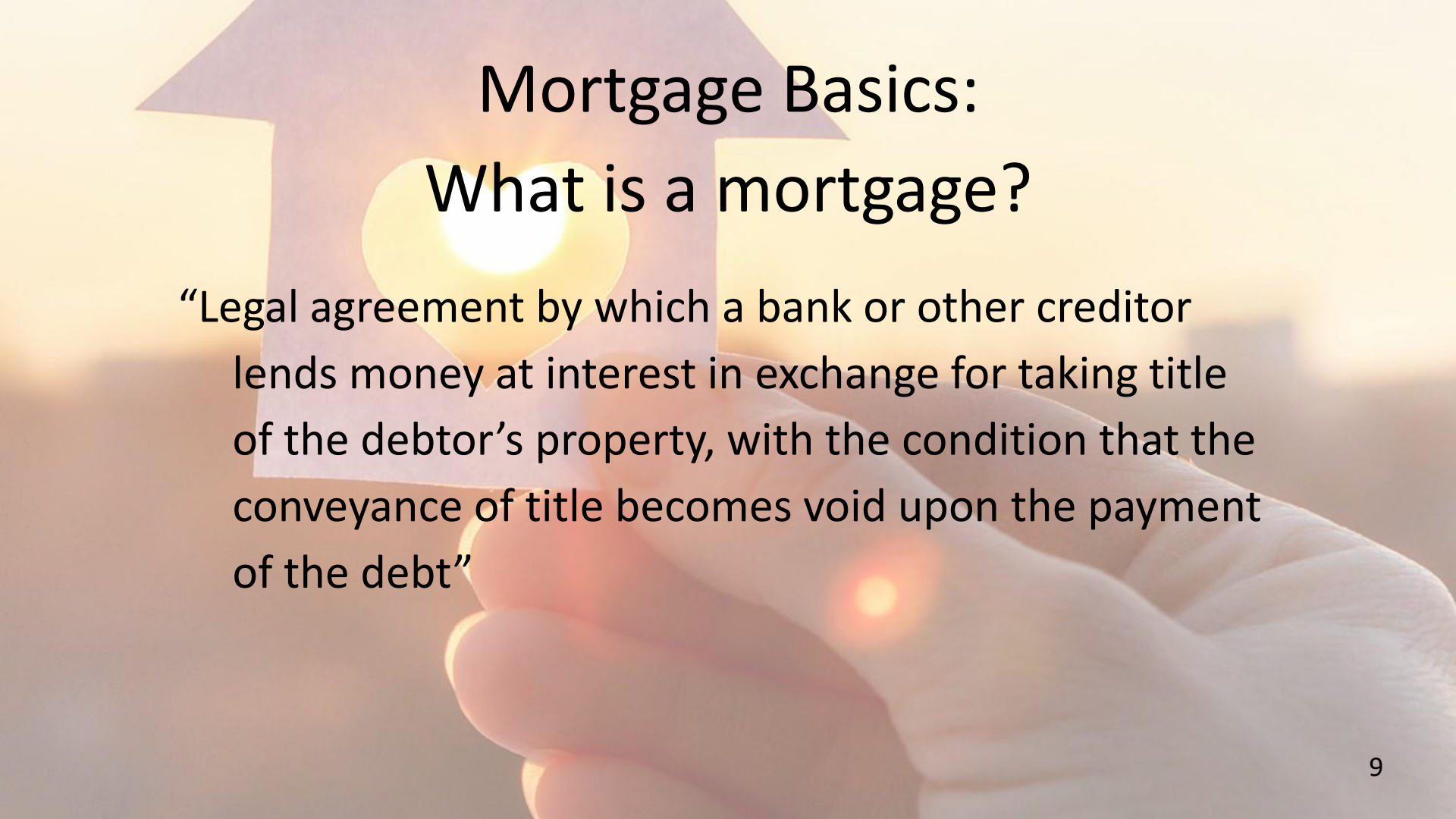
Three part workshop series on preparing for homeownership

- Part 1: Budgeting for homeownership
- Part 2: Down payment savings
- **Part 3: Qualifying for a mortgage**

Part 3: Qualifying for a mortgage

Today we will cover:

- Mortgage basics
- Proving your down payment
- Proving your income
- Credit scores
- Mortgage qualifying rate
- Problem solving possible barriers
- Getting pre-approved

A hand holding a paper house icon against a sunset background. The hand is positioned at the bottom, holding a white paper cutout of a house. The background is a warm, golden sunset with a bright sun low on the horizon, creating a soft glow and lens flare effects. The overall mood is positive and hopeful, suggesting a bright future or a successful investment.

Mortgage Basics:

What is a mortgage?

“Legal agreement by which a bank or other creditor lends money at interest in exchange for taking title of the debtor’s property, with the condition that the conveyance of title becomes void upon the payment of the debt”

Mortgage Basics:

Who provides mortgages?

Traditional Banks

example Scotiabank, RBC, TD, CIBC, etc.

Credit Unions

example Meridian or Kawartha Credit Unions, etc.

Monoline Mortgage Lenders

example RMG Mortgages, B2B Bank, etc.



Mortgage Basics:

By definition...

Principal: the amount of money you originally agreed to pay back

Interest: the cost of borrowing the principal

Term: length of time your mortgage contract is in effect

Interest Rate: the percentage your lender charges for lending you money

Amortization: length of time it takes to pay off a mortgage in full

Mortgage Basics:

What's needed to qualify?

Sufficient down payment

<\$500k purchase price = 5%

\$500k - \$999,999 = 5% on first \$500k + 10% on amounts in between

>\$1M purchase price = 20%

Satisfactory income

Max mortgage is approximately 4x gross annual income

Strong credit history

Ideally credit score of 600+



Proving Down Payment: Bank/Investment Statements



Will likely need to provide:

- 90-day statement history of all accounts down payment savings are in

Tips:

- provide complete statements
- explain large transactions
- limit transfers between accounts

Proving Down Payment: Gifted Funds



Will likely need to provide:

- Signed gift letter to confirm gift status
- Proof of gifted funds in your bank account prior to closing
- Possible: proof of funds in giftor's account

Proving Down Payment: Support Programs



Will likely need to provide:

- Written confirmation of down payment amounts from contributing organization
- Contact information for Program Coordinator

Tip! Keep copies of all documents and records of all conversations and exchanges

Proving Income

Determining employment structure

Employed with consistent income

Employed with fluctuating income

Self-employment

Other income streams

Proving Income:

Employed, consistent income

Hourly with guaranteed hours or Salary income

Will need to provide:

- Letter of employment
- Recent paystubs

Proving Income:

Employed, fluctuating income

Hourly with non-guaranteed hours, commission, etc.

Will need to provide:

- Letter of employment
- Recent pay stubs
- T4 slips from 2 most recent tax years
- Possible: NOAs from 2 most recent tax years

Proving Income: Self-employed

Sole proprietorship, partnership, or incorporated

Will need to provide:

- Full tax returns from 2 most recent tax years
- Notice of Assessments from 2 most recent tax years
- Possible: Business License or Articles of Incorporation
- Possible: 6-12 months business bank statements

Proving Income: Other sources

Rental income, support payments, CCB, etc.

May need to provide:

- Bank statements for proof of deposits
- Income statements
- Term of Agreement (lease, separation, etc.)

Tip! Be honest and forthcoming.

Credit Score:

The impact of your score

A set of keys with a house-shaped keychain. The house is white with a yellow roof and a white door. The keys are silver and include a standard house key and a larger, more ornate key. The background is white.

Poor credit threshold for approval

Good credit threshold for increased affordability

Excellent credit increases chances for exceptions

Credit Score: What causes change?

Responsible credit use **increases** your score

- Multiple sources of available credit
- Payments made on time
- Balances under 50% of available limit
- Length of total credit history

Credit Score: What causes change?

Irresponsible credit use **lowers** your score

- Missed or late payments
- Balances near, at, or above available limit
- Too many closed credit sources
- Too many credit checks
- **Reminder: You're in control!**

Qualifying Rate

- Mortgage “Stress Test” introduced in Canada in 2016.
- Currently the higher of: **5.25%** or **Contract Rate + 2%**

Benefits	Drawbacks
Protection from rising rates	Not realistic when rates are high
Prevents over-spending	Reduces maximum purchase price

Problem Solving: Income Issues

Income amount:

- Find higher paying job or secondary employment
- Increase usable income (co-signer, partner, etc.)

Time receiving income:

- Wait for 2-yr average
- Co-signer or additional applicant

Problem Solving: Debt Load

Reduce debt load

- Shift focus to debt repayment, with most impactful debts paid first
- Apply some down payment savings towards debt repayment
- Seek additional down payment funds from gifted sources

Problem Solving: Credit History

Track your score

- Protection against fraud
- Increased understanding of your credit actions

Responsible credit use

- Rule of 2's
- Start now and be patient

Problem Solving: Property Issues

Avoid “red flag” wording

- “As is, where is” or “fixer upper” or “handyman special”
- Send MLS listing to lender before making offers

Condition of Financing

- Protects you if financing isn’t approved for any reason

Getting Pre-Approved: The Benefits

1. Confidence for you
2. Confidence for the seller
3. Confidence for your Realtor
4. Protection from rising rates



Getting Pre-Approved: The Drawbacks

1. Possible credit score decline?



The slide features decorative floral patterns in the corners, composed of small colored dots in shades of red, orange, green, and blue. The main title is centered at the top.

Getting Pre-Approved: When to do it?

Before you start looking at homes!

Expecting a change in your application details? **Wait.**

Just waiting on building down payment savings? **Go!**

A hand is holding a white paper house with a heart-shaped cutout in the center. The background is a soft, warm sunset or sunrise sky. The text is overlaid on the image.

Where do I go from here?

That depends – where's your starting point?

If you're unsure, reach out to our
Financial Literacy Coordinator for help!

Resources

[Understanding Credit Scores](#)

[Programs Available for First Time Home Buyers](#)

[Getting Pre-Approved for a Mortgage](#)

[Mortgage Qualifier Tool](#)

[Mortgage Payment Calculator](#)



Thank you!

QUESTIONS?



For more information on the Financial Literacy Program, contact:

Housing Programs

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