

# TIME TO TRANSFER?

HERE'S WHAT YOU NEED TO KNOW 

BEFORE YOU CONTINUE, FIND OUT THESE KEY DETAILS

## KEY DETAILS FOR DEAL NOTES

1. Was the mortgage previously insured? If so, note the insurer/mortgage reference #.
2. When was the mortgage originally funded?
3. What type of charge is the mortgage (standard or collateral)?
4. Provide the original purchase price, date, insurer, and insurer reference # if applicable.
5. Are you using grandfathered mortgage insurance rules?

## Collateral Charges

- Eligible for owner occupied mortgages and second homes.
- Available for 3-5 year Fixed or ARM Mortgages.
- Amortization may be reduced as a result of prepayment privileges, and your client can return to their original amortization minus the time elapsed since original mortgage was registered.
- We'll allow capitalizing up to \$3000 in penalties and fees. Mortgage amount with capitalized penalties and/or fees cannot exceed the original registered mortgage amount.
- Fees payable by client or broker.
- Appraisal reimbursement may be available.

## Standard Charges

- Eligible for owner occupied mortgages, second homes, and rentals.
- Available for 3-5 year Fixed and 5 year ARM mortgages.
- Amortization may be reduced as a result of prepayment privileges, and your client can return to their original amortization minus the time elapsed since original mortgage was registered.
- We'll allow capitalizing up to \$3000 in penalties and fees. Mortgage amount with capitalized penalties and/or fees cannot exceed the original registered mortgage amount.
- No fee transfer is available.
- Appraisal reimbursement may be available.

HOW DOES THIS IMPACT MY CLIENT'S TRANSFER?

## Rental Transfers

Regardless of when the mortgage was first originated the following applies:

- Insurable: 2-4 unit rentals only, tiered insurable rental rates apply (5 year fixed and ARM), full appraisal required (may be eligible for appraisal reimbursement)
- Uninsurable: 1 unit rental only, uninsured rates apply, full appraisal required

## MORTGAGE INSURANCE RULES

### Insured (Client Paid Insurance Premium)

- Effective October 2023, as per OSFI's clarification on B-20 Guidelines, a transactionally insured loan (borrower paid) can be qualified on debt serviceability using the contract rate, provided the loan amount is not increased and continues to be amortized in accordance with the amortization period approved by the insurer.
- Qualify on contract rate for 5 year fixed term
- Max amortization  $\leq 25$  years
- Existing amortization (am) remains (even if  $> 25$  years). Remaining am not to exceed the original am minus the time elapsed since original mortgage was registered.

### Insurable before Nov. 30, 2016

- Qualify on contract rate for 5 year fixed term.
- No restriction on property value ( $> \$1M$ ).
- Amortization must be reduced to  $\leq 25$  years.
- If refinanced prior to Nov 30, 2016 we can still qualify the transfer on contract rate.

### Insurable funded after Nov. 30, 2016

- Qualify on greater of contract rate or Bank of Canada benchmark rate.
- Property value must be  $< \$1M$ .
- Amortization must be reduced to  $\leq 25$  years.
- If refinanced after Nov 30/2016 and property  $< \$1M$  we can proceed if full appraisal shows  $< \$1M$ .
- If refinanced after November 30, 2016 and current property value is  $> \$1M$  we cannot proceed as an insurable transfer. Application must be processed as an uninsurable transfer.

# LET'S MAKE A DEAL

## 01

**My client has 26 years remaining on their amortization which was originally completed as a 30 year AM on a 4 year term. Can they keep their AM the same if the loan is currently insured?**

Yes! The client may transfer with their remaining amortization.

## 02

**Client originally purchased a home 5 years ago, but it is now valued at >\$1M. Are they still eligible for a transfer?**

Yes! We can transfer it as an Insurable mortgage under the previous rules, given the mortgage was originally funded prior to Nov. 30, 2016.

## 03

**The existing lender is charging fees for my client to transfer out of their current mortgage. Does RFA include the existing lender fees?**

Yes! We'll allow capitalizing up to \$3000 in fees\* charged by the existing financial institution:

- Will allow capitalizing up to \$3000 in penalties and fees. Mortgage amount with capitalized penalties and/or fees is not to exceed the original registered mortgage amount.

The examples herein are for illustrative purposes only, each deal will be reviewed based on its specific details. Contact your RVP or Underwriter for more info.

## COMPENSATION

LOAN AMOUNT ≥ \$150,000		
	LENDER PAID FEES	CLIENT PAID FEES
<b>Collateral Transfers</b>	<b>105 bps</b> <ul style="list-style-type: none"> <li>• Eligible for appraisal rebate*</li> <li>• Up to \$3,000 capitalization of penalties and fees</li> </ul>	<b>115 bps</b> <ul style="list-style-type: none"> <li>• Eligible for appraisal rebate*</li> <li>• Up to \$3,000 capitalization of penalties and fees</li> </ul>
<b>Straight Transfers</b>	<b>115 bps</b> <ul style="list-style-type: none"> <li>• Eligible for appraisal rebate*</li> <li>• Up to \$3,000 capitalization of penalties and fees</li> </ul>	<b>N/A</b>
LOAN AMOUNT < \$150,000		
<b>Collateral Transfers</b>	<b>95 bps</b> <ul style="list-style-type: none"> <li>• No appraisal rebate</li> <li>• Up to \$3,000 capitalization of penalties and fees</li> </ul>	<b>115 bps</b> <ul style="list-style-type: none"> <li>• No appraisal rebate</li> <li>• Up to \$3,000 capitalization of penalties and fees</li> </ul>
<b>Straight Transfers</b>	<b>105 bps</b> <ul style="list-style-type: none"> <li>• No appraisal rebate</li> <li>• Up to \$3,000 capitalization of penalties and fees</li> </ul>	<b>115 bps</b> <ul style="list-style-type: none"> <li>• No appraisal rebate</li> <li>• Up to \$3,000 capitalization of penalties and fees</li> </ul>

\*The compensation illustrated is based on a 5 year term. \*We reimburse up to \$400 for Insiders & up to \$300 for non-Insiders appraisals with loan amounts greater than \$150K for our approved lending regions (transfers only). Please have all reimbursement requests for appraisals sent directly to sales@rfamortgages.ca. The broker should include the following information in their email: Mortgage number, funded date, borrower last name & attachment with proof of fee amount.