

A woman with curly hair is sitting at a table, looking thoughtful with her hand on her chin. On the table are a teapot and cups. The background is a bright, out-of-focus interior. The entire image has a blue overlay.

# Broker Services Retail Guidelines

DUCA Financial Services Credit Union

Last update: September 2023

# TABLE OF CONTENTS

<b>GENERAL INFORMATION .....</b>	<b>3</b>
<b>PROPERTY TYPES .....</b>	<b>4</b>
<b>SLIDING SCALE .....</b>	<b>5</b>
<b>DUCA MORTGAGE LOANS.....</b>	<b>6</b>
<b>DUCA MORTGAGES OTHERS.....</b>	<b>ERROR! BOOKMARK NOT DEFINED.</b>
<b>INCOME TYPES, DOCUMENTATION AND CALCULATIONS .....</b>	<b>8</b>
REGULAR FULL-TIME OR PART-TIME.....	8
CASUAL, SECONDARY JOB, CONTRACT, SEASONAL, OVERTIME, BONUSES, TIPS, AND COMMISSIONS.....	9
FOREIGN SOURCES .....	10
MATERNITY LEAVE, AND PAID PARENTAL LEAVE.....	10
INVESTMENT INCOME (DIVIDENDS, INTEREST AND REGISTERED RETIREMENT INCOME FUND) .....	11
PENSION INCOME.....	12
SUPPORT PAYMENTS (CHILD SUPPORT, ALIMONY AND ADOPTION).....	13
LONG-TERM DISABILITY INCOME.....	14
TEMPORARY DISABILITY INCOME.....	14
FOSTER CARE INCOME .....	15
CAR ALLOWANCE .....	15
CCB INCOME .....	16
EXISTING OWNER OCCUPIED RENTAL.....	17
EXISTING NON-OWNER OCCUPIED RENTAL.....	18
NEW OWNER OCCUPIED RENTAL .....	19
NEW NON-OWNER OCCUPIED RENTAL .....	19
SELF-EMPLOYED INCOME (SOLE PROPRIETORSHIP, PARTNERSHIP, AND INCORPORATED COMPANY) .....	20
<b>INCOME TYPES, DOCUMENTATION &amp; CALCULATIONS–NON-TRADITIONAL.....</b>	<b>21</b>
SELF-EMPLOYED INCOME (SOLE PROPRIETORSHIP, PARTNERSHIP, AND INCORPORATED COMPANY) .....	21

## GENERAL INFORMATION

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

## PROPERTY TYPES

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

<b>Heating Costs</b>	<p>If the actual cost is unknown, heating costs used should be:</p> <ul style="list-style-type: none"> <li>• Up to 1000 sq ft: \$75.00 monthly</li> <li>• 1001 to 2500 sq ft: \$100.00 monthly</li> <li>• 2501 to 5000 sq ft: \$150.00 monthly</li> <li>• 5001 to 7500 sq ft: \$200.00 monthly</li> <li>• Over 7500 sq ft: \$250.00 monthly</li> </ul>
----------------------	--

<b>Property Appraisal</b>	<p>All appraisals must be obtained through the following approved appraisal providers:</p> <ul style="list-style-type: none"> <li>• FNF Canada</li> <li>• Solidify</li> <li>• NAS</li> <li>• RPS</li> </ul>
---------------------------	---

## 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"> <li>• Prime/Near Prime/ BFS 80%</li> <li>• Bruised 65%</li> <li>• Vacation/Cottage 65%</li> <li>• Non-Readvanceable HELOC 65%</li> </ul>	\$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"> <li>• Prime/Near Prime/ BFS 80%</li> <li>• Bruised 65%</li> <li>• Vacation/Cottage 65%</li> <li>• Non-Readvanceable HELOC 65%</li> </ul>	\$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, Manitoak, Niagara Falls, North Bay, Georgina, Orillia, Quinte West (Trenton), Woodstock.	<ul style="list-style-type: none"> <li>• Prime/Near Prime/ BFS 80%</li> <li>• Bruised 65%</li> <li>• Vacation/Cottage 65%</li> </ul>	\$1,000,000	50%	Remainder
Non-Urban	All other cities with population under 30,000	<ul style="list-style-type: none"> <li>• Prime/Near Prime/ BFS 80%</li> <li>• Bruised 65%</li> <li>• Vacation/Cottage 65%</li> </ul>	\$800,000	50%	Remainder

## DUCA MORTGAGE LOANS

	Prime (High Ratio)	Prime Insurable	Prime Non-Insurable	Near Prime	Bruised Credit	Business for Self
<b>Purpose</b>	Purchase	Purchase	Purchase & Refinance	Purchase & Refinance	Purchase & Refinance	Purchase & Refinance
<b>Occupancy</b>	Owner-Occupied	Owner-Occupied	Owner-Occupied	Owner-Occupied	Owner-Occupied	Owner-Occupied
<b>Max. Loan Amount</b>	\$924,999.99	\$799,999.99	\$5,000,000	\$2,000,000	\$1,500,000	\$1,500,000
<b>Min. Score</b>	600	600	600	600	500	600
<b>Max GDS</b>	39%	39%	45%	55%	45%	45%
<b>Max TDS</b>	44%	44%	50%	60%	50%	50%
<b>Qualifying Rate</b>	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%
<b>Max LTV</b>	95%	80%	80%	80%	65%	80%
<b>Property Location</b>	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
<b>Min. Sq Ft House &amp; Condo</b>	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
<b>Sliding Scale</b>	None	None	Sliding Scale	Sliding Scale	Sliding Scale	Sliding Scale
<b>Bankruptcy</b>	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
<b>Additional Mortgage Financing</b>	N/A	N/A	Allowed	Allowed	Allowed	Allowed
<b>Income Verification</b>	Traditional	Traditional	Traditional	Traditional	Traditional	Non-Traditional
<b>Max Term (years)</b>	5	7	7	5	5	5
<b>Lender's Fee</b>	N/A	N/A	N/A	Yes	Yes	Yes
<b>Max Amortization</b>	25 Years	25 Years	30 Years	30 Years	30 Years	30 Years

## DUCA MORTGAGES OTHERS

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



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

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><b>Calculation</b></p> <p>100% of return-to-work income if:</p> <ul style="list-style-type: none"> <li>Written confirmation has been obtained from the employer stating anticipated return to work date</li> </ul> <p>The applicant has the resources to cover monthly mortgage payments while on leave.</p>	<p><b>Calculation</b></p> <p>100% of return-to-work income if:</p> <ul style="list-style-type: none"> <li>Written confirmation has been obtained from the employer stating anticipated return to work date</li> </ul> <p>The applicant has the resources to cover monthly mortgage payments while on leave.</p>

<b>Income Type:</b> <b>Investment Income (Dividends, Interest and Registered Retirement Income Fund)</b>	
<b>Insurer Verification</b> <b>(High Ratio, and Prime Insurable)</b>	<b>Traditional Verification</b> <b>(Prime Non-Insurable, HELOC, Non-Readvanceable HELOC, Near Prime, and Bruised)</b>
<p>Use a primary and secondary verification method.</p> <p><b>Primary method</b></p> <p><u>Obtain the following:</u></p> <ul style="list-style-type: none"> <li>Recent investment statement</li> </ul> <p><b>Secondary method</b></p> <p><u>Obtain 2 of the following to support income for the past 2 years:</u></p> <ul style="list-style-type: none"> <li>T5</li> <li>T4 RIF</li> <li>NOA</li> </ul>	<p>Use a primary and secondary verification method.</p> <p><b>Primary method</b></p> <p><u>Obtain the following:</u></p> <ul style="list-style-type: none"> <li>Recent investment statement</li> </ul> <p><b>Secondary method</b></p> <p><u>Obtain 2 of the following to support income for the past 2 years:</u></p> <ul style="list-style-type: none"> <li>T5</li> <li>T4 RIF</li> <li>NOA</li> </ul>
<p><b>Calculation</b></p> <p>Averaging is required.</p> <ul style="list-style-type: none"> <li>Up to 100% of 2-year average</li> </ul>	<p><b>Calculation</b></p> <p>Averaging is required.</p> <ul style="list-style-type: none"> <li>Up to 100% of 2-year average</li> </ul>

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"> <li>• Most recent NOA</li> <li>• Recent account statement showing at least 3 months of consecutive deposit</li> <li>• Recent pension stub/pension statement</li> <li>• Recent T4A</li> <li>• Letter from previous employer / pension administrator stating pension amount</li> </ul>	<p>For verification purpose, obtain 1 of the following:</p> <ul style="list-style-type: none"> <li>• Recent NOA</li> <li>• Recent account statement showing at least 3 months of consecutive deposit</li> <li>• Recent pension stub/pension statement</li> <li>• Recent T4A</li> <li>• Letter from previous employer / pension administrator stating pension amount</li> </ul>
<p><b>Calculation</b></p> <p>No averaging is required.</p> <ul style="list-style-type: none"> <li>• Up to 100% of monthly income x 12</li> <li>• Up to 100% of annual income</li> </ul>	<p><b>Calculation</b></p> <p>No averaging is required.</p> <ul style="list-style-type: none"> <li>• Up to 100% of monthly income x 12</li> <li>• Up to 100% of annual income</li> </ul>

Income Type: Support Payments (Child Support, Alimony and Adoption)	
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><b>Primary method</b></p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none"> <li>• Court order</li> <li>• Divorce agreement</li> <li>• Separation agreement</li> <li>• Contract from Ministry of Social Services</li> <li>• Income letter from Ministry of Social Services</li> </ul> <p><b>Secondary method</b></p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none"> <li>• NOA</li> <li>• Recent account statements showing regular support payments</li> <li>• <b>For child support only:</b> Ages of children must be obtained to ensure that the support will continue for at least 3 years</li> </ul>	<p>Use a primary and secondary verification method.</p> <p><b>Primary method</b></p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none"> <li>• Court order</li> <li>• Divorce agreement</li> <li>• Separation agreement</li> <li>• Contract from Ministry of Social Services</li> <li>• Income letter from Ministry of Social Services</li> </ul> <p><b>Secondary method</b></p> <p><u>Obtain 1 of the following:</u></p> <ul style="list-style-type: none"> <li>• NOA</li> <li>• Recent account statements showing regular support payments</li> <li>• <b>For child support only:</b> Ages of children must be obtained to ensure that the support will continue for at least 3 years</li> </ul>
<p><b>Calculation</b></p> <p>No averaging is required.</p> <ul style="list-style-type: none"> <li>• Up to 100% of bi-weekly income x 26</li> <li>• Up to 100% of monthly income x 12</li> <li>• Up to 100% of annual income</li> </ul>	<p><b>Calculation</b></p> <p>No averaging is required.</p> <ul style="list-style-type: none"> <li>• Up to 100% of bi-weekly income x 26</li> <li>• Up to 100% of monthly income x 12</li> <li>• Up to 100% of annual income</li> </ul>

Income Type: <b>Long-Term Disability Income</b>	
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"> <li>• Award Letter from insurer</li> <li>• NOA</li> <li>• Recent statement of accounts showing regular disability</li> </ul>	<u>Obtain 2 of the following:</u> <ul style="list-style-type: none"> <li>• Award Letter from insurer</li> <li>• NOA</li> <li>• Recent statement of accounts showing regular disability</li> </ul>

Income Type: <b>Temporary Disability Income</b>	
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"> <li>• Letter from employer stating benefits received and expected date when employee will return to work</li> </ul> <u>In addition to the Letter from Employer, 1 of the following is to be obtained:</u> <ul style="list-style-type: none"> <li>• NOA</li> <li>• Recent statement of accounts showing regular disability income</li> </ul>	<u>Obtain the following:</u> <ul style="list-style-type: none"> <li>• Letter from employer stating benefits received and expected date when employee will return to work.</li> </ul> <u>In addition to the Letter from Employer, 1 of the following is to be obtained:</u> <ul style="list-style-type: none"> <li>• NOA</li> <li>• Recent statement of accounts showing regular disability income</li> </ul>

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"> <li>Caregivers must have at least 2 years' of experience as foster parents</li> <li>Obtain 1 of the following:               <ol style="list-style-type: none"> <li>Contract from Ministry</li> <li>Pay stub</li> <li>Income Letter</li> </ol> </li> <li>Letter from Social Services confirming tenure and current status</li> <li>Members must live on site</li> <li>Maximum of 6 children including any of their own</li> </ul>	<ul style="list-style-type: none"> <li>Caregivers must have at least 2 years' of experience as foster parents</li> <li>Obtain 1 of the following:               <ol style="list-style-type: none"> <li>Contract from Ministry</li> <li>Pay stub</li> <li>Income Letter</li> </ol> </li> <li>Letter from Social Services confirming tenure and current status</li> <li>Members must live on site</li> <li>Maximum of 6 children including any of their own</li> </ul>
<b>Calculation</b> No averaging is required. <ul style="list-style-type: none"> <li>Up to 100% of bi-weekly income x 26</li> <li>Up to 100% of monthly income x 12</li> <li>Up to 100% of annual income</li> </ul>	<b>Calculation</b> No averaging is required. <ul style="list-style-type: none"> <li>Up to 100% of bi-weekly income x 26</li> <li>Up to 100% of monthly income x 12</li> <li>Up to 100% of annual income</li> </ul>

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"> <li>Confirmation that this allowance is a taxable benefit</li> <li>Must have been received for at least 1 year</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation that this allowance is a taxable benefit</li> <li>Must have been received for at least 1 year</li> </ul>
<b>Calculation</b> No averaging is required. <ul style="list-style-type: none"> <li>Up to 100% of bi-weekly income x 26</li> <li>Up to 100% of monthly income x 12</li> <li>Up to 100% of annual income</li> <li>Can be used to offset a car loan or lease</li> </ul>	<b>Calculation</b> No averaging is required. <ul style="list-style-type: none"> <li>Up to 100% of bi-weekly income x 26</li> <li>Up to 100% of monthly income x 12</li> <li>Up to 100% of annual income</li> <li>Can be used to offset a car loan or lease</li> </ul>

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



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

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

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"> <li>• An appraisal which outlines a reasonable market rent</li> <li>• Assignment of rents signed by the borrower</li> </ul>	<u>obtain the following:</u> <ul style="list-style-type: none"> <li>• An appraisal which outlines a reasonable market rent</li> <li>• Assignment of rents signed by the borrower</li> </ul>
<b>Calculation</b>  No averaging is required. <ul style="list-style-type: none"> <li>• Up to 50% of gross monthly income x 12</li> <li>• Up to 50% of gross annual income</li> </ul>	<b>Calculation</b>  No averaging is required. <ul style="list-style-type: none"> <li>• Up to 50% of gross monthly income x 12</li> <li>• Up to 50% of gross annual income</li> </ul>

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"> <li>• An appraisal which outlines a reasonable market rent</li> <li>• Assignment of rents signed by the borrower</li> </ul>	<u>obtain the following:</u> <ul style="list-style-type: none"> <li>• An appraisal which outlines a reasonable market rent</li> <li>• Assignment of rents signed by the borrower</li> </ul>
<b>Calculation</b>  No averaging is required. <ul style="list-style-type: none"> <li>• Up to 90% of gross monthly income x 12</li> <li>• Up to 90% of gross annual income</li> </ul> Deductions to be included to determine if there is a deficit or income: <ul style="list-style-type: none"> <li>• Mortgage Payment</li> <li>• Taxes</li> <li>• Heat</li> <li>• Insurance</li> <li>• 100% of Condo Fees</li> </ul>	<b>Calculation</b>  No averaging is required. <ul style="list-style-type: none"> <li>• Up to 90% of gross monthly income x 12</li> <li>• Up to 90% of gross annual income</li> </ul> Deductions to be included to determine if there is a deficit or income: <ul style="list-style-type: none"> <li>• Mortgage Payment</li> <li>• Taxes</li> <li>• Heat</li> <li>• Insurance</li> <li>• 100% of Condo Fees</li> </ul>

**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