# Alberta Educators' Home Advantage program

Your Guide to Unlocking Homeownership

# HOME Sweet HOME

Welcome to "Your Path to Homeownership," an inclusive mortgage guide crafted for Alberta's education professionals. As mortgage brokers dedicated to serving those who educate our future, we recognize the distinctive challenges and goals inherent in this noble profession.

This guide is your introduction to the Educators' Home Advantage Program, designed with the intention of supporting the aspirations of teachers and educational staff. Boasting competitive rates, adaptable payment options, and personalized advice, we're set on making the home buying process as informative and effortless as possible for you.

In the following pages, you will find valuable information on the eligibility criteria, application process, mortgage rates, repayment plans, and additional resources to help you navigate your journey to homeownership. Our team of experienced mortgage brokers is dedicated to providing personalized support every step of the way, empowering you to make well-informed decisions for your financial future.

Whether you're venturing into homeownership for the first time or seeking to transition to a new home, we encourage you to delve into the exclusive advantages of our mortgage program and envision the opportunities that lie ahead on your path to securing a home.

# What Is The Program?

The Educators' Home Advantage Program is meticulously crafted to meet the distinct needs of Alberta's teachers, educators, and education professionals. Recognizing the noble commitment to shaping future generations, this program offers competitive interest rates and adaptable down payment options to make homeownership more attainable for those in the education sector. Our understanding of the education field's unique financial and lifestyle circumstances allows us to guide applicants through a personalized approval process. With our expert advice and tailored guidance, we aim to simplify the home-buying experience, making it more accessible and rewarding for educators. This specialized mortgage program is dedicated to overcoming the common hurdles faced by education professionals, empowering them to realize their homeownership aspirations.

## EMPLOYEE INTEREST RATE DISCOUNT

We offer an exclusive mortgage perk to Alberta educators and those in the education field, rewarding their hard work with reduced interest rates on their mortgage. This exclusive discount helps lower monthly mortgage payments, making homeownership more accessible and financially manageable for those in the industry.

## FREE GUIDANCE FROM INDUSTRY EXPERTS

Take advantage of our extensive resources, including free educational emails, comprehensive guides, informative social media content, and personalized phone consultation sessions, all designed to empower you with the knowledge and support needed to make well-informed decisions on your path to homeownership.

## ELEVATED TO VIP STATUS & REWARDED

You'll become a member of our exclusive VIP Club. Each month you'll have an opportunity to win great prizes - no strings attached. Additionally, by referring someone you know who needs mortgage advice, you could stand a chance to win your mortgage or rent payment, up to $2,500 each month!

# hello!

*Matt Broom-Hall is a top-rated mortgage broker with years of experience helping clients across Alberta achieve their homeownership dreams.*

Prior to entering the mortgage industry, Matt spent over 25 years leading teams and developing customer-centric cultures for some of the world's most respected brands. Matt's unique passion for providing legendary customer service and fresh perspectives has been a driving force in his success as a mortgage broker.

Matt has an innate desire to simplify and disrupt the typical mortgage process, leveraging cutting-edge technology and innovative strategies to deliver a stress-free mortgage experience. Matt is committed to continually elevating the customer journey and providing personalized service and tailored solutions to each client's unique needs.


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## ABOUT HELLO MORTGAGE

OUR MISSION:
Changing Lives Through Homeownership and a Commitment to Community

We transform lives by assisting homebuyers in achieving their dream of homeownership while contributing a portion of our proceeds to local charities.

We believe that owning a home is more than just a financial investment - it's an investment in your future and a space where cherished memories are made.

To support you in this endeavour, we're devoted to providing indispensable education that empowers you to create financial security and a thriving future for you and your loved ones.

Hello MORTGAGE

Let's Get Started!

# Your Mortgage Roadmap

## LET'S CHAT 01

Embarking on your journey to homeownership begins with a discovery call, a crucial first step to understand your unique needs and aspirations. During this initial conversation, our experienced mortgage brokers will gather essential information about your financial situation, goals, and preferences, enabling them to provide personalized guidance and identify the best mortgage solutions for you. This call also serves as an opportunity for you to ask any questions and address any concerns you may have about the mortgage process.

## SUCCEED WITH PRE-APPROVAL 02

a valuable tool that provides you with a clear understanding of your purchasing power and enhances your credibility as a serious buyer.

By getting a pre-approval, you'll be able to:

- Narrow down your market
- Signal to sellers that you're serious about home buying
- Make offers on your prospects & negotiate
- Close smoothly with a faster loan process
- Get a 120-day rate guarantee

## THE HUNT 03

Working with your Real Estate agent, find the ideal home that best suits your pre-approval. Make your offer, and expect a counteroffer — your Real Estate agent will guide you through the negotiation process. Once a price is reached that both parties can agree on, a purchasing agreement will be signed.

## APPLICATIONS & PROCESSING 04

We'll finalize your application by adding in the details about the home you've selected. Updated documents may be required at this time. A home inspection will take place, followed by an appraisal (if conventional) to ensure the home is fit to sell. This is in the best interest of both the buyer and the Lender.

## APPROVAL & CLOSING 05

Once you submit your completed application, it will be reviewed by a mortgage specialist called an underwriter. They will look at the completed application and supporting documents and determine if your application is fit for approval. Basically, if they trust you'll be able to pay back a mortgage within the agreed upon period of time. If they approve your application, you're ready to proceed with the closing of the sale!

# Getting Qualified

As a prospective buyer, it's important to understand the process of qualifying for a mortgage. The four main elements of qualification are: your gross annual income, down payment, assets and liabilities, and finally, your credit history.

## 01. GROSS ANNUAL INCOME

Typically, most lenders want to see a steady stream of income and stable job history for a minimum of 2 years if you have part-time/non-guaranteed hours. For full-time employment/guaranteed hours, at least three months or no job probation.  Applying jointly? You and your partner will need to provide your combined gross annual income.

## 02. ASSETS AND LIABILITIES

Lenders will have to measure your current debts and compare them to the new debt. They consider how your income compares to the payments on your mortgage and housing cost, as well as the other debts you may currently hold. These include car loans, student loans, and other lines of credit. The lower your rates of service debt are, the easier it becomes to qualify for a mortgage. In Canada, to qualify, no more than 42% of Gross Annual Income can go towards debt repayments.

## 03. DOWN PAYMENT SIZE

Lenders will take into consideration the total sum of the down payment you're willing to offer. The larger the down payment, the easier it becomes to qualify. It all comes down to the level of risk; the less they lend you, the less risky it is for them.

## 04. CREDIT SCORE

The final element of qualification is your credit score. A mortgage loan represents a lot of money, and your lenders are going to want to trust you to pay them back. Before applying for a mortgage, you should obtain a copy of your most recent credit score. Your credit score represents your track record of paying back debts — the higher the better. If you have a history of paying your bills in full and on time, you'll have an easier time qualifying. However, if you are often late and short, you may have a difficult time getting a good interest rate, or worse, not qualify for a mortgage at all. You should aim for a score of at least 640.

# Financing Options

Can't afford to buy a new home with cash in hand? Don't worry, you're not alone, and there are lots of options for financing.

## CONVENTIONAL MORTGAGE

This is considered a standard mortgage. With a 20% down payment, you will be able to access better interest rates and lower fees on your mortgage. The federal government does not issue or insure these types of mortgages.

## INSURED / HIGH RATIO MORTGAGE

An insured mortgage is more accessible, with a minimum down payment as low as 5%! This option is good if you have less than 20% available for a down payment or your credit score is too low to qualify for a conventional mortgage. There will be a mortgage insurance premium added to the principal of the mortgage.

## FLEX DOWN LOANS

This innovative mortgage option allows borrowers to use alternative sources, such as borrowing funds (credit cards, loans, lines of credit) or gifts to cover the required down payment. Flex down mortgages provide greater flexibility and accessibility for those who may have difficulty saving up the necessary funds. While this mortgage solution may come with slightly higher interest rates or additional requirements, it may open the door to homeownership for many who might not otherwise qualify.

# Breaking Down Costs

When buying a home, there's more to the process than just the down payment on your mortgage to consider. Here's a quick breakdown of what you can expect:

## THE DEPOSIT

This is the commitment to purchasing the property in question. Your deposit is often about 1-2% of the purchase price of the home, although the actual number is negotiated between both parties. When the market is more aggressive, the seller may ask for a higher percentage. The money is then held in trust by the seller's real estate broker. It is considered a credit towards the down payment and closing costs.

## THE DOWN PAYMENT

A down payment is the money you pay up immediately to secure your mortgage. This is a percentage of the total value of the mortgage, which can be as low as 5% of the total mortgage. As mentioned in Getting Qualified, the bigger the down payment the better — when your down payment is less than 20%, you will be required to have the mortgage insured by one of Canada's three default insurers.

## CLOSING COSTS

As the buyer, you will be expected to pay 1-3% of the total property cost as part of closing. Generally speaking, it's safer to budget on the higher side: 3%. This is required by the mortgage, the transaction, and any payment the lender requires, such as titles and taxes. These fees are not considered part of the purchase price, and will be collected at the closing of the sale.

Additional fees you'll want to consider are the Land Transfer Tax (if applicable), Legal Fees, Home Inspection, Appraisal, Insurance, Sales Tax, and Property Tax. These fees vary depending on where you're purchasing.

# The Anatomy of a Mortgage Payment

It’s important to know that when you make a mortgage payment, it’s not simply a small percentage of the mortgage that goes completely back into what you owe. There are a number of other sources that payment goes towards every month.

## PRINCIPAL AMOUNT

This is the amount borrowed to finance your mortgage. The faster this is paid down, the less you pay in interest.

## INTEREST

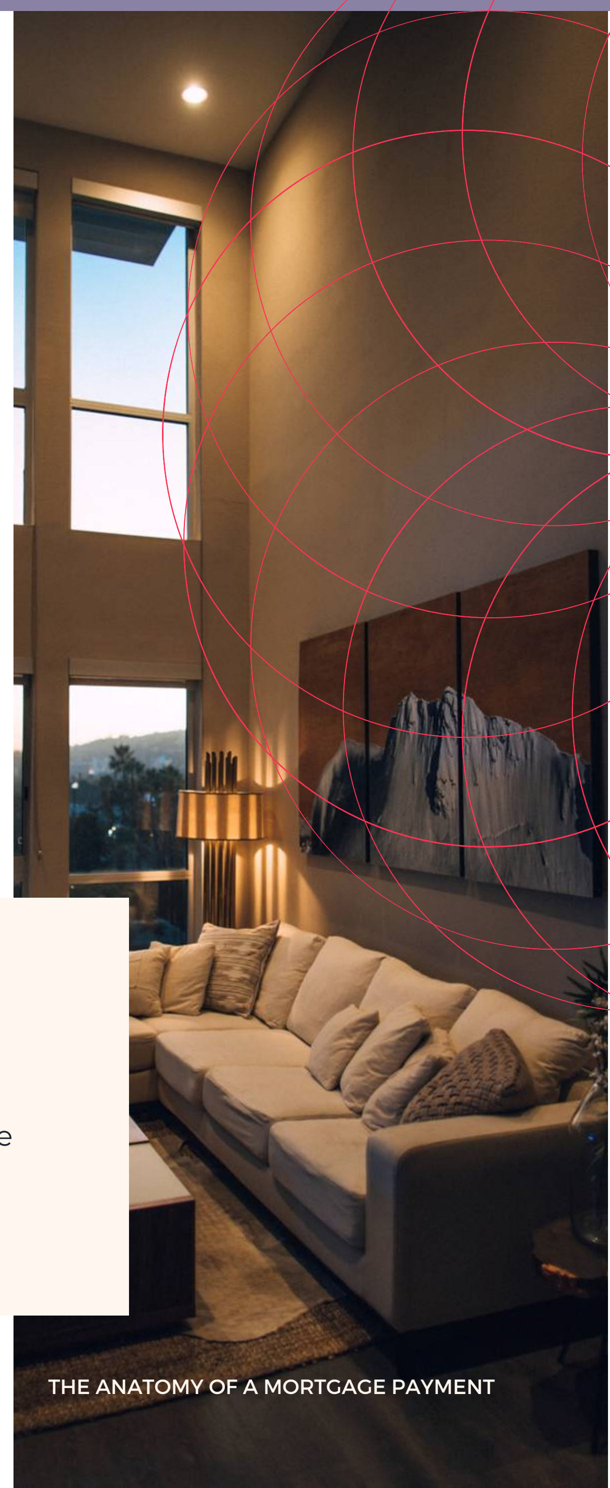
This is the amount you’re charged by your lender to borrow the mortgage.

## PROPERTY TAX

You can opt in to include your property taxes in your mortgage payments. This is not always mandatory, but if you don’t do it, you can expect bi-annual bills from your municipality to collect the taxes.

## MORTGAGE DEFAULT INSURANCE

If you can only afford 5-19.99% as a down payment, the premium for this insurance is typically added to your mortgage and paid off over the life of the loan. Mortgage default insurance plays a crucial role in providing access to homeownership for many individuals who might not be able to afford the traditional 20% down payment.



This probably seems like a lot, but it’s all part of owning a home. The percentage of your payment that goes into the principal is small at first, but the more you pay down, the more equity you gain in your home.

# Terminology Index

Understanding the lingo of mortgages is crucial in making sound financial decisions. Here's a list of terms that are important to know:

## FIXED RATE MORTGAGE:

This is the most popular type of mortgage. Fixed rate means that your interest rate remains the same throughout the term of the loan. This provides stability to your monthly mortgage payments. If you have a set budget, this might be the best option for you.

## ADJUSTABLE RATE MORTGAGE:

This means your interest rate will be flexible and subject to adjustments depending on the Bank of Canada. As the market interest rates fluctuate, so do the borrower's monthly mortgage payments, resulting in potential savings during periods of low rates or higher payments when rates rise. An adjustable-rate mortgage can be a suitable option for those willing to accept some level of interest rate risk in exchange for the potential benefits of lower initial rates and increased flexibility.

## ANNUAL PERCENTAGE RATE (APR)

This the annual rate of your interest, rather than monthly. APR typically appears higher because it includes lender and mortgage broker fees. This rate is required by law to be disclosed by your lender.

## AMORTIZATION PERIOD

This is the term of your mortgage loan, or how many years it will take to pay your mortgage back in full with regular monthly payments. The most common term is 25 years, but 30 year terms may also be available to you depending on the size of your down payment. A shorter term would allow you to pay less in interest fees, but your mortgage payments would be higher overall.

## MORTGAGE TERM

The number of years which the borrower is bound by the conditions of a contract. This may include the interest rate.

# Track Your Monthly Budget

Before applying for a mortgage, you should be aware of your monthly budget. Your lender will approve you for a certain monthly payment, so it helps to know what kind of cost you can afford to incur and still keep on top of your expenses.

## MONTHLY INCOME

PAY

PENSION / SOCIAL

DISABILITY

INTEREST / DIVIDENDS

OTHER

TOTAL MONTHLY INCOME

## MONTHLY EXPENSES

RENT / MORTGAGE

RENT/ HOME INSURANCE

LIFE INSURANCE

CAR INSURANCE

CAR PAYMENTS

MISC LOANS

UTILITIES

CREDIT CARD PAYMENTS

MOBILE

INTERNET

ENTERTAINMENT

GROCERY

CLOTHES

MEDICAL / DENTAL

PRESCRIPTIONS

HOUSEHOLD GOODS

ENTERTAINMENT

______________________

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TOTAL MONTHLY EXPENSES

TOTAL INCOME

TOTAL EXPENSES -

DISPOSABLE INCOME =

# Your Next Steps

Congratulations on making your way through this comprehensive mortgage guide, specifically tailored for individuals in the Alberta education industry. Now that you're equipped with valuable information about the mortgage process, it's time to take the next step towards achieving your homeownership dreams.

We invite you to book a discovery call with one of our experienced mortgage brokers, who will be delighted to guide you through the mortgage options available to you, answer any questions, and help identify the best solutions tailored to your unique needs. This personalized consultation will set the foundation for a smooth and efficient mortgage experience, getting you closer to the keys to your dream home.

*Now that you've mapped out your mortgage process basics, you're ready to begin!*

Don't wait any longer; take the first step on your path to homeownership and book a discovery call today.

We look forward to assisting you in turning your homeownership aspirations into reality.