YOUR PATH TO THE PERFECT MORTGAGE:

A Simple 3-Step Guide

Synergy CREDIT UNION

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INTRODUCTION

3 EASY STEPS

STEP 1 DETERMINING WHAT YOU CAN AFFORD

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NOT ALL MORTGAGES ARE EQUAL

Synergy Credit Union has created the Synergy Home Handbook to help you better understand the terminology and process in regard to your mortgage and homeownership.

A mortgage is a major purchase, so it is important to know you have the package and lending professional that is right for you. Today's market offers borrowers a tremendous choice of loan products and new opportunities that never existed before, so it pays to educate yourself on the terminology associated with your mortgage.

Choosing the right type of mortgage requires you to review your financial objectives and ask a host of questions, such as:

- How long do you plan on staying in the house or with the loan?
- What payments can you comfortably afford?
- How much money do you have for a down payment?
- Is paying off the mortgage early important?
- Do you intend to make extra principal payments?
- Is your income projected to remain stable or increase?

Comparing loans or different lenders is often the most difficult part of mortgage shopping. First, it is important to keep in mind that mortgage packages consist of more than only interest rates. Before deciding on your mortgage, look at the whole product. Pay close attention to the terms of a loan, including the type of mortgage, the presence of prepayment penalties, mortgage insurance requirements, payments schedule, term of the mortgage, and many other features. Pick a loan with a rate and other terms that suit your situation best. You'll also want to be sure that you can speak to an expert at any time throughout the life of your mortgage, just in case something comes up or you have any questions.

You will come across plenty of lenders eager for your business but make sure you select one that has all of the essential qualities and is qualified to assist you in your quest for your home.

FACTORS FOR LENDING DECISIONS

At Synergy Credit Union, one of the best ways we provide you with excellent service is to explain to you how our lending decisions are made. Being aware of your whole financial picture is key to being prosperous and we want to help you get where you want to be.

The 5 Cs of Credit are key considerations in all loans or mortgages:

CHARACTER

An assessment of both experience and relationship of the member with Synergy is critical. We consider:

- Planning skills and experience.
- Financial skills.
- Integrity.

CAPACITY *(repayment ability)*

Capacity addresses the past financial performance of the member; a prime indicator of their future viability and the likelihood of the loans being repaid in an orderly manner. We consider:

- Your Gross Debt Servicing Ratio (GDS) recommended 39 per cent or less.

  GDS = (mortgage payment + property taxes +heating costs)/Total gross income.

- Your Total Debt Servicing Ratio (TDS) recommended 44 per cent or less.

  How it's calculated: All of your monthly fixed commitments including all of the expenses from your GDS, plus loans and credit card payments divided by your monthly gross income.

CREDIT HISTORY

Through your credit report, the lender learns information about your ability to handle your debt obligations and your current outstanding obligations.

There are two credit reporting agencies in Canada: Equifax and Transunion. Your credit report is a key indicator of credit history and is used to determine your credit rating. It's also a good idea to stay on top of what is being reported on your credit reports to ensure there has not been any questionable activity.

You can access your credit report here:

- Equifax: www.equifax.ca or by calling 1-800-465-7166
- Transunion: www.transunion.ca or by calling 1-800-663-9980

COLLATERAL

Collateral provides the secondary source of repayment. To ensure adequate coverage for the loan we look at:

- Available security and its value.
- Commitment to other lenders.

CAPITAL *(aka net worth)*

What you own (assets) should exceed what you owe (liabilities).

Synergy Credit Union promises a speedy answer to your mortgage requests. It is important you provide all the required information, so an answer can be given to you within two business days. All mortgage approval decisions are made by our in-house experts, with no Board of Directors involvement and no waiting for a distant head office to have their say.

WHAT TO BRING TO THE LENDER

VERIFICATION OF INCOME

- Earning statements: T-4 forms, recent pay stubs and tax returns for the last year.
- If you are self-employed: balance sheet and income statement, plus tax returns for the current year and two previous years.
- Additional income: social security, child tax benefit, commission, interest income, and so on.

LIST OF ASSETS

- List of bank accounts and approximate values.
- List of savings bonds, stocks or investments and their approximate market values.
- List of other serial numbered good that you own or hold registration to.

LIST OF DEBTS

- Credit cards and store cards.
- Other consumer debt such as car loans, furniture loans, student loans and other personal or co-signed installment loans.
- Evidence of mortgage and/or rental payments
- Copies of alimony or child support.

INFORMATION ABOUT THE PURCHASE

- Listing information.
- Copy of purchase contract (if already drawn up).
- Appraisal on the property (if provided).
- Information regarding heating costs of the property.

CONFIRMATION OF DOWN PAYMENT

- If the funds are from cash held at another financial institution, bring a statement to verify.
- If the down payment is a gift from a relative, bring a copy of the gift letter and gift cheque/copy of transfer to the interview. The gift letter states that the money will not have to be repaid.
- If the down payment is equity in an existing property, bring verification of the market value of the property. This could be a tax assessment or recent appraisal.

ADDITIONAL ITEMS NEEDED IF YOU ARE LOOKING TO BUILD A NEW HOME

- Last 3 years of income tax returns.
- Current pay stubs.
- Name of general contractor and/ or subcontractors.
- Name of the builder's CMHC approved New
- Home Warranty Program they are enrolled in (and corresponding #).
- Copy of blueprints and specifications
- Appraisal, if required.
- Copy of construction contract.
- Actual or estimated cost calculations (cost analysis worksheet).
- Builder's insurance (required prior to advances)
- Replacement value fire insurance (once construction is complete).
- Water potability test (if using a mortgage insurer or rural property).
- Information on additional funds for hold backs and interim expenses.

Having all of these items on hand when you visit the lender will help speed up the application process and will allow us to meet our 2 business day guarantee.

COST OF OWNERSHIP

It is important to know exactly what costs you are going to incur up front and along the way.

DOWN PAYMENT

Your down payment becomes part of your equity or ownership share in your home. The larger your down payment, the less of a mortgage you have on your home. Your down payment can come from a few different sources:

- Cash from your own resources.
- First Home Savings Account.
- Your RRSP. The Home Buyers' Plan is a program through the federal government where you can withdraw your registered savings (RRSPs) without a tax penalty. To qualify for this program, you must meet qualifying criteria. For details, contact the Canada Revenue Agency or visit their website at www.cra-arc.gc.ca
- Gift of a down payment from an immediate relative.
- Borrowed funds (check with your lender for qualifying criteria and availability).

MORTGAGE INSURANCE

If your down payment is less than 20% you will need to use a mortgage insurance provider. We can help arrange this for you. You can opt to pay the premium for the insurance up front or include it in your mortgage.

HOME INSPECTION

Sometimes a home buyer will request an inspection be performed on the house before committing to the final sale of a home. The inspector comes in and looks at the overall condition of the home and makes recommendations regarding what needs to be fixed or general maintenance that needs to be performed.

APPRAISAL FEE

Synergy Credit Union may request an accredited appraiser provide an estimate of what the home and property are worth. The costs vary depending on the location and size of your home.

LAWYER FEE

The lawyer plays a major role in the purchase of your home. For details on the duties/roles of your lawyer, please refer to 'You and Your Lawyer' on Page 17.

HOME PURCHASE COST ESTIMATE: *EXISTING HOME*

COST OF A HOME*	
Purchase price	
GST (if applicable)	
TOTAL COST OF A HOME (add purchase price and GST)	
UP-FRONT COSTS	
Appraisal fee (if applicable)	
Mortgage insurance fees (for those with less than a 20 per cent down payment)	
Deposit (to be paid when you sign the Offer to Purchase)	
Down payment	
Estoppel certificate fee (for condominium/ strata unit)	
Home inspection fee	
Land registration fee	
Legal fees and disbursements	
Mortgage loan protection premiums (can be paid monthly)	
Prepaid property taxes and/ or utility bill adjustments	
Property insurance	
Surveyor certificate of location cost/title insurance	
Other	
TOTAL UP-FRONT COSTS	
OTHER COSTS	
Appliances	
Gardening equipment	
Snow-clearing equipment	
Window treatments	
Decorating materials	
Hand tools	
Dehumidifier	
Moving expenses	
Renovations or repairs	
Service hook-up fees	
Condominium fees	
Other/miscellaneous	
TOTAL OTHER COSTS	
TOTAL COSTS *(add up total cost of home, total up-front costs and total other costs)*	

NOTE: This is not a complete list, rather a guide. Please speak with your Synergy expert to determine any other costs you may see.

* Please see page 9 if you plan to construct your own new home – a more detailed analysis of cost estimate items is provided.

HOME HUNTING: *COMPARING HOUSES*

ITEMS	ADDRESS	ADDRESS
Asking price		
Square footage		
Age of the house		
Lot size		
Number of bedrooms		
Garage/parking		
Air conditioning		
Finished basement		
Landscaped yard		
Fenced yard		
Pool/hot tub		
Close to school		
Close to work		
Finished deck		
Sufficient storage		
Mature trees		
Modern kitchen		
Modern bathroom		
Nice view		

HOME PURCHASE COST ESTIMATE: *BUILDING A NEW HOME*

YOUR NAME ______________________________ **DATE** ______________

PROPERTY ADDRESS ____

DESCRIPTION	COST*	TIMELINE OF COMPLETION
Land Purchase Cost		
ADMINISTRATIVE FEES & UPFRONT COSTS		
Plans & related costs		
Surveyor's certificate		
Construction permit		
Site insurance (if applicable)		
Legal fees		
Additional funds for holdbacks and interim expenses		
Blueprint appraisal and progress inspections		
Deposit		
Down payment		
Property insurance		
SITE PREPARATION		
Well & pump/water hook-up		
Septic system/ sewer hook-up		
Electricity hook-up		
Natural gas/propane hook-up		
Telephone hook-up		
Excavating & backfill		
FOUNDATION		
Concrete, forms & footings		
Crushed gravel		
Walls, floors, damp proofing		
FRAMING		
Walls (interior and exterior) & roof trusses		
Exterior finishing		
Doors & windows		
Roofing (shingles, etc)		

DESCRIPTION	COST*	TIMELINE OF COMPLETION
INTERIOR FINISHING		
Wiring & electrical		
Plumbing & fixtures		
Drywall		
Painting		
Interior doors		
Flooring		
Cabinets		
Fireplace/chimney		
Finish carpentry		
MECHANICAL		
Heating system, air exchange		
Hot water heater		
Air conditioner		
SEASONAL		
Driveway		
Landscaping		
Steps & walks		
Exterior finishing (brick, stone, etc.)		
Fencing		
Patio/deck		
Other (specify)		

**All costs must be supported by quotes, which need to be provided by you – the member – and verified by the lender. Please note, sweat equity cannot be included in the costs.*

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PRIORITY SHEET: *BUILDING A NEW HOME*

ITEMS	MUST HAVES	NICE TO HAVES	BONUS
Garage			
Concrete driveway			
Air conditioning			
Finished basement			
Dishwasher			
Landscaped yard			
Pool/hot tub			
Close to school			
Close to work			
Finished deck			
Fireplace			
Sufficient counter space			
Sufficient storage			
Acreage			
Mature trees			
Modern kitchen			
Modern bathroom			
Natural gas outlet			
Nice view			
Fenced yard			
RV parking			
Storage shed			

HOUSEHOLD BUDGETING: *DEVELOPING AN EFFECTIVE BUDGET*

Household budgeting can help you manage your financial affairs.

HOW DO YOU MAKE A BUDGET?

A budget is a document listing your monthly income and expenses (see the example budget on Page 13). Follow these small tips and you can build a budget on your own!

1. At the top of the page write down the income you bring home each month.

2. Then, write down everything you spend money on each month. Most people remember their rent payment, but they often forget the coffee they buy on their way to work each morning. We recommend that with every purchase, you make note (such as on your phone or a small notepad) of everything you spend money on, including newspapers, lunch, magazines and your morning coffee. By recording it you will have a complete list of all of your expenses, which will make it easier to create your budget. our account statements may assist as well.

3. Once you have your budget in writing, make it work for you. What are your financial goals? Is your budget accomplishing these goals? If not, you need to modify it. You may have to do this by either:
   - cutting down or modifying your expenses; or
   - increasing your income.

There are also a number of free budgeting tools available online for desktop or by downloading an app on your mobile device.

TIPS ON BUDGETING

To manage your personal finances with budgeting, the budget itself is not enough – it is imperative you make it work for you. The following section provides you with some important budgeting tips and explains how to make the best of household budgeting and how to use it to balance your personal financial affairs.

PAY YOURSELF FIRST:

As soon as you get paid, transfer money into a savings account. Strive to save up 3-6 months' worth of expenses in a savings account, available in case of emergencies. You can also set up a savings account for other goals you have, like retirement or a down payment.

HOW TO INCREASE INCOME:

1. Get a second job
2. Start a home-based business
3. Seek out a higher-paying job

HOW TO REDUCE EXPENSES:

For most people, reducing expenses is a more immediate way to increase their cash flow rather than increasing their income. Start by looking at every item on your budget you listed as a monthly expense. Can any of those items be reduced? Here are some suggestions:

- Consider ways to reduce your housing costs, such as moving to a smaller house or apartment, or taking in a boarder or roommate.
- Look at all of your non-essential expenditures, such as cigarettes, coffee, or magazines. (consider buying a coffee maker and a travel mug, and making your own coffee each morning, instead of buying it).
- Try to eliminate credit card debt; pay off high-interest balances first. The key is to go through every single expense, regardless of how large or small it is and distinguish between your wants and your needs. Can you cut out the wants or decrease the costs associated with the needs? Then, determine how much you can afford to 'pay yourself first.'

MONTHLY BUDGET WORKSHEET

INCOME	
Wages	
Interest/ dividends	
Miscellaneous	
TOTAL INCOME	
EXPENSES	
Mortgage/rent	
Utilities	
Home telephone	
Cellular telephone	
Home repairs	
Home improvement	
Home security	
Garden supplies	
HOME TOTAL	
Groceries	
Child care	
Dry cleaning	
Dining out	
House cleaning service	
DAILY LIVING TOTAL	
Gas/fuel	
Insurance*	
Repairs	
Car wash	
Parking	
Public transportation	
TRANSPORTATION TOTAL	
Cable TV	
DVDs/Netflix, etc.	
Movies/plays	
Concerts/clubs	
ENTERTAINMENT TOTAL	
Health club dues	
Insurance	
Prescriptions	
Over-the-counter drugs	
Veterinarians/pet medicines	
Life insurance*	
HEALTH TOTAL	

EXPENSES *(continued)*	
Plane fare	
Accommodations	
Food	
Souvenirs	
Pet Boarding	
Rental care	
VACATION TOTAL	
Gym fees	
Sports equipment	
Team dues	
Toys/child gear	
RECREATION TOTAL	
Magazines	
Newspapers	
Internet connection	
Religious organizations	
Charity	
DUES/SUBSCRIPTION TOTAL	
Clothing	
Gifts	
Salon/barber	
Books	
Music (CDs, streaming, etc.)	
Christmas*	
PERSONAL TOTAL	
Long-term savings	
Retirement savings	
Credit card payments	
Income tax (additional)	
Other obligations	
FINANCIAL TOTAL	
Other loans	
Other	
Other	
MISC. PAYMENTS TOTAL	
TOTAL EXPENSES	
INCOME LESS EXPENSES	

**For annual expenses, divide the total by 12 to determine the monthly expense.*

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YOUR HOUSING OPTIONS

It is important to understand the different types of housing options available to you in your area and the factors you need to consider when you are looking to purchase your home.

HOUSE

Detached homes are individual units where the owners own the structure and the land it occupies. Semi-detached homes are much the same except there is one common wall between two titleholders.

Things you need to consider:

- Space.
- Ability to style/decorate yard, exterior and interior of home.
- Privacy.
- A good way to build equity.
- More work (maintenance, repair and renovations).
- Neighbourhood.

CONDOMINIUM

A type of apartment or shared building complex allowing for individual ownership of the dwelling units but joint ownership of the land, common areas and facilities, including swimming pools, tennis courts, health facilities, parking lots and grounds. Buildings are usually attached or semiattached.

To maintain the exterior or common grounds of the complex and to pay property taxes, a condo fee is usually charged. Things you need to consider:

- Low maintenance (you are usually not responsible for snow removal or any yard maintenance).
- Ability to style/decorate the individual unit.
- Condo fees (how much?).
- Neighbours.
- Number of parking stalls.
- Any restrictions.

HOME ON LEASED LAND

There are a few places where you can purchase a free-standing home but the land is owned by another individual, corporation or the government. Things you need to consider:

- Space.
- Lease (is there a monthly fee to lease the land?).
- Right of access (Synergy Credit Union requires a signed form by the landowner granting the right to access the leased land).
- Who pays the property tax? The homeowner or the landowner?
- How long is the lease for and can it ever be cancelled?
- Higher interest rates in the future.

YOU AND YOUR REALTOR: *MAKING THE OFFER*

Just as with any other major purchase, buying a home involves comparison shopping with an eye on price, product attributions and quality. Your Realtor can help you find what you are looking for and help you secure the purchase.

THE THREE REALTOR RELATIONSHIPS

The relationship between a real estate brokerage and a client is called an 'Agency'. There are three major kinds:

1. SELLER (VENDOR) AGENCY

The real estate brokerage and all its Realtors represent the seller exclusively and it's their job to get the best offer on the home. They are legally obliged to tell the seller anything known about a buyer. Your Realtor earns a commission for the seller.

2. BUYER (PURCHASER) AGENCY

The real estate brokerage and all its Realtors represent the buyer exclusively. They seek out homes that meet the buyer's needs and help assess the merits and defects of potential homes. They keep the buyer's information confidential and never disclose information such as the maximum amount their buyer is willing to pay.

You may be asked by your Realtor to sign a buyer agency agreement. In fact, in some provinces, Realtors are required to ask you – for your own protection. This agreement ensures that the Realtor and the brokerage can look after your best interests.

3. DUAL AGENCY

Sometimes, a brokerage may have an agency relationship with the buyer and the seller. Both the seller and the buyer must give their informed consent,and the Realtor must always provide full and timely disclosure of all pertinent information to both parties.

WHO PAYS THE REALTOR FEES?

The seller pays the Realtor fees.

YOU AND YOUR REALTOR: MAKING THE OFFER

THE OFFER

Realtors are expertly trained and will prepare the offer for you. Here are some terms you will see in the offer:

- Buyer or purchaser: that's you.
- Seller or vendor: the present owners.
- Purchase price: the amount you offer.
- Deposit: a payment you make to the seller's broker, who deposits it in a trust account. This is your way of saying 'my offer is serious;' the size of the deposit is negoitable, the amount will be counted as part of your down payment.
- Clauses particular to this agreement: every transaction is unique and your Realtor may add conditions important to you. Offers that are conditional upon a proper home inspection for financing approval are common.
- Fixtures included and excluded: be sure you know what is included with the house, such as the washer and dryer, the microwave, draperies and light fixtures. Don't leave anything to chance because chances are it won't be there when you move in.
- Irrevocability of the offer: the length of time you give the seller to consider your offer.
- Completion date: the day you take possession.

Your Realtor will now present your offer to the seller's Realtor. The seller can do one of three things:

I. Accept your offer; or
II. Reject your offer; or
III. Counter your offer

Often the seller will counter your price by crossing out your offer and writing a higher number. This can go back and forth until either party decides to either accept or reject one of the counters. Now it is up to you to make sure all your conditions are finalized or met. If you requested a home inspection, you can go ahead and order one from a qualified professional. Or if it was conditional to financing, it is time to go back to your lender at Synergy Credit Union with the accepted offer and get a final approval letter. After all your conditions are met, you will sign a removal of conditions letter.

YOU AND YOUR REALTOR: MAKING THE OFFER

Buying a home may be the biggest investment you'll ever make. Your lawyer, realtor and financial advisor work together to protect your investment, prevent surprises and help you work through any problems.

THE LAWYER'S ROLE

1. Contact you, the client, to let you know that they have received instructions to act on your behalf and to obtain your personal information regarding how you wish to be described on title, etc.

2. Search the title to the property and review any encumbrances that are registered against the title. If there is anything other than the vendor's mortgage to pay out, your lawyer obtains copies of whatever is registered and determines whether or not the vendor must discharge the encumbrance along with his or her mortgage (caveats regarding development guidelines and such). Other encumbrances, such as utility right of ways, of course, stay on title. The lawyer's job is to make sure the purchaser obtains a clear title to the property with encumbrances remaining only if they do not affect the marketability of the property.

3. Search the applicable municipality office and enquire as to the state of the realty taxes for the property. There is an adjustment that is made between the seller's lawyer and the purchaser's lawyer with regard to the realty taxes that is based upon the amount of the taxes and the possession date.

4. If the property is in Saskatchewan, a writ registry search is done on the names of the purchasers and the vendors to determine whether any party has registrations against their name in the writ registry that may affect title. If there are, they must be dealt with prior to any transfer or mortgage registering.

5. Prepare documents that are required by the seller's lawyer and the bank to meet all trust conditions that the seller's lawyer will impose and to protect the bank's interest in the property (tenancy agreement, assignment of mortgage proceeds, GST certificate).

6. Prepare a Statement of Adjustments which sets out the following:
   a) the purchase price.
   b) any deposit that is made.
   c) the tax adjustment.
   d) lawyer fees and disbursements.
   e) the mortgage proceeds – to ultimately arrive at what is called the "cash to close".
   f) and any other payment that is required to be made.

   This would be the difference between the purchase price, less the deposit and tax adjustment, plus payments that must be made, and the mortgage proceeds that are advanced to the lawyer's office.

7. Prepare the mortgage document and any ancillary documentation according to the bank's instructions.

8. Contact you, the client, to attend at the lawyer's office to execute all the required documents.

9. Receive and review the seller's transfer and his or her lawyer's trust conditions and undertakings to be certain your interests are looked after.

10. Forward the transfer and mortgage to the land titles office.

11. Advance the mortgage proceeds and pay out the vendor, requesting the seller contact their realtor to be certain possession is granted on possession date.

YOUR DOWN PAYMENT

The first factor in choosing your mortgage is your down payment: the amount of money you can pay on the purchase price of your home before you arrange the mortgage. The larger your down payment, the less you'll need to mortgage.

Down payment requirements range from five to 20 per cent of the purchase price, as follows:

CONVENTIONAL MORTGAGES

Synergy Credit Union finances up to 80 per cent of value of your home (some restrictions apply). The value is the lesser of the purchase price, the appraised value or the tax assessed value of your home. For those who do not have that much in savings, there are other options.

LOW DOWN PAYMENT INSURED MORTGAGES

Synergy Credit Union offers insured mortgages for both new and existing homes with lower down payment requirements than conventional mortgages.

You can purchase mortgage insurance which will allow you to pay as little as five per cent down on your home. The insurance program varies and can range from three to seven per cent of the purchase price of the home. It is financed with your mortgage so you don't have to come up with the cash. Your application to a mortgage insurer is done by your Financial Services Advisor at the time of your loan application.

TYPES OF MORTGAGES

OPEN MORTGAGE

An open mortgage term offers full flexibility on paying the mortgage in full or making additional payments at any time at no cost. If your preference is to completely pay out the mortgage at any time at no fee, then an open mortgage may meet your needs.

CLOSED MORTGAGE

A closed mortgage term offers a lower interest rate in comparison to an open mortgage of the same term, plus offers the flexibility of pre-paying a portion of your mortgage at no additional cost.

CONSTRUCTION MORTGAGE

A construction mortgage is designed for those looking to build their own home (ready-to-move homes or self/contractor built), offering convenient and affordable options. Refer to Page 22 for more details.

CONVERTIBLE MORTGAGE

A convertible mortgage offers the ability to change to a closed term without a fee.

CHOOSING YOUR TERM AND AMORTIZATION

THE AMORTIZATION PERIOD

The amortization period is the entire period over which you choose to pay for the mortgage. It is not to be confused with your term length (which is the shorter period of time during which your interest rate applies). You can choose an amortization period of up to 30 years, although you may enjoy considerable interest savings by selecting a shorter time period.

TERM LENGTH OF YOUR MORTGAGE

Term length is the period during which the interest Rate applies. You can choose terms from 1 to 7 years. Your tolerance for risk and analysis of where interest rates are going will help you define the best term for you. The longer the term, the lower the risk (as you'll know for a longer period of time exactly what your payments will be).

FIXED-RATE MORTGAGE OR VARIABLE-RATE MORTGAGE

FIXED-RATE MORTGAGE

A fixed-rate mortgage is a mortgage where the rate of interest remains the same for the term of the mortgage. During the early part of the loan, most of the monthly payment is used to service the interest. As time goes on, more of the mortgage payment goes towards the principal and less of the payment goes to the interest.

- Benefits of fixed-rate mortgages: Because you are guaranteed that rate of interest, the borrower pays a fixed monthly amount. A fixed-rate mortgage is excellent for those who want a fixed monthly repayment schedule, which is easy to budget for and doesn't fluctuate. Thus, fixed-rate home loans bring a sense of certainty and security.
- Drawbacks of fixed-rate mortgages: The major drawback with fixed rate mortgages is that the interest rate is usually higher than the floating rate home mortgage loan. Secondly, if for any reason the interest decreases, the fixed-rate mortgage doesn't get the benefit of reduced rates.

VARIABLE-RATE MORTGAGE

With a variable-rate mortgage, the interest rate fluctuates with the credit union's prime rate of interest. Your actual payments may not change during the term – but if rates go down, more of your payment is applied toward the principal; if interest rates go up, more of the payment goes towards the interest.

- Benefits of variable rate mortgages: The biggest benefit is that they are usually priced lower than fixed-rate mortgages. For example, if you are getting a floating interest rate of 4.5 per cent, while the fixed rate mortgage is being offered at 6.5 per cent, you still save money if the floating interest rate rises by up to 2 per cent.
- Drawbacks of variable-rate mortgages: The drawback is the uneven nature of monthly installments. It is difficult to determine when the mortgage will be paid off as each payment potentially applies different amounts to the principal.

PROTECT YOUR MORTGAGE FROM THE UNEXPECTED

Your home is a place where memories are created; it is a place to watch children grow, to celebrate life and a place to support each other during times of sorrow. What would you do if you had to sell your home due to a family tragedy, such as a job loss, critical illness, sickness, accident or death? By being prepared,you can protect yourself and your loved ones from financial heartaches. Mortgage payment protection provides coverage in case of the diagnosis of critical illness, sickness or accident, involuntary loss of employment and death. Life is too short to worry; learn about how this comprehensive coverage can provide peace of mind today.

FINDING THE SYNERGY MORTGAGE THAT'S RIGHT FOR YOU

At Synergy, we offer a wide range of financing solutions designed to fit your lifestyle. If you have any questions, please talk to one of our experts and they will work with you to determine the mortgage option that is right for you.

SYNERGY SIMPLICITY MORTGAGE

You've worked hard to save for your down payment on your new home, and you deserve a straightforward, no-nonsense mortgage that offers you the lowest rate and most flexible terms.

Our Synergy Simplicity Mortgage for residential properties features:

- Lending up to 80 per cent of the appraised value.
- With a mortgage insurer, up to 95 per cent of the appraised value.
- Fixed and variable rates available.
- Up to 30-year amortization.
- 20/20 pre-payment options: pay 20 per cent of the original mortgage amount or increase periodic payment by 20 per cent a year.

- Construction financing available (See Page 22 for more details).
- Certified appraisal and Surveyor's Certificate (for urban property) must be supplied by the borrower.
- Portable and assumable (i.e. transfer existing mortgage terms to a new property).
- Some conditions apply.

FINDING THE SYNERGY MORTGAGE THAT'S RIGHT FOR YOU

SYNERGY SUPER MORTGAGE

If easy access to additional funds at mortgage rates sounds good to you, consider our Super Mortgage. Once your pre-approved limit is set, you can request funds by phone, email or in-person and use them to make non-mortgage purchases at mortgage rates. You can also split your credit limit into five sub-loans to help you manage where the money is being used.

A Synergy Super Mortgage will be of interest to borrowers with a strong credit history, substantial equity in property (including cottages, acreages, etc.), and who may want readvancements (sub-loans) quickly and simply, based upon available equity in the property.

Features and options include:

- Lending up to 80 per cent of appraised value.
- With a mortgage insurer, up to 95 per cent of the appraised value.
- Re-advanceable in whole or in part.
- Flexible terms including fixed or variable rates
- Up to 30-year amortization.
- Revolving Line of Credit attached to a Synergy chequing account.
- Portable and assumable (i.e.: transfer existing mortgage terms to a new property).
- Construction financing (See Page 22 for more details).
- Surveyor's certificate required for urban properties.
- Subsequent loans (advancements) option without additional security.
- Qualifies for the Synergy ProfitShares program.
- Some conditions apply.

You can also have a Synergy Super Mortgage insured by a mortgage insurer with features the same as above, with the following exceptions:

- Lending up to 95 per cent of appraised value.
- Advancements with the mortgage insurer's guidelines, with a minimum advance of $5,000.

SYNERGY OPEN MORTGAGE

If you want to pay off your mortgage as quickly as possible, our Open Mortgage could work well for you. With no maximum limits on the amount you pay and no prepayment penalties, this product can get you mortgage free faster. If at any point you'd like to convert it to a different Synergy mortgage product, it's simple to do.

With the Open Mortgage, you also get:

- Down payment options that start at 5% competitive interest rates.
- 1-year fixed rate term OR 3-year variable rate term.
- Automatic transfers or self-service payments.
- Multiple repayment options.
- A term of up to 30 years.

FINDING THE SYNERGY MORTGAGE THAT'S RIGHT FOR YOU

CONSTRUCTION MORTGAGE

If you're planning on building or purchasing a ready to-move (RTM) home, our Personal Construction Mortgage flexes to your needs as they arise during each phase of your build, advancing a percentage of funds as inspections are approved. When your dream home is finished, you can switch to a Synergy mortgage with amortizations of up to 30 years (a minimum five-year term is required).

Please note: construction mortgage approvals will be contingent on passing a stress test.

The Construction Mortgage is available with the Simplicity Mortgage or the Super Mortgage (see previous pages for details on these mortgage types).

Synergy's Construction Mortgage offers convenient and affordable financing options, which include:

- Cash advances are available at different phases of your home building project
- A specific percentage of building funds are advanced based on approved inspections
- Monthly interest only payments during the construction period (up to nine months)
- Competitive or fixed-variable rates available
- Available with a conventional or mortgage insurer mortgage. Some conditions apply
- Multiple payment options available (payment frequency/length and term of loan)
- Some conditions apply

Please note: A five-year term is required for a construction mortgage and A specific percentage of building funds are available at each of the four construction stages of your home building project, based on an inspection from an approved appraiser. Borrowers must have funds available to cover any expense incurred prior to these stages. You will also need to budget for a blueprint appraisal and progress inspections throughout your project.

The four construction stages usually include:

1. Foundation and backfill – up to 21% complete.
2. Framing and roughed in plumbing/heating/electrical – up to 56% complete at the conclusion this stage.
3. Drywall and finishing plumbing/heating/electrical– up to 79% complete at the conclusion of this stage.
4. Final inspection – 100% complete.

HOLDBACKS

A percentage of each advance on the construction mortgage is held back to offset any outstanding issues at completion (i.e. liens registered due to disputed invoices, etc.). For example, if the holdback is 10 per cent and the advance is to be $10,000, then $9,000 would be disbursed and $1,000 would be held either on the mortgage itself or by the lawyer handling the transaction. The holdback is released at a period after the confirmed completion date of construction.

Synergy
CREDIT UNION

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