

## STREET CAPITAL POLICIES AND PROCEDURES - Overview

**\*\*Each file is underwritten based on its own merits, and the following are subject to change at any time without notice. Please ensure you are viewing the most recently dated version as changes are made frequently\*\***

- **STREET CAPITAL** participates in the majority of INSURER programs, including: 95% purchases, 90% refi's, 80% rental purchases (80% rental refi's), 90% CMHC SES Purchases (85% CMHC SES Refi's), 95% Second Home program, 95% Newcomer to Canada program, 95% purchase plus improvements, 90% non permanent residents, and the 95% Borrowed Down program allowing for the down payment to be borrowed.  
**\*\*\*Note – CG Low Doc Advantage program is only available to CEO Brokers. Borrowers must have a 700 credit score. Maximum 90% LTV on purchases only\*\*\***
- **STREET CAPITAL** insures all mortgages, however, we pay for the mortgage insurance premium on LTV's of 80% or less when the file is approved under the INSURER's low ratio adjudication system.  
**\*\*\*Note – Client is responsible for the INSURER premium for rental and stated income deals with LTV's greater than 65%\*\*\***
- **STREET CAPITAL** follows the INSURER's ratio guidelines for GDS and TDS. Please call, or visit [www.everythingyouneed.ca](http://www.everythingyouneed.ca) for CMHC, or [www.canadaguaranty.ca](http://www.canadaguaranty.ca) for the Canada Guaranty website.

### SOME KEY INFORMATION

#### Rental Income:

Formulas differ depending on which insurer approves the file. As a general rule, 50% of the lease agreement may be added to income for subject property rentals, or legal suites in an owner occupied house. You may then also remove the heat and taxes from debt servicing for that property (may differ from insurer to insurer). For existing rental properties in the client's portfolio, net rental gain is added to gross income or the net rental loss is deducted from gross income. Confirmation of income & expenses from the portfolio properties is generally confirmed with the statement of real estate rentals on the T1 Generals, thus allowing you to remove all expenses for that property from your Expert application, and simply add or subtract the net rental gain or loss from the client's gross income. If there is no history of rents for that property on the T1's, and it's been a rental less than 2 years, please call me for further information.

- **\*\*Maximum number of rentals that a client can own is now 4\*\***
- **\*\*100% of Non-Conforming suite income can be added to income through Canada Guaranty if the suite is in an owner occupied residence, and if it is located in one of their approved municipalities. See [www.canadaguaranty.ca](http://www.canadaguaranty.ca).**
- **\*\*Clients must own a principal residence in order for us to allow rental income to be used to debt service financing of a rental property\*\***
- **\*\*Rentals can be in a company name, but must have a personal guarantee from the owner(s) of the company, and must debt service based on a 2 year personal business income average. Call for more details\*\***
- We DO accept both child support and child tax credit, but they cannot make up more than 30% of the total income on the app, and must continue for at least 3 years after funding.

## STREET CAPITAL POLICIES AND PROCEDURES - Overview

- When a client is on maternity leave, we will allow their full return-to-work income to be used, as long as the employer can confirm the mat leave, the income, and the return date.
- Maximum ETO allowed is \$200,000 up to 90% LTV. (INSURER policy)
- Prepayment penalty is the greater of 3 months interest penalty, or interest rate differential, whichever is greater. The IRD is calculated by determining the difference between the **Customer rate** on the client's mortgage and Street Capital's **Regular rate** in effect at the time the IRD calculation is made for the term closest to the remaining term as determined by Street Capital. Only 3 months interest is used on the ARM.
- For most products, clients may prepay their mortgages up to 20% of the original mortgage amount per year, as long as each extra payment is a minimum of \$100. They may also increase their regular mortgage payment by up to 20%, once per year. **\*\*Please note that the Street Sense Closed ARM can only be paid out with a bona fide arms length sale, and the only prepayment allowed is a 10% increase in the standard payment each year; no lump sums\*\***  
Customer service #'s are found at [www.streetcapital.ca](http://www.streetcapital.ca).
- Mortgages are portable and assumable upon qualification. **Ports must occur in the same calendar month as when the mortgage is paid out.** Port with increase, as well as increase & blend are both available on fixed rate mortgages with no penalty to client. Broker is paid on the new money. If the client wishes to pay the penalty and refinance the whole mortgage at current rates, they must advance a min of \$10,000 new money (over and above the penalty), in order for the broker to be paid again on the whole mortgage.
- Former Bankrupt/Consumer Proposal Clients – Maximum 85% LTV and must meet the insurer's requirements for re-established credit. No rentals and no 2<sup>nd</sup> homes. Bankruptcy reason must be explained, and bankruptcy should have been for greater than \$50k (no property included). Client should have stable employment, adequate savings, and must provide down payment and closing costs from own resources. **A .50% rate premium applies to ALL files where an applicant has been through a past bankruptcy or consumer proposal.**
- Minimum beacon requirement is **600** for all income earners, and **660** for the primary borrower when financing a rental property. The insurer may have a higher requirement depending on the product, so please see the INSURER's product sheets for higher requirements at different LTV's and for different products.
- We offer mortgages of up to \$1.5 million with no sliding scale, and we have a minimum mortgage amount of \$50,000. We do not offer 2<sup>nd</sup> mortgages.
- We offer 120 day rate holds on fixed rate terms, and 60 day rate holds on the ARM products.
- There is NO rate hold on the Street Sense Closed ARM Product. This means that the rate is set 5 days before closing, to whatever the rate for that product/term is on that particular day.
- Minimum effective amortization is 16 years with a maximum of 35 years.

## STREET CAPITAL POLICIES AND PROCEDURES - Overview

- Appraisals are not typically required unless requested by Insurer, non MLS, it's a foreclosure/Power of Sale or the MLS suggests there may be some structural issues.
- Stated income: Through CMHC – Min beacon 700. Purchases to 90% and refinances to 85%. Client must be self employed for less than 3 years and have proof of employment in the exact same line of work previously. Acceptable proof of self employment includes articles, business license, or gst/hst returns. At least 5% down must come from client's own resources. No NOA required as client can sign a statutory declaration at the lawyers office to confirm no income taxes owing.  
Through Canada Guaranty – Available only to CEO status offices. 700 min beacon. Purchases only. 90% LTV max. Client must be able to prove a min of 2 years BFS. No NOA required as client can sign a statutory declaration at the lawyers office to confirm no income taxes owing.
- Our minimum credit requirement for the primary income earner is 2 trade lines for 12 months each. We will consider slightly less on a case by case basis with alternate sources of credit such as rental history, cell phone, insurance, etc.

### Private Sales:

- **Available to CEO and President status brokers only** with the following parameters:

- Must be Arms length
- 95% LTV max
- Full appraisal is required

### Rate Drop/Hold Policy:

- Lower of contract rate or rate 5 days before closing. Broker can also request a one-time rate drop during the rate hold period. This must be done via email to the underwriter. No look back. If the one-time rate drop is given, the rate will be dropped again 5 days prior to closing, if lower on that day.
- If rates are increasing, an approval or preapproval will only hold the particular rate/term that was issued on the approval or preapproval. If the client wishes to change terms, they will be given the current rate for that term at the time of change.

### Qualifying Rate:

- On Conventional deals, we use the greater of our 3 year Street rate or the actual contract rate for qualifying 1, 2 & 3 year mortgages, as well as for the ARM products. On mortgages over 80% LTV, the greater of the contract rate or the Bank of Canada benchmark rate is used to qualify all ARM terms, as well as 1-4 year fixed rate terms.

## STREET CAPITAL POLICIES AND PROCEDURES - Overview

- When converting from an ARM to a fixed rate, the client must convert into a term that is equal to or greater than the remaining time on the 5 year ARM. For the 1 & 3 year ARM's, client may lock into a 3, 4, or 5 year fixed. We offer our Street regular rate at that time, however, if the original approval had a rate premium added (i.e. because it was a rental or stated income deal), the same premium will apply when locking in.

### **Our focus is on standard, marketable, residential properties**

- We do not lend on commercial properties, mobile homes, fractional interests, co-ops, active farms, hobby farms, homes in poor condition, native leased land, remote areas, cabins, properties with multiple dwellings, or heritage homes.
- Age restricted buildings are considered on a case by case basis for strong clients. The lower the age restriction, the better the chances of approval.
- Subject property must be strictly for residential use.
- No Fee Transfers/Switches: If high ratio, must be an existing CMHC or CG/AIG insured mortgage for Street to transfer it in. If conventional, must be owner occupied and fully qualifying. Cannot transfer in a mortgage that was registered as a running account. Fees/penalties cannot be capitalized on a transfer. Minimum mortgage amount \$75,000 and minimum 16 year amortization.

### **Important:**

- If a down payment is from investment sources, we require an investment statement, as well as confirmation of the money being transferred to the client's bank account.
- Must wait a minimum of 12 months to refinance after last mortgage as issued.
- When conditioned to payout existing debts prior to closing, you must provide confirmation of where the funds came from to payout that debt.
- For hourly employees (not salary) we will be asking for a job letter, paystub with year to date earnings, and the previous year's NOA. \*\* LOE & paystub only if hours are guaranteed and strong verbal is obtained. If using OT, bonus, commission, or a part time job, a 2 year NOA average is always required. For salaried, a paystub and job letter will be required. If the paystub is not from ADP or Ceridian, or considered to be weak, we will likely ask for bank statements to verify deposits and/or last year's NOA. If the employment does not match with the credit bureau, the most recent NOA will be required.
- For non-taxable incomes (such as certain pensions or foster income) Street Capital allows a 25% gross up if the income is less than \$30k/yr and 35% if greater than \$30k/yr. We will require confirmation of the income and that it is non-taxable.

## STREET CAPITAL POLICIES AND PROCEDURES - Overview

- Please include \$100/month for heat on owner occupied properties.
- We use a 3% repayment factor for unsecured revolving debt, i.e. credit cards and LOC's. For an unsecured LOC, we typically use 3% of the outstanding balance, but can consider interest only if the client can provide proof, on an exception basis. For any secured LOC's we can always use as low as interest-only, assuming of course you have the documentation to prove it. Please make note of this in your comments.
- Client must live in the same province as the subject property.
- Applications must be submitted with a credit bureau that is no more than 60 days old.
- We will only finance a maximum of 2 properties per client, or \$1.5 million in total mortgages.
- We are currently lending to a maximum LTV of 90% in Fort Mac, Alberta for owner occupied properties, and 75% LTV for rental properties.

### ONCE APPROVED:

- Please send all supporting docs directly to the underwriter that approved the file. **Emailed docs are certainly preferred when possible.** The underwriter that approves the file is also the person that signs off on all the conditions. Please try to have all conditions signed off at least 10 days before funding. Late document submission may result in the closing date being pushed out.
- We DO NOT have a specific list of approved lawyers or notaries. Please provide solicitor information as soon as possible to avoid funding or instruction delays.
- We will provide the pre-authorization form directly to the solicitor, so you are not required to get one signed yourself.
- Payment frequencies offered include: weekly, bi-weekly or monthly (NOT semi-monthly)
- All customer service numbers and email address' can be found at [www.streetcapital.ca](http://www.streetcapital.ca).
- Property tax collection is generally not required unless specifically conditioned that Street Capital collects the taxes. (PAP directly with the city is advised)

**SEND IN YOUR DEALS TODAY!!**  
**Thank you for your business.**