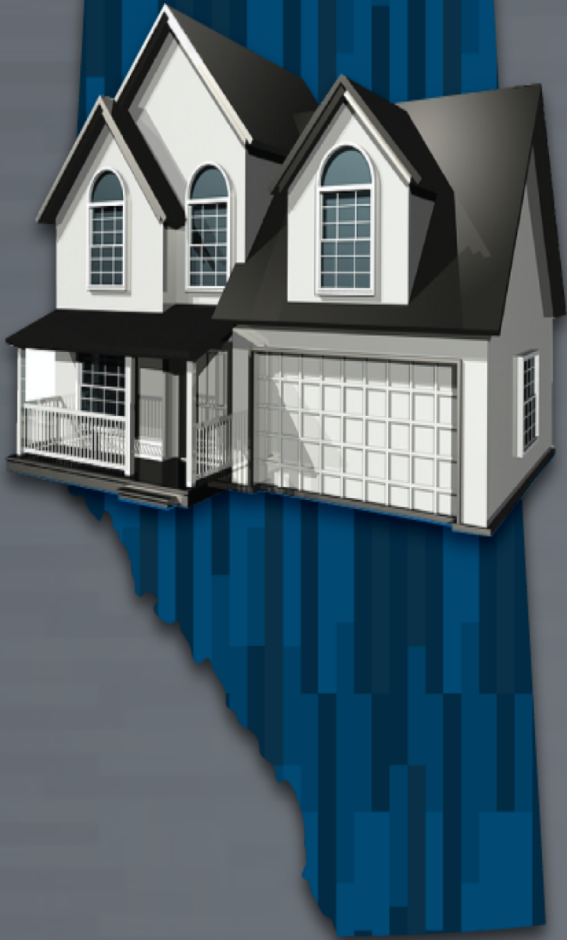




Canada Revenue
Agency

Case Study

How to help your
clients pay their taxes
and other debts



A couple has
accumulated
\$35,000 Credit card debt

They struggle to keep up with
monthly payments



START

The client was very distressed about the situation and was looking for her mortgage broker to refinance her mortgage to get it paid.



SITUATION

She had **excellent credit**, but needed an **equity take out mortgage** on her principal residence to pay taxes.



SITUATION

Property value: \$534,000
First Mortgage: \$382,200
CRA bill: \$30,000



SITUATION

With her excellent credit and income she would typically qualify for a mortgage at a banking institution. **But refinancing for CRA debts was a challenge for the banks.**



PROBLEM

While banks will not pay CRA debt as part of a refinance, Alternative lenders will.



SOLUTION

Her mortgage broker quickly deduced that since she would otherwise qualify for the A mortgage, **the best and most economical strategy was to arrange:**



SOLUTION

1.

Arrange a very **short term private mortgage in second position** to have CRA paid in full



SOLUTION

2.

Upon receiving proof of payment of taxes, complete the pre-approval application with the **A lender** and having it **fund inside of 30 days** of the private mortgage funding.



SOLUTION

Second mortgage: \$33,000
Commitment fee: \$3,000
Interest for 30 days: \$420.41



SOLUTION

The client received
(AN INTEREST COST FOR 30 DAYS OF \$420.41)
open second mortgage at 15.5%



RESULTS

A broker and lender fee of \$2500 for one month rather than finance her entire mortgage debt at Alt A rates



RESULTS

Saving her a significant amount of money over the one or two year term should would have taken with the Alt A loan.



RESULTS

New first mortgage: \$418,000



RESULTS

CONSIDER THIS

1. When considering these mortgages, we can also help your client **take advantage of any prepayment privileges** with the existing first mortgage to reduce the upcoming prepayment penalty.



IDEAS

CONSIDER THIS

2. In addition, **we can also match the mortgage term of the existing first** which allows you to refinance and payout both mortgages at once to eliminate any prepayment penalty



IDEAS

CONSIDER THIS

3. For closed mortgages, **we can reduce the rate** on the second mortgage for between 10.5% and 14%.

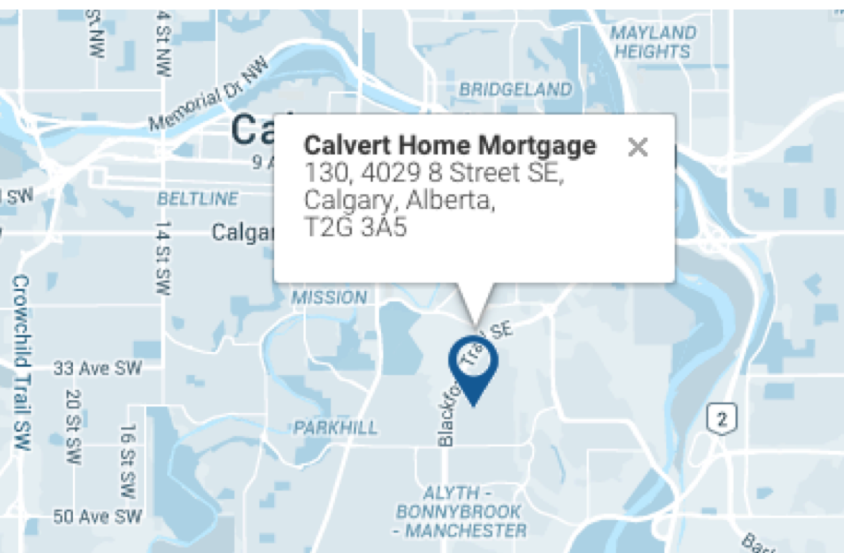


IDEAS



Since 1975 we have financed over 5,280 properties in Alberta.

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ASK US

We are a common sense lender who appreciates a challenge.

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