



## Stand Out Deal of the Month

### **Debt Consolidation — Dire Situation; Fast Solution**

#### Background Story

A Mortgage Broker was working with a business for self Borrower who had fallen behind in their Business GST and Employee Source Deduction Payments, as well as personal credit facilities. The client was unable to pay the CRA arrears, and the Canada Revenue Agency had issued two legal warnings and was about to issue garnishees on his bank accounts, bringing to a halt his business operations.

Traditional Lenders were not an option due to the CRA arrears. The Borrower required immediate help.

#### Calvert Home Mortgage Solution

##### Documents Required

- Application
- Credit Bureau
- Most Recent NOA
- First Mortgage Statement
- CRA Warnings for Business
- Personal Debt Statements

##### Mortgage Details

- Loan Amount: **\$146,775**
- Interest Rate: **11.75%**
- Term: **6 Months – to coincide with first mortgage**
- Prepayment: **3 months interest**
- Payments: **Principal and Interest**
- Commitment Fee: **\$4,275** (Broker and Lender Fee)

#### Approach

Calvert Home Mortgage performed an In-House Valuation the same day upon receiving the application from the Mortgage Broker. This saved the Borrower the cost of an Appraisal, but more importantly in this case, saved time. The Borrower was able to leverage enough equity in their home to satisfy their CRA obligations and reduce credit trade lines to improve cash flow and beacon score at the same time.

The Underwriter also worked with the Mortgage Broker and considered the Borrower's carrying costs; their first mortgage matured in six months. The Mortgage Broker and Underwriter noted that the client would be a refinance candidate with a traditional lender once the CRA obligations were fulfilled, other credit card facilities were paid down, and credit score improved.

The Mortgage Broker found a great solution for their client when options were limited. The Mortgage Broker also worked closely with their Borrower client to execute a plan: implement a budget for their client to follow and ensure their client stayed committed to the budget in order to achieve the goal of refinancing with a conventional lender at reduced rates to both the current first mortgage as well as the mortgage we provided.

For more information please contact Calvert Home Mortgage:

Phone: 403.278.0249

Website: [www.chmic.ca](http://www.chmic.ca)

Jesse Bobrowski

Dale Koeller

Sherwin Dziwenka

Garrett LaBarre

Rob Maver

[Jesse@chmic.ca](mailto:Jesse@chmic.ca)

[Dale@chmic.ca](mailto:Dale@chmic.ca)

[Sherwin@chmic.ca](mailto:Sherwin@chmic.ca)

[Garrett@chmic.ca](mailto:Garrett@chmic.ca)

[Rob@chmic.ca](mailto:Rob@chmic.ca)



### How Calvert Home Mortgage Added Value

- An In-House Valuation of the subject property was completed immediately upon receiving the application at no cost to the Borrower, saving them valuable time and money.
- **The Underwriter matched the terms of the new mortgage with the existing first mortgage and worked with the Mortgage Broker to ensure the Borrower would be a refinance candidate at maturity.**
- **Calvert Home Mortgage provided a time and cost-efficient solution for the Borrower and positioned them for future success so the Mortgage Broker could line up the takeout financing.**
- Mortgage Broker came up with a great plan and was committed to working with the client to ensure the plan would succeed.
- Calvert Home Mortgage assisted the Mortgage Broker by instructing the Borrower's Lawyer saving the client an additional set of legal fees (+/- \$1,500).

### Results

- **The credit paydowns increased the Borrower's Credit Score.**
- **Paying out the CRA obligations allowed this Borrower to access his bank accounts, and then to be served by traditional lenders at reduced rates.**
- **Five months later the Broker successfully completed their plan and got their Client refinanced at the maturity of the first and second mortgages.**

Calvert Home Mortgage is focused on helping the Mortgage Broker by creating flexible mortgage solutions that meet the demands of the situation and position the Borrower for success.

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