

RFA

MORTGAGE CORPORATION

THE SHIT YOU NEED TO KNOW

An essential guide for doing business with RFA.



WHO IS RFA?

Realty Financial Advisors (RFA) dates back to 1996, when the company was founded as a private real estate investment and asset management firm. Today, RFA operates several businesses involved in Canadian Real Estate – including RFA Mortgage Corporation.

KRAKEN

RELEASE THE KRAKEN! Sorry... we got a bit carried away there.

Kraken is RFA's broker portal commonly mistaken for a gigantic sea monster! In order to submit a deal to RFA you must 1) be registered with RFA, and 2) have a Kraken username/password. The portal allows you to upload documents, check deal status, access product sheets, rate sheets etc.

SUBMISSION TIPS

Please submit your deals to RFA Prime (not RFA Alternative) under the submitting broker's name and identify yourself as the participant.

Beacon Requirements (for all applicants):

Insured	Insurable	Uninsurable	
		Purchase/ Transfers	Refinances
650	650 for all applicants*	650	680 for primary 650 for secondary applicants

*Primary Beacon Scores less than 680: add 20 bps to rate

Documents

Your underwriter will be completing both file and document review. Please make sure documentation is reviewed prior to uploading your package to the portal. Full document packages are really appreciated... seriously, we'll love you forever!

Deal Notes

We're getting pretty good, but we're still not mind readers! Help us understand the full picture with crystal clear deal notes. Please indicate:

- Rate/Term – Plus, any buydown or promo you are requesting
- Income – Outline how you qualified the client's income
- Transfers
 - » Does your file qualify for grandfather rules?
 - » Are you qualifying on contract rate?
 - » Current Insurer and reference number
- Property Taxes – How does the client want to pay their property taxes?
 - » Lender paid or client paid
 - » If nothing is requested, it will default to lender paid
- Broker contact information – Only registered assistants can be on the deal

File Completion

- All files must be complete 10 days prior to funding
- Material changes will not be accommodated 5 days prior to funding

COVID-19 PROCEDURES

Income

Whenever possible, please submit your income documents upfront. This means, income will be fully reviewed prior to providing you a commitment. Full income documentation includes:

- Most recent paystub
- Letter of Employment
- 2 years of NOAs or T4s for bonus/overtime income
- Submission Notes: please include valid contact information to complete the verbal and/or the email address of an HR or Payroll Manager

Appraisals

When required, appraisals must be ordered through NAS/Solidifi, who will complete the appraisal virtually.

PROGRAM OVERVIEW

1. TRANSFERS

We're not accepting transfers from MCAP, RMG, or Street Capital.

No Fee Transfers

- Eligible for owner occupied mortgages of \$200k or greater (\$250k for GTA/GVA)
- Post Funding, RFA will pay the cost of an appraisal up to \$300 (if required)
- Minimum Amortization: 5 Years
 - » Remaining amortization not to exceed the original amortization minus the time elapsed since original mortgage was registered
- Up to \$3,000 capitalization in penalties and fees
- For mortgages \$199,999 or less (\$249,999 for GTA/GVA), full cost of transfer and appraisal fees are applicable to the client
 - » Brokers may use 10 bps in commission to cover the cost for the client
 - » No appraisal rebate applicable

Collateral Charge Mortgages

Available for all 5 year terms, with fees paid by the client or broker.

- If mortgage over \$200k (\$250k for GTA/GVA):
 - » Broker paid fees: 10 bps reduction in compensation
 - » Eligible for appraisal rebate up to \$300 (payable post-funding)
 - » Up to \$3,000 capitalization of penalties and fees
- If mortgage \$199,000 or less (\$249,999 or less in GTA/GVA)
 - » Broker paid fees: 20 bps reduction in compensation
 - » Up to \$3,000 capitalization of penalties and fees

Penalty Capitalization (for all transfers)

- Up to \$3,000
- Mortgage amount with capitalized penalties and/or fees is not to exceed the original registered mortgage amount

- Loans greater than 95% LTV are not eligible for penalty/fee capping

Qualifying Standard & Collateral Charge mortgages

- Please indicate in your deal notes that you are requesting to use contract rate to qualify.
 - » Must fit grandfathered transfer rules!
- If the mortgage was in place prior to October 17, 2016 and original insurance is still valid, you may qualify on contract rate! If refinanced prior to 2016, we are not able to qualify on contract rate.

Covenant Removals on Transfers

RFA will process a release of a covenant for parent/grandparent/sibling if the current mortgage is registered as a collateral charge. If it's a standard mortgage charge, a release of covenant is only available through a refinance.

Appraisal Reimbursement

Please send all reimbursement requests to sales@rfamortgages.com. Be sure to include the following information in your email request:

- Mortgage number
- Fund date
- Borrower's last name
- Attachment with proof of fee amount

2. SMALL RENTAL PROGRAM

Insurable:

- Purchase & Transfer
- 2-4 unit properties
- Minimum Beacon: 650
- Square Footage: min 750 sqft, no condos
- 50% addback used for rental income
- Economic rents

Uninsurable:

- Purchase, Transfer & Refi
- 1 unit rentals!
- LTV: Up to 80% / applicant must provide min \$100K net worth for greater than 70%

- ETO: max \$200K
- Loan Amount: Min \$50K / Max \$500K *
LTV tiering applies
- Beacon Score (Refi): 700 for primary /
650 all other applicants
- Square Footage: House – min 850 sqft /
Condo – min 500 sqft
- No BFS, no New to Canada

3. PURCHASE PLUS IMPROVEMENT

- Maximum 20% of the initial value of the property, but not to exceed \$40k (Genworth/Canada Guarantee)
- Appraisal required to show “as is” value and “improved” value (if insured, insurer will complete their own appraisal)
- Work to be complete within 90 days, but may extend up to 120 days on exception
- If greater than \$15k we will require an inspection to show work is complete
- If less than \$15k we will require paid invoices from contractors confirming the approved improvements were completed as per original quotes, along with before and after photographs

KEY POLICIES

Electronic Signatures

We will accept electronic signatures for the following:

- Purchase and Sale Agreement
(vendor, purchaser, and witnesses)
- PAD Forms
- Commitment Letters
- Appraisals
- Gift letters
- Solicitor requisitions

Property taxes

- Client paid property taxes are allowed on any LTV
- Please note how you want taxes paid in your deal notes

Bridge Loans

- \$250 fee / Prime + 4%

Post Bankruptcy

- Purchase and transfer of owner-occupied transactions only, up to 95% LTV
- Discharged for a minimum of 2 years with clean, re-established credit for minimum 2 years, and zero derogatory credit
- No prior bankruptcies or consumer proposals

PROPERTY POLICIES

Minimum Square Footage

- 750 sqft – Single Family dwelling
- 500 sqft – Condos

Acreages

- Value will be taken from house plus 5 acres or less
- Must have some residential zoning (ex. Country residential zoning)
- If property is in a marketable location and application is strong, an exception may be considered up to 50 acres with house
- No outbuildings will be considered

Log Homes

- Will be considered on case by case with LTV less than 65% in marketable lending areas

Gift of Equity

- Available with full disclosure and approval from Insurer on Insured/Insurable loans

INCOME POLICIES

Canada Child Benefit

- 100% may be used provided income will continue for at least 3 years after closing
- Confirmation of the age of the children by way of birth certificate or other government documentation AND receipt of income by way of either CCB statement or Bank statements showing direct deposit

Foster Care

- 2 year average to be provided and must have a min 2 year experience as foster parents
- Maximum number of children in care not to exceed to 6, including the foster parents own children
- Borrowers must live on site
- If foster care income accounts for more than 50% of borrowers total income, min 10% down payment is required

Maternity Leave

Will allow 100% of maternity leave provided the borrower is:

- Returning to work within 2 months of the mortgage closing date and the income prior to the leave and returning income is confirmed directly by the employer to support the income, or
- Borrower is returning within 12 months after the closing date and has salaried or guaranteed hourly income and property is in a marketable area.
- For non-guaranteed income or fluctuating income upon return – 60% of return to work income will be used if returning within 12 months. Anything between 12 and 18 months is 35% of return to work income.

Alimony and Child Support

- Income may not exceed 30% of the total gross income used to qualify.
- Where income is over 30% (up to 50%) of the total gross, we require full insurer disclosure and approval to consider.

DEBT SERVICING POLICIES

Student Loans (not yet on repayment)

- 2% of outstanding balance can be used (exceptions available to use 1.5%)

Non-Subject Rental Income

- 50% add to gross.
- On exception, rental worksheet calculation may be considered if application is converting existing owner-occupied into a rental.

- Economic rents to be provided by NAS/Soliddi (client cost)
- Rental income can be used on uninsured applications, at 50% add to income, no washes (rental worksheet or T1s)

Installment Loans (less than 6 months remaining)

- If confirmed less than 6 contractual payments are remaining and strong likelihood that payments will not be replaced the debt can be excluded

Heat Calculation

- For condo apartment use the greater of \$50.00/month or $(\$0.40 \times \text{sq footage of property})/12$
- For houses use the greater of \$100/month or $(\$0.60 \times \text{sq footage of the property})/12$

Property Tax Calculation (for new builds)

- We'll use 1% of property value
- Mill rate may be considered on exception, on a case-by-case basis

Closing Costs

- 1.5% of the purchase price or Solicitor Letter indicating the exact costs

MORTGAGE FEATURES

- 20/20 pre-payment privileges
- Fixed Rate Penalty: Greater of 3 months interest or IRD based on RFA rates
- No bonafide sale clause
- Full payment options available: Monthly, Semi-Monthly, Bi-weekly, & Weekly with acceleration options
- All mortgages are registered as standard charge mortgages
- Portable and assumable
- Please note, client will be charged a reinvestment fee if paid out in the first 3 years of the mortgage
- 120 day rate holds for all Prime mortgage commitments – live applications only
- Reinvestment Fee is applicable upon payout: \$500 in year 1, \$400 in year 2, \$300 in year 3

RFA is not currently considering financing on:

- First Time Homebuyers Incentive
- CMHC Business for Self Program
- Flex down
- Pre-approvals
- Stated Income

POST FUNDING

- If you're looking to help your client with any of their post funding needs, please complete the Third Party Consent form located on our broker portal.

**Congratulations, you made it! That was a lot of sh!t
– we appreciate you hanging in to the bitter end.**

**If you have any questions, please check in with
your RVP!**