

BC, AB, SK, MB, ON
ALTERNATIVE LENDING

Sensible LendingTM

Broker product booklet
residential mortgages

OPTIMUMMORTGAGE.CA

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CWB

Optimum Mortgage

Get to know CWB Optimum Mortgage

CWB Financial Group is a diversified financial services organization providing specialized service in banking, trust, and wealth management. Since 1984 we've grown from a single branch operating in Edmonton, Alberta to a western-based, federally regulated financial institution with a national presence. Launching in 2004, CWB Optimum Mortgage is the residential lending business of CWB Financial Group.

CWB Optimum Mortgage is a full-service lender, providing mortgage brokers with lending solutions for their clients. We offer a full range of products to serve our brokers including: alternative mortgages, high ratio insured mortgages, conventional income-confirmed mortgages, and a very competitive HELOC.

We follow a Sensible Lending® philosophy to ensure that each client's application is considered based on its own specific merit and circumstances. Our experienced and knowledgeable team of business development managers and underwriters work hard to find customized solutions for your clients while providing you, our brokers, with service that is error-free, hassle-free, and on-time.

The Optimum advantage

As a part of CWB Financial Group we have the security of lending from a balance sheet of branch raised deposits with a stable and broad mix of funding sources. This means every mortgage is backed by the security of a Schedule I bank. All of our mortgages come with great personal service for and product features to help your clients better manage their mortgage, including:

Great personal service



Industry-leading
turnaround times



Milestone emails
throughout the
funding process



Same day BDM
call-backs



Regular underwriter
and BDM support



Common sense
approach to
underwriting

Products you can count on



Prepayment privileges



Accelerated payment
frequencies



Portability options



Blend and extend options

Alternative lending products

Why you need an alternative lending partner



Today's lending environment has made it more challenging than ever for self-employed and commissioned borrowers to qualify for mortgage financing under traditional bank guidelines. With the continued growth in Canada's self-employed job market, more and more borrowers no longer fit 'A' lending requirements—creating a growing demand for alternative lending solutions.

Who's an alternative lending client?

- Clients who don't fit the traditional 'A' lending guidelines
- Salaried, self-employed, or commissioned clients
- Salaried clients with a GDS/TDS that doesn't meet traditional bank requirements
- Clients with bruised credit due to extenuating circumstances
- Clients with outstanding Canada Revenue Agency debts
- Clients who can demonstrate a reasonable ability to make future mortgage payments

As a broker, you need to have an alternative lending partner you can count on to provide simplified solutions for this growing market segment.

Owner-occupied properties up to 80% LTV

Loan purpose	Purchases and refinances
Maximum LTV	80%
Minimum FICO/BEACON score	Primary borrower: 550
Terms	<ul style="list-style-type: none"> 1, 2, and 3 year fixed rate 5 year variable
Maximum amortization	<ul style="list-style-type: none"> Fixed rate: up to 30 years Variable: up to 25 years
LTV notes	<ul style="list-style-type: none"> Seconds allowed to 80% LTV may be reduced due to sliding scale

See page 4 for full lending guidelines including: lending areas, property types, and prepayment charges.

Rental properties up to 75% LTV

Loan purpose	Purchases and refinances
Maximum LTV	75%
Minimum FICO/BEACON score	Primary borrower: 600
Lending areas	Population > 30,000
Terms	1, 2, and 3 year fixed rate
Maximum amortization	30 years
LTV notes	<ul style="list-style-type: none"> Seconds allowed to 80% LTV may be reduced for higher property values
Notes	<ul style="list-style-type: none"> Maximum number of rental properties a client can own is 8, with up to 4 doors financed through CWB Optimum Mortgage – maximum aggregate \$1 million Confirmation of rental investor's revenue and debt obligations for each door owned is required Rental property financing can be registered to a holding company with a personal guarantee <ul style="list-style-type: none"> AB & SK only: rental property financing must be in a holding company name

See page 4 for full lending guidelines including: lending areas, property types, and prepayment charges.

TIP

Grow your client's assets

Use our debt coverage calculator on optimummortgage.ca to instantly calculate the affordability of your client's rental portfolio and provide them with the information they need to make an informed decision. Plus, including the DCR calculation with your deal application will help speed up your approval process.



Alternative lending guidelines

The following details apply across all of our alternative lending products: fixed rate, variable rate, and rentals. Make sure that you also note the guidelines specific to each product. (See pages 3 and 4)

Property types	<ul style="list-style-type: none"> • Single family detached (minimum 800 square feet) • Semi-detached (minimum 800 square feet) • Condominium or apartment (minimum 500 square feet) • Acreages: <ul style="list-style-type: none"> • Maximum 65% LTV • Only 5 acres of land plus the value of the property are considered for calculating LTV • Well and septic considered • Maximum 10 acres • Country residential zones permitted (agricultural zones not permitted)
Lending areas	<ul style="list-style-type: none"> • Within 50 km of a large urban population centre (communities with populations > 100,000) • Within 10 km of a medium population centre (communities with population between 30,000 and 100,000) • Within a small population centre (communities with populations between 10,000 and 30,000) • LTVs may decrease once outside city limits
Qualifications	The greater of the mortgage contract rate plus 2% or the 5 year benchmark rate
Down payment	<ul style="list-style-type: none"> • Minimum 20% for purchases • Gifted down payments are acceptable
Prepayments	<ul style="list-style-type: none"> • Early payouts permitted (may be subject to charges) • Opportunity to make an annual payment up to 20% of original mortgage amount, double-up payments or increase monthly payment up to 20% at any time • Prepayment charge is calculated as the greater of 3 months interest or the interest rate differential (using CWB posted rate, not bond rate) plus 1.00% of the mortgage balance • Mortgage is portable based on client and property qualification • Blend & extend options available
Consideration given to	<ul style="list-style-type: none"> • Discharge bankruptcies with 12 months of re-established credit • Applications demonstrating orderly payment of debts
Outside our lending guidelines	<ul style="list-style-type: none"> • BEACON/FICO scores less than 500 • Unique properties • Previous grow-ops • Rent-to-own contracts • Farms • Mobile homes and/or manufactured homes • Rental pools • Cooperative housing • Indigenous reserve land

Top 10 questions we'll ask on every deal

If you've submitted a deal with us in the past, you've probably found that our team asks a standard set of questions. Every question is designed to better understand your client's individual needs — so we can find a mortgage solution right for them.

To speed up the funding process, be prepared to answer the following about your next alternative lending deal.

The basics:

1. Is your deal a purchase or refinance?
2. What LTV are you looking for?

The property:

3. Where is the property? What is the condition of the property?
4. Is the property on a well or septic system? Is it an acreage? What is the zoning regulation?

The borrower(s):

5. What are your borrowers' BEACON scores?
6. If there are any credit issues, what was the reason?
7. Can the client demonstrate satisfactory mortgage repayment with no late payments/arrears via bank statements?
8. Do they have a second mortgage? Why did they take out the second?
9. If there is excess cash from the mortgage, what is the reason for the cash pull?
10. Are your borrower(s) self-employed or salaried?
 - a) Can the client give supporting documentation to illustrate their income?

All of these questions will streamline your deal's life cycle and decrease any chance of surprises along the way.

TIP

Speed up the approval process

When packaging your deal for submission, use your **OptiFit** tool to ensure you have all necessary items. This will speed up the approval process and decrease the chance for any surprises. If you need a copy, be sure to ask your BDM or visit your broker toolkit on our website.

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“I wanted to take this opportunity to let you know how happy and pleased I am to be partnering with Optimum. As the whole industry is showing signs of policy tightening, I find it very important to align my business with a lender who can do common sense lending.”

Dan Heon, The Mortgage Centre Canadian Mortgage Team Alberta

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Broker Partner Program

		Partner	Preferred Partner	Very Important Partner
Status level	Minimum annual volume	\$3,500,000 or 12 funded deals	\$7,500,000 or 25 deals	\$15,000,000 or 50 deals
Service	Regular e-mail notifications and status updates	✓	✓	✓
	Priority underwriting: top-of-queue service with a dedicated underwriter		✓	✓
	Dedicated underwriting team	✓		
Compensation	Efficiency bonus of 10 BPS paid monthly when a 65% CTF ratio is maintained	✓	✓	✓
	Internal refinance compensation (on full loan amount)	✓	✓	✓
	Eligibility for renewal fees		✓	✓
	Eligibility for a volume bonus on alternative mortgages		✓ 10 BPS	✓ 15 BPS

Status levels

Our goal is to build long-term partnerships with our brokers who continually commit to doing business with us. Our status levels are based on volume achieved in a calendar year based on funded date. Once a status level is achieved, it is carried forward to the next calendar year and must be maintained annually to continue to receive status benefits.



For example: a brokerage funds \$7.5 million by October. They begin earning benefits of a Preferred Partner starting in November. They also retain their Preferred Partner status for the following year. Throughout the next year, if that brokerage funds less than \$7.5 million, they would start the following year as a Partner.

Volume bonus

We love working with you, and compensating our Preferred and VIPs for all the business they do with us just makes sense. Our Preferred and VIPs will earn a volume bonus on their newly originated alternative mortgage fundings. Brokerages have two options to receive this bonus, and it can only be changed once per calendar year:



1. Full volume bonus paid to the brokerage based on the previous months fundings via cheque once per month (default)
2. Each funded deal would automatically include the volume bonus on their compensation cheques (with a signed agreement only) (ie. a Preferred broker would receive 60 BPS on a 1 year fixed rate deal)

Internal Refinance

When refinancing an existing mortgage, our Partners will receive 50% compensation on the full loan amount funded (ie. 1 year term earning is 25 BPS). Our Preferred and VIP will receive full compensation on the full loan amount funded (ie. 1 year term earning is 50 bps).



Funding ratio bonus

Funding ratios are important to us. Better ratios help us maintain efficiency at our underwriting centre, which means better levels of service for you as our client. As a thank you for maintaining a commitment-to-fund (CTF) ratio of 65%, we are happy to pay you a 10 BPS bonus on the deals you have funded.



Commitment-to-fund (CTF) = total funded / total submissions (12 month history)

- Bonus is paid monthly on the most recent month of funded deals
- Must have Partner status or higher
- 12 month history based on submission date

Renewal fees

As a VIP and Preferred partner, you're eligible to earn renewal fees on maturing mortgages. To qualify for renewal compensation, we require the agent play an active role in the renewal process of the mortgage. To discuss your client's history with us, please submit a current signed and dated broker consent form within 90 days of maturity, along with the borrowers renewal agreement received from Optimum Mortgage. Our renewal compensation is outlined below:



- 1 year: 20 BPS
- 2 year: 30 BPS
- 3 year: 40 BPS
- 4 year: 40 BPS
- 5 year: 50 BPS

OptiFIT

Does your client FIT our guidelines?

OptiFIT explains the four types of income you will come across in the alternative market, and the documents that are required when submitting a deal. This tool is a great starting point to package your deal for submission; however, unique or unusual circumstances may require additional due diligence.

Confirmable income



If your client has a guaranteed base salary, they will need to provide you the following documents prior to funding:

- Job letter
 - Including: start date, position, wages, contact for phone call verification
- Paystub
 - Issued within the last 30 days
- Additional income
 - CPP & OAS: 1 month bank statement
 - Disability insurance: 2 to 3 months bank statements
 - Work pension: 2 to 3 months bank statements
 - Universal Child Benefit: 2 to 3 months bank statements
- Alimony & child support documentation
 - Copy of separation/divorce agreement
 - 3 months bank statements

Business for self



Does your client own their business? Depending if they are a sole proprietor or if they are incorporated, they will need to provide you the following documents prior to funding:

Sole proprietor

- T1 General
 - Must be recent and full copy; summaries are not accepted
- Statement of business activities
- Notice of Assessment
- 3 to 6 months bank statements
- Self declared letter

Incorporated

- Dividend income (T5) or T4; lender requires copy
- T1 General
 - Must be recent and full copy; summaries are not accepted
- Notice of Assessment
- 3 to 6 months bank statements
- Self declared letter

Large servicing exceptions may require business financials or T2s
For BFS Simplified documentation, please see product sheet

Commissioned



If your client derives their income through variable pay (such as a sales person or a realtor), they will need to provide you the following documents prior to funding:

- T4A or previous year's commission statement
- Year-to-date commission statement
- Employment letter

Contracts



Contracts will be considered if the borrower sources the majority of their income from one contract source.

- Contract(s)
 - Must be from a known and professional company; be legal and detailed with a compensation structure
 - Minimum 1 year in length
- 3 to 6 months bank statements
- Self-declaration letter

If you have another source of income, please contact your BDM.

CWB Optimum's business development team

Our broker dedicated, centralized, underwriting centre is headquartered in Edmonton with regional offices in Calgary and Richmond Hill. All CWB Optimum Mortgage Business Development Managers are fully trained on our underwriting guidelines. If you don't see an answer to your client's needs, give them a call – they are qualified to answer your questions.

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