

Your monthly home & mortgage newsletter

MORTGAGE ARCHITECTS | December 2021 e-Newsletter



Hello December! As the year comes to a close, I wanted to touch on a few final topics. In this newsletter, you'll find details around mortgages for the self-employed, tips for selling your home in the winter and also some do-it-yourself holiday gifting ideas!

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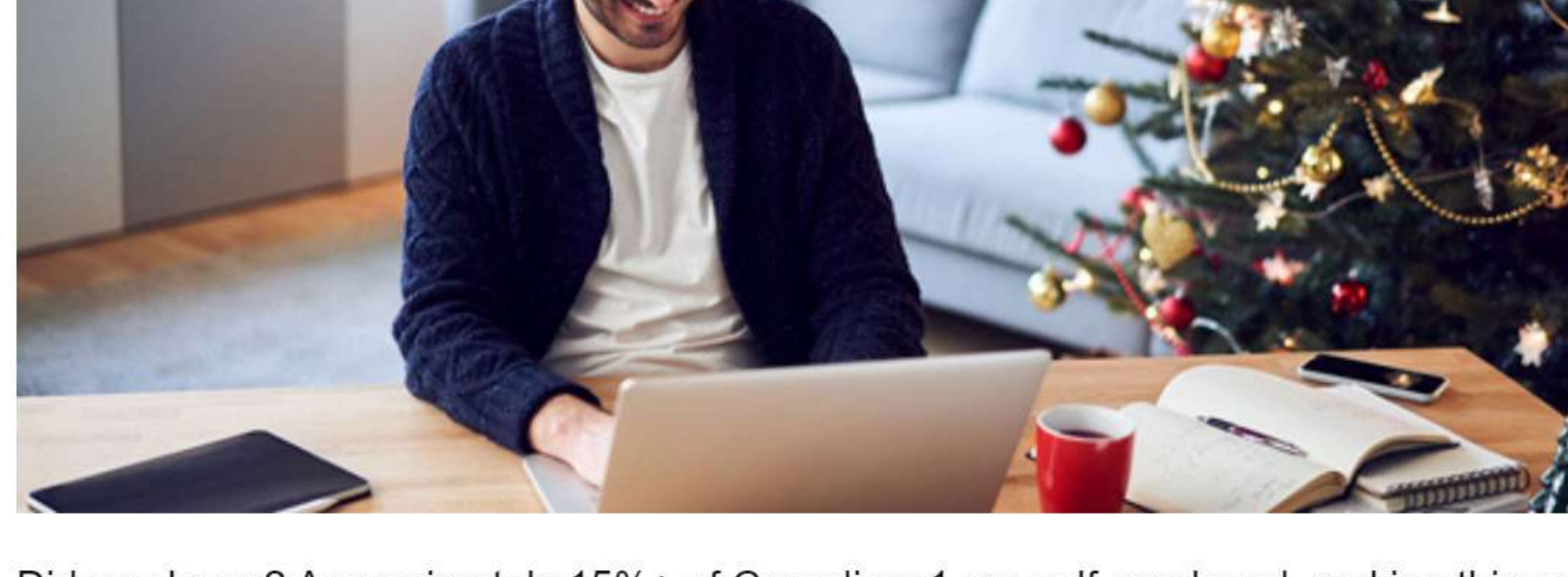
MORTGAGE ARCHITECTS

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Mortgages For The Self-Employed



Did you know? Approximately 15%+ of Canadians¹ are self-employed, making this an important segment in the mortgage and financing space. When it comes to self-employed individuals seeking a mortgage, there are some key things to note as this process can differ from the standard mortgage.

For self-employed individuals with an established business seeking best rate financing, the business must have a minimum two years of history. This includes self-employed applicants who own a full or part-time business and covers sole proprietorships, incorporations, and partnerships.

In order to obtain a mortgage when self-employed, most lenders require Revenue Canada personal tax Notices of Assessment and respective T1 generals be included with the mortgage application for the previous two years. For individuals in Quebec, you will be required to provide NOAs (Notice of Assessments) from Revenue Canada, Relevé 1 from Revenue Quebec and T1 General for the last 2 years. Typically, individuals who can provide this proof of income - and with acceptable income levels - have little issue obtaining a mortgage product and rates available to the traditional borrower.

The true issue of being self-employed is the privilege of writing your income down. You benefit from less taxes because you get to write them off, but you lose borrowing power. It is important to be aware of this because you can either pay less tax or have more borrowing power.

As a self-employed individual, you will fall into one of the following three categories:

- You can provide the tax documents and you have a high enough income, so there are zero restrictions.
- You can provide the Revenue Canada / Revenue Quebec documents, but don't have enough stated income due to write-offs. In this case, you need a minimum of 10% down with standard interest rates.
 - a.) If you put down less than 20% down payment when relying on stated income, the default insurance premiums are higher
- You cannot provide the Revenue Canada / Revenue Quebec documents, which means you will be required to put down 20% and may have higher interest rates.

For a typical borrower, lenders often require a letter of employment and recent pay stubs to confirm and calculate income. When it comes to calculating income for a self-employed application, lenders will either take an average of two years' income or your most recent annual income if it's lower.

When it comes to submitting your mortgage application, you will need to provide the standard documentation in addition to the following:

- For incorporated businesses - two years of accountant prepared financial statements (Income Statement and Balance Sheet)
- Two most recent years of Personal NOAs (Notice of Assessments) and tax returns
- Potentially 6-12 months of business bank statements
- Confirmation that HST/Source Deductions are current

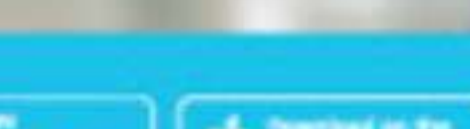
If you're self-employed and looking to qualify for a mortgage, or simply have some questions for when you are ready in the future, please don't hesitate to reach out today! I would be happy to work with you to ensure you have the necessary documentation, understand your options and can obtain a pre-approval to help you understand how much you qualify for!

My Mortgage Planner

the key to your new home is just a click away



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Selling Your Home in Winter



While you might think selling your home in winter is harder, with the right considerations it doesn't have to be! When selling your home during warmer months, the focus is typically on curb appeal and gardening, as well as having bright colors and patterns to draw out different rooms. While curb appeal should not be forgotten in winter months, the focus should be centered on creating a warm, comfortable and welcoming space. You can do this through the following:

- **Curb Appeal:** If you live in an area that receives high amounts of snow, be diligent about keeping your sidewalk and driveways clear for visitors, and to keep your home looking clean for viewing. Always make sure to sweep any fallen leaves or debris.
- **Keep it Cozy:** Ensuring your home is sufficiently heated during showings will also go a long way to making it feel more comfortable; a steady 68 to 70 degrees Fahrenheit during showings is ideal.
- **Light and Inviting:** With days being shorter and darker during winter, ensuring your home is light and inviting can make a big difference. In some cases, you may consider repainting the walls before listing your property.
- **Declutter:** When selling, it is important to declutter your home so that it looks its best and gives room for people to imagine their own belongings in your space.
- **Define Property Boundaries:** If you are showing your home in the middle of snow season, be sure to mark the four corners of your property so that potential buyers can see exactly what they are getting.

While there is some extra work with selling your home in the winter due to the weather conditions, it can pay off! Buyers tend to be highly motivated and often there is less competition for sales during this time giving more focus to your home.

DIY Holiday Gifting



When it comes to the holidays, buying gifts can be overwhelming and expensive. Fortunately, it isn't the only option! If you have some extra time and talent, do-it-yourself gifts are a wonderful way to make your friends and family feel cherished. Thankfully, you don't have to be a pro-level crafter to make someone a nice gift!

Here are some great ideas for homemade gifts to help you get started!

- **Family Recipe Book:** To share all of your favourite meals and homemade recipes. Try writing out a journal or simply gluing recipe cards down in a book! You could even put the cards in a photo album for an easy and clean flipbook!
- **Yummy Treats:** Do you have a signature cookie recipe? Or maybe a special seasoning you create from scratch? Gifting homemade treats is a great way to celebrate the holidays! From filling a cute tin container with gingerbread to a mason jar brimming with your homemade mixture, your family and friends are sure to feel the love!
- **Say Cheese!** From getting personalized mouse pads to mugs to candles, highlighting a favourite photo(s) and memory from the year can be a great way to show your loved ones how much you cherish them!
- **Let Them be Pampered:** Creating homemade bath bombs, soaps and/or scrubs is not as hard as you think! Creating a cute little pamper set with a couple different items can be the perfect pick-me-up for anyone on your gift list.
- **Fabrics from the Heart:** Are you an excellent sewer? Cross-stitcher? Love to create with fabric and yarn? Gifting homemade washcloths, blankets, scarves or even clothing makes an exciting and unique gift that your family and friends are sure to love!



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