GLM
MORTGAGE GROUP

"We Get You a Fast "**YES**"
at the Sharpest Rate... Guaranteed!"

– Geoff Lee, President GLM Mortgage Group

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Dominion Lending Centres

INSURED OR UNINSURED MORTGAGES

A Message to You from Geoff Lee, President of GLM Mortgage Group | Dominion Lending Centres

Do you know what the differences between an insured, uninsured and insurable mortgage? It can get rather confusing and we have broken it down to help you understand the difference. This eBook will leave you with a better understanding of the differences.

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WHAT IS AN INSURED MORTGAGE (HIGH RATIO)?

- Mortgage default insurance is mandatory in Canada for down payments between 5% and 19.99%
- Mortgage default insurance protects the lenders in the event a borrower defaults on their mortgage loan
- The maximum amortization for an insured mortgage is 25 years
- You must qualify at the Bank of Canada Benchmark rate
- The purchase price must be less than $1 million

WHAT IS AN UNINSURED (CONVENTIONAL) MORTGAGE?

- Does not have mortgage insurance
- Has a down payment of 20% or more
- Can use an amortization greater than 25 years
- Is possible to qualify at the contract rate (Credit Unions)
- The purchase price of the home can exceed $1 million

WHAT IS AN UNINSURED INSURABLE MORTGAGE?

- Does not have mortgage insurance
- Has a down payment of 20% or more
- Qualifies with an amortization of 25 years
- Qualifies using the Bank of Canada benchmark rate
- The purchase price of the home does not exceed $1 million

WHY DO I NEED TO KNOW IF IT IS INSURED OR NOT?

- Rates
- Gone are the days of a simple rate sheet. Looking at lender rate sheets these days are far more complex.
- If a mortgage is for $400,000 isn't the rate the same regardless if it is insured or not? No. Generally speaking

  - A high ratio mortgage will have the most competitive rates.
  - A conventional uninsured mortgage will have higher rates. Expect additional rate premiums if the amortization is greater than 25 years and if the property is not owner occupied
  - If a mortgage is uninsured but insurable you will likely receive a more competitive rate than if it wasn't insurable
  - The lower the LTV (greater the down payment) for a conventional mortgage the more competitive the rate will be

Conclusion

It is important to understand the differences between insured, uninsured and insurable mortgages. Understanding the difference will help determine what your interest rate will be on your mortgage. GLM Mortgage Group | Dominion Lending Centres will walk you through the process and help you understand which mortgage will best meet your needs.