

## The Mortgage Kit: Start with proof of your income

We've all heard the scout motto "Be prepared". It's great advice if you need a mortgage. Assembling everything your lender needs to verify your income is a critical component of mortgage success. A last-minute scramble for documents just adds to stress. Get a Mortgage Kit folder ready and begin collecting the verification you will need for your income type:

1. Full-time salary: Provide a recent pay stub and a "letter of employment" on company letterhead that confirms a) your position, b) your annual salary, and c) the length of time you've been in your position. If you're a fairly new employee, lenders will want to know that your probationary period is over. And they will follow up. Commissions and bonuses can be supported by your last two notices of tax assessments.
2. Commission, contract, part-time and seasonal employment: Company letter and paystub are required. Income must be consistent and can be proven with a 2 year average of tax assessments or T4s. If the position is contract, a copy of the contract and any renewals is required.
3. Self-employed: Assemble: a) two years of tax assessments, b) business license or registration, or articles of incorporation, c) your T1 general tax returns for the last two years, and the last two years of accountant-prepared financial statements (if incorporated). Lenders recognize that self-employed income is kept low, so some expenses on your statement of business activities can be added back. If income is difficult to prove, be sure to have a strong credit history and downpayment.
4. Child support: A copy of the separation/divorce agreement and three to six months bank statements are typically required. This income should be less than 30% of total income.
5. Disability: A letter confirming permanent status along with a pay stub.
6. Maternity Leave: Some lenders use full employment income if the employment letter confirms a return date within one year.
7. Pension, RRIF, Investment income: Most recent tax assessment, T4A's for pension income. There must be sufficient funds in the investment for the income withdrawal.
8. Rental Income – Lenders have different requirements in regards to rental income and expenses. A copy of your existing rental leases as well as any mortgage statements for the rental property will be required. If you have owned the property for more than a year and have filed the income with the government the Statement of Rental Estate Rentals (Form T776) from your Income Tax Returns for the last 2 years will also be of assistance.

**If you are fully prepared, then you're always ready to take advantage of opportunities!**