

YOUR BANK

ACCOUNT STATEMENT

YOUR NAME HERE
YOUR ADDRESS
CITY, POSTAL CODE

Statement/Bank book
Must show identity

90 day history required

Transit / Account No.
0615 5288900

Statement Period
9 June 2000 to 30 June 2000

Page
1

DATE	DESCRIPTION	WITHDRAWALS	DEPOSITS	BALANCE
9 Jun	Payroll deposit		2,000.00	2,000.00
10 Jun	ABC Mutual fund	200.00		1,800.00
11 Jun	Joe's Hardware	100.00		1,700.00
11 Jun	Br to Br		10,000.00	11,700.00
12 Jun	Auto leases Inc	300.00		11,400.00
13 Jun	Sears	100.00		11,300.00
23 Jun	Payroll deposit		2,000.00	13,300.00
24 Jun	Deposit		8,000.00	21,000.00

UNUSUALLY LARGE
DEPOSITS MUST
SHOW WHERE THEY CAME FROM
AND THAT THEY ARE FROM
YOUR OWN FUNDS (UNLESS A GIFT)

INSTRUCTIONS REGARDING

PROOF OF DOWN PAYMENT and CLOSING COSTS

Sylvia Ho Mortgages

WITHOUT SATISFACTORY PROOF OF DOWN PAYMENT

LENDERS CAN NOT FUND YOUR MORTGAGE

THIS IS BANKING, FEDERAL, & PROVINCIAL LAW

All lenders are required by law to obtain proof of the source of the funds being used for the down payment. Lawyers too have obligations to report on this requirement. The proof of down payment applies always applies.

Why mortgage lenders care about the source of your Down Payment

Often, when clients are asked where their down payment is coming from, they don't understand why a lender would care? After all, isn't a down payment just a down payment? Why would anyone care where it comes from? Actually, it matters a great deal!

- 1) All financial institutions, are required by Federal & Provincial law, as well as FISCO to monitor large transactions for the possibility of criminal activity, money laundering and /or terrorist activity. Down payments are usually large amounts and if not monitored, could be a means of laundering money.
- 2) The source of down payment says a lot about the strength of your mortgage application. All else being equal, a mortgage application with a down payment that comes from your savings is stronger than an application with a down payment that is a gift from a family member. Many mortgages require a minimum amount of your own funds.
- 3) There are lending criteria that must be met in order to meet mortgage qualifications.

DOCUMENTATION REQUIRED FOR PROOF OF DOWN PAYMENT

Payments in advance

Payments in advance such as: Deposits with the offer, & advances to builders on "new construction" are considered to be part of the down payment. For example, if you require a total of \$40,000 as a down payment and you have paid \$10,000 in advance, you will only need another \$30,000 to complete the down payment requirement. Please note that if these advance payments are made less than 90 days prior to the closing date, the same proof is required as for the rest of the down payment (See below).

Allowable sources of down payment

Down payment and closing costs can come from the following sources:

- *Checking & savings* accounts
- *Investments* (such as) RRSP's, GIC's, Mutual Funds, Stocks, Bonds etc. or
- A non repayable *gift* from a direct family member (if applicable...not all mortgages allow "gifted" down payment).

DOWN PAYMENT PROOF MUST BE PROVIDED BY WAY OF
DAY HISTORY FOR ALL SOURCES OF FUNDS :

1. Bank statements/Bank books.
2. The bank statements/Books must show the **name and account number of the client**. Please note that computer generated statements usually show only the account number and not the name. If this is the case, a second document will be required (such as a statement or a void cheque) which ties the account holder to the account number.
3. Any unusual or large amounts (over \$2,000) which have been deposited in this 90 day period need to be explained.
4. If the down payment includes an allowable gift, a “gift letter” must be provided. Gift letter forms are available on request. The proceeds from gifts must be deposited into your account no later than 15 days before closing and must appear in your checking account.
5. If down payment is coming from more than one account, each account must meet the above requirements
6. Certificates or statements showing the value of all investments such as RRSP's, Stocks, Bonds, GIC's, Mutual Funds etc must be provided. The statements must show a 90 day history.
7. **The borrower's name must appear on these statements to verify the ownership.**

CLOSING COSTS.

Most lenders, in addition to proof of the down payment, require proof that there are sufficient funds, in addition to the down payment, to cover “closing costs”. Closing costs include items such as Land Transfer Tax, Legal Fees and Disbursements, Property Tax Adjustments and Interest Adjustments.

An amount of 1½% of the purchase price is commonly used to approximate the amount required to cover the closing costs. The same rules apply for the proof of closing costs, as do for the down payment requirements