Homebuyer's Guide

Desjardins

Home sweet home!

Are you planning to move into your very first home soon, or are you buying a new house? Buying a house is an important decision with many implications, which is why it's important to prepare carefully.

Take the time to read through this guide. It's your key to all the essential information you need to take you to the front door of your new home. Feel free to talk to your Desjardins advisor, too.

The advisor will help you choose the mortgage loan that best suits your needs. They will also act in your best interests and guide and advise you throughout the entire home purchasing process.

Step-by-step breakdown of the purchase process!

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This guide offers you several practical tools:

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The budget

The budget is a crucial step toward setting the limits for your home purchasing project.

A careful evaluation of your current finances, needs and priorities and your short- and medium-term financial resources will save you a lot of stress and give you the peace of mind to contemplate your purchase.

The down payment

When you get a mortgage loan, you are obliged to invest a sum of money from your personal assets. The down payment may come from your savings accounts, certificates of deposit, savings bonds, mutual funds and RRSPs (through the Home Buyers' Plan [HBP]). Other down payment sources, such as cash gifts, are also eligible under certain conditions.

How much do you need for a down payment?

The bigger your down payment, the smaller your loan and the less interest you will pay. The minimum down payment is 5% of the value of your property[1]. But if your down payment is less than 20%, you must get mortgage loan insurance from the Canada Mortgage and Housing Corporation (CMHC) or Sagen.[2]

Mortgage insurance premiums vary based on the down payment and must be paid at the time of purchase or added to the loan amount. They can be as high as 4.5%[3] of the mortgage loan amount and are non-refundable. Contact your Desjardins advisor for more information about mortgage insurance conditions.

The Home Buyers' Plan

The Home Buyers' Plan (HBP) allows first-time homebuyers or those who have not owned a home for at least five years to use their RRSP (Registered Retirement Savings Plan) as a down payment to purchase their primary residence.

There are two possible strategies you can use:

1. You use savings you already have in an RRSP
2. You use the "90-day loan" strategy

With the first scenario, the HBP allows you to withdraw up to $35,000 per calendar year from your RRSP ($70,000 per couple) without paying any tax. You then have a maximum of 15 years to pay it back to your RRSP, interest-free.

You must pay back a minimum of 1/15 of the amount withdrawn from the RRSP every year. For example, if you withdrew $12,000, you would have to pay back $800 per year for 15 years. If you do not pay back this annual minimum, you must add this amount to your income and pay the applicable taxes.

The "90-day loan" strategy allows you to participate in the HBP if you have little savings or have never contributed to an RRSP.

It works like this:

1. Borrow the amount you need from your Desjardins caisse, respecting the maximum contribution allowed.
2. Deposit it into a Desjardins RRSP for 90 days.
3. Withdraw this non-taxable amount from your RRSP and pay back the loan to the caisse.
4. Use your tax refund as a down payment to buy your home.

As with the first option, you have a maximum of 15 years to reimburse your RRSP, paying back at least 1/15 of the amount withdrawn from the RRSP every year.

Benefits of the HBP

- Faster access to home ownership
- Higher down payment
- Lower mortgage loan and mortgage insurance premium
- Non-taxable RRSP withdrawal
- No interest on your annual reimbursements to the RRSP
- Tax refund generated by new contributions to the RRSP can be used for the down payment or for start-up costs (lawyer fees, land transfer tax, etc.

Impacts

- Budgetary impact of repaying 1/15 of the amount withdrawn from the RRSP each year (review your budget)
- Loss of interest income related to the withdrawal of an amount from an existing RRSP, but potential for long-term savings. The interest is calculated based on the mortgage amount

The Canadian government's First-Time Home Buyer Incentive

- The incentive was introduced in the 2019 federal budget for first-time homebuyers with family income of up to $120,000. It's an interest-free loan administered by the Canada Mortgage and Housing Corporation (CMHC) that provides buyers with 5% to 10% of the value of a 1 to 4 unit property.
- The loan is repayable after 25 years or when the house is sold, whichever comes first. It's also possible to pay it off in full at any time without penalty.
- In order to take advantage of the incentive, you must make a minimum down payment of 5%. The loan cannot replace the down payment, but it can be used to facilitate your purchase by bolstering your down payment, which will be reflected in your mortgage insurance premium.
- The loans are interest-free for their entire lifespan, but any appreciation or depreciation in the market value of the house will be reflected in the total amount you have to repay. The more the value of the property increases, the higher the loan repayment amount. Conversely, if the value of the property decreases, so does the repayment amount.

For more information, visit placetocallhome.ca/fthbi/first-time-homebuyer-incentive

Start-up costs

In addition to the down payment, you'll need approximately 3% of the value of your property to cover certain start-up costs.

Inspection fees

Before you buy an existing home, have it inspected by an expert. A detailed report will tell you whether the house requires repairs in the short- or long-term, and inform you about the existence of any detectable defects.

Appraisal fees

Your Desjardins caisse may want to know the market value of the property you wish to acquire. An expert—usually a chartered appraiser—will perform an appraisal and issue a report of your property's market value.

Lawyer fees

The lawyer offers various services, including preparing, signing and registering various legal documents related to the purchase of your property. You are responsible for paying for these services.

Adjustment costs

These fees include all payments prepaid by the seller for a certain period, for example: municipal taxes, electricity or natural gas fees and common expenses for a condo unit, where applicable. As of the date you purchase the home, these expenses will be transferred to you. You will be required to reimburse the seller for any portion of these expenses they have already paid that are now your responsibility. These additional fees must be settled at the lawyer's office when signing the deal.

Land transfer tax

Land transfer tax must be paid when you become a homeowner. This sales tax is collected by the province of Ontario when the transfer is entered in the land registry office. Here are the applicable rates to calculate the transfer tax:

- **0.50%** on the first $55,000
- **1%** on the amount over $55,000 and up to $250,000
- **1.50%** on the amount over $250,000 and up to $400,000[4]

Other fees

- Home insurance premiums for your new property (generally higher than when you were renting)
- Mortgage insurance premiums
- Fees to obtain a location certificate, if not provided by the seller
- Sales tax (for new homes)

Don't forget you will have moving and public utility hook-up costs. You may also want to decorate, buy new furniture, appliances and tools for taking care of your yard and garden.

Your financial resources

In order to make wise choices that balance what you want and what you can afford, you will need to crunch the numbers carefully. Here are a few tools to help.

Debt-to-income ratio

There are two golden rules of borrowing:

- No more than 32%[5] of your gross household income should go to covering housing costs (gross debt service ratio or GDS)
- No more than 40%[5] of your gross household income should go to paying off your debts (total debt service ratio or TDS)

You can refer to the monthly income and expenses calculation worksheet in the appendix to help you calculate these ratios.

Online calculators

We have various calculators[6] on our website at **desjardins.com/ca/tools/index.jsp** that can help you:

- How much can I afford to spend on a home
- Mortgage Payment Calculator
- Find out what type of mortgage is right for you

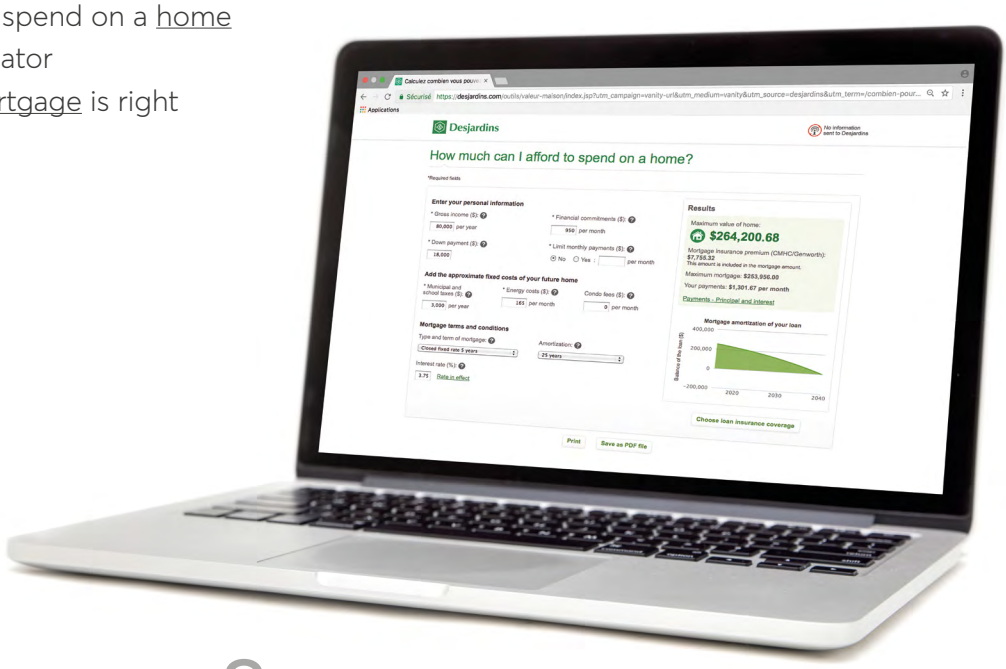
Mortgage preapproval

It's always a good idea to get preauthorized. It shows that you're serious and makes it easier to work with your realtor or the seller.

Meet with a Desjardins advisor and explain your financing needs. You'll get confirmation fast. You'll find out the maximum you can spend on a home based on your borrowing capacity and down payment. It can also protect you from potential interest rate increases (if you get a guaranteed rate).

Advice

Avoid financial worries by looking for a house that is under your maximum borrowing capacity. That way, you'll be able to cover all your payments, deal with unexpected financial emergencies and maintain your current standard of living.



The choice of my home

Now that you know your budget and financial resources, it's time to establish your selection criteria.

Determine your priorities by identifying the things that are most important to you and the ones you are willing to sacrifice.

Location

The location of your future residence is a factor that requires particular attention. Where you choose to live can considerably affect your budget planning, habits and quality of life.

Advice

Having a hard time narrowing down which neighbourhood or city to live in? Ask yourself these questions:

- How long would it take you to get to work?
- How would you get to work?
- What are the local services (daycares, schools, hospitals, stores, parks)?
- How much are the neighbouring homes worth?
- Is the area safe and quiet?

Type of home

Take the time to choose the home that best meets your tastes and needs. There are many different types of homes:

- Fully-detached home (bungalow, 2-storey)
- Semi-detached home
- Duplex (2 units in one dwelling)
- Townhouse
- Condominium
- Factory-built or modular home

Each of these has its own merits and is appropriate for different lifestyles.

Advice

To help you decide, ask yourself these questions:

- Do you need a lot of privacy? Could you see yourself sharing your space with neighbours or renters?
- Are energy efficiency and environmental quality (insulation, heating, air quality, ventilation, lighting, type of materials, etc.) important to you?
- How much time will you have to spend on the upkeep of your home?
- Do you need large rooms?
- Do you want a large property?

A new or existing home

There are benefits to both:

New home

- Ability to improve or select the following: exterior siding, flooring, plumbing and electrical accessories
- Built according to recent standards (building, electricity, energy efficiency) Contractor's or builder's guarantee

When buying or building a new home, always ask for references from the contractor to assure you of their credibility and skills. Find out if they offer new home guarantees or ask to visit a few homes they have built. If you are having a home built, it can also be very useful to hire an architect.

- Taxes such as HST. Partial provincial rebates may be available under certain conditions.

Existing home

- Established neighbourhood
- Landscaped and fenced yard
- Certain features may have been added (in-ground pool, finished basement, etc.)
- Potential to be considered a new home (if major renovations have been done), in which case HST applies

Self-built home

Want to find out more? Talk to your Desjardins advisor or read our self-build guide.

Green home

Desjardins offers financial rewards for buying a new home or doing environmentally friendly upgrades for LEED certification. The offer includes up to $2,000 cashback for a new home or $500 for green renovation projects, as well as discounts, free services, competitive rates and much more. For more information, visit desjardins.com/greenhome.

Active search

The first step in actively house hunting is to determine how much house you can afford. Mortgage preapproval saves a lot of work and guides the people you choose to help you. You'll be in a better position to determine your selection criteria and make an informed choice about what you can afford given your budget.

Time to start shopping!

Feel free to ask any questions that come to mind about the properties visited: how old the roof is, what are the heating costs, whether the fireplace or wood burning stove complies with insurance company requirements, how old the windows and water heater are, what's included in the property price, what the neighbourhood is like, what renovations need to be done, etc.

Your real estate broker is there to help you find the home that's right for you. Let them know your budget, lifestyle, type of area you are looking for and give them your mortgage preapproval. Thanks to their familiarity with the market, they will be able to arrange appointments, advise you during negotiations and help you draft the sales agreement.

The sales agreement

You have just found the home of your dreams. It's perfect! It's exactly what you were looking for and is within your budget.

Now's the time to make the sales agreement.

What it includes

The sales agreement is a document that is legally binding on the buyer and seller. On the document, one person offers to buy another person's property according to certain conditions.

The sales agreement includes all the details needed to identify the property, along with the conditions of the transaction:

- Address and legal description
- Amount of the deposit
- Transaction closing date
- Length of time the offer is valid (generally between 24 and 48 hours)
- What is included in or excluded from the sales price (e.g., curtains, household appliances)
- Approval of mortgage loan (condition on the purchase)
- Satisfactory inspection of the premises by an expert (condition on the purchase)
- Sale of your current home (if you are already a homeowner)
- Any other condition(s) deemed appropriate

In most cases, the buyer's real estate broker will draw up the sales agreement and present it to the seller's real estate broker.

The offer and counter-offer

What happens once the offer is made? The seller can either accept or turn down your purchase offer. If they turn it down, they can make a counter-offer (on the price, transaction closing date, etc.), which you can then either accept or turn down. If you turn down their counter-offer, you can then make another counter-offer. Once the seller and buyer agree on the terms and conditions, the agreement is considered final, provided that all terms and conditions are met (mortgage financing, inspection, etc.).

When an offer is accepted by the seller, neither party can refuse to carry it out. Otherwise, the seller or buyer could be sued for damages caused to the other party. The buyer could even lose their deposit.

The inspection

You need to make sure the property is in good condition by having it checked over by a building inspector. The inspection report may be included as one of the conditions on the purchase. A negative inspection report may be a negotiating tool for you, or could even make the purchase offer null and void.

The building inspector provides a detailed report of the condition of the home: foundations, roof, structural elements, windows, insulation, plumbing, electrical system, etc. Make sure you hire an expert who is a member of the Ontario Association of Home Inspectors (OAHI) so you can be sure of their skills and credibility.

Location certificate

You must obtain a location certificate for the property. They are prepared by land surveyors and required by most mortgage lenders. If you are buying an existing home, the seller usually provides it. In the case of new construction, the land surveyor will prepare the certificate and the builder should cover the cost. You should always get a version of the certificate that shows the state of the property after all exterior construction has been completed.

A land surveyor establishes the physical boundaries of a property and produces the location certificate, which contains a description of the lot and building, identifies any illegalities and irregularities (e.g., a fence encroaching on a neighbour's property) and lists any easements and specific bylaws or regulations that may restrict a property owner's rights.

Mortgage financing

You need to set up a meeting with your Desjardins advisor to obtain the mortgage loan to purchase your property. Obtaining mortgage financing is often a condition on the purchase.

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Mortgage and insurance

Not all borrowers are in the same financial situation. The rate is important, of course, but it isn't necessarily the top selection criteria for a mortgage loan.

To help you make an informed choice, you need to define your objectives for paying back the loan. Do you want to:

- Have low payments so you can better balance your budget?
- Pay the least possible interest?
- Have the option to pay off your loan in 15 years instead of 25?
- Have the ability to share payments with your co-borrower in a way that respects your individual budgets and preferences?

Fixed-rate mortgage? Variable-rate mortgage? Fixed yearly rate resetter mortgage? Hybrid mortgage? Accelerated payments? There are many options and solutions available. Your Desjardins advisor will be able to suggest the solution that's best for you.

Types of loans

There are fixed-rate loans, where the interest rate stays the same until the end of the term. Other loans have a variable rate, meaning the interest rate varies according to the prime rate. There are also yearly rate resetter loans, where the rate is revised annually and includes a pre-established rate discount. Depending on the type of mortgage loan you get, the term may vary from a few months to many years.

Purchase with renovations

Say you find the house you want but it's a little outdated. You have the funds you need for the minimum down payment, but you need additional financing to do some renovations.

When buying a home, it's possible to borrow money for renovations with the same conditions, rates and amortization as the purchase. A detailed cost estimate for the renovations will be required. You'll get a better rate than you would on personal financing (e.g., a personal loan). Talk about it with your Desjardins advisor.

Advice

Here's tips for paying off your mortgage faster.

Choose the weekly payment option and pay a little more each week. You will enjoy substantial long-term savings and reduce the amortization period. Look at the following example:

$200,000 loan and $50,000 down payment (25 years, 5-year term, at 3.50%[7])

Payment Method	Amount	Amortization	Interest Charges
Monthly	$998.55/month	25 years	$99,571.96
Standard weekly	$229.39/week	25 years	$99,094.76
Accelerated weekly (monthly divided by 4)	$249.64/week	21.8 years	$85,787.62

If you opt for accelerated weekly payments instead of regular monthly payments, you'll cut 3.2 years off the amortization period and save $13,784.34, based on the assumptions shown in the example.

Attractive options and coverage

Prepayment

This option allows you to make an early, penalty-free repayment of up to 15% of your initial loan amount every year (or term, if the term is less than one year) in one or more instalments.

You can also increase your regular payments up to double the initial payment once per year (or once a term if the term is less than one year).

Solution for start-up costs

If you haven't saved up enough to cover these costs, which you may have underestimated (e.g., transfer tax, inspection fees, notary's fees, etc.), ask us about our solutions. Your Desjardins advisor can help you think about your options. However, the ideal solution is still to save regularly before you buy.

Tax credit for new home buyers

The federal government offers the First-time Home Buyers' Tax Credit (HBTC). This non-refundable tax credit is based on an amount of $5,000 for homes purchased after January 27, 2009. For a tax rate of 15%, this is equivalent to a one-time tax reduction of $750. In Ontario, first-time home buyers can also get a refund for the land transfer tax, which you must pay when you purchase land or an interest in land in Ontario. The maximum amount of the refund is $4,000.

Loan Insurance[8]

Many consumers believe that if they already have salary insurance, they don't have to worry about protecting their loans. However, in most cases, salary insurance could only cover two-thirds of your current salary.

When you are deciding whether or not to get disability insurance on your mortgage, consider your ability to maintain your payments if an accident or illness prevented you from working for a while. When you are doing your calculations, don't forget that on top of being able to keep paying for your house, your financial cushion has to be able to cover all your other financial obligations as well (groceries, clothes, taxes, electricity, children's education, prescriptions, getting back and forth from the hospital, other loans, etc.).

Depending on the type of financing you chose, loan insurance could help you maintain your wiggle room by offering you two coverages:

- Life insurance will pay off the insured balance of your loan in the event of your death. That way, your loved ones won't be saddled with debt.
- Disability insurance lets you maintain your standard of living in the event of an accident or illness by helping you pay back your loan, based on the percentage of insurance selected.

Municipal grants for homeownership

In order to attract families and new residents, some municipalities offer purchase credits, interest-free loans, transfer tax rebates, property tax credits and green home-buying incentives.

Make sure to check with municipalities to see if you are eligible for these programs and find out about the conditions they entail.

The closing day

Your sales agreement has been accepted, the property passed inspection, you have obtained your mortgage… the only thing left to do is to sign various documents needed to complete the transaction with your lawyer.

Your lawyer will take care of the legal aspects involved in transferring property titles and mortgage financing. They give you the deed (contract outlining the loan conditions) and the deeds of purchase and sale, which are drafted from the purchase offer and transfer the property title to the buyer. They also performs a title search, examine documents published in the real estate register, review documents provided by the seller (tax receipts, location certificate, marriage contract or divorce papers) and ensure the property is free and clear of any encumbrances.

Make sure the lawyer receives all necessary documents from the seller including mortgage deeds, tax receipts and the certificate of location. Review the adjustment statement that details the amount that has to be paid to the seller to conclude the sale. Your lawyer will pay the seller on your behalf with the funds you transfer to them. The funds include your down payment, taxes and other costs and the financing from Desjardins.

You also have to provide proof that an adequate amount of home insurance coverage is in force.

Home insurance must cover at least the amount of the financing and at most of the replacement value of the building. For financing backed by CMHC or Sagen, the home insurance must cover at least the replacement value.

The seller must guarantee that the property is free of any major defects that would make it unsuitable for its intended use.

Once all the documents have been verified and both parties have signed the deed of conveyance, you are officially a homeowner!

Ready to get started? Any questions?

Congratulations! Now you know all the steps of the Desjardins Homebuyers' Guide that will help you become a homeowner. If you want more information about our products, speak to a Desjardins advisor or visit desjardins.com/home.

Monthly income and expenses calculation worksheet[9]

Gross monthly income			
Gross annual salary	$45,000	$	$
Spouse's gross salary	+ $40,000	+ $	+ $
Total gross income	= $85,000	= $	= $
Monthly gross income	**$7,083.33 /m.**	**$ /m.**	**$ /m.**

Monthly housing costs			
Mortgage payments	$1,400/m.	$ /m.	$ /m.
Estimated monthly	+ $275/m.	+ $ /m.	+ $ /m.
Estimated heating and electricity costs	+ $165/m.	+ $ /m.	+ $ /m.
Total monthly expenses	**$1,840/m.**	**$ /m.**	**$ /m.**

Debt ratio calculation: $1,840/$7,083.33 = 26% of gross revenue[10]

Monthly cost of other financial commitments			
Auto loan	$350/m.	$ /m.	$ /m.
Auto and home insurance	+ $100/m.	+ $ /m.	+ $ /m.
Student loan	+ $100/m.	+ $ /m.	+ $ /m.
Credit cards and lines of credit	+ $300/m.	+ $ /m.	+ $ /m.
Other	+ $0/m.	+ $ /m.	+ $ /m.
Total cost of other commitments	**$850/m.**	**$ /m.**	**$ /m.**

Total monthly housing expenses and other financial commitments			
Housing expenses	$1,840/m.	$ /m.	$ /m.
Other commitments	+ $850/m.	+ $ /m.	+ $ /m.
Total housing expenses and other commitments	**$2,690/m.**	**$ /m.**	**$ /m.**

Debt ratio calculation: $2,690/$7,083.33 = 38% of gross revenue[11]

APPENDIX 2

Glossary of mortgage-related terms

Principal
This is the sum you borrow. This amount is the difference between the purchase price of your property and your down payment.

Interest
The cost of your loan, paid regularly and expressed as a percentage, for as long as funds are advanced by your caisse.

Payments
The amounts you must regularly pay against your loan. They consist of a portion of your principal and some of the interest on your loan.

Amortization period
The number of years over which you have chosen to repay your loan. It is possible to take out a maximum of 25-year mortgage. The longer the amortization period, the lower your payments, but the more interest you pay.

Term
The period during which your interest rate and regular loan payment remain unchanged if you have chosen a fixed-rate loan. In the case of a variable-rate loan, the regular payment may remain unchanged, but the interest rate varies according to market fluctuations. At the end of the term, a new term is negotiated with your financial institution and new conditions apply for its duration.

Prime rate
Annual interest rate periodically announced by the Bank of Canada as a reference point for determining applicable interest rates for commercial loans, in Canadian dollars. This rate, which is granted by financial institutions to their best clients, benefits those with the highest credit ratings.

Fixed rate
Interest rate that stays the same until the end of the term; can apply to an open or closed loan.

Variable rate
An interest rate that's lower than the fixed rate, but varies according to the prime rate.

Open mortgage
Pay it back anytime, in full or in part, without penalty.

Closed mortgage
Loan that cannot be repaid in full before maturity without penalty. But you can take advantage of the prepayment option, which allows you to pay up to 15% of the original mortgage loan amount, with the option of making payments up to twice the original payment amount, without penalty.

Penalty
Amount required by the lender for a partial or full repayment of the loan before maturity.

APPENDIX 3

Relevant organizations

The Canadian Real Estate Association (CREA)
613 237-7111 | crea.ca

Ontario Association of Home Inspectors
oahi.com/

Ontario General Contractors Association
ogca.ca

Insurance Bureau of Canada (IBC)
1 844 227-5422 | ibc.ca/on

Canadian Home Builders' Association (CHBA)
613 230-3060 | chba.ca

Sagen
1 877 470-4144 | sagen.ca

Government of Canada
bit.ly/2QiuLRv

Government of Ontario
bit.ly/3iPxcHk

First-Time Home Buyer Incentive
placetocallhome.ca/fthbi/first-time-homebuyer-incentive

Canada Mortgage and Housing Corporation (CMHC)
1 800 668-2642 | cmhc-schl.gc.ca/en

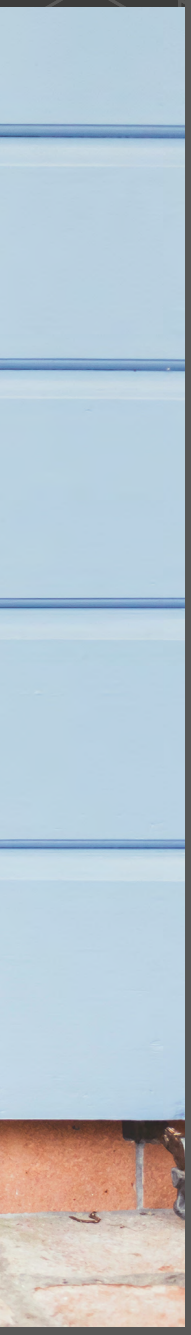
Tarion
Tarion.com

APPENDIX 4

Future homeowner's checklist

1. Book movers or a moving truck (if you're moving yourself) as soon as possible.
2. Give notice to your currently landlord in a timely manner.
3. Clean up time! Sell anything you don't want to take to your new home or donate it to charity.
4. Start packing as soon as possible and mark your boxes clearly.
5. Confirm the details of your move with your movers.
6. Review the list of your possessions and valuables with your insurer.
7. Get photocopies of your medical, dental and school records if you're moving to a new neighbourhood.
8. Notify Canada Post, your loved ones and your service providers of your change of address.
9. Review any remaining details with your movers a few days before moving.
10. Give the keys to your landlord and check each room one last time.

Welcome home!



desjardins.com/home

Desjardins

At the time of publication, all of the information presented in this guide was accurate. Some restrictions apply. Product features may change without notice. Please check with your Desjardins advisor.

1. Notes apply to loans insured by CMHC or Sagen. The minimum down payment is 5% for 1- or 2-unit owner-occupied properties where the purchase price is under $500,000. The minimum down payment for 1- or 2-unit owner-occupied properties where the purchase price is over $500,000 is 5% for the first $500,000 and 10% for the remainder. The minimum down payment for 3- and 4-unit properties is 10%.
2. Seasonal use properties and properties that are not accessible year round are not eligible for mortgage insurance (CMHC, Sagen).
3. A premium rebate of up to 25% may be granted if you take out a CMHC-insured loan to purchase an energy-efficient home.
4. In Ontario, the rate is 2% for amounts over $400,000. A discount may be granted for first-time homebuyers.
5. Percentage recommended by Desjardins.
6. The sample rates illustrated in these calculators do not reflect current rates. Online calculators are made available for information purposes and personal use only. They provide approximate results based on the information you enter. The estimate provided may change according to your financial and budget situation at the time of the loan and does not constitute a loan authorization.
7. This rate does not necessarily reflect promotions in effect and is given for illustration purposes only. The annual percentage rate (APR) is equal to the posted interest rate, assuming that there are no additional charges applicable to the loan. Should there be such charges, the APR could be different.
8. Product offered by Desjardins Insurance. Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.
9. Amounts in the first column of each table are hypothetical and for demonstration purposes only.
10. Since 26% is less than the maximum debt ratio of 32% of gross household income that should cover housing costs, this example complies with golden rule number 1.
11. Since 38% is less than the maximum debt ratio of 40% of gross household income that should cover servicing all your debts, this example complies with golden rule number 2.

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