



Strategy & Success Training Guide



MODULE 05:

NEW CANADIAN AGENT TRAINING PROGRAM

Today is not just
another day -
It's a new opportunity,
another chance,
a new beginning
to embrace.





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New Canadian Agent Training Program

Immigrants make up a large portion of Canadian homebuyers. As a mortgage broker, it is essential to understand the needs of new Canadians within the market so that you are not missing out on potential opportunities! This guide was created to help you understand the importance and value of the new to Canada programs and the immigrant market.

This new module has all the information and statistics you need surrounding the various programs and eligibility criteria for your new to Canada clients, along with comparisons relating to the cost of borrowing vs. cost of living and time value of money. We also take a look at the value of cultural diversity for agents and broker franchises. We have sourced relevant marketing and network strategies to help you embark on this continually growing market within our mortgage landscape.

Key Statistics and Information

The Federal government is continuing to increase the number of new Canadians Canada will accept in each of the next three years, with a total of just over a million newcomers expected by 2022. The country aims to attract migrants to manage the ageing population and declining birth rate and to allow for continual growth of Canada's working population.

Federal Immigration Minister Marco Mendicino released the planned immigration levels, saying Canada will admit 341,000 permanent residents in 2020, 351,000 next year and 361,000 in 2022.

Of these, the majority (approximately 58 percent) are set to be admitted as economic migrants, encompassing a range of programs at the federal and provincial levels. The most well-known of these are the federal economic programs managed under the Express Entry system, namely the Federal Skilled Worker Class, the Canadian Experience Class, and the Federal Skilled Trades Class.

By 2022, the year's new permanent residents in Canada will account for one per cent of the population, Mendicino said.

“Our plan will benefit all Canadians because immigration drives economic growth, contributes to our diversity, spurs innovation and helps employers across the country access the talent they need to succeed and thrive.”

- Minister Marco Mendicino



This first graph below shows the breakdown of the overall plan for Permanent Resident status

	2020	2021	2022
Federal High Skilled	91,800	91,150	91,550
Federal Business	750	750	750
Economic Pilots	5,200	7,150	9,500
Atlantic Immigration Pilot Program	5,000	5,000	5,000
Provincial/Territorial Nominee Program	67,800	71,300	73,000
Quebec Skilled Workers and Business	25,250	TBD	TBD
Total Economic	195,800	203,050	212,050
Spouses, Partners and Children	70,000	70,000	70,000
Parents and Grandparents	21,000	21,000	21,000
Total Family	91,000	91,000	91,000
Protected Persons in Canada and Dependents Abroad	18,000	20,000	20,500
Resettled Refugees - Government Assisted	10,700	10,950	11,450
Resettled Refugees - Privately Sponsored	20,000	20,000	20,000
Resettled Refugees - Blended Visa Office - Referred	1,000	1,000	1,000
Total Refugees and Protected Persons	49,700	51,950	52,950
Total Humanitarian & Compassionate and Other	4,500	5,000	5,000
Overall Planned Permanent Resident Admissions	341,000	351,000	361,000

Permanent Residents Admitted in 2019, by Top 10 Source Countries

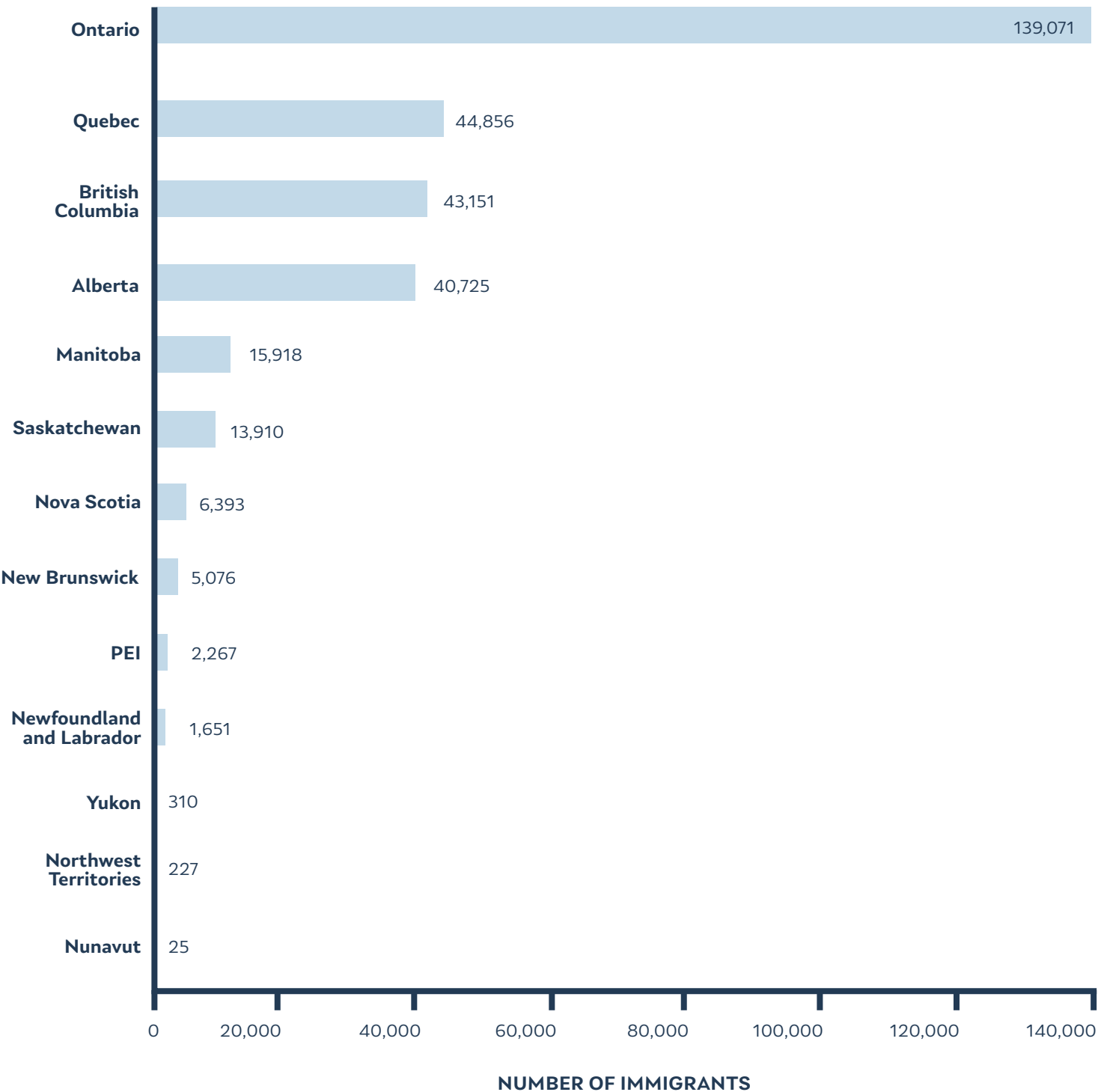
RANK	COUNTRY	NUMBER	PERCENTAGE
1	India	85,585	25.1%
2	China	30,260	8.9%
3	Philippines	27,815	8.2%
4	Nigeria	12,595	3.7%
5	United States	10,800	3.2%
6	Pakistan	10,790	3.2%
7	Syria	10,120	3.0%
8	Eritrea	7,025	2.1%
9	South Korea	6,110	1.8%
10	Iran	6,055	1.8%
Top 10 Total		207,155	60.7%
Other		134,025	39.3%
TOTAL		341,180	100%

Permanent Residents Admitted in 2017, by Top 10 Source Countries

RANK	COUNTRY	NUMBER	PERCENTAGE
1	India	51,651	18%
2	Philippines	40,857	14.3%
3	China	30,279	10.6%
4	Syria	12,044	4.2%
5	United States	9,100	3.2%
6	Pakistan	7,656	2.7%
7	France	6,600	2.3%
8	Nigeria	5,459	1.9%
9	United Kingdom (and Colonies)	5,293	1.8%
10	Iraq	4,740	1.7%
Top 10 Total		173,679	60.6%
Other		112,800	39.4%
TOTAL		286,479	100%



Number of Immigrants in Canada in 2019, by province or territory of Residence



Lending Solutions to New Canadians

The Canadian government has set up many different programs for immigrating to Canada. These programs vary in time-frames for obtaining landing status and can range from a minimum of 45 days to years, depending on the situation.

Buying a home and planting roots in a community can also occur at different time-frames within the migration process. Outlined below are the three basic products offered to new Canadians with fees and rates aligned to current status, documentation and risk.

- CMHC Newcomers Program
- B-lending guidelines – policies and cost vary from lender to lender
- MIC guidelines with a lower barrier of entry – policies and cost vary from lender to lender

Please Note: Outside of the CMHC program, each scenario will stand on its own merits and lending guidelines. Rates and fees will be “story based” and risk assessed. Depending on where the applicant is within the migration process, their financial viability and other information obtained, you should be able to assess the lender suitability.



CMHC Newcomer to Canada Program

The CMHC Newcomers program is available to borrowers with permanent and non-permanent residence status. Please [CLICK HERE](#) for further details on the CMHC Newcomer Program.

Status Eligibility

Permanent Resident: Someone who has been given 'permanent resident' status by immigrating to Canada, but is not a Canadian citizen. Permanent residents are citizens of other countries

Non-Permanent Resident: Legally authorized to work in Canada (i.e. work permit).

Credit Requirements

Permanent Resident: At least one borrower (or guarantor) must have a minimum credit score of 600. In certain circumstances, a higher recommended minimum credit score may be required.

CMHC may consider alternative methods* of establishing creditworthiness for borrowers without a credit history. Examples of borrowers without a credit history could include recent graduates and newly divorced.

Non-Permanent Resident: U.S. country of origin: In the absence of a sufficient credit report from a Canadian credit reporting agency, CMHC will obtain an international credit report.

For All Other Countries: Where the creditworthiness cannot be verified through an int'l credit record, mortgage professionals should ask the borrower to provide a Letter of Reference from their financial institution from their country of origin.

TIP Examples of alternative sources of credit may include confirmation of payment of rent or room and board, plus one additional financial obligation or documented regular savings, for the preceding 12 months. If confirmation of rent payments is not available, the borrower should provide verification of three other types of obligations, over the preceding 12-month period, including but not limited to: utilities, cable, childcare expenses, insurance premiums, or documented regular savings.



Eligibility Requirements – Owner-Occupied

Loan to Value

LOAN TO VALUE	
Permanent Residents	1-2 units up to 95% LTV 3-4 units up to 90% LTV
Non-Permanent Residents	1 unit, owner occupied max 90% LTV
Minimum Down Payment	1 – 2 units 5% of the \$500,000, 10% of the remainder 3 – 4 units, 10%
Maximum Purchase Price	\$1,000,000
Amortization	25 years
Source of Down Payment	Must be from savings, sale of property, or a non-repayable financial gift from a relative
Debt Service Guidelines	Standard – 35%/42% Maximum – 39%/44% minimum beacon score of 680 **CMHC will consider the strength of the overall application including recommended minimum credit scores.
Interest Rate	GDS/TDS ratios must be calculated using contract rate plus 2% or BOC benchmark rate, the greater of the two





B Lenders

Policies, rates and fees will vary lender-to-lender however, the below is a general outline of Newcomer lending guidelines. Please refer to your B-lender of choice for specific program criteria. This type of lending will be “story-based” so ensure to address all aspects of the deal in your loan notes.

Also need to supply the following information;

- Country of Origin (is this country sanctioned)
- Previous employment
- Any other sources of income
- Confirmation they have applied for residency
- Can they get a bank referral or supply confirmation of ongoing payment of utility bills?
- Do they have a SIN#?

Status Eligibility	Permanent Residence / Work Visa / Confirmation of application for residency
Credit Requirements	No beacon score requirement
Loan to Value	Max 65% - 80%
Minimum Down Payment	20% meeting employment criteria 35% no income confirmation
PIT Holdback	12 months with explanation of payment strategy.
Maximum Purchase Price	No general rule, lender specific
Maximum Amortization	30 years
Source of Down Payment	How did they accumulate wealth? Must be confirmable via copy of bank statements from country of origin. If deposits have been in Canada for less than 12 months then history must still be sourced.
Debt Service Guidelines	Generally GDS/TDS 60%
Interest Rate	Rates between 4.99% - 5.99% Rates for no income confirmation on a case by case risk assessment
Fees	1% - 2% fee depending on open or closed product.



Mortgage Investment Operation (MIC) ^{pt.1}

Policies, rates and fees will vary between lender-to-lender, however, the below is a general outline of Newcomer lending guidelines. Please refer to your MIC of choice for specific program criteria. This type of lending will be “story-based” so ensure to address all aspects of the deal in your loan notes along with the clients exit strategy.

Status Eligibility	Permanent Residence / Non-permanent status/ 9 Sin numbers / Confirmation of application for residency or landed status. Depending on the MIC lender, they may not require any of the above.
Credit Requirements	Lender specific; no requirement to minimum 500 beacon score.
Loan to Value	LTV – up to 65% generally, however may consider up to 75% or 80% depending on the MIC lender.
Minimum Down Payment	20% depending on MIC and most require the client to come into a purchase transaction with a minimum of 10% of their own source of down payment while the balance can come from gifted sources or sale of a property etc.
Maximum Purchase Price	Lender specific; \$1M to \$5M on average.
Maximum Amortization	35 – 40 Years
Income	Foreign income sources are considered as well as if they have established income already in Canada, some MICs may consider a straight equity deal (no income required).
Source of Down Payment	Depending on the MIC, most are satisfied with the funds being in an established Canadian bank account with proof of account ownership as long as they can provide either a bank statement or screen shot of the balance. Most MIC's don't require a 90-day history or sourcing of funds if the funds are already in the Canadian bank account since the bank would have done their AML due diligence at the time the funds were deposited.



Debt Service Guidelines	Lender specific; MIC's generally don't look at GDS/TDS in the traditional income qualification sense. They consider a reasonable ability to pay.
Interest Rate	General Rate for 1st mortgages ranges from 7.25% yield - 12% yield with no lender fee or a lender may be applied with a lower rate offering (higher LTV = higher risk = higher pricing).
Interest Rates for 2nd	General Rate for 2nd mortgages ranges from 9.5% yield - 21% yield with no lender or a lender may be applied with a lower rate offering (higher LTV = higher risk = higher pricing).
Fees	Depending on MIC, no fee to big fee. Always calculate the "total cost of borrowing"

If a client is ready to purchase, but they don't qualify under traditional lending guidelines, you have to compare the cost of borrowing vs. cost of living along with time value of money.

Example:

\$500,000 mortgage amount 5-year term 25-year amortization		
CMHC – 2.49%	B-LENDER – 5.50%	MIC – 9.00%
\$2,237.34	\$3,051.96 Fee: \$5,000	\$3,750.00 (interest only)
Total Cost of Borrowing based over 1 year (the CMHC payment is based on a 5-year rate however we won't be breaking that mortgage as that product is the end game. The intent is to compare apples to apples in relation to cost)		
\$26,848.08	\$41,623.52 (inclusive of fee)	\$45,000.00
Let's look at the difference in cost at the end of one-year (after the one-year term your client should be in a position to qualify under the CMHC Newcomer Program.) Difference in cost of borrowing over a 1-year term from the base cost.		
\$ base cost	\$14,775.44	\$18,151.92

In the B-lender space, taking a one-year term the extra cost of borrowing would be \$14,775.44. However, you then have to look at what the client would have paid in rent (\$2,000 monthly, which is an annual cost of \$24,000) as well as how much a house would have potentially increase over that year based on previous stats.

In the MIC lending space, taking a one-year term the extra cost of borrowing would be \$18,151.92. You have also only paid interest on your mortgage, so you would have to take into consideration the loss of principal to the mortgage (which would be approx. \$13,394.70).

Looking at what the client would have potentially paid in rent (\$2,000 monthly, which is an annual cost of \$24,000) and again, how much a house would have potentially increased over that year based on previous stats.





Workplace Culture: Agents/Brokers and Franchise Owners

Independent Agent/Broker

We all understand the know/like/trust rule and if you are an independent agent/broker, aligning yourself with contacts within these migrant communities will help to bridge that trust. Building a relationship within the community will give you access to translators and the ability to share your value proposition along with your desire to be of service in supporting these new Canadian through the mortgage process.

Franchise Owner/Team Builder

As Canadian employers, we are lucky to live in a country where we have the privilege of building and bolstering culturally diverse teams. There is much evidence to prove that a diverse workplace equals business success and provides a host of benefits to your workforce.

Hiring people who can communicate in multiple languages is a smart growth strategy for organizations. If your company aims to expand your business reach nationally, it is in your best interest to invest in multilingual employees when hiring new team members.

People who possess fluent communication skills in multiple languages are an asset to sales and customer support.

If your company's employees don't reflect this trend of representing cultural diversity, your business may be behind the times and you are definitely losing opportunities.

Why Cultural Diversity?

- Cultural Diversity Bridges Gaps in Understanding and Communication - Employees with multilingual capabilities are your best ambassadors when it comes to getting to know what your target audience needs and wants.
- Cultural Diversity Provides Internal Language - Having language support in-house helps your brand in establishing a trustworthy reputation with consumers.
- Cultural Diversity Fosters a Diverse and Innovative Organization - Prioritizing talent diversity leads to a ripple effect that positively affects both recruitment and retention efforts as well as your relationship and connection to your network of vendors, partners, and customers, all of whom will see that your company is prepared to meet their needs.
- Cultural Diversity Attracts Top Talent - As the power of selection swings to interviewees, you'll want to ensure every potential employee feels they are a fit for your company culture. When the office workforce is composed of various ages, cultures, and ethnicities, that's far more likely to occur.
- Cultural Diversity Can Improve Productivity - A diverse company can lead to greater productivity. Diversity brings in different talents together, all of them working towards a common goal using different sets of skills.
- Cultural Diversity Can Increase Creativity - Cultural diversity in the workplace increases creativity among teams, and the ability to have a more diverse set of solutions to specific problems.
- Cultural Diversity Can Reduce Employee Turnover - A company that embraces cultural diversity in the workplace would immediately entice a wider pool of candidates for its job vacancies. Higher-educated candidates who experienced diversity while at university may feel that a diverse company is more progressive and therefore will want to work there.
- Cultural Diversity Reflects Positively on Reputation - Companies who recruit and encourage individuals from a wide range of backgrounds generally gain a reputation for being a good employer. Potential clients often feel more valued and thus give more business to these organization.

Marketing and Networking Strategies

Contact your local Immigration Lawyers and let them know you're available to help newcomers navigate the mortgage process and assist in aligning them with realtors that can serve their needs.

Contact Ethnic Community Centres and support groups for these nationalities and let them know you are available to help new Canadians navigate the mortgage process and the mortgage programs available to them.

If you Google "Newcomer Services" it will prompt you to provide a postal code for the area you are searching. This will then populate all the service providers for new Canadians within that neighborhood.

- **Cultural Centres**
- **Community Centres**
- **JobStart locations**
- **Learning and language Centres**
- **Immigrant Aid Organizations**
- **Health and Community Services**

The My Mortgage Toolbox app already includes French, Hindi, Chinese and Spanish language options, and more are in progress.

Advertise on community and cultural websites.

Connect on Social Media platforms that are specific to those communities.

Nationality	Social Media Platform
India	Facebook and YouTube
Chinese	WeChat, Sina Weibo, YouKu/Tudou
Philippine	Facebook, Google and YouTube
Nigeria	Facebook and Twitter
Korean	Kakao, BAND, CyWorld
United States	Facebook, Instagram, Twitter
Pakistan	Facebook, Twitter, Pinterest
Syria	Facebook, Twitter, Instagram
Eritrea (South Africa)	Pinterest, Facebook, Twitter
South Korea	Facebook, Kakao, Instagram
Iran	Instagram, Pinterest, Facebook



Common Terms and Meanings

ECONOMIC MIGRANTS

A person who travels from one country or area to another in order to improve their standard of living.

EXPRESS ENTRY SYSTEM

An online system used to manage applications for permanent residence from skilled workers.

FEDERAL SKILLED WORKER CLASS (FSW)

A program is for people who are selected to immigrate to Canada because of their work experience and skills.

Important Note: As of January, 1, 2015 candidates for the Federal Skilled Worker Program will be selected to apply through the Express Entry System

CANADIAN EXPERIENCE CLASS (CEC)

An immigration program that allows individuals who have worked in Canada for at least one year to immigrate permanently. The Government of Canada recognizes the deep pool of talented workers already working in Canada, and wants them to become permanent residents.

FEDERAL SKILLED TRADES CLASS (FSTP)

For people who want to become permanent residents of Canada based on being qualified in a skilled trade. To be eligible to apply, you must have a certificate of qualification in your skilled trade issued by a province or territory.

FEDERAL BUSINESS NUMBER (GST/HST/PAYROLL/IMPORT/EXPORT)

A Federal Business Number (BN) is a 9-digit number which Revenue Canada Agency assigns to a business such as a corporation, a sole proprietorship or a partnership in Canada.

ECONOMIC PILOTS

- **Rural and Northern Immigration Pilot** - This is a community driven pilot aimed at bringing the economic benefits of immigration directly to smaller cities and towns.
- **Agri-Food Immigration Pilot** - This industry specific pilot will address shortages in the agri-food sector, targeting semi-skilled and unskilled workers in the meat, greenhouse and animal production industries.
- **Home Care Provider Pilots** - The New Home Care Provider Pilots replaces the Live-In Caregiver Program, allowing both Home Support Workers and Home Child Care Provider to live and work in Canada

LANDED STATUS Refers to whether or not the person is a landed immigrant in Canada. Landed immigrants are people who have been granted the right to live in Canada.

ATLANTIC IMMIGRATION PILOT PROGRAM Immigrating to one of the four participating Atlantic provinces, this pilot is designed to help employers recruit skilled foreign workers and international graduates who wish to settle permanently.

PROVINCIAL/TERRITORIAL NOMINEE PROGRAM – (PNP) Immigrants have the skills, education and work experience to contribute to the economy of a specific province or territory, want to live in that province, and want to become permanent residents of Canada.

| QUEBEC SKILLED WORKERS AND BUSINESS is an immigration program that does not require a valid job offer from a Canadian or Quebec employer. The program selects candidates for permanent residence who are likely to become economically established and who have the intention of residing in Quebec.

| PERMANENT RESIDENCE STATUS Someone who has been given permanent resident status by immigrating to Canada, but is not a Canadian citizen. Permanent residents are citizens of other countries

| NON-PERMANENT RESIDENCE STATUS Legally authorized to work in Canada (i.e. work permit).

| SOCIAL INSURANCE NUMBERS The first digit of the SIN identifies the province where it was registered. 1 covers Atlantic Canada (Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador), and overseas residents. 2-3 is used in Quebec. 4-5 is used in Ontario, excluding northwestern Ontario. 6: Prairie Provinces (Manitoba, Saskatchewan, and Alberta), Northwest Territories, and Nunavut. 7: Pacific Region (British Columbia and Yukon) 8: Not used.

| SOCIAL INSURANCE NUMBER 9 Temporary resident.



How do I build a credit score?

- Apply for a credit card – Most banks offer new Canadian package which includes a credit card when initially setting up their banking. The available credit will be low but start using this card right away.
- If you do not qualify for a credit card ask about getting a secured credit card. This is where the bank will keep a security deposit in an amount equivalent to the available balance for a specified term until the applicant has proven their credit worthiness at which point the funds will be released. This is also known as a hypothecation of funds.
- Apply for a mobile phone. Most phone companies report to the credit bureau but ensure you get your phone and monthly bill on a payment plan. Getting a “pre-paid” mobile phone will not help build your credit score going forward.
- Ensure that you always make your minimum payment before or on the payment date. Your repayment history reflects 35% of your credit score. Late payments will negatively affect your credit score.
- Carrying a small balance and making your minimum monthly payments will help build your credit score faster. When carrying a small balance do not exceed 40% of your available credit.
- Apply for different types of credit. Having a few trades lines will increase your opportunity to build a credit score faster. Having a combination of credit that is revolving and installment will increase your opportunity to build a credit score faster. For an example; credit card and RRSP loan, line of credit and car lease.

WHAT AFFECTS YOUR CREDIT SCORE?

| PAYMENT HISTORY Do you pay your bills on time? Your credit score may take into account any missed or late payments, how long they went unpaid, and how often.

| AMOUNT OWING This includes totals you owe to all creditors, how much you owe on particular types of accounts, and how much available credit you have used. Carrying balances of over 70% of your available credit starts to negatively impact your score.

| TYPES OF CREDIT Generally speaking, the more types of accounts you have (credit cards, retail accounts, mortgage loans, installment loans), as well as the total number of accounts you have, influences your credit score.

| NEW LOANS Have you shopped for or received new credit recently? Applying for credit with different lenders within a short period of time may lower your score, especially if you have a relatively short credit history to begin with. This should not be confused with shopping for a mortgage. The credit system allows for rate shopping withing a period of time that does not affect your credit score. Credit card and loan applications will affect your credit score.

| LENGTH OF CREDIT HISTORY The age of your oldest credit account, the age of your newest account, and the average age of all your accounts may each play a role in the calculation of your score.



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MODULE 05: COMPLETE

