

## MORE INFORMATION

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You are encouraged to read the material the mortgage loan insurance provider posts publicly by visiting their web sites.

- CMHC:  
<https://www.cmhc-schl.gc.ca/en/consumers>
- Sagen:  
<https://www.sagen.ca/products-and-services/>
- CanGuar:  
<https://www.canadaguaranty.ca/>

Or by calling them directly. Additionally, information of mortgage loan insurance may be obtained from your lawyer or notary who helped you arrange your mortgage.

You can find the amount you are paying for mortgage loan insurance:

1. On the Cost of Borrowing Information Table
2. On the Statement of Disclosure
3. On the Mortgage Loan Insurance calculation disclosure
4. On your All-in-One statement detailing the mortgage transaction.



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# MORTGAGE DEFAULT INSURANCE

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## CONTACT US

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<b>CALL US</b>	1.866.560.0120
<b>VISIT US</b>	<a href="https://alterna.ca">alterna.ca</a>   <a href="https://alternabank.ca">alternabank.ca</a>
<b>ALTERNA SAVINGS</b>	<a href="mailto:getintouch@alterna.ca">getintouch@alterna.ca</a>
<b>ALTERNA BANK</b>	<a href="mailto:questions@alterna.ca">questions@alterna.ca</a>

Alterna refers to Alterna Savings and Credit Union Limited ("Alterna Savings") and its wholly owned subsidiary CS Alterna Bank ("Alterna Bank"). Together, Alterna Savings and Alterna Bank form the Alterna Financial Group.

**alterna**

## ALTERNA'S COMMITMENT TO YOU REGARDING MORTGAGE INSURANCE

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It is a regulatory requirement that we tell you about our relationship with the mortgage insurance provider we worked with for your mortgage.

## ALTERNA USES THE SERVICES OF THREE PRIMARY MORTGAGE DEFAULT INSURANCE PROVIDERS:

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1. Canada Mortgage and Housing Corporation (CMHC), a crown corporation of the Government of Canada;
2. Sagen; and
3. Canada Guaranty Mortgage Insurance Company

## WHAT IS MORTGAGE DEFAULT INSURANCE?

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Mortgage default insurance insures Alterna against a default of payment by homeowners. Alterna requires mortgage default insurance for fully qualified properties and approved applicants when homeowners do not provide at least 20% of the purchase price as a down payment.

Alterna has not entered into any agreement with these insurers to receive payments or benefits to do business with them.

Alterna does not receive any payments or benefits from these insurers to do business with them and does not expect to receive such payments or benefits.

The premium you pay is the premium Alterna has arranged for you based on the fee schedule from the insurers – no more, no less. You pay the premium; Alterna Bank is the beneficiary. Alterna applies any claims received from insurers to outstanding mortgages for which default insurance was arranged.

Neither Alterna nor its employees receive any financial or non-financial incentives from these mortgage insurance providers. Alterna employees may receive training and information from the insurers as a means of staying current with mortgage default insurance issues.

## HOW IS MY PREMIUM CALCULATED?

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Example: Insurance premium calculation

The insurance provider may base the premium on a number of factors, including the loan to value ratio (the amount you borrow relative to the price or value of the property), the type of mortgage (for example, first mortgage, second mortgage, mortgage for vacation home), amortization period (the length of time it will take to pay off your loan) and your employment status.

The purchase of a property with a selling price of \$500,000 and a down payment of \$25,000 will result in a loan to value ratio of 95% (\$475,000/\$500,000). With an amortization of 25 years and assuming the default insurance premium rate is 4.00%, the insurance premium is calculated as follows:

Insurance premium = \$475,000 x 4.00% = \$19,000

The example assumes a default insurance premium rate of 4.00%. Example is strictly for illustrative purposes only and the actual client default insurance premium rate may differ. Provincial sales tax may be charged on premiums. Mortgage default insurance premiums are non-refundable.

## PAYMENT OPTIONS

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Mortgage default insurance can be paid as a single lump sum or it can be added to the principal of the mortgage and then included in your regularly scheduled payments.