

Adapt Mortgage will generally collect and remit property taxes on all mortgages. Below are some guidelines to assist in understanding the collection and payment process.

Conventional	<p>Customer to pay taxes through Adapt Mortgage.</p> <p>Customer may pay own taxes if approved by Adapt Mortgage:</p> <ul style="list-style-type: none"> • Must have good payment history • Must not have arrears or tax sale
Insured	<p>Customer to pay taxes through Adapt Mortgage.</p> <p>Customer may pay own taxes if approved by Adapt Mortgage:</p> <ul style="list-style-type: none"> • If they are on a payment plan (TIPPS), or • After 1 year repayment, Adapt Mortgage may consider allowing customer to pay their own taxes (subject to strong payment history, no arrears & must demonstrate proof of payment annually)
Who Provides Tax Amount?	<p>Property Taxes must be included with all applications to Adapt Mortgage.</p> <ul style="list-style-type: none"> • Purchase: Provided by Broker based on MLS. • Switch: Provided by Broker. • New Build: Provided by Broker until bill from municipality received. <p>Solicitor confirms final property tax amount at closing.</p>
Where is Property Tax amount listed on CMLS Financial documents?	<p>Property Tax owing can be found on:</p> <ul style="list-style-type: none"> • Adapt Mortgage Commitment Letter at time of approval • Realty Tax Form at closing • Adapt Mortgage Welcome Letter to Customer after funding
Transfer/Switch	<p>If the borrower wants Adapt Mortgage to collect and pay their taxes, then any tax account balance from the previous lender will be carried over to Adapt Mortgage.</p>
Permission to Pay Taxes	<p>Customers will sign a Adapt Mortgage "Realty Tax Form" at closing which lists the correct property tax amount, and confirms that Adapt Mortgage will be collecting and paying the property taxes.</p>
Tax Submission Frequency	<p>Adapt Mortgage pays property taxes 1-2 times annually based on municipality guidelines.</p> <p>Twice per year: Ontario & Vancouver, BC</p> <p>Annual: Alberta, Manitoba, Saskatchewan & rest of British Columbia</p>
Annual Tax Increase	<p>Adapt Mortgage increases the property tax annual estimate by approximately 3% or by the written amount provided by the municipality once the final tax bill has been paid. Customers are notified in writing from Adapt Mortgage of any change.</p>
IAD	<p>IAD (interest adjustment date) if applicable, is used to determine the holdback percentage.</p>



Tax Holdbacks (all provinces)	<p>Tax Holdbacks are funds that are held back (deducted) from the advance of a mortgage and deposited into the tax account for the purpose of paying an upcoming tax bill.</p> <p>Holdback = Estimated Taxes/12 x # of months missing from collection year.</p> <ul style="list-style-type: none"> • Applicable to Alberta, BC, Manitoba, Saskatchewan & Ontario. • Adapt Mortgage adjusts tax portion to include tax holdback if applicable OR the tax holdback is factored into the property tax portion calculated by Adapt Mortgage. • Customer to pay first tax bill if insufficient time to collect funds. <p>Example:</p> <p>Mortgage funded March 3, 2014.</p> <p>Annual 2013 taxes = \$2,500 + 3% = \$2,575</p> <p>Full taxes due July 2, 2014</p> <p>March 3 = IAD date which determines the holdback percentage</p> <p>(If IAD is not applicable, the funding date determines the % of holdback.)</p> <p>April 3 = First P&I + tax mortgage payment</p> <p>Therefore, Adapt Mortgage has to collect 9 months on holdback at funding.</p> <p>Calculation:</p> <p>\$2,575 (taxes) / 12 (months)</p> <p>x 9 months tax collection</p> <p>= \$1,931.25 (tax holdback amount due at funding)</p> <p>Customer then pays 3 months taxes through regular mortgage payments (P&I + taxes).</p>
Property Tax Payment Calculation Example	<p>Total Estimated Yearly Net Taxes minus Realty Tax Holdback, divided by number of months until next year's final tax bill = monthly tax component.</p> <p>Example: First mortgage payment starts August 2nd, 2014. Next annual tax bill of \$4,000 due June 30, 2015. No holdback required.</p> <p>Calculation: \$4,000.00 – \$0.00 / 10 months = \$400.00 (monthly)</p>
Customer Pays Taxes First	<p>Based on the month the mortgage starts and the cycle of the taxes, the Customer may be responsible to pay the remainder of current year tax bill.</p> <p>Refer Customer to Realty Tax Form at closing that will indicate:</p> <ul style="list-style-type: none"> • Date when Adapt Mortgage will start paying the taxes • Tax portion amount collected by Adapt Mortgage • Total annual amount • Holdback if applicable
Shortfall	<p>A shortfall is when not enough funds were collected to pay the tax bill or a supplemental bill is received from the municipality</p> <p>If a shortfall occurs, Adapt Mortgage will increase the next year's tax payments pro-rated over 12 months to recover the shortfall.</p>
BC Homeowner Grant	<p>Applicable to BC primary Residences only. Homeowner must apply annually and send confirmation to Adapt Mortgage each year for Adapt Mortgage to adjust taxes.</p>