

## Future-forward, Broker focused.

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

<b>Conventional</b>	<p>Customer to pay taxes through CMLS. Customer may pay own taxes if approved by CMLS:</p> <ul style="list-style-type: none"> <li>• Must have good payment history</li> <li>• Must not have arrears or tax sale</li> </ul>
<b>Insured</b>	<p>Customer to pay taxes through CMLS. Customer may pay own taxes if approved by CMLS:</p> <ul style="list-style-type: none"> <li>• If they are on a payment plan (TIPPS), or</li> <li>• After 1 year repayment, CMLS may consider allowing customer to pay their own taxes (subject to strong payment history, no arrears &amp; must demonstrate proof of payment annually)</li> </ul>
<b>Who Provides Tax Amount?</b>	<p>Property Taxes must be included with all applications to CMLS.</p> <ul style="list-style-type: none"> <li>• Purchase: Provided by Broker based on CMLS.</li> <li>• Switch: Provided by Broker.</li> <li>• New Build: Provided by Broker until bill from municipality received. Solicitor confirms final property tax amount at closing.</li> </ul>
<b>Where is Property Tax amount listed on CMLS documents?</b>	<p>Property Tax owing can be found on:</p> <ul style="list-style-type: none"> <li>• CMLS Commitment Letter at time of approval</li> <li>• Realty Tax Form at closing</li> <li>• CMLS Welcome Letter to Customer after funding</li> </ul>
<b>Transfer/Switch</b>	<p>If CMLS is to collect and pay taxes, then any tax account balance from the previous lender will be carried over to CMLS.</p>
<b>Acknowledgement to Pay Taxes</b>	<p>Customers will sign a CMLS “Realty Tax Form” at closing which lists the correct property tax amount, and confirms that CMLS will be collecting and paying the property taxes along with the installment when CMLS will begin.</p>
<b>Tax Frequency Submission</b>	<p>School and Property Taxes are paid up to twice per year, based on Lender discretion.</p>
<b>Annual Tax Increase</b>	<p>CMLS uses the current years levied taxes billing plus a minimum of 3% to estimate the following year tax payment amount.</p>

<p><b>Tax Holdbacks</b> (All Provinces)</p>	<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> <p>Customer to pay first tax bill if insufficient time to collect funds.</p> <p>Example:</p> <p>Mortgage funded March 3, 2019.</p> <p>Annual 2018 taxes = \$2,500 + 3% = \$2,575</p> <p>Full taxes due July 2, 2019</p> <p>April 3 = First P&amp;I + tax mortgage payment (monthly payments) (tax payments will be made on April 3, May 3 and June 3, with payment due on July 2)</p> <p>Therefore, CMLS must collect 9 months on holdback at funding.</p> <p>Calculation:</p> <p>Estimated yearly taxes: \$2,575 Divided by 12 months: \$214.58 Monthly portion x 9 months: \$1,931.25 Borrower's next 3 months of mortgage payments include \$214.58 each month for taxes</p> <p>Total collected for July 2 tax bill is \$2574.99</p>
<p><b>Timing of Tax Payments</b></p>	<p>Based on the month the mortgage starts and the cycle of the taxes, the <b>Customer may be responsible</b> 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"> <li>• Date when CMLS will start paying the taxes</li> <li>• Tax portion amount collected by CMLS</li> <li>• Total annual amount</li> <li>• Holdback if applicable</li> </ul>
<p><b>Shortfall</b></p>	<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, CMLS will increase the next year's tax payments pro-rated over 12 months to recover the shortfall. (Depending on the amount of the shortfall, efforts to increase the tax portion earlier may be made)</p>
<p><b>BC Homeowner Grant</b></p>	<p>Applicable to BC primary Residences only. Home owners must apply for the grant annually. Confirmation is only required once by CMLS unless there is a change in the grant status.</p>