

# THE FAMILY AND FRIENDS MORTGAGE

SUGGESTIONS, TIPS AND FOOD FOR THOUGHT BEFORE YOU MAKE YOUR BIG MOVE.



# THE FAMILY + FRIENDS MORTGAGE FROM MERIDIAN

As the housing market gets pricier, many Canadians wonder how they'll ever be able to afford a home – particularly if they're not in a conventional two-income family.

That's why Meridian created the Family + Friends Mortgage – a practical way for modern families and friends to join forces and pool their financial resources to afford a larger shared home. In fact, with this mortgage solution, we've made it easier than ever for up to four people to obtain a mortgage and take advantage of Meridian's always low rates.

Before you dive in to making your purchase or choosing a mortgage, we invite you review this guide, filled with helpful suggestions, creative tips and food for thought on the smartest ways to share your investment, avoid pitfalls and make the most of living together.

Have a read then speak with a Meridian Advisor about any questions or concerns you may have. Together, we can help you make your next home purchase a reality.



## QUICK FACTS

## ABOUT THE FAMILY + FRIENDS MORTGAGE

- 1 Ideal for friends, couples, a parent and child, as well as multi-generational families who may not qualify for a conventional mortgage on their own.
- 2 Can be applied to any of Meridian's mortgages.
- 3 Offers a flexible repayment schedule, generous 20/20 prepayment privileges, a skip-a-payment feature and a 90-day rate guarantee.



Consider a  
joint ownership  
agreement

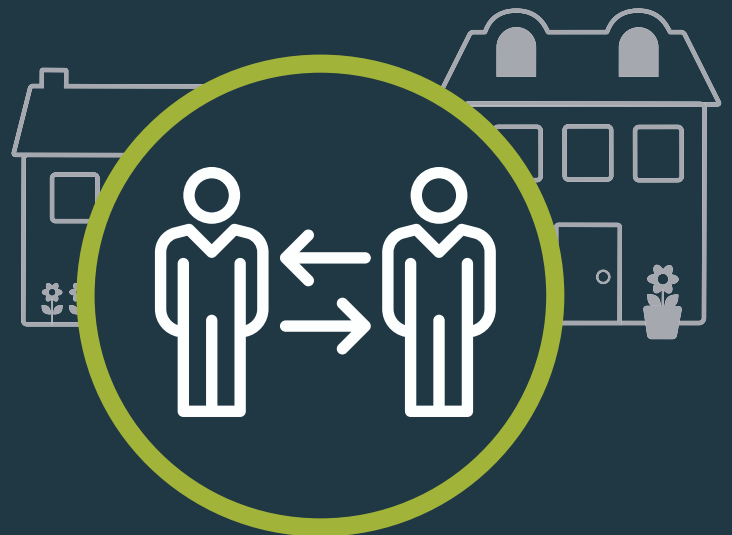
Whether you're buying a home with family members or a longtime friend, it will likely be the most important investment you'll ever make together.

While Meridian doesn't require that you enter into a legal joint ownership agreement to obtain a Family + Friends Mortgage – you may choose to prepare your own private agreement – it is strongly recommended that you get legal advice.

The truth is, even if you and your potential co-owners have discussed this opportunity in depth, owning a home together comes with unforeseen challenges and pitfalls. A joint ownership agreement can outline responsibilities, ensure all co-owners have a clear understanding of what's involved and avoid disputes in the future.

## DID YOU KNOW?

Even with an agreement and even if co-owners each hold different shares of equity in the home, all borrowers are equally and 100% liable for the mortgage in the case one party cannot pay or moves out.





# 10 THINGS TO INCLUDE IN YOUR AGREEMENT

A lawyer can help cover all the bases for you but here are 10 questions a joint ownership agreement should be able to answer:

- What percentage of equity does each owner hold?** This ensures everyone knows what share of the profits each owner would receive when the home is sold in the future.
- Who will occupy the property?** Determines how the property will be used, by whom and when.
- Who will pay what share for the mortgage, maintenance, repairs, renovations, taxes, utilities and insurance?** You will need to open a joint Meridian account for us to withdraw mortgage payments but how will you divide up other expenses?
- What if one or several co-owners fails to pay his or her share of expenses?** How will you handle this or any other disputes?
- Do you need a savings account in the event of emergencies like a roof replacement or basement leak?** Make sure everyone agrees on what an emergency is, as well as how much and how often co-owners should contribute to the fund.
- How will decisions be made?** In other words, by majority or will everyone have to agree on maintenance expenses, repairs, renovations, changes in who resides on the property and whether to sell?
- Will one of you be responsible for bookkeeping? Several? All?**
- If one or more co-owners wishes to sell, how will that process work and will other co-owners have the right to buy out a selling joint owner's interest?** Also, consider how the property's value would be assessed if this happens and what to do if there's disagreement.
- If one or more co-owners sells his or her share, how will equity accumulated in the property be allocated?**
- What happens when your mortgage is up for renewal?**  
This might be a good time to reassess and revise your agreement.

## SHOULD YOU CONSULT A LAWYER?

Although a lawyer isn't required for Meridian to approve your Family + Friends Mortgage, you and your potential co-owners may want to consult with one to have him or her point out and guide you through any legal issues that may arise – particularly when it comes to drafting a joint ownership agreement. You will, after all, need to visit with a lawyer anyway when you purchase your co-owned property and finalize any mortgage documents prior to closing.



### DID YOU KNOW?

Your lawyer may be the ideal professional to call upon in the future if problems arise between you and other co-owners and you need someone to mediate or enforce your agreement.



### DID YOU KNOW?

You will need a joint Meridian account for all Members on the mortgage title from which your mortgage payments will be drawn.

# JUST A FEW MORE DETAILS TO KEEP IN MIND

Make as many decisions as possible early on: It's probably inevitable that challenges will arise over the course of your investment together. Deal with the big stuff now to make sure decisions are practical and logical and not emotionally motivated.



## HOUSE RULES:

Be sure you're all on the same page about how you all intend to use the property – will everyone live there? Will you have a “time-share” with different co-owners there at different times? The more you cover now, the fewer issues will arise later.



## EXIT STRATEGY:

Things will inevitably change and you may need to revisit or change the way you use the property. Have an open and transparent process in place based on mutual respect and trust.



## USE A CHECKLIST:

We encourage you to use the checklist we've provided but feel free to add more details, including unlikely scenarios that may arise.



## OTHER COSTS:

Even before you buy or move into your property, there'll be charges and considerations to deal with – including land transfer taxes, legal fees and disbursements, insurance, moving costs, property appraisals, home inspections, realtor fees, as well as creditor or mortgage insurance. Make sure you and your co-owners have everything covered.



## RELAX:

Buying a home together can, at times, be challenging and complex – but don't let that deter you. It can also be a rewarding experience and a smart investment. Enjoy!

# REMEMBER, MERIDIAN ALWAYS HAS YOUR BACK.

FOR ANY QUESTIONS OR CONCERNS,  
PLEASE REACH OUT TO US:

Your Mobile Mortgage Specialist  
In-branch  
Contact Centre at 1-866-592-2226  
[Meridiancu.ca/mortgage](http://Meridiancu.ca/mortgage)