



Equity Edge™

Frequently Asked Questions

Q: How long does it take to get a New Home Deposit Bond?

A: We can complete a review of an application within 2 to 3 business days, if all information has been supplied. Once a signed pre-approval letter and any requested documentation has been received with payment, a bond can be issued for execution within one week.

Q: Can I email or fax my application?

A: Yes, we can review a scanned or faxed application. However, we will require the Indemnity Agreement (the second page of the application with signatures) to be mailed to our office, as we require the original signatures before issuing the bond.

Q: How much does the bond cost and when do I pay for it?

A: There is a one-time premium and application fee, which is payable prior to the bond being issued. The premium for the bond is 2.5% of the bond amount for purchases completing within 12 months, 3.5% for purchases completing within 12 to 24 months and 4.0% of the bond amount for purchases completing in more than 24 months. The application fee is \$100.00. The total amount of the premium and application fee will be indicated on the Notice of Pre-Approval.

Q: If I have a mortgage pre-approval, will I automatically be approved for a New Home Deposit Bond?

A: Not necessarily. We review each application on its own merit and would look to see how much cash you require at closing and how you are planning to complete your purchase. Also we would need to have assurance that in the event of a default on your purchase, that you have assets to cover the value of the bond.

Q: I'm not a Canadian citizen – can I still use Equity Edge?

A: We can review the application; however we can only take into account Canadian assets when reviewing the Personal Net Worth Statement and we may require a co-signer with a permanent residence in Canada. For example, we would not approve an out-of-country investor with minimal holdings in Canada.

Q: What are my options if I am not approved?

A: You could have someone co-sign for the bond. We would need them to complete an application and they would be listed with you as a Principal to the bond and they would have joint and several liability if you did not complete on your purchase.

Q: Is there a time limit to return the Notice of Pre-Approval and requested items?

A: The schedule for when the developer requires the bond instead of the final cash deposit should be outlined in your Purchase and Sale agreement. You should ensure that we receive all requested items at least 2-3 weeks prior to your deadline.

Q: What happens if I sell the unit prior to completion (i.e. my purchase is assigned)?

A: The bond is not transferable. If the assignee does not complete and the contract reverts to the original purchaser, then you are still responsible for completing on the purchase, which includes the bonded amount.

Q: What happens to the bond at completion?

A: The bond is fulfilled when you complete on your purchase and title is transferred from the Vendor to the Purchaser. The bond is not listed on the statement of adjustments prepared by your lawyer or Notary.

If you are interested in using Equity Edge™, please contact an Equity Edge™ underwriter at the Toll Free number below or tphelan@travelers.com.

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