PhysicianFinancing

The incorporated physician mortgage guide.

How lenders look at your corporation, how to pay the least interest, and how we work with your accountant to set it up.

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How lenders look at your corporation.

You pay yourself a modest salary and leave the rest in the company to save tax. Good for tax, but it can make you look like you earn far less than you do. Lenders read it one of three ways.

1 **Your salary only**

Where most banks start. If your salary is kept low for tax, this is the smallest number you will see.

2 **Salary plus dividends**

Some lenders add the dividends you take out, usually once there is a two-year history showing they are steady.

3 **The whole corporation**

A smaller group of lenders reads your corporate statements, including the profit left in the company. This often raises the mortgage you qualify for by 50% to 80% compared with salary alone.

Which lender reads your file which way is the first thing we sort out, before anything is submitted.

Newly in practice?

Within 36 months of finishing training, a physician program can use projected income no matter how you pay yourself, as long as your real income is lower and comes from medicine. After that, lenders look at what the practice actually earns.

Pay the least interest.

Money building up in your corporation can pay the mortgage down years early. Here is a $1,200,000 mortgage at 4.49% over 25 years, with an extra payment once a year.

	No extra Regular schedule	$25,000 a year	$50,000 a year	$100,000 a year
Monthly payment	$6,635	$6,635	$6,635	$6,635
Total interest	$790,502	$493,846	$365,411	$246,099
Mortgage-free in	25 years	16.3 years	12.2 years	8.2 years
Interest saved	$0	$296,656	$425,091	$544,402

Estimate only. The extra is paid at the end of each year and the rate is held for the full 25 years. Your prepayment privilege sets how much you can add each year.

Set up the payments around it.

Choose prepayment room over a tiny rate difference

If you plan to pay down a lot each year, a mortgage with bigger prepayment privileges can cost less than one with a slightly lower rate.

Keep the regular payment comfortable

A lower monthly payment protects you in a slow month. The yearly lump sum does the heavy lifting.

Match the term to your plans

If you might sell, move or restructure in a few years, a long fixed term can mean a large penalty to get out early.

Time the draw with your accountant

How and when the money comes out of the corporation is a tax decision. We plan the prepayment around it.

Working with your accountant.

Your accountant sets your pay to save tax. We need the same numbers to get you the best mortgage. We talk to them directly, so you are not stuck in the middle.

Two years before you buy

Your salary and dividend mix. What you take out now is what lenders read on the returns later.

The year before

Clean corporate statements, and personal and corporate money kept separate.

When you apply

We can collect the documents straight from your accountant and match the file to the right lender.

After you buy

A yearly plan for the prepayment, timed with your tax year.

What you need to apply.

- [ ] Two years of corporate tax returns (T2)
- [ ] Two years of corporate financial statements
- [ ] Personal and corporate notices of assessment
- [ ] Your T4 and T5 slips
- [ ] Articles of incorporation, showing who owns the company
- [ ] Holding company details, if you have one

Talk it through with us.

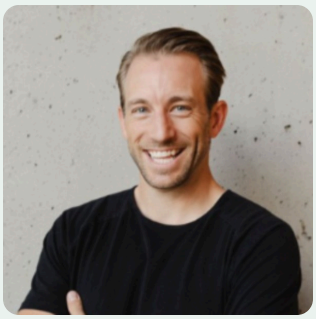
Tell us about your corporation and your plans, and we will work it through with your accountant. The guides and calculators at physicianfinancing.ca are free to use.



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Get started at physicianfinancing.ca

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