

## Unlock More Client Opportunities with nesto's Equity Program

Not every client will fit neatly into the box of traditional income-qualified lending. Many individuals with high networth (HNW), from business owners to seasoned investors and professionals, often find themselves rich in assets but light on income and cash flow. Traditional mortgage financing restricts borrowing power and credit capacity based on income, even when borrowers have the assets to support their financial strength.

To serve this segment of HNW clients, nesto created the **Equity Program**. Designed exclusively to benefit business owners and entrepreneurs, the **Equity Program** provides you with unique mortgage solutions to help your clients build their wealth.

As a financial advisor, it positions you to provide your clients with customized mortgage financing solutions to suit their unique needs. Helping you do what you do best. Use their wealth to build more wealth.

### Why the Equity Program Matters for Your Clients

- Tailored for HNW clients who may not qualify for the mortgage they need based solely on their income
- Ideal for self-employed individuals, business owners and those in professional practice with high networth (HNW)
- With nesto, you get to keep and manage their investment portfolio while having ownership of their home financing journey.

### Borrower & Property Eligibility

- ✓ Canadian residents with declared Canadian income
- ✓ Up to \$1,000,000 financing
- ✓ One property per client under the program
- ✓ Eligible for primary residences & vacation homes (1-4 units, at least 1 unit must be owner-occupied)

### Loan Purposes



**Purchase** (new property)



**Refinance** (owned property)



**Transfer** (to nesto)

*(All transactions are considered uninsured)*

### Key Program Advantages

Getting approved for a mortgage at this level requires more than just a strong income statement. Lenders want clear proof that borrowers have the financial discipline and reserves to handle both the property purchase and future obligations. The following program details outline exactly what separates qualified applicants from the rest: strong liquid assets, a sizable down payment, excellent credit, and verifiable income.

### Liquid Asset Leverage

Applicants must demonstrate liquid assets equal to 150% of the mortgage amount, held at Canadian financial institutions. This leverage highlights financial stability and ensures borrowers can weather market downturns.

- **Debt-to-Equity Ratio Required:** For every \$1 in required mortgage funds, \$1.50 must be held in liquid equity.
- **Accepted Asset Types:** cash, savings, GICs, stocks, mutual funds, segregated funds
- **Accepted Asset Accounts:** TFSA, RRSP, Non-Registered

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### Liquid Asset Leverage (cont.)

By recognizing a wide range of accepted assets, the program provides flexibility while still demanding strong financial backing

**Capital** | Proves the borrower has a strong financial cushion beyond the property, giving lenders confidence they can handle emergencies or market shifts.

### Down Payment

Borrowers must provide at least 20% of the purchase price from their own resources, with no gifts or borrowed funds. This ensures direct financial commitment. Financing is available up to 80% loan-to-value (LTV).

- Minimum 20% from own sources (no gifted or borrowed funds)
- Maximum financing up to 80%

**Collateral** | Reduces lender risk and ensures the borrower has a significant personal stake in the property.

### Credit Requirement

A FICO score of 700+ is mandatory, with no late or missed payments within the past 24 months. This standard reflects the importance of consistent credit behaviour.

- 700+ FICO credit score required
- No late or missed payments in the past 24 months

A 700+ score places borrowers in the top credit tier, making them eligible for the most competitive options.

**Credit and Character** | Shows a proven track record of financial responsibility, which lowers perceived lending risk.

### Income & Loan Structure

Verifiable Canadian income is required. Applicants must declare a minimum annual income of \$20,000 or 5% of the mortgage amount, whichever is greater. Foreign income is not eligible.

- Verifiable income required
- Minimum annual declared income: \$20,000 or 5% of mortgage amount (whichever is greater)
- Foreign income not accepted

Maximum Loan-to-Value (LTV):

- 80% if GDS/TDS  $\leq$  40/50
- 65% if GDS/TDS  $\leq$  50/60

**Capacity** | Confirms the borrower has stable income to support payments over time, while debt service limits keep financing sustainable.

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### Why Recommend the Equity Program?

- Helps your clients leverage their assets without traditional income barriers
- Helps your clients avoid high financing fees typically seen with non-income qualified (INQ) or reverse mortgages
- Positions you as a trusted advisor offering an exclusive and flexible solution to match your client's financial position
- Unlocks higher-value, complex referrals that elevate your advisory and expertise

#### Example Scenario A - Equity Only

This is an example of how the program balances access to financing with safeguards that ensure borrowers remain financially secure even under stress.

Imagine a client applying for an **\$800,000 mortgage on a purchase price of \$1 million**:

- **Down Payment:** At least \$200K in down payment (calculated as \$1M - \$800K).
- **Income:** At least \$40,000 in verifiable annual income (5% of \$800,000), if the client has only a minimal income or is incorporated and wishes to leave it in income in their corporation to avoid it being taxed as personal income on their marginal tax rate.
- **Loan-to-Value (LTV):** Up to 80% (calculated as \$800K mortgage required / \$1M property value) if their debt service ratios meet 40/50.
- **Liquid Assets Required:** \$1.2 million (150% of \$800,000) in approved liquid assets held in Canadian accounts.

#### Example Scenario B - Equity and Income Mix

This example illustrates how the program offers flexibility for individuals whose income can supplement some of the required capacity, while their liquid assets cover the remaining amount.

Imagine a client applying for an **\$800,000 mortgage on a purchase price of \$1.3 million**:

- **Liquid Assets Required:** \$1.2 million (150% of \$800,000) in approved Canadian accounts.
- **Down Payment:** At least \$500K in down payment (calculated as \$1.3M - \$800K).
- **Income:** The client has \$100,000 average income over the previous two fiscal years. Assuming that every \$30,000 in annual income qualifies the client for \$100K in mortgage. That means their income alone qualifies them for \$333,000 in credit, which leaves a difference of \$467K. Meanwhile, their \$100,000 income exceeds the \$40,000 in verifiable annual income (5% of \$800,000), which they need to access nesto's Equity Program.
- **Loan-to-Value (LTV):** Less than 65% (calculated as \$800K mortgage required / \$1.3M property value) if their debt service ratios meet 50/60. A lower LTV allows the borrower to access more generous debt ratios with this program, making it even easier to qualify.
- **Liquid Assets Required:** \$700,500 (150% of \$467K) needed to make the difference in the required mortgage amount in approved liquid assets held in Canadian accounts.