

# Manulife One for Business

CANADA'S MOST FLEXIBLE COMMERCIAL MORTGAGE *FOR INVESTMENT PROPERTY OWNERS*



Alleviate cash flow pressure, save on interest, access your equity

The three key things an investment property owner needs from a commercial mortgage:

- 1. A Flexible repayment plan which alleviates cashflow pressure.** When you own an investment property, occasional vacancies, maintenance and renovations are costs of doing business. What if your commercial mortgage gave you the flexibility to pay interest only on some of your debt, or even to borrow back principal to help manage your property costs?
- 2. To save on interest by paying down extra principal on your terms.** Maybe you sold a building and have a temporary excess of cash. Or a new tenant provides last month's rent and a security deposit. When your cashflow increases, wouldn't it be great to be able to pay down extra debt and reduce interest costs?
- 3. Ready access to funds for your next project.** When you've repaid principal and it's time for your next project, your commercial mortgage should make it easy and cost efficient for you to access additional financing. After all, it's your equity. Shouldn't you be in control?

## THE SOLUTION?

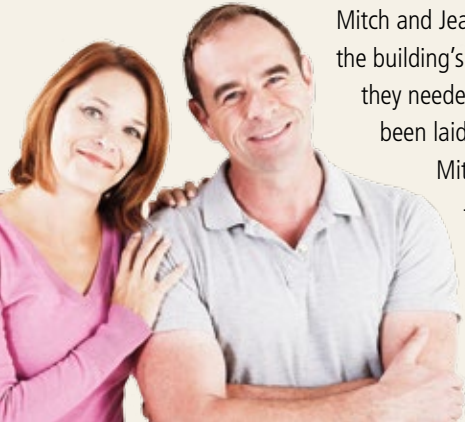
Manulife One for Business. It's a credit line, supported by commercial real estate.  
**So simple. So flexible.**

- Use your credit line when you need funds to grow your business.
- Choose interest only payments and even re-borrow principal when you need cash.
- Save on interest costs by paying down your credit line on your terms. If you decide on a fixed term, you can subsequently pre-pay up to 20 per cent of the initial balance every year, penalty free.

## Stories of investment property owners:

How Manulife One For Business helped them achieve their goals

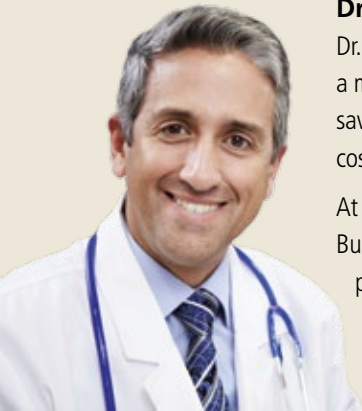
*The following examples are fictitious and provided for illustration purposes only.*



### **The story of Mitch and Jeanine: Alleviate cashflow pressure**

Mitch and Jeanine Brown own a 15 unit apartment building through their holding company. Occasionally, one of the building's tenants would leave suddenly, which always put some stress on their cashflow. On one occasion they needed to replace the roof, which normally wouldn't have been an issue. However, Jeanine had recently been laid off from work, so the roof replacement put a lot of pressure on the couple's income. It was then that Mitch and Jeanine decided to look at alternative commercial mortgage solutions.

They soon discovered Manulife One for Business. The credit line was ideal for them so they switched their mortgage from their credit union to Manulife Bank. Now, whenever they need funds for maintenance, renovations, or to cover them during a temporary vacancy, they switch to interest-only payments on their credit line. Plus, as they pay down the credit line, they have the additional comfort of knowing those funds are available should they ever need them again.



### **Dr. Hanlon's story: Save on interest**

Dr. Hanlon owns an office building and leases space to nine separate tenants. His commercial mortgage was with a major Canadian bank. As Dr. Hanlon's chiropractic practice expanded, he accumulated sizeable deposits in a savings account. He preferred to use the additional funds to pay down the mortgage principal and save interest costs for himself, but he was locked into a mortgage and the penalty for prepayment was prohibitively high.

At the time of his mortgage renewal, Dr. Hanlon transferred his commercial mortgage to a Manulife One for Business account. He arranged for half the mortgage to be a credit line, which allowed him to make additional payments any time he liked and save interest costs. For the second half of the mortgage he chose a five-year term to lock in a low fixed interest rate. Dr. Hanlon was surprised to learn he had the flexibility to prepay even the locked-in portion by 20 per cent of the initial balance every year without incurring a prepayment charge.



### **Gerry's story: Access your equity**

Gerry owns a warehouse in a high volume industrial area. He rents space to a large wholesaler of self-assembly furniture. His existing commercial mortgage with a large insurance company was virtually repaid and he felt the timing was right to purchase another building. But he wanted the flexibility to move quickly on any opportunities and to make an offer that wasn't conditional upon financing.

After considering his options, Gerry transferred his remaining mortgage to Manulife One for Business. He took out the maximum credit line for which he could be approved. Now Gerry has the flexibility to purchase his next building using the credit line. And he can make an offer to purchase that isn't subject to financing, which strengthens his bargaining position.



## Key questions from investment property owners

### How much can I borrow?

You can borrow up to 65 per cent of the market value of the commercial property.<sup>1</sup>

### How much is available as a credit line (main account)?

The maximum amount possible for a main account is 50 per cent of the property's market value. If you wish to borrow more (for example, 65 per cent of market value) the additional amount is allocated to a non-readvanceable, amortizing sub-account.<sup>2</sup>

If, for example, the market value of your commercial property is \$1 million, you can borrow up to 65 per cent, or \$650,000. If you receive the maximum credit line possible, at 50 per cent of the property's market value your main account is \$500,000. The remaining \$150,000 is allocated to a term sub-account. If your credit line is set at less than the maximum amount, e.g. 30 per cent of the market value, your main account is \$300,000, and 35 per cent or \$350,000 would be allocated to a term sub-account.

### How is the account structured and how does it work?

The account you use for deposits and withdrawals is called your main account. Your main account is a variable rate credit line. You can also use four types of sub-accounts, which are linked to your main account. Depending on your individual needs and preferences, you may decide from time to time to move funds from your main account into one or more sub-accounts.

You can have up to 15 open, variable rate sub-accounts:

- i. non-amortizing
- ii. amortizing

You can have up to five fixed term sub-accounts:

- iii. amortizing, variable rate
- iv. amortizing, fixed rate

Let us help you decide whether a sub-account makes sense for your business and – if yes – which type is right for you.

See the examples in the following table.

	Maximum Credit Line		Example of less than Maximum Credit Line	
	\$	Loan to Market Value%	\$	Loan to Market Value%
<i>Market Value of Property</i>	\$1,000,000		\$1,000,000	
Main Account (credit line)	\$500,000	50%	\$300,000	30%
Amortizing Sub-account	\$150,000	15%	\$350,000	35%
Total Loan	\$650,000	65%	\$650,000	65%

<sup>1</sup> Market Value is determined by Manulife Bank, taking into account appraised value, purchase price and other factors.

<sup>2</sup> As you make principal payments against the non-readvanceable sub-account, it reduces permanently and does not free up additional room in the main account.

### **What are the minimum and maximum loan amounts?**

The minimum loan amount is \$250,000. At this amount, the minimum market value of your commercial property needs to be \$385,000 (i.e., a \$250,000 loan is 65 per cent of \$385,000).

The maximum loan amount is \$3 million. To qualify for this amount the market value of your commercial property needs to be at least \$4.6 million.

### **What are the restrictions on building type?**

The types of buildings you can borrow against are:<sup>3</sup>

- multi-residential properties (single title with five or more units)
- office buildings, condos or stratas
- retail plazas, strip malls, shopping centres
- light industrial properties

Properties for non-profits, environmentally sensitive facilities, single use, hospitality industry, retirement homes, medium or heavy industry, raw land or real estate development are not eligible for financing.

### **Do I need to transfer my entire banking relationship to Manulife Bank to qualify?**

No. Many of our clients retain their existing bank accounts. It's easy to use online transfers to move funds between your Manulife One for Business account and your existing bank account.

We want to help you establish the optimal arrangement for yourself and your business. We'll work with you to sort out the best structure, based on the unique needs of your business.

### **How does your all-in-one account feature work?**

You may choose to use Manulife One for Business as your primary business operating account to optimize the efficiency of your cash flow. You'll receive a debit card, deposit slips and cheques. All your deposits immediately pay down the credit line. The need for float is eliminated, as cheques and payments are processed directly against the credit line. One of our Regional Account Managers can help you determine whether this strategy is right for you.

### **Put Canada's most flexible commercial mortgage to work for your business**

- Main account is a variable rate credit line.
- Main account offers: cheque writing, bill payments, funds transfers to other accounts.
- Up to 15 open sub-accounts.
- Up to five fixed term sub-accounts.
- If you choose a fixed term, you can save interest by prepaying up to 20 per cent of the initial balance per year with no penalty.
- Internet and telephone banking, including pre-authorized payments, bill payments and funds transfers to other accounts.
- Interac e-Transfer.
- Debit card and Automated Banking Machine (ABM) access may be available if your ownership structure permits.
- Once you have repaid all debt, Manulife One for Business will pay you a competitive interest rate on every dollar in your account.
- Your comprehensive monthly statement reports every dollar going in and leaving your account. It summarizes expenses by category (cheques written, cash withdrawals, automatic prepayments, Interac e-transfers, etc.) and provides a running total of all interest paid.

<sup>3</sup> The decision to fund any specific building remains at the sole discretion of Manulife Bank.

