



Down Payments

Across Canada, all buyers are required to come up with a minimum down payment depending on the purchase price. As of February 2016, buyers will need 5% down of the first \$500,000. and 10% of the amount over \$500,000, but less than \$1,000,000.

Example: purchase price \$700,000.

Minimum down payment required is \$45,000. (\$25,000. + \$20,000.)

(5% of \$500,000+10% of \$200,000)

If you have less than 20% down, you will have a high ratio insured mortgage, insured through CMHC, Genworth or Canada Guarantee. This is loan insurance and protects the lender in the case of default. Fees are based on the amount of down payment and are a one time fee added to the mortgage. Fees range from 2.8% - 4%. While Canadians do not like paying this insurance fee, having mortgage insurance allows many to buy a home who would otherwise not be able to as the banks cannot take on the risk for 100% of all mortgage loans.

If you have more than 20% down, you will have a conventional mortgage. There is no mortgage insurance. Homes over \$1,000,000 and all rentals/investment properties require 20% down minimum.

Down payment must be from a verified source and from your own resources. Acceptable forms of down payment are savings/chequing, RRSP's, TFSA's, any other form of investment, sale of a property, gifted funds and home equity (in the form of a credit line). Proof will be required by all lenders.

You can buy and sell multiple homes and put as little as 5% down, it is not just for first time buyers.