



# DOWN PAYMENT OPTIONS

A mortgage down payment is the amount of money you pay upfront when purchasing a home. A typical down payment is expressed as a percentage that is calculated as the dollar value of the down payment divided by the home price. A deposit put down on a purchase is different from a down payment but is acknowledged as part or all of your down payment.

## Minimum down payment required in Canada

The minimum down payment in Canada, on homes up to \$500k, is 5%. Homes priced between \$500k and \$1M now require a 5% down payment on the first \$500k and 10% on anything after that up to \$999,999.

If you purchase a high-value home priced over \$1M your down payment will be calculated based on a sliding scale. Each lender has its own sliding scale policies. Based on your unique situation, we can guide you through all your options.

## The size of your down payment influences three things:

1. Your down payment influences the home price you can afford.
2. Your down payment shapes the size of your mortgage and monthly payment.
3. Your down payment determines the amount of mortgage insurance you pay.

## The following are acceptable sources of funds for down payments

- Sale of existing property: Sometimes funds for the down payment on a home may be sourced from the equity in a property being sold.
- Funds in savings: This comprises money that has been deposited in a depository institution or other investment company for a minimum period of 90 days. Funds on deposit are subject to verification through bank statements for the past three months.

- Gifts from family members: Monetary gifts from family members for the down payment and/or closing costs are acceptable in most cases as long as there is no requirement for repayment. The lender will need a gift letter as proof.
- Borrowed: In some cases, a borrowed down payment is accepted.
- Stocks, bonds, mutual funds, TFSA, and more: These cash equivalent investments are acceptable for a down payment. They must be validated through statements and show a three-month history.
- RRSP: One of the most popular sources for a down payment is the RRSP because other than at retirement, it is one of two times you can take money out of your RRSP as a first-time homebuyer without penalty.

**Call me to discuss. I will sit with you to go through all the possible options and outcomes.**



**Adam  
Buss**  
Mortgage Specialist

phone: **204.371.0278**  
abuss@castlenet.ca  
www.adambuss.ca



POWERED BY THE MORTGAGE GROUP