

Can I qualify for a mortgage in Canada as a new immigrant?

- Yes, there are several options available to new immigrants

How much money do I need to put down as a deposit/down payment to qualify for a Canadian Mortgage?

- You can put down as little as 5% of the purchase price depending on your situation. The smaller the down payment the more documentation the banks will require.

Do I have to build credit in Canada before I can qualify for a mortgage?

- No, but you must be able to provide credit references from the UK. Either bank reference letters or a UK credit report. If you are putting down less than 10% as a down payment the banks will require a copy of your UK Credit Report, which is available at www.equifax.co.uk or www.experian.co.uk
- If you are putting down more than 10% the banks will require two other forms of credit reference either from your UK bank or credit card company.
- Even though it is not required, it is still best to start establishing credit as soon as you land in Canada.

What is the best way to establish credit in Canada?

- The best way to start to develop credit is with a secure credit card. With this card you give the bank money and they will give you a credit card at that limit. If you make all payments as agreed the bank will return your money to you after 12 months.
- When buying a car it is best to put down some money and try to finance a portion of the purchase. Please speak with your mortgage professional first to ensure that this will not affect the amount of mortgage you will qualify for.
- Most department stores will provide credit cards with small limits to new immigrants.

How do the banks determine how much I can afford to borrow?

- In Canada, the banks use two ratios to determine what you can afford. The first is called the Gross Debt Service Ratio (GDSR) and the second is called the Total Debt Service Ratio (TDSR). The GDSR includes your monthly mortgage payment, property taxes, heat and a portion of condo fees (if applicable). This ratio can not be more than 35% of your

monthly income before taxes are deducted. The TDSR includes everything in the GDSR plus any other credit card, loan or lease payment you may have. This ratio can not exceed 42% of your monthly income before taxes are deducted.

What is Mortgage Default Insurance?

- In Canada, if you put down less than 20% of the purchase price of your home the lenders will require that your mortgage is insured against default. There are three different insurers in Canada, CMHC, Genworth and AIG. This insurance protects the bank if you fail to make your payments. The insurance premium is pro-rated based on your down payment amount and is added to the top of your mortgage, it is not paid out of pocket. When a decision is being made whether or not to approve a mortgage it is often the insurer that makes the final decision.

What kind of interest rate should I expect?

- If you can prove that you had good credit in the UK or already have good established credit in Canada then you can qualify for our best rates. This rate would be the same rate that a Canadian citizen with good credit would receive.

What types of mortgage products are available to new immigrants?

- Usually all terms and products are available with amortizations up to 35 years.

What if I can't sell my home in the UK?

- If you still have a mortgage in the UK, the debt must be included in the mortgage application. If you are in this position please contact us to discuss your options.

What expenses should I expect?

- Lawyer Fees
- Appraisal (valuation) if required
- Home Inspection
- Title Insurance, if required
- Land Transfer Tax, depending on which province you will be living in

* The above expenses will vary depending on the province and city that you will be relocating to.

How much does it cost to use a mortgage broker?

- Most reputable brokers do not charge a fee to their clients, unless private funds are required (which is very rare). Brokers are paid a finder's fee from whichever lender you choose.

What type of Documentation will the banks require?

- Copies of your work permit/landed status papers, passports and social insurance number
- Employment letter from Canadian Employer
- Credit References
- Proof of where your down payment is coming from
 - Sale of home - completion papers from solicitors
 - Savings - 90 days worth of banks statements showing the money in the account
- Canadian Bank Account showing transfer of funds into Canada

What if my new employer in Canada has placed me on probation for the first three months of my employment?

- In order to qualify for a mortgage your probation period must be over. Some employers will waive this period if they understand that you can not purchase a home while on probation.

What if I will not be employed when I arrive in Canada?

- You can still qualify for a mortgage, you will just need a larger down payment of 35% of the purchase price. These lenders are not looking to prove income, but, will want to see a copy of your UK Credit Report.

Canadian Mortgage Terms:

Amortization

Length of time your mortgage payments will be based on can be up to 35 years

Appraisal

In the UK, these are referred to as property valuations and are required on loans when you are putting down more than 20%

Property Taxes

In the UK, this is referred to as council taxes. It is the fee that the city or town collects to pay for services like garbage collection

Since every situation is unique we suggest a consultation prior to your move so that your individual needs can be assessed. We will work with you from your first thought of moving to Canada right up to your possession date and beyond, many of our clients have been working with us for three years prior to moving to Canada.

We look forward to working with you through the entire process and welcome any questions that you may have.