

Greater Savings with a Larger Down Payment

The size of a down payment can vary. Depending on the type of mortgage, down payments generally range from 5% to 20% of the purchase price.

To obtain a conventional mortgage, home buyers are required to put down at least **20%** of the purchase price or appraised value (whichever is less) as a down payment. If you don't have the necessary time or resources to save a full **20%** down payment, you can choose a high-ratio mortgage and buy a home with a down payment of as little as **5%**. This option is called a high-ratio mortgage and it requires you to purchase default insurance.



Whether you choose a conventional or a high-ratio mortgage, one thing is almost always certain: the larger your down payment, the more you save in the long run.

Want more information? Visit the [Canada Customs and Revenue Agency Publication](#).

A larger down payment...

- Reduces the amount of your monthly principal and interest payment
- Reduces the total amount of interest you pay over the life of your mortgage

Ask about the RSP Home Buyers' Plan

The RSP Home Buyers' Plan (HBP) lets a first-time buyer withdraw up to **\$25,000** from RSPs for a home purchase. The withdrawn amount must be repaid within 15 years, subject to a minimum annual repayment that is 1/15 of the amount withdrawn. If the full **\$25,000** is withdrawn, the minimum annual repayment is **\$1,333**. If less than the minimum is repaid in any particular year, the balance is added to the taxpayer's income.

Insuring Your High-Ratio Mortgage

CMHC or Genworth Financial may insure a mortgage for up to **95%** of the lending value of the house. Therefore, purchasers do not need a large down payment. Eligible borrowers include anyone who buys a home in Canada intending to occupy it as their principal residence. And the availability of government-backed mortgage insurance is restricted to homes with a value of \$1 million or less

Purchasers can use up to **39%** of their gross family income for payments of mortgage principal and interest, property taxes and heating. A buyer's total debt load (including consumer loans, etc.) cannot exceed **44%** of the gross family income.

People who insure a mortgage loan with CMHC or Genworth pay a premium. The premium is based on the down payment and loan amount. A list of the mortgage insurance premiums can be found [here](#).

Cost:

Premiums can be paid up front or added to the principal amount of the mortgage.

Loan Amount:

Up to **95%** of the lending value of the house.

Mortgage Term:

To be set by the lending institution.

Max. House Price:

Varies by market.

Want more information? Visit the [Canada Mortgage and Housing Corporation](#) or [Genworth Financial](#) websites.