

## The Down Payment

### **Requirements of CMHC, GEMICO and the major financial institutions:**

On or before the issuance of the mortgage commitment, you will be required to provide to the lender a "**confirmation of down payment from non-borrowed funds**" in one or more of the following forms.

These requirements only apply if you require a mortgage loan in excess of 75% of the purchase price of the home that you are purchasing and, as a result, require CMHC or GEMICO mortgage loan insurance.

#### **1. Down Payment from the Sale of an Existing Property:**

If the funds for your down payment are coming from the proceeds of the sale of the home you currently own, you will be required to provide to the lender a copy of the Agreement of Purchase and Sale with all conditions removed. Along with this you will require a copy of a Statement of Mortgage Balance Owing showing the outstanding balances of any mortgages presently held against the property.

The difference between the sale price and the sum of any mortgage loans outstanding against it will substantiate the funds available for your down payment.

#### **2. Down Payment from your own Resources:**

You will be required to supply verification satisfactory to CMHC or GEMICO and your lender of accumulated savings from non-borrowed funds. This may be in the form of a copy of your bank statement or passbook confirming a balance equivalent to your down payment.

Should there have been a substantial deposit to these accounts made recently, confirmation of the source of these funds will also be required.

#### **3. Down Payment by Way of a Gift:**

All or part of the down payment may be provided by way of a gift, as long as **all** of the following requirements are met:

- the donor is an immediate relative of the yours; and
- the lender has verified that the funds are a genuine gift; and
- the lender has verified that the funds are in your possession prior to the time of application for CMHC or GEMICO mortgage loan insurance.

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The lender will verify the authenticity of the gift by obtaining a written confirmation, signed by both yourself and the relative making the gift, containing the following stipulations:

- the funds are genuine gift and *do not ever have to be repaid*; and
- no part of the gift is being provided by any person having any legal interest (either direct or indirect) in the sale of the home you are purchasing.

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