

Down payment in Canada is what you first pay in the process of securing a home. It's the out of pocket capital -- not including closing cost, land transfer tax, inspection cost, legal cost and any other cost towards the closing of that house.

You can own your own home by paying 5% - 20% down payment. Banks and other credit unions will finance the rest of the amount, up to 95%, if you qualify. The concept of down payment helps individuals and families get out of that rut of renting-and-losing.

Down payment provides a great opportunity to become a homeowner.

In Canada, the home buyer pays additional insurance premium on the mortgage amount to safeguard a bank's risk.

CMHC and Genworth are the only 2 major insurance companies in Canada that insure mortgage loans of more than 80% loan to value. (CMHC is the largest semi-government association.) The insurance premium directly depends on your down payment. The greater the down payment, the less the CMHC insurance you pay.

Down load a free report to learn more about CMHC and their premiums

And if you're planning to buy your own home and want to put a down payment towards it, you should know the Rules of Engagement. In the conservative environment of Canadian banks, this approach has saved our real estate market. And whether you are putting 5% or 20% as a down payment, the fundamental Rules of Engagement remain the same:

Basically -- you cannot use borrowed funds as your down payment.

Keep in mind:

1. Your down payment has to be your own money.
2. You cannot get a cash advance from a credit card and pay it as your down payment
3. You cannot use a line of credit to pay for a down payment

What are your choices if:

1. You have less than 5% down payment?
2. You have 5% down payment but not enough money for closing cost?
3. You have 5% down payment and enough money to close -- but didn't know about the Insurance premium, and cannot close on your house?

Your Choice 1: [Own your home by paying Initial deposit and leverage your precious time](#)

Your Choice 2: Keep renting in the hope that you will have enough down payment

Feel free to Connect with us to get your questions answered -- and get on your way to becoming the homeowner you long to be!

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