

Eligible and ineligible downpayment



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EN | [FR](#)

The documents required and elements to check from an IQA standpoint will differ based on the type of financing.

Click on the downpayment source to view specific features:

Traditional sources of downpayment:

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Non-traditional sources of downpayment (Sagen- and Canada Guaranty-insured loans only):

- [Non-traditional gift](#)
- [Loan not from a financial institution](#)
- [Personal lines of credit \(PLCs\) and credit cards](#)
- [Personal loan](#)

Ineligible sources of downpayment ([link](#))

FHSA

Eligibility and documents to obtain	Information to check
<p>Eligibility:</p> <ul style="list-style-type: none"> • Be 18 years of age or older • Be a Canadian resident • Not have lived in a home owned by the client or spouse in the last four calendar years or the current year before opening • The client must not have already used the FHSA to purchase a property <p>Documents to obtain:</p> <ul style="list-style-type: none"> • Account statement or certificate of placement or internet statement: <ul style="list-style-type: none"> ◦ Dated 45 days or less from first submission ◦ Demonstrating the funds accumulation in the FHSA over 3 months or more 	<ul style="list-style-type: none"> • Name of the borrower and statement date • Recognized Financial Institution name

Traditional gift

Eligibility and documents to obtain

A gift is an amount of money given to your client to help him buy a property. This amount must not be refundable. For this reason, it is usually given by a close relative related to your client by a family relationship.

Eligibility

- The donor must demonstrate that their only intention is to help the client. Make sure that the donor does not expect to be reimbursed.
 - If there are doubts regarding the donor's intention or the relationship between them, ask additional questions to better understand the situation.
- IMPORTANT** The broker must refuse the gift if he realizes that the donor has a personal interest in the transaction.
- **If the gift is coming from a foreign institution:**
 - Make sure that the donation is deposited to a Canadian bank account.
 - Perform the required additional validations ([details](#) ▼).

CMHC, Sagen and Canada Guaranty-insured

Comes from a close relative of the borrower:

- Relative
- Close by marriage
- Common-law relationship
- Adoption

IMPORTANT

- The donor must demonstrate that their only intention is to help the client. Therefore, it is usually linked to the client by a family bond. The weaker the bond between them, the more vigilance is required. Validate that it is indeed a close relative.
- EXAMPLE** An uncle who lives very far away and whom the client has not visited for several years should not be considered a relative.
- A donation that does not come from a close relative is considered a [non-traditional gift](#).

Conventional

The gift must come from a close relative:

- Parents
- Children
- Siblings
- Grandparents
- Legal guardian
- Spouse

Information to check

- Amount of gift matches amount on the mortgage application
- Names of beneficiaries and gifters in block letters
- Relationship between beneficiaries and gifters
- Clause confirming that the gift will not have to be repaid
- Signature dates

Documents to obtain: obtain the basic documents **AND** additional documents depending on whether the donation comes from Canada or abroad.

If the client has received the donation	If the client has not received yet the donation
<p>Obtain all of the following documents:</p> <ul style="list-style-type: none"> • F.15446 <i>Declaration of Gift</i> • Proof that the amount is available in the client's account: Canadian bank account statement issued less than 90 days ago <p>Obtain the following documents, as appropriate:</p> <p>If the donation originates in Canada</p> <ul style="list-style-type: none"> • Donor bank account statement OR • Cashed personalized check OR • Electronic Funds Transfer <p>If the donation comes from abroad</p> <ul style="list-style-type: none"> • Copy of the electronic funds transfer that confirms: the client's name, account number and donor name AND • Proof of deposit in a bank account in Canada 	<p>Obtain all of the following documents:</p> <p>IMPORTANT If the donation comes from abroad Canada, the client must have received the amount to be eligible.</p> <ul style="list-style-type: none"> • F.15446 <i>Declaration of Gift</i> • Proof that the donor has the funds: bank account statement issued less than 90 days ago. <p>NOTE If the donor's gift is made using borrowed funds, a statement of account for the line of credit or personal loan is accepted.</p>

Gifted equity

Eligibility and documents to obtain	Information to check
<p>Eligibility:</p> <ul style="list-style-type: none"> • Property purchased from parents, grandparents, childrens or spouse. • The amount registered in the deed of loan must be the lesser of the purchase price and the property value determined via a certified appraisal. <p>SPECIAL CASES The following situations must be clearly documented in the Notes:</p> <ul style="list-style-type: none"> • the donor has a right of occupation, use or usufruct • the donor has rental income <p>Documents to obtain:</p> <ul style="list-style-type: none"> • F.15446 <i>Declaration of Gift</i> • Certified appraisal (conventional only) 	<ul style="list-style-type: none"> • Names of beneficiaries and gifters in block letters • Relationship between beneficiaries and gifters • Clause confirming that the gift will not have to be repaid • Signature dates

Personal savings/TFSA

Eligibility and documents to obtain	Information to check
<p>Personal savings (Canadian institution)</p> <p>Eligibility:</p> <ul style="list-style-type: none"> ○ CAD or USD held at a Canadian financial institution ○ Eligible cash assets: <ul style="list-style-type: none"> ▪ Money held in a bank account ▪ Certificate of deposit (investment) ▪ Savings bonds ▪ Treasury bills ▪ Common or preferred shares ▪ Mutual funds ▪ TSFA <p>Documents to obtain:</p> <p>Statement of account or investment certificate or Internet banking statement or passbook in the client's name. Documents must comply with the following criteria:</p> <ul style="list-style-type: none"> ○ Dated 45 days or less after the date of the first submission ○ Demonstrate that savings have been built up gradually over 3 months or more <p>Inheritance:</p> <p>Eligibility:</p> <p>An inheritance is considered personal savings. A document must be provided to confirm the source (copy of insurance cheque, will, etc.) if the inheritance was deposited in the account less than 3 months prior.</p> <p>Documents to obtain:</p> <p>Bank statements for the past 3 months or from the time the inheritance was deposited.</p> <p>Sale of a property</p> <p>The source of the down payment for a property sale <u>notarized or not</u> must be "Sale of a property".</p>	<ul style="list-style-type: none"> • Borrower's name and date on statements or void cheque • Name of recognized financial institution • The bank account must be held in a Canadian banking institution and the amounts can be in CAD or USD. • If the downpayment comes from different bank accounts, obtain three months of bank statements for each account. • Assets showing the required downpayment amount • If proof of payment of previous debts is provided, make sure the remaining funds still cover the downpayment and any start-up costs. • Investments (assets) are redeemable • Account balance showing systematic savings over time • NOTE Significant deposits equivalent to 50% or more of the downpayment must be explained in a note (i.e., source of deposit) • If transfers have been carried out, make sure they are corroborated by the source account statements.

Personal savings outside Canada

Eligibility and documents to obtain	Information to check
<p>Eligibility:</p> <ul style="list-style-type: none"> • Funds held in an institution outside Canada • Additional validations for downpayment coming from abroad (details ▼) <p>Documents to obtain:</p> <ul style="list-style-type: none"> • Favourable reference letter or account statement from a financial institution that has an online presence: 	<ul style="list-style-type: none"> • The copy of the transfer must confirm the source of funds (account number on the letter of reference). • The amount transferred for the downpayment must be in CAD or USD and deposited in a bank account at recognized financial institution in Canada. <p>NOTE Make sure that the amount is enough to cover the downpayment</p>

<ul style="list-style-type: none"> ○ Dated within the past month ○ Written in English or French ○ Confirming a history of systematic savings from at least 90 days before the application was first submitted ○ Indicating the client’s name and account number ● Copy of the electronic funds transfer confirming the client’s name and account number and proof of deposit in a bank account at a recognized financial institution in Canada (CAD and USD) ● Any additional documents deemed relevant in order to comply with the Proceeds of Crime (Money Laundering) and Terrorist Financing law and protect the interests of the Bank. 	<p>after converting it into CAD.</p> <ul style="list-style-type: none"> ● Check the statement dates to make sure the funds are in the account before the date of the meeting with the legal professional. <p>NOTE Bank statements must always be clearly identified.</p>
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Canada's First-Time Home Buyer Incentive (FTHBI) – Program has ended

Eligibility and documents to obtain	Information to check
<p>The First-Time Home Buyer Incentive (FTHBI) is a refundable downpayment that was offered by the federal government to first-time home buyers. The FTHBI program ended on March 21, 2024. As a result, the source of downpayment "Canada's FTHBI" should no longer be used unless the incentive was granted prior to the end of the program.</p> <p>Eligibility:</p> <ul style="list-style-type: none"> ● The "Canada's FTHBI" downpayment can only be used if the incentive was granted prior to the end of the program (2024-03-21 or before). ● Eligible for insured loans only (CMHC/Sagen/CG). ● The financing application must meet the government's eligibility criteria (details). ● The applicant must have in their possession the signed <i>FTHBI Program Attestation, Consent and Privacy Notice</i> (only one form for all applicants). ● Not eligible for the "Add/remove co-borrowers" scenario (even if the client meets the government's criteria). <p>IMPORTANT</p> <ul style="list-style-type: none"> ● Make sure the client understands the terms and conditions of the program and is certain they want to apply for the incentive. ● The broker must calculate the amount of the incentive, round it up to the nearest dollar and enter "Other" for the type of downpayment with the description "Canada's FTHBI" in BOSS. ● The client will have to contact the partner selected by CMHC for disbursing the incentive at least 2 weeks before the first disbursement of the loan in order to inform them of the chosen legal professional's name and ensure that the amount of the incentive will be paid on the 	<p>N/A</p>

agreed date into the legal professional's trust account. See the [FTHBI information package](#) on CMHC's web site for the partner's coordinates).

Documents to obtain: *FTHBI Program Attestation, Consent and Privacy Notice*, signed by each applicant

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Affordable housing (CMHC)

Eligibility and documents to obtain	Information to check
<p>Grant awarded by the affordable housing proponent ▼</p> <p>Eligibility: 5% minimum</p> <p>Documents to obtain:</p> <ul style="list-style-type: none"> • Duly signed letter of approval from the insurer attesting that the financed unit is covered by the program and confirming its sale price. • Duly signed agreement between the affordable housing proponent and the client confirming the downpayment. 	N/A

Proceeds from the sale of another property

Eligibility and documents to obtain	Information to check
<p>Eligibility:</p> <p>The downpayment comes from the net equity generated by the sale of a property.</p> <p>NOTE</p> <ul style="list-style-type: none"> • The sales force is responsible for properly calculating the net equity of the property by taking into consideration all the applicable fees (penalties, notary or lawyer fees, etc.) • If the buyers do not need financing, obtain a letter from a financial institution showing that they have the necessary cash resources to purchase the property. <p>IMPORTANT Whether the sale of the property is <u>notarized</u> or <u>not</u>, the downpayment source must be "Sale of a property" and the following documents must be provided.</p> <p>Documents to obtain:</p> <ul style="list-style-type: none"> • Sale of the property is not notarized <ul style="list-style-type: none"> ◦ Duly completed and signed offer to purchase. <p>AND</p> ◦ Mortgage statement (paper or electronic format) bearing the name(s) of the borrower(s) confirming the equity covering the downpayment (if the loan is at another financial institution) <p>AND</p> ◦ Quebec: Letter from a known financial institution confirming the acceptance of the buyers' financing or confirmation of the funds to purchase the property. 	<ul style="list-style-type: none"> • The offer to purchase must be dated and specify the sale price, names of sellers and names of buyers and must be "Accepted" and signed. • The letter from the financial institution must specify the names of the buyers and the address of the financed property. • The address of the sold property must be the borrowers' home address or another address in their profile. • Confirm the equity earned (remaining mortgage balance minus the accepted sale price, and any related fees).

or

For the other provinces: Confirmation of the irrevocability clause in the sale of the property

- Sale of a property is notarized
 - Bank statements for the past 3 months or from the time the proceeds from the sale were deposited
 - Confirmation from a legal professional that the money has been deposited to the account (net proceeds from the sale)

Proceeds from the sale of assets

Eligibility and documents to obtain	Information to check
<p>Eligibility: The property is not encumbered (check with RDPRM or PPSA).</p> <p>Documents to obtain:</p> <ul style="list-style-type: none"> • Written proof of sale and net amount generated by sale (after commission, fees and taxes). <p>AND</p> <ul style="list-style-type: none"> • Statement of account showing that the amount is available in a Canadian banking account. 	N/A

From a company

Eligibility and documents to obtain	Information to check
<p>Eligibility: One or several company owners</p> <p>Documents to obtain:</p> <ul style="list-style-type: none"> • F.32065 <i>Consent of the Business to Transfer Funds</i>, signed by the company's owner(s). The Know your client's business page gives references to find out who the owners are. • Account statement from the business showing systematic savings from at least 90 days before the application was first submitted 	<ul style="list-style-type: none"> • Confirmation that the company belongs to the borrower • Name of the company matches on all the statements.

From the deposit paid to the builder

Eligibility and documents to obtain	Information to check
<p>Documents to obtain:</p> <ul style="list-style-type: none"> • Offer to purchase • Confirmation that the amount has been received by providing one of the following documents: <ul style="list-style-type: none"> ◦ Copy of cashed checks by the constructor ◦ Receipt or status of adjustments from the builder 	N/A

- Letter from the legal professional (notary or lawyer) confirming that a portion of the downpayment has been remitted to the builder
- Confirmation of the source of funds used for the deposit:
 - Deposit made 12 months ago or less: provide regular downpayment documentation
 - Deposit made more than 12 months ago: confirm with your client the source of funds used and provide the information in the **Notes**

RRSP

Eligibility and documents to obtain	Information to check
<p>Tax is withheld from withdrawals from a registered retirement savings plan unless this withdrawal is part of the HBP offered by the Canada Revenue Agency (for the terms and conditions, consult the CRA's website www.cra.gc.ca).</p> <p>NOTE Note for HBP: \$35,000 maximum per borrower</p> <ul style="list-style-type: none"> ● If the RRSP withdrawal is not eligible for the HBP, an amount must be withdrawn from the RRSP at the current tax rate to be eligible. <p>Documents to obtain:</p> <ul style="list-style-type: none"> ● Statement of account or investment certificate or Internet banking statement: <ul style="list-style-type: none"> ○ Dated 45 days or less from the first submission ○ Confirming that the savings have been built up gradually over 3 months or more. <p>NOTE Deduct the amount of taxes to pay when making an RRSP withdrawal, except as part of the HBP.</p>	<ul style="list-style-type: none"> ● Borrower's name on statements ● Name of recognized financial institution ● Assets showing the required downpayment amount

Refinancing a property (equity withdrawal)

Eligibility and documents to obtain	Information to check
<p>The debt must be added to the balance sheet (liabilities) and the payment must be factored into the TDS calculation.</p> <p>For the existing AIO/mortgage line of credit: $\text{debt} = (\text{current balance} + \text{downpayment amount required})$</p> <p>Documents to obtain:</p> <p>If refinancing as mortgage loan:</p> <ul style="list-style-type: none"> ● National Bank credit's decision <p style="color: red;">or</p> <p>Written confirmation of the acceptance and the loan conditions, signed by an authorized representative of the other financial institution</p>	<ul style="list-style-type: none"> ● Check that the written confirmation of acceptance from the financial institution includes the following information: date, signature, names of clients, etc. ● Make sure the loan associated with the refinancing is on the balance sheet ● Check the equity involved <p>NOTE When submitting the application to Credit for the new property purchase, include the refinancing application number in the notes.</p>

If existing AIO/Mortgage line of credit, indicate the authorized limit and balance available:

- Statement of account (paper or electronic format) if held at another financial institution

or

Print the National Bank application screens

or

The NBC credit decision

or

Written confirmation of the acceptance and loan conditions, signed by an authorized representative of a recognized financial institution

Equity grant

Eligibility and documents to obtain	Information to check
<p>Eligibility</p> <ul style="list-style-type: none"> • Non-repayable • Awarded exclusively by a federal, provincial or municipal organization • For Sagen-insured loans, the insurer must pre-approve the grant <p>Documents to obtain</p> <ul style="list-style-type: none"> • Written confirmation of the grant from the agency • Proof of deposit to the borrower's account 	N/A

Non-traditional sources of downpayment

Buyers who do not have cash for a downpayment can use non-traditional sources of downpayment only if they have a sound credit history and can demonstrate that they honour their payment obligations. A minimum credit score of 650 is recommended to meet this requirement. The buyer must have sufficient income to pay his mortgage loan obligations.

IMPORTANT

- Available for properties with 1-2 units only
- Using endorsers (guarantors) as a way of reducing the risk related to a loan application submitted for insurance is not allowed
- Additional premium applicable (see insurer's website: [CMHC](#) | [Sagen](#) | [Canada Guaranty](#))

Non-traditional gift

Sagen and Canada Guaranty only

Eligibility and documents to obtain	Information to check
<p>Eligibility: Non-repayable cash gift that is at arm's length and not tied to the purchase or sale of the property.</p>	N/A

IMPORTANT Although it does not appear on the balance sheet, this downpayment is considered as a borrowed downpayment.

- **At any time:** The gift must not be refundable by the client and the donor must demonstrate that their only intention is to help the client and does not expect to be reimbursed.
- **If the gift is coming from a foreign institution:**
 - Make sure that the donation is deposited to a Canadian bank account.

Perform the required additional validations ([details](#) ▾).

Documents to obtain:

The client has already received the gift	The client has not received the gift yet
<p>Obtain the following 3 documents:</p> <ul style="list-style-type: none"> • F.15446 Declaration of Gift • Proof that the amount is available in the client's account: Canadian bank account statement issued less than 90 days ago • Proof of debit in the donor's account (e.g., donor's statement of account; cashed personal cheque; electronic funds transfer). 	<p>Obtain the following 2 documents:</p> <ul style="list-style-type: none"> • F.15446 Declaration of Gift • Proof that the donor has the funds: bank account statement issued less than 90 days ago. <p>NOTE If the donor's gift is made using borrowed funds, you can accept a statement of account for the line of credit or personal loan.</p>
<p>If the gift is coming from a foreign institution</p> <p>Obtain the following 4 documents:</p> <ul style="list-style-type: none"> • F.15446 Declaration of Gift • Proof that the amount is available in the client's account: Canadian bank account statement issued less than 90 days ago • Copy of the electronic funds transfer confirming: 	<p>If the gift is coming from a foreign institution</p> <p>Your client must have already received the gift to be eligible.</p>

<ul style="list-style-type: none"> • The client's name and account number • Proof of deposit in a bank account in Canada • Any additional documents deemed relevant to ensure compliance with the Proceeds of Crime (Money Laundering) and Terrorist Financing and to protect the interests of the Bank. For more details, see PCMLTF: Module A and Module B. 		
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Personal loan

Sagen and Canada Guaranty only

Eligibility and documents to obtain	Information to check
<p>Eligibility:</p> <ul style="list-style-type: none"> • Maximum amortization of 60 months • Maximum amount of \$15,000 <p>Documents to obtain:</p> <ul style="list-style-type: none"> • Credit decision for a loan granted by NB or Written confirmation of the acceptance and the loan conditions, signed by an authorized representative of a recognized financial institution <p>NOTE The debt must be added to the balance sheet (liabilities) and the payment must be factored into the TDS calculation.</p>	<p>N/A</p>

Personal line of credit (PLC) and credit cards

Sagen and Canada Guaranty only

Eligibility and documents to obtain	Information to check
<p>Documents to obtain:</p> <p>Statement of account showing the balance and dated 45 days or less from the date of the first submission.</p> <p>IMPORTANT</p> <p>Expense to consider: current balance + borrowed downpayment (see Expenses factored into the GDS/TDS calculation)</p>	<p>N/A</p>

The debt (current balance + amount required for the downpayment) must be added to the balance sheet (liabilities). Payment to use: 3% of the balance (current balance of the line of credit or credit card plus the amount required for the downpayment)

Loan not from a financial institution

Sagen and Canada Guaranty only

Eligibility and documents to obtain	Information to check
<p>Eligibility:</p> <ul style="list-style-type: none"> • Source that is at arm's length and not tied to the purchase or sale of the property • Repayable over 60 months <p>Documents to obtain:</p> <ul style="list-style-type: none"> • Obtain proof of the lender's capacity to advance the amount based on the list of traditional sources of downpayment (e.g., savings, proceeds of the sale of a property) • Obtain a letter setting out the payment terms and conditions. <p>NOTE Calculate the TDS ratio based on a maximum repayment period of 60 months.</p>	N/A

Ineligible downpayments

- Downpayments cannot be replaced by an investment taken as security or collateral security.
- Vendor financing (balance of sale)
- Lease with option to purchase
- Tax refunds from a contribution to a Registered Retirement Savings Plan (RRSP) under the Home Buyers' Plan (HBP): cannot be used as the minimum downpayment, unless it has already been credited to the client's account
- A Locked-in Retirement Account (LIRA) cannot be used as the downpayment
- Any source that is not at arm's length or is tied to the purchase or sale of the property Here are a few examples:
 - cashback incentives or loans from the builder
 - cashback incentives or loans from the real estate agent, real estate broker or mortgage broker to the borrower affecting the sale price of the property
 - loans/gifts from the property seller
 - gifts from third parties who receive cash directly or indirectly from the seller or builder
- Cashbacks
- Cryptocurrencies (e.g.: Bitcoins)