

Financing your new

Buying a home is a major and often daunting decision. This is especially true fresh off the plane. Helen Willy, relocation consultant and realtor, takes so by explaining the different financing options open to you

ON'T OVERSTRETCH yourself. As an expat, I can see exactly how it happens.

When you see house prices in Canadian dollars it's easy to get caught on the wave. The danger is that Canadian salaries are typically lower.

Too much debt could mean you end up with no money after the bills have been paid to live the lifestyle you migrated for.

It is wise to proceed with caution when taking on a mortgage. There are many different options and it's vital to pick the one that best suits your circumstances. Here's an introduction to get you started. Home loans for migrants

A new migrant with Permanent Residency status can obtain financing on a home under CDN\$500,000 with a down-payment of 35 per cent of the purchase price. This will be subject to appraisal of the property and proof of where your deposit funds have originated from. In some instances, the down-payment can be reduced to 25 per cent, but I would strongly advise you to get this confirmed in writing and note what other qualifications are required.

There have been many instances where people are told this verbally but are then disappointed when they lose the home they've chosen because financing doesn't get approved.

Those with work permits can obtain the same type of loan but they need additional supporting documentation, such as a recent credit check conducted by their homeland credit bureau, a copy of their offer of employment and a copy of their work permit conditions.

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What loan is for you?

There are numerous different lenders and loan types, all with advantages and disadvantages, and it can be quite confusing for new migrants.

Mortgage brokers typically work with realtors and often pay a referral fee to the realtor for the business that they send them. Interest rates can be a little lower than with the major banks on initial enquiry, but typically what we have found is that payout penalties and other future incidentals can be painful. Read the small print and think about the future.

Most mortgages in Canada

are repayment mortgages. They can be on a fixed interest rate or variable interest rate. They can be closed for a set period of time (most common but with penalties on early redemption) or open.

We often recommend that new migrants take out a line of credit loan to the value of 65 per cent of their home. A line of credit offers awesome flexibility. With a line of credit you can put down any sum above the required 35 per cent, but at any point you can borrow up to the full 65 per cent available to you.

For example, you have CDN\$200,000 to put towards your new home and the house you want to buy is CDN\$300,000, then your deposit needs to be at least CDN\$105,000 (35 per cent) and your line of credit amount is CDN\$195,000. If you put the whole CDN\$200,000 down you will only pay interest on the amount outstanding. However, should the need arise you can access the extra CDN\$95,000 line of credit portion not currently being used.

With no knowledge of what your bills may be, or how long you may be out of work, the line of credit gives security in the knowledge that you can access some extra bucks as and when it becomes necessary. The beautiful thing about this is that if you don't use it you don't pay interest on it.

But be warned: if you don't have the will-power to resist accessing the unused portion of your line of credit except in an emergency, opt for a conventional repayment mortgage.

Another source of lending is a private lender or vendor take

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