



ARE YOU FINANCIALLY READY FOR A MORTGAGE?

Buying a home is one of the biggest financial decisions you will make, so it is important to know your current financial situation to be sure that you buy a home that you can afford.

Get Your Mortgage Pre-Approved

Getting your mortgage pre-approved will let you know what kind of house you can afford. It will make the search for your home easier and less time-consuming.

To get your mortgage pre-approved, you will need:

- your personal information, including identification such as your driver's license;
- details on your job and proof of your salary;
- information about your bank accounts, financial assets, current loans and other debts;
- how much your down payment will be and where the money is coming from; and
- Proof that you have enough money to cover the costs of closing the sale - usually between 1.5 - 4 per cent of the cost of the house.

Trouble Qualifying for a Mortgage?

Sometimes, after everything has been taken into account, you may find that you can't afford the house you want. If that happens, you may want to:

- Pay off some loans first.
- Save up a larger down payment.
- Revise your target house price.

The Importance of Your Credit Rating

Your credit history gives mortgage providers information on your financial past and how well you have paid your debts and bills.

If you have no credit history, it is important to start building one. This can be done, for example, by applying for a credit card.

If you have a bad credit history, you can still qualify for a mortgage as long as you have a guarantor – a person who meets the bank's or credit union's requirements, has a good credit history, and can guarantee your loan.

Income, Home Price and Down Payment

The table below gives you an idea of how much money you might be able to spend on a house, depending on your income and expenses.

Household Income	5% Down Payment	Maximum Home Price	10% Down Payment	Maximum Home Price	25% Down Payment	Maximum Home Price
\$30,000	\$3,900	\$78,000	\$8,200	\$82,000	\$24,700	\$98,800
\$50,000	\$7,500	\$150,000	\$15,800	\$158,000	\$47,400	\$189,600
\$70,000	\$11,050	\$221,000	\$23,400	\$234,000	\$70,100	\$280,400
\$90,000	\$14,400	\$288,000	\$31,000	\$310,000	\$92,800	\$371,200

This table assumes a mortgage interest rate of 8%, average tax and heating costs in Canada, and the mortgage and average Canadian would qualify for based on a 32% debt service ratio.

COASTAL COMMUNITY
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Providing smart financial solutions across Vancouver Island

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