

Article from CMHC.ca:

(Note: In March 2004 the requirement for any down payment was dropped by CMHC; updated article to come.)

Bringing Home Ownership Within Reach... with Mortgage Loan Insurance

For most people, the hardest part of buying a home — especially a first home — is saving the necessary down payment. If you have less than 25% of the purchase price to put down, you will be required to purchase mortgage insurance through your lender. Mortgage insurance protects your lender against payment default.

By providing Mortgage Loan Insurance to lenders, CMHC enables you to finance up to 95% of the purchase price of a home. This means you can buy a property with as little as 5% down. So if the cost is \$125,000, you would need a down payment of just \$6,250! CMHC Mortgage Loan Insurance has made home ownership possible for millions of Canadians.

How do you qualify?

Once the following conditions are satisfied, you are eligible for CMHC Mortgage Loan Insurance:

- The home which is to be occupied as your principal residence is located in Canada.
- You have a down payment of at least 5% of the purchase price of the property (7.5% for two-unit properties).
See • [Just 5% Down](#).
- Your home-related expenses do not exceed 32% of your gross household income.
See • [Calculating Gross Debt Service — GDS](#).
- Your total monthly debt load does not exceed 40% of your gross monthly household income.
See • [Calculating Total Debt Service — TDS](#).
- You are able to pay closing costs equivalent to at least 1.5% of the purchase price.
See • [Working Out Your Other Costs](#).

Just 5% down?

Yes, you can buy a home with a down payment of less than 10%:

Single-family dwelling: 5%

Two-unit dwelling: 7.5%

Minimum equity of 5% from your own resources is required. Gift down payments from an immediate relative are acceptable.