



Buying a Home – Hurdles for New Immigrants

While many new immigrants to Canada would like to take advantage of interest rates at near-historic lows and a surging real estate market, they often face barriers when buying a home.

A Statistics Canada report released earlier this year reveals a reversal in the percentage of immigrants owning their homes in the past 20 years. In 1981 home-ownership among working-age immigrant families in major Canadian cities exceeded Canadian-born workers.

By 2001 that trend had reversed, and the proportion of Canadian-born families owning their own homes exceeded the proportion of immigrant homeowner families.

One of the biggest challenges for new immigrants is establishing credit because they often don't have a financial history in Canada. Without a credit history, it can be a struggle to get mortgage financing from traditional financial institutions.

Another home ownership hurdle facing immigrants is that many financial institutions traditionally have insisted that new immigrants provide a down payment of at least 20% to 35%.

Nowadays, various lenders offer mortgage products specifically tailored to the needs of non-landed immigrants (or those who have been transferred to Canada by an employer) which feature a much lower down payment requirement – in some cases up to 97% financing is available – and modified rules regarding proof of credit history.

These mortgage products have been well-received in the marketplace, however, applicants must satisfy income and the other requirements to qualify such as bank references, history of paying rent, and proof of down payment.

Getting help through this process is invaluable. Having a professional mortgage consultant arrange credit references from foreign banks and confirming foreign income can help immigrants present their financial history so that it satisfies the lender.

Once the credit and financial position is established, the process for acquiring a mortgage is much easier and new immigrants can find themselves joining the millions of Canadians who own their own home.