Refinance and Debt Consolidation

It is possible to refinance up to 80% of the value of your home without relying on CMHC!

Thanks to the major appreciation in housing prices during the past 7 years, a variety of consumers have been able to take advantage of certain lender refinance programs. Even though the majority of people would not wish to refinance their home in order to pay out a line of credit or credit card debt or vehicle loan, this may be a wise option for certain individuals. It is a good idea to review this option in closer detail. The following is a quick checklist:

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a) Do you find yourself only capable of making minimum payments every month? Are you exhausted and stressed out from making 4 or 5 or multiple payments every month?

b) Are these additional creditors charging interest rates which are substantially higher than the current mortgage rates of today?

c) Do you wish you had extra funds to purchase bonds or stocks and additional investments?

If you have answered yes to any of the above checklist questions, it would be a good idea to further discuss your ability to take equity out of your property for reasons including debt consolidation, asset enhancement, renovations and combining first and second mortgages. It is important to discuss your financial options with someone who is qualified and whom you trust. Make an appointment with a professional consultant in order to have these program options explained in detail. Every individual circumstance is unique and it is vital that you understand your specific situation so that you can make the choice that is best for you and your family.

Remember that even if your initial mortgage was insured, you only pay the insurance premium on the new funds borrowed.

Requirements for Re-financing include:

1) **Acceptable Loan Purpose**
This program excludes mortgages for default management purposes. There are multiple advances possible to a maximum of two.

Refinance purposes include: debt consolidation, investment purchases, combining 1st and 2nd mortgages, renovations and asset enhancement. The refinance loan is available for extended amortizations of up to 30 years.

2) **Eligible Properties**
Owner occupied properties including: investment properties or secondary homes with a maximum of 2 units; existing properties and not for new construction; maximum 4 units with at least 1 unit occupied as the principal residence.

3) **Loan-to-Value Ratio Limits**
LTV or loan-to-value is the relationship between the property value and the principal balance of a mortgage. For instance: if you have an $85,000 loan and a home valued at $100,000, you have a 85% LTV, as determined by $85,000 divided by $100,000 = 85%. For this particular program, the maximum LTV or loan-to-value ratio is 80%.

4) **Amortization Options**
This option is available for extended amortizations up to 30 years; for example, currently uninsured conventional mortgages.