Divorced/ Separated?

Learn What Comes Next for Your Home

Whether you are going through a divorce or ending a common law relationship, separation is never easy... especially when most individuals feel as though they have no choice but to sell their home and split the equity. Fortunately, there is another way.

The Spousal Buy-Out Program is backed by all three of Canada's mortgage insurance providers (Canada Mortgage and Housing Corporation, Sagen and Canada Guaranty) and was designed to allow one party to refinance the shared home up to 95 percent of its appraised value!

With your needs in mind, this program will not only allow you to bring on a cosigner to assist with the buyout, but it can also be used to pay off additional debts beyond the separation agreement. However, it is important to note that both you and your ex-partner must currently be on the deed to the property in order to qualify.

If you are separating from your spouse or partner and would really like to hold onto your shared home, there are a few things you will need:

An Appraisal: This may have been obtained with the Equalization of Assets, but some lenders require these to be ordered by a third party. It must also have been produced within 90 days (less with some lenders) to ensure accuracy.

A Signed Separation Agreement: The lender must be provided a signed copy of the separation agreement, which outlines the allocation of assets.

An Agreement of Purchase and Sale: A standard agreement of sale indicating the new ownership.

An Employment Letter or Recent Pay Stub: This is required so the lender can verify your ability to manage your mortgage payments.

Debt Payout List: This is a one-time optional feature that allows you to buy out the other owner's share of equity and/or to pay off joint debt as explicitly noted in the separation agreement.

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