

Spousal Buyout Program FAQ's

Is a finalized separation agreement required?

Yes. In order to qualify, you will be required to provide the lender with a copy of the signed separation agreement. The details of asset allocation, child support and alimony payments must be clearly outlined.

Can the net proceeds be used for home renovations or to pay out loans?

No. The net proceeds can only be used to buy out the other owner's share of equity and/or to pay off joint debt as explicitly agreed upon in the finalized separation agreement.

What is the maximum amount that can be withdrawn?

The maximum equity that can be withdrawn is the amount agreed upon in the separation agreement to buy out the other owner's share of property and/or to retire joint debts (if any), not to exceed 95% of the value of the property.

What is the maximum permitted Loan to Value?

Maximum Loan to Value is the lesser of 95% or Remaining Mortgage + Equity required to buy out other owner and/or pay off joint debt (which, in some cases, can total < 95% LTV). The property must be the primary owner occupied residence.

Do all parties have to be on title?

Yes. All parties to the transaction have to be current registered owners on title. The solicitor is required to do a title search to confirm.

Do the parties have to be a married or common law couple?

No. The current owners can be friends or siblings. This is considered an exception with insurer approval. In this case, as there won't be a separation agreement, there is a standard clause that can be included in the purchase contract that outlines the buyout.

Is a full appraisal required?

Yes. When considering this type of a mortgage, it is similar to a private sale and a physical appraisal of the property is necessary. You should budget \$350-\$450 in appraisal fees.

