

How to Get a Mortgage After Bankruptcy

Filing for bankruptcy or a consumer proposal isn't a financial life sentence. There are ways to get the mortgage you need to buy the home you want.



1

Build Your Down Payment

Your credit rating may be dismal, but a large down payment may be enough to convince a lender you're worth the investment. Now that some of your debt-load (and interest payments) have likely been lifted, use the extra income to save your cash and improve your financial position. The bigger the down payment the better in this case.

2

Pay On Time, All The Time

Never miss a payment again. After filing for bankruptcy or a consumer proposal, your ability to manage credit will be placed under a microscope. The best way to recover is to be the perfect borrower. Make your minimum payments on all bills and keep outstanding balances on cards and lines of credit to a minimum. Not doing so will be a huge red flag for lenders.

3

Improve Your Credit Score

A mortgage is a big investment for a lender, but there are smaller steps you can take to improve your credit score ahead of time. Take out an RRSP loan, apply for a secured (pre-paid) credit card, or apply for a car loan. Your credit rating plays a huge role in a lender's decision to give you a mortgage, so focus on establishing a good track record post-bankruptcy.

4

Wait It Out (But Not That Long)

You may not have to wait for your bankruptcy to disappear from your record to secure a mortgage. Most prime lenders (the ones with access to those low interest rates) will consider your mortgage application two years after your bankruptcy discharge. At this time, you'll also need to prove you've re-established credit and kept yourself in good standing.

Have questions? Call me today!

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