



## Equity Edge™

### New Home Deposit Bonds

Purchasing a new home is one of the largest investments you will make. When purchasing a new home, substantial deposits are typically required by the builder. The **EQUITY EDGE™ New Home Deposit Bond** can assist you with a **portion** of your deposit, allowing you to partially defer payment of this until the closing date of the sale.

Whether this is your first home, or you are selling an existing home, you will need to have sufficient cash to satisfy the down payment/deposit requirements of the builder. The builder's representative will work with you to determine the amount required, specific to your needs and circumstances. To raise this cash amount, most purchasers use three sources to provide the cash down payment:

- cash in the form of savings or investments;
- cash from the use of funds withdrawn under provisions of your RRSP; and/or
- cash from equity proceeds from the sale of your existing home.

Depending on the home you are buying, your possession date could be immediate or many months away. In the case of the latter, and in order to satisfy the builder's deposit requirements, you may find yourself having to liquidate investments, withdraw interest bearing RRSP or TFSA funds, or seek interim financing while you await the proceeds from the sale of your existing home to be finalized.

Here is a quick calculation to demonstrate how **EQUITY EDGE™** could satisfy **part** of your deposit, minimizing the necessity of other more drastic options as bridge financing, which could require you to post additional security, or cashing in interest-generating investments prior to possession.

For Example - Purchase Price of New Home: \$400,000	Total Deposit Required (15%): \$60,000
<b>Deposit Schedule</b>	
Initial Cash Deposit (due immediately)	\$20,000
Second Cash Deposit (due within 30 days)	<u>\$20,000</u>
Total Cash Deposit (10%)	\$40,000
<b>Equity Edge™ New Home Deposit Bond (5%)</b>	<b>\$20,000</b>
<b>Total Cost of Bond</b>	
Application Fee \$100.00 + Premium* (one-time 3.5%) \$700.00 = <b>\$800.00</b> for Bond in the amount of <b>\$20,000</b>	
<b>At completion the bonded amount of \$20,000 is due payable to the builder.</b>	

**\*Premium:** For closings less than 12 months away, the one-time premium is 2.5% of the Bond Amount. For closings between 12 and 24 months away, the one-time premium is 3.5% of the Bond Amount. For closings greater than 24 months away, the one-time premium is 4.0% of the Bond Amount.

If you are interested in using Equity Edge™, please contact an Equity Edge™ underwriter at the Toll Free number below or [equityedge@travelers.com](mailto:equityedge@travelers.com).

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