



# Put the Past in its Place: How to Get 100 Percent Mortgage Financing after Bankruptcy

Going through bankruptcy has been a topic of confusion and concern for people who are thinking of purchasing or already own a home. There are two overstated facts concerning bankruptcy and home ownership. The first is that once you've claimed bankruptcy, it's almost impossible to get another chance to purchase a mortgage for at least seven years after the completion of the bankruptcy process. The second is that if you currently own your own home, once you have filed bankruptcy you will have to give up possession of that asset. Both these myths are false.


The truth is that within two years of being discharged from bankruptcy, you can indeed get 100 percent financing for an approved mortgage. The best way to start in this rebuilding process is to get back to building your credit as soon as you have been discharged from the bankruptcy. I have worked with many clients who have gone through bankruptcy and cut up all their cards, and now only pay in cash. However, that philosophy doesn't work in today's society if you are looking to move toward owning your own home and building your net worth.

There are mortgage lenders who will give you another chance, provided that you are building

credit with very few flaws this time around. The best way is to start small by getting a loan or credit card and diligently working away at increasing your credit limit. For example, use the credit cards every month and pay them off on time. By paying your credit card on time for a few months, the financial institution will likely offer to raise your credit limit. The trick is to keep doing this until you get a credit limit of at least \$1,500. The reason for this is that the minimum credit

any mortgage lender will want to see is at least twelve months of reestablished credit, with one loan or credit card with a minimum of \$1,500 credit in good standing for a few months.

The simple reason for this is that mortgage lenders want to make sure you are now able to keep regular spending habits before they lend you hundreds of thousands of dollars. The best advice is to realize your own particular present situation and work away at bringing about the result you wish to accomplish.

For more information on building credit, see my January 2006 Vancouver View article at [www.grantpowell.ca/Articles.php](http://www.grantpowell.ca/Articles.php). 

*Grant Powell is a true local, born in the heart of this beautiful city. He is a mortgage expert with Dominion Lending Center in the Yaletown and Kitsilano areas. If you have question or concerns about an existing mortgage or are looking to qualify for a new mortgage, contact him at [grant@viewmagazine.ca](mailto:grant@viewmagazine.ca) or visit [www.grantpowell.ca](http://www.grantpowell.ca).*