

PURCHASE POWER

Green Square Vert, Kelowna, BC

A low-cost alternative to cash deposits when buying your new home



Purchase Power Guarantee

(subject to the purchaser paying a minimum of 5% initial cash deposit to the seller)

- Can be issued for all or part of the deposit amount required, up to 5% of the purchase price
- Acts as a substitute for the cash deposit required by the Buyer of a residential property when signing an Agreement of Purchase and Sale
- Buyers may want to split their deposit between cash and a Purchase Guarantee

Short-term Purchase Guarantee

For closing dates up to six months

Long-term Purchase Guarantee

For closing dates between six and forty-eight months

Benefits for Buyers

- The Buyer is able to keep their investments earning interest and avoid the expense of bridge financing.
- Buyer can say goodbye to other time consuming and expensive options such as home equity lines of credit or the sale of other securities and assets.





How it works

For Buyers

Apply

Securing a Purchase Power Guarantee is easy. The Buyer fills out the application form. Once approved, a Purchase Power Guarantee Certificate in PDF format is provided to the Buyer.



Offer to Purchase

The Buyer uses the Purchase Power Guarantee Certificate as part of the deposit required when making an offer to purchase a property.



Closing Day

The Purchase Power Guarantee Certificate is held by the Seller's real estate agent or lawyer until closing. At closing, the Buyer simply pays the full purchase price including the deposit amount.





What happens if the offer is not accepted?

The Purchase Power Guarantee can be reissued to support a new offer.

- Purchase Power Guarantee can be used for each sequential offer for the period or term, i.e.: 6 months, 18 months, 24 months, 48 months until an Agreement of Purchase and Sale has been completed by the Seller and Buyer.
- Real Estate agent shall advise Purchase Power that the applicant's offer was not accepted, and provide an update with the details of the new offer when available.
- The Purchase Power Guarantee fee is non-refundable. (Except if within 10 days of signing the Agreement of Purchase and Sale, the Purchaser provides in writing to the Vendor notice of termination of the Agreement of Purchase and Sale, then the Pensio Purchase Power fee shall be returned to the Purchaser in full, without any deduction).





What if the Buyer defaults under the terms of the Agreement of Purchase and Sale?

The Purchase Power Guarantee offers a safe and assured alternative to securing a quick sale with a deposit up to \$500,000.

- Should the Buyer default under the terms of the Agreement of Purchase and Sale, the Seller has the ability to call on the Purchase Guarantee. The guarantor, Pensio Purchase Power, is legally obliged to pay the guaranteed amount to the Seller named in the Agreement of Purchase and Sale within five business days.
- The process effectively puts the Seller and the Buyer in the same position as if a cash deposit had been provided by the Buyer.

When should I get a Purchase Power Guarantee

(subject to the purchaser paying a minimum of 5% initial cash deposit to the seller)

Acceptable Purposes

- Used for all or part of the deposit required, up to 5% of the purchase price.
- Purchase established residential property.
- New residential homes.
- Property purchases with closing dates of up to 48 months.

Suitability

- First Time Home Buyers who do not have the full cash deposit available.
- Buyers who sold their existing property, but the funds are not yet available.
- Buyers with funds tied up in existing property or other investments.
- Investors.







Qualification process

Existing Homeowners

- Loan approval from approved lender.
- Evidence of funds accessible prior to the closing date, such as savings, a fixed term deposit or share certificates; if selling a property, a copy of the Agreement of Purchase and Sale for property to be sold.
- Your solicitor's details.

Home Equity Assessment Option

- Equity in home equal to the Purchase Power Guarantee amount with evidence of ownership.
- Your solicitor's details.

First Time Home Buyers

- First Time Home Buyers must provide proof of funds, proof of equity, or provide a Guarantor.
- Guarantor must be a family member of one of the applicants and must own a residential property with equity equal to the amount of the Purchase Power Guarantee.

Purchase Power Fees

- Purchase Power Guarantees can be a low cost alternative compared to other options such as overdrafts, bridge financing or short-term loans.
- The fee is calculated on the Purchase Guarantee amount and the term of guarantee required.
- The Purchase Power Guarantee fee is non-refundable.

Short-term Purchase Guarantee

up to 3 months: 4%
3 months to 6 months: 4.5%

Long-term Purchase Guarantee

7 months to 12 months: 5.5%
13 months to 18 months: 6.5%
19 months to 48 months: 7%

Example

The Buyer has recently finalized a condo purchase in November, 2022 and the closing date is in 2023. They are required to pay 10% as part of the deposit structure in accordance with the Agreement of Purchase and Sale.

Before Purchase Power, the options available to the Buyer have included breaking their investments like RRSP's, selling their home or opening a Line of Credit.

Now, with the Purchase Power Guarantee, the Buyer is only required to pay 5%. The remaining 5% is covered by the Purchase Power Guarantee and the cash obligation is deferred until the 2023 closing date.

Purchase Price: \$700,000

Independant Purchase

First Deposit (5%): \$35,000

Second Deposit (5%): \$35,000

Total Cash Payment: \$70,000

With Purchase Power

First Deposit (5%): \$35,000

Second Deposit via 5.5% Purchase Power Fee: \$1,925

Total Cash Payment: \$36,925

Amount covered by Purchase Power (5%): \$35,000

Program Benefits

- Ease the burden of the initial cash down payment.
- Keep your money which is not invested as a down payment earning interest elsewhere.
- Remove unnecessary interest payments on a line of credit you may have taken without Purchase Power.
- Invest in multiple properties instead of buying a single property.





Apply direct



Need help?

To find out more, simply click on Inquire Now and one of the Purchase Power Guarantee Team members will assist you.



Get a Quote

To get a quote, contact one of our Purchase Power Guarantee Team members and they will be happy to assist. Fee is paid upfront and based on the guarantee amount and term required.



Closing Day

Instantly or within 24 hours for existing property purchases. Up to 48 hours for New Build Pre-Construction projects.



Get in touch!

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