First-Time Home Buyers' Guide

SASCU





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Where to start?

Start right here.

Purchasing a home is a big deal. For most people, it's the biggest purchase of their lives. While it can seem overwhelming to start considering all the aspects and costs of owning a home, it can also be an exciting process.

Consider your priorities.

Are you looking to purchase a home with a partner? How many bedrooms do vou need? Is a garden or secondary suite important to you?

Buying a home forces you to consider some big picture goals, like whether or not you may be considering having children or needing space to expand - for a future suite or office space for a home business, for example.

Having a strong understanding of your **needs** versus wants in a home will help narrow down your search when you're beginning to shop. It will also help you understand what you'd be willing to compromise on.

NEEDS	WANTS
Two bedroomsA kitchen with ample counter spaceLots of storage	A workshopA small garden



Affordability

Understanding your budget vs. how much you can afford

You don't have to be a finance expert to understand the importance of a budget. What's important to understand when it comes to owning a home is knowing the difference between how much you CAN spend and how much you SHOULD spend.

Many people assume that income is the only factor that comes into play when it comes to owning a home. And while being able to show a steady history of employment in any occupation helps strengthen your mortgage application, income is not the only factor that determines your home affordability.

Tip: Try our **mortgage affordability calculator** (link on page 9) to get an idea of what you can afford based off your current income.

What you can afford ultimately comes down to:

- Your annual household income
- The monthly mortgage payment amount you can (comfortably) handle
- The amount of existing debt or other payments you might have (student or car payments)

Budgeting

Gross Income

Sources of income from your household.

Monthly Income - #1 Monthly Income - #2 Other Income (rental, etc)

TOTAL

Your Current Expenses

Review your monthly costs and look for ways to spend less or save more.

Groceries Medical (dental, prescriptions, vision) Child care, child support Insurance (life, rental) Vehicle costs (gas, insurance, parking) Any debts (credit card, LOC, car loan) Entertainment (subscriptions, dining) Clothing Savings (money put aside monthly) Personal/other

TOTAL

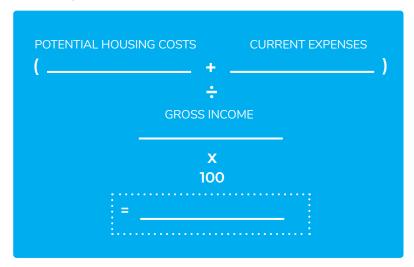


Potential Home Expenses

How would homeownership fit into your expenses?

Mortgage payment estimate (try our	
payment calculator above!)	
Home Insurance	
Property Taxes (check city website)	
Utilities (electricity, water, heat)	
Strata (Condo) Fees	
TOTAL	

Calculate your Total Debt Service Ratio below:



Your current debt load should be no more than 40% of your gross income.

Down payments

Speak with a professional early on

For many, a down payment can be the biggest barrier to owning a home. Depending on where you live, in the city versus a suburban or rural area - the time it takes to save for a down payment may be longer if the cost of living in your area is higher. It's important to connect with a financial professional early on. so they can support you with meeting your down payment and home saving goals.

Down Payments

For a home purchase, you will need a cash down payment that is a minimum of 5% of the purchase price. If you have a down payment between 5% and 20% you will need insurance to protect the mortgage lender. The cost of insurance can be included in your mortgage payments. If you have a down payment of more than 20% you will not need insurance.



Mortgages

A mortgage is a loan you get to purchase property. As a first time home buyer, it's important to understand how your mortgage works.

Amortization Period

The length of time used to pay off your mortgage. A longer amortization means smaller monthly payments, whereas a shorter one means higher payments. Amortization periods can be up to 30 vears.

Interest Rate Type

The amount a lender (financial institution) charges you to borrow money. The rate is a percentage of the total amount borrowed.

Fixed Rate

An interest rate that remains the same for the full term.

Variable Rate

An interest rate that fluctuates with the Bank of Canada Prime Rate.

Payment Schedule

The recurring payments set up by you and your lender to pay off your mortgage. Can be monthly, semi-monthly, bi-weekly, weekly, or accelerated weekly or bi-weekly.

Terms

The period in which the mortgage agreement (and financing terms) have been written for. Mortgage terms typically range from 6 months to 7 years.

Open Term

An open term mortgage lets you make payments ahead of schedule without a penalty. You have the ability to choose a term of 6 months to 5 years. Interest rates are typically higher on open mortgages.

Fixed Term

With a fixed term mortgage, your payments and interest rate stay consistent throughout the term. You have the ability to choose a term of 6 months to 10 years.

Mortgages (Cont'd)

Maturity Date

The date in which the term of the mortgage expires, where the mortgage must either be paid out in full or renegotiated for another term.

Agreement of Sale

The formal document between the seller and you, the purchaser, prepared by a lawyer for registration.

Closing Date

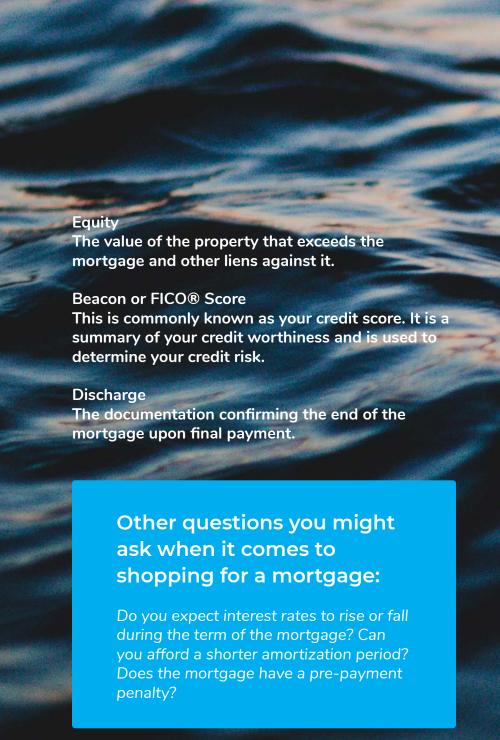
The date on which the sale of the property becomes final, and the new owner takes possession. At this time, all costs and charges to close the deal are payable.

CMHC

Canada Mortgage and Housing Corporation is the federal Crown corporation that administers the National Housing Act and sells mortgage loan insurance.

HELOC

A home equity line of credit is a type of credit that allows you to borrow money using your home equity as collateral. The money can be used for any purpose. It must be paid in full if the property is sold.



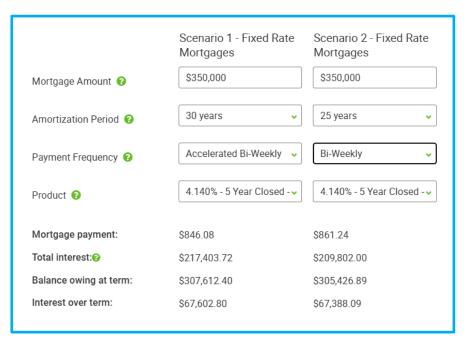
Mortgage Payment **Schedules**

Customize the way your mortgage is paid off

Setting up your payment schedule is something that's determined by your own comfortability and your lender. These payments can be set up monthly, semimonthly, weekly, bi-weekly, or accelerated weekly/ bi-weekly.

Accelerated Payments

Often you can arrange to make weekly or bi-weekly payments instead of paying monthly. These options allow you to reduce the length of time it takes to pay off your mortgage if you can afford the extra payments.



Try our Mortgage Comparison Calculator here:



First-Time Home Buyer Perks

First Home Savings Account

The First Home Savings Account (FHSA) is a fairly new type of registered account available to Canadians. Your money grows faster than it would in traditional savings account because your contributions, interest earnings, and eventual withdrawal for a home are tax-free. You can make tax-deductible contributions of up to \$8,000 annually and have the ability to combine with your Home Buyers' Plan for a larger downpayment. The main difference between an FHSA and a HBP is that the HBP requires you to repay your withdrawn funds, whereas the FHSA doesn't require any repayment.

Home Buyers' Plan

The Home Buyers' Plan is a program that allows you to withdraw money from your Registered Retirement Savings Plan (RRSP) to buy or build a qualifying home, as a first-time home buyer. The current limit in Canada is a withdrawal of up to \$60,000.

Did you know?

It takes an average of 4.2 years for home buyers in Canada to save for a down payment, with 30% of buyers receiving a gift to help with the cost.*

NEW Borrowed Down Payment Program

One way to get into the housing market sooner is to take advantage of non-traditional payment methods. This newly introduced program, offered by the Canadian Mortgage and Housing Corporation (CMHC), allows borrowers to borrow up to 50% of a down payment on a home. See if this program could be right for you by speaking to a financial advisor.

BC First Time Home Buyers' Program

The first time home buyers' program reduces or eliminates the amount of property transfer tax you pay when you purchase your first home.

To see if you qualify for a full or a partial exemption from the tax please visit the following link:



*CMHC. (2025). "2024 CMHC Mortgage Consumer Survey": The state of home buying in Canada. https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/surveys/mortgage-consumer-surveys/2024-mortgage-consumer-survey