

# 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 you 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
<ul style="list-style-type: none"><li>• Two bedrooms</li><li>• A kitchen with ample counter space</li><li>• Lots of storage</li></ul>	<ul style="list-style-type: none"><li>• A workshop</li><li>• A small garden</li></ul>



# 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	<input type="text"/>
Monthly Income - #2	<input type="text"/>
Other Income (rental, etc)	<input type="text"/>

TOTAL	<input type="text"/>
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## Your Current Expenses

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

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

TOTAL	<input type="text"/>
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Scan the following QR Code to see a personalized estimate for your monthly mortgage payments.



# 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:

POTENTIAL HOUSING COSTS

CURRENT EXPENSES

( + )

÷

GROSS INCOME

X

100

=

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 years.

## 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.



### Equity

The value of the property that exceeds the mortgage and other liens against it.

### Beacon or FICO® Score

This is commonly known as your credit score. It is a summary of your credit worthiness and is used to determine your credit risk.

### Discharge

The documentation confirming the end of the mortgage upon final payment.

## Other questions you might ask when it comes to shopping for a mortgage:

Do you expect interest rates to rise or fall during the term of the mortgage? Can you afford a shorter amortization period? Does the mortgage have a pre-payment penalty?














# 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, semi-monthly, 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.

	Scenario 1 - Fixed Rate Mortgages	Scenario 2 - Fixed Rate Mortgages
Mortgage Amount 	<input type="text" value="\$350,000"/>	<input type="text" value="\$350,000"/>
Amortization Period 	<input type="text" value="30 years"/> 	<input type="text" value="25 years"/> 
Payment Frequency 	<input type="text" value="Accelerated Bi-Weekly"/> 	<input type="text" value="Bi-Weekly"/> 
Product 	<input type="text" value="4.140% - 5 Year Closed"/> 	<input type="text" value="4.140% - 5 Year Closed"/> 
Mortgage payment:	\$846.08	\$861.24
Total interest: 	\$217,403.72	\$209,802.00
Balance owing at term:	\$307,612.40	\$305,426.89
Interest over term:	\$67,602.80	\$67,388.09

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>





