Home Buyer's Guide

A resource to help guide you through the home-buying experience, *from start to finish.*

Dominion Lending
CENTRES

Check-out this easy-to-follow Homebuyer Guide for the low-down on what to do next!

Ready to get started? Contact me today for more information, and to book your appointment.

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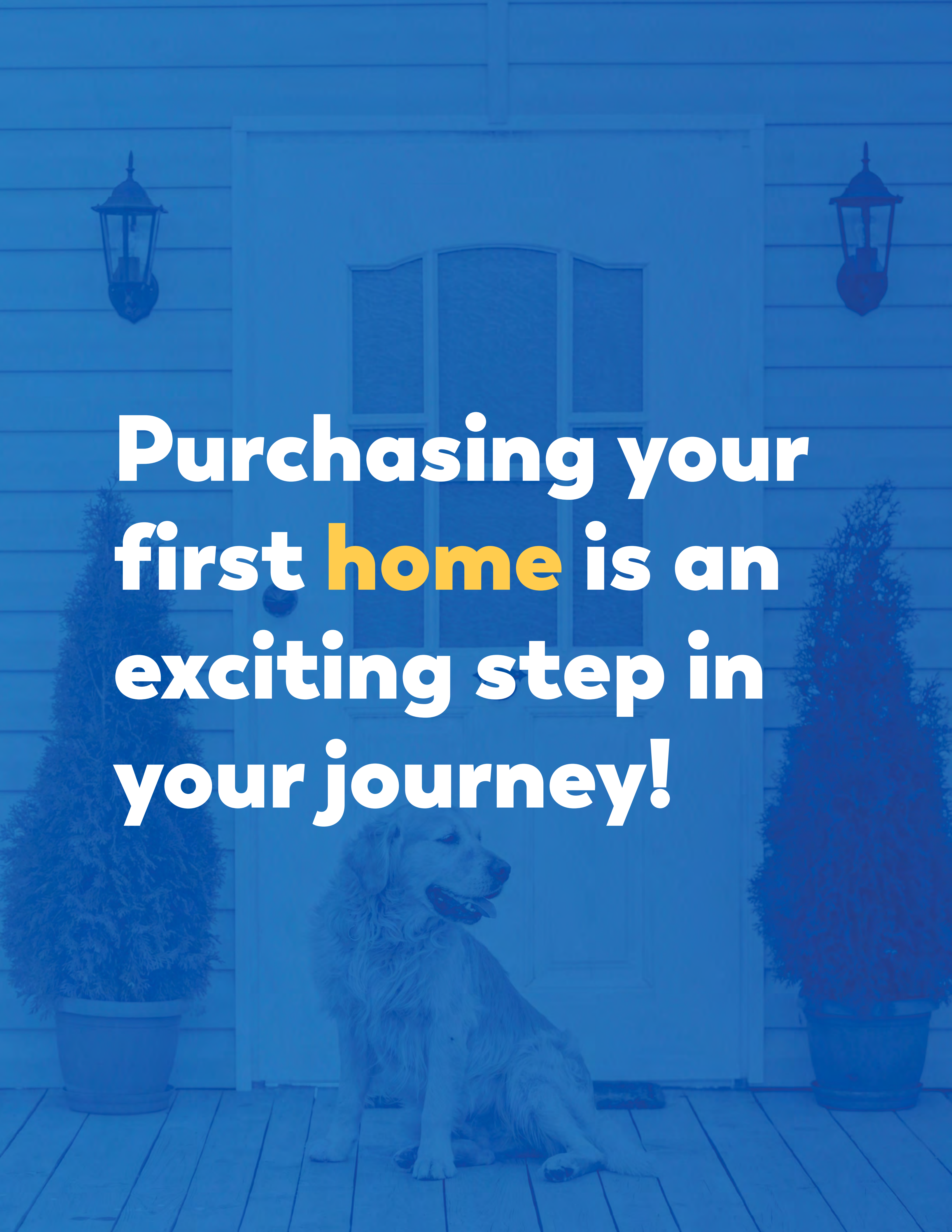


Purchasing your first home is an exciting step in your journey!

My Service Pledge to You

Whether you're looking at a condo, townhouse, rancher or a two-story property, there is nothing quite like your first home! However, the mortgage process can be intimidating - and that's where I come in.

As your dedicated mortgage professional, I will work with you to arrange your mortgage financing. My pledge is to provide you with top-notch service, extensive options and unbiased advice to ensure you are on the right path - now and into the future. With access to hundreds of lending institutions offering competitive rates and a variety of mortgage products, I shop the market to present YOU with the best mortgage option to suit your unique needs.

YOUR PROFESSIONAL TEAM

Congratulations on making the first step towards homeownership! Before you begin, I wanted to introduce you to professionals (outside of me!) who will help you along the way:

Realtors: Partnering with a realtor saves you time and money, while navigating the home buying process. A good realtor will work with you to understand your wish list and provide you access to properties that haven't hit the market, as they understand your search area, trends and bidding strategy. Not to mention, a good realtor can save you money and help to ensure you secure your dream home in a competitive market.

Lawyer/Notary: Once you find your dream home and secure financing, you will need the expertise of a lawyer/notary to draw up the mortgage documents and register them for you. This is the last step in the home buying process, but it is vital that it is handled with care. I would be happy to make an introduction with one of my partners when the time is right.

Insurance Provider: Once you have confirmed the purchase of your home, you will need to purchase home insurance in order for the home to close. Partnering with a good insurance provider can make all the difference and ensure you receive the right coverage for your contents and space!

Mortgage Tip

Whenever possible, have an inspection done so that you're completely informed about what you can't see behind the walls.

Surrounding yourself with **professionals** will make the process seamless.

Mortgage Preparation

One of the most important factors in home ownership is understanding your budget and determining how much you can afford to ensure you find the perfect home in your price range. When talking about budget, it is important to consider the purchase price budget, as well as your cash flow budget.

So, what's a cash flow budget you ask? Take into consideration monthly funds that go beyond just your mortgage payment.

Costs to consider:

- Property Taxes
- Home Insurance
- Condo or Strata Fees
- Heat
- and more!

Being house rich and cash poor can limit your ability to enjoy not only your home but experience life outside its four walls. The home you can comfortably afford may be dramatically different once you make a cash flow budget. You should always make sure you are comfortable with the monthly fees based on your situation today.

To help determine your budget, download the My Mortgage Toolbox app from Google Play or the Apple iStore. This handy tool will help you calculate mortgage payments, affordability, income required to qualify and even estimate your closing costs! It also allows you to connect directly with me through the app so that I can answer any questions you have right in the palm of your hands!

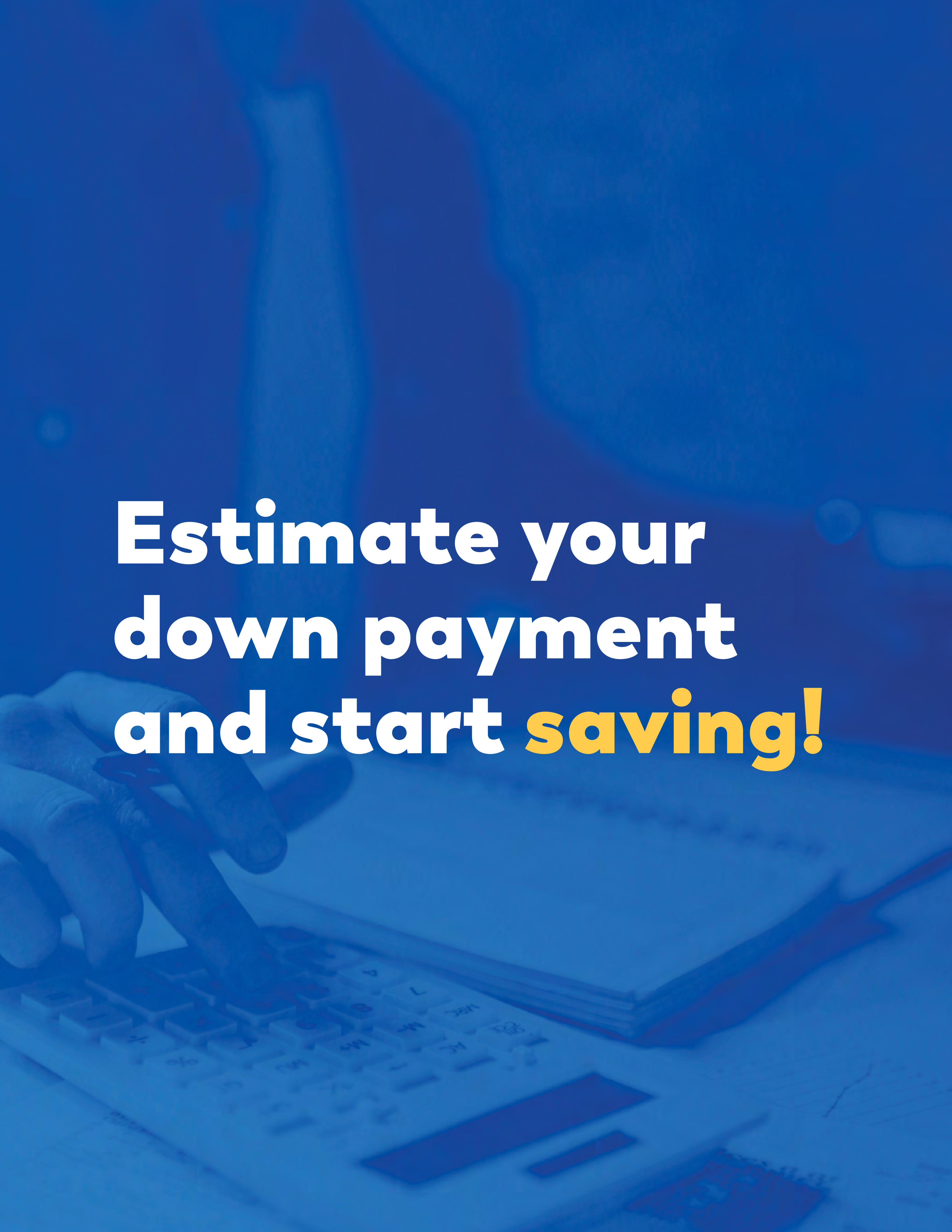
Another feature of my app is the ability to get pre-qualified within 60 seconds! This is a great next step to getting you on the road to homeownership as it ties into your budget, and will confirm what you can afford by providing you with an estimate on your maximum purchase price.

Once you have your budget and pre-qualification in hand, connect with your realtor and start shopping the market!

Mortgage Tip

Before shopping for a home, it's important to understand the maximum purchase price you can afford.


MMT.
my mortgage toolbox
Total Monthly Cost
Accurately calculate the total cost of a purchase to determine if you can afford it
Get Started
tab
caps lock
shift
control



Estimate your down payment and start saving!

Down Payment Options

Your down payment is the amount of money you need to put down on your new home. Once you have determined your budget, you will have an accurate idea of the final cost of the home you can afford. This will allow you to estimate your down payment and start saving!

The ideal down payment for purchasing a home is 20%. However, I know in today's market that it's not always possible. Therefore, if you have less than 20%, you must account for default insurance.

Did you know? If the purchase price is less than $500,000, the minimum down payment is 5%. If the purchase price is between $500,000 and $999,999, the minimum down payment is 5% of the first $500,000, and 10% of any amount over $500,000.

For properties valued at over $1M, you must have a minimum down-payment of 20%.

Sources of Down Payment: You have several options when it comes to your down payment.

- Your own savings account or RRSP's. Thanks to the Federal Government's Home Buyer's Plan, first-time homebuyers are able to leverage up to $60,000 from your individual RRSP's (maximum of $120,000 for a couple)
- A gift from an immediate family member

NOTE: *If your down payment comes from a savings account, TFSA or RRSP, the bank will want 90 days of statements to ensure the funds are accounted for. Gifted funds rarely require 90 days of proof.*

It is always a good idea to check with me for qualifying criteria and availability to ensure your source of down payment is eligible.

Mortgage Tip

Don't be house rich and cash poor! Allow approximately 32% of your household monthly income before deductions to cover your monthly mortgage payment (including property taxes, heating costs and half of any maintenance fees).

First Home Savings Account (FHSA)

The First Home Savings Account (FHSA) is specifically designed to help first-time homebuyers save for their down payment without having to pay taxes on the interest earned on their savings.

This means that the interest earned on the savings in the account is not taxed, nor are withdrawals from the account. Plus, since your contributions to this account are not taxed, your money will have the opportunity to grow faster in an FHSA than a traditional savings account.

If you are interested in creating a FHSA, there are a few things to note:

- This savings account is eligible to Canadian residents who are at least 18 years of age.
- You are a first-time homebuyer - you and/or your spouse or common-law partner have not owned a home where you lived in the year in which you open the account or at any time in the previous four years.
- Allows you to contribute tax-free for up to 15 years.
- The maximum contribution is $8,000 annually, plus up to $8,000 of your unused contribution room*.
- Maximum lifetime contribution limit is $40,000.
- Setting up automatic contributions can help you stay on track.

*You can carry forward any unused FHSA contribution room from the prior years up to a maximum of $8,000 (subject to your lifetime contribution limit of $40,000). Therefore, if you contribute less than $8,000 in a given year, you can contribute the unused amount in a subsequent year in addition to the $8,000 annual contribution limit for that year.

If you are interested in setting up an FHSA or learning more, reach out to me today!

Another thing to consider is combining the First Home Savings Account (FHSA) with the Home Buyers' Plan (HBP) to help you purchase a qualifying home. See next page for more details!

The Home Buyers' Plan (HBP)

Did you know? The Canadian government has a program known as the Home Buyers' Plan (HBP), which is designed to allow first-time home owners to withdraw up to $60,000 from RRSP for the purpose of buying a home! Purchasing with your spouse? You can access a total of $120,000 from your RRSP's.

The Home Buyers' Plan is designed as a self-loan, whereby the buyer must repay their RRSP over 15 years should they utilize it for a first home. If the funds are not paid back within 15 years, a portion of the funds withdrawn will be taxed as income each year until paid. This repayment period starts the second year after the year when you first withdrew funds from your RRSP(s) for the HBP; for instance if you withdrew funds in 2024, your first year of repayment will be 2026.

In order to qualify for this plan, you must meet the following criteria:

- Must be a first-time home buyer
  - You are considered a first-time home buyer if, in the four-year period, you did not occupy a home that you owned, or one that your current spouse or common-law partner owned.
  - If you recently were divorced or separated, you can qualify as a first-time buyer again assuming you have been living separate and apart from your spouse or common-law partner for at least 90 days and are not living in a home owned by a new partner or spouse at the time of withdrawing funds.
- Must have a written agreement to buy or build a qualifying home.
- You must be a resident of Canada when you withdraw funds from your RRSPs under the HBP and up to the time a qualifying home is bought or built.
- You must intend to occupy the qualifying home as your principal place of residence within one year after buying or building it.

In addition, if you have previously participated in the HBP, you may be able to do so again if your repayable HBP balance on January 1st of the year of the withdrawal is zero and you meet all the other HBP eligibility conditions.

If you are interested in learning more about The Home Buyer's Plan or other first-time homebuyer support, reach out to me today!

Mortgage Insurance

Mortgage default insurance is designed to protect the lenders from any losses should there ever be a foreclosure.

Purchasing a home with less than 20% down means you will need default insurance. This amount is calculated based on your loan-to-value ratio (mortgage loan amount divided by the purchase price). The insurance premium is typically added to your regular mortgage payment meaning there are no out of pocket expenses. If preferred, the premium can also be paid as a single lump sum.

***NOTE**: Some additional insurance measures that are required are title insurance, mortgage protection insurance and property + fire insurance. In addition, some provinces require a tax on the insurance premium, which is payable at your lawyer/notary office.*

For more information on the three Canadian providers, click on the websites below:

- Canada Mortgage and Housing Corporation (CMHC)
  www.cmhc-schl.gc.ca
- Sagen
  www.sagen.ca
- Canada Guaranty
  www.canadaguaranty.ca

Mortgage Tip

Get pre-approved for a mortgage! This does not guarantee the mortgage but can help determine your budget, lock in a rate and assist with putting in a competitive offer by reducing the subject to financing!


I can walk you through understanding all you need to know about mortgage insurance.

Closing Costs

The following is a list of closing costs to help you calculate the true expense of purchasing your new home.

LAND TRANSFER TAX: A tax that is charged whenever a property is purchased. These taxes vary by province and are based on fair market value, such as:

- 1% of the fair market value up to and including $200,000.
- 2% of the fair market value greater than $200,000 and up to and including $2,000,000.
- 3% of the fair market value greater than $2,000,000.

If the property is over $3 million and a mix of residential and commercial, then the additional tax will only be applied to the residential portion.

FIRST TIME BUYER EXEMPTION: First time home buyers are eligible for an exemption, reducing the amount of property transfer tax you pay. If the fair market value of the property is:

- $500,000 or less, you can claim an exemption amount equal to the full amount of property transfer tax .
- Over $500,000 but no more than $835,000, the exemption amount is $8,000.
- Over $835,000 and under $860,000 then the exemption amount is proportionally reduced up to $15,200 .

NOTE: Ontario, British Columbia, Prince Edward Island, and the City of Toronto offer land transfer tax rebates for first-time homebuyers.

GST/HST: This tax is only charged on brand new homes or substantially renovated homes. If a property is valued at $450,000 or less, and will be your primary residence, you may be eligible for a partial rebate but certain conditions may apply. Contact your lawyer/notary for more detailed information.

LEGAL FEES: Your lawyer/notary will charge you a fee for drawing up the mortgage and conveyance of title. Your lawyer/notary will also conduct a property title search to examine public records on the property and confirm the property's rightful legal owner. The title search should also reveal if there are any claims or liens on property that can affect your purchase. The amount of the fee will depend on the individual that you use. The typical cost is $1,500. This includes: Land Title Registration, Title Insurance, courier fees, etc.

SURVEY: If you're purchasing a single-family home, you'll need to give your lender a survey certificate showing where the property sits within the property lines. Some exceptions are made, however, on low loan-to-value deals and acreage properties. A survey will cost approximately $350, but the lender will often accept a copy of an existing survey.

PROPERTY TAXES: Something that most buyers don't take into consideration are the property tax balance you will be responsible for upon closing. The amount varies based on location and time of closing; however a good rule of thumb is that if you take possession halfway through the year, you would be expected to pay 50% of the taxes for the year upfront. This is included in the final amount owing when you sign your documents with the lawyer/notary.

CONDO/STRATA FEES: It is important to note that if you are purchasing a condo, townhouse or another property with condo/strata fees that you will need to account for your portion during the month of possession. For example, if your monthly amount totals $304.65 and you close four days prior to month end, you would owe $39.31. These fees are something that your lawyer/notary will include in your purchasers' statement of adjustments - a document that breaks down all the fees and owing balance prior to signing the final paperwork.

INSURANCE: There are various insurance costs to consider when purchasing a home, such as default insurance, general home insurance and title insurance.

- ***Title Insurance*** is required by most lenders to protect against losses should a property ownership dispute arise. This insurance is done through your lawyer/notary and typically runs $100-$300.
- ***Default Insurance*** is explained on page 11 of this handbook, and is only required if you purchase a house with less than a 20% down payment.
- ***Mortgage Protection Insurance*** is an optional debt replacement that provides protection for your family should anything happen in the future. Many homeowners believe they are covered through their life insurance policy, but MPP is different. Before closing, it's important to look at the costs and coverage for you!
- ***Property & Fire Insurance*** is mandatory and needs to be arranged prior to your closing appointment. Not sure how much to budget for? Get quotes from various insurance companies! Your lawyer/notary or myself can provide recommendations.

To get help with estimating your closing costs, download my app today!

Calculate your Closing Cost Total

CLOSING COST WORKSHEET	
Purchase Price	**$**
Subtract **Net Mortgage Amount**	**$**
Subtract **Deposit with Realtor**	**$**
Legal Fees	**$**
Land Transfer Tax	**$**
Appraisal Fee	**$**
Survey Certificate	**$**
Tax Adjustment	**$**
Interest Adjustment	**$**
Total Closing Cost	**$**


Protect your
investment and
ensure future
financial success!

After You Buy

Now that you have finished signing your mortgage paperwork and getting the keys to your first home, there are a few things to keep in mind after you buy to protect your investment and ensure future financial success!

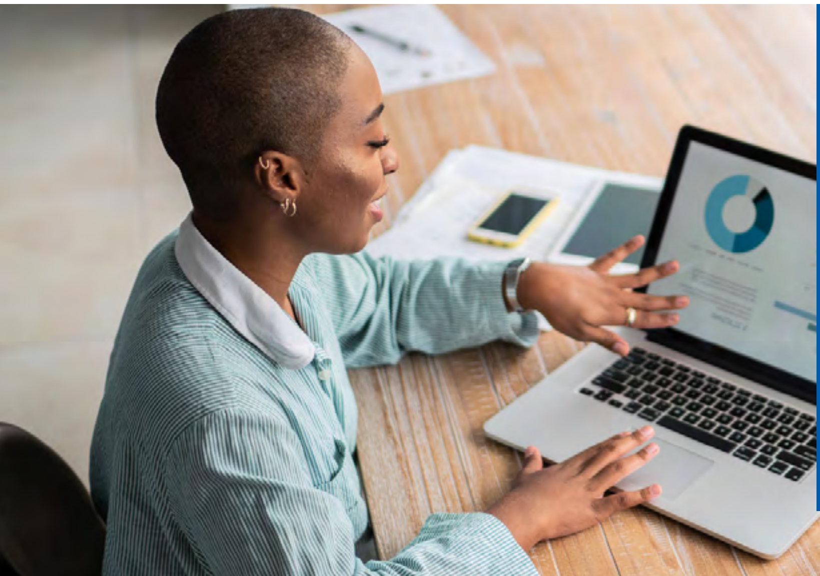
Maintaining your home and protecting your investment: Becoming a homeowner is a major responsibility. It's up to you to take care of your home and protect what is likely your biggest investment.

Make your mortgage payments on time: There are many options when it comes to mortgage payment frequency. Whichever schedule you choose, always make your payments on time. Late or missed payments may result in charges or penalties, and they can negatively affect your credit rating. If you're having trouble making payments, please contact me as soon as possible.

Plan for the costs of operating a home: You will have several ongoing costs besides your mortgage, property taxes and insurance. Maintenance and repair costs are at the top of the list, along with expenses for security monitoring, snow removal and gardening. If you own a condominium, some of these costs may be included in your monthly fees.

Live within your budget: Prepare a monthly budget and stick to it. Take a few minutes every month to check your spending and see if you're meeting your financial goals. If you spend more than you earn, find new ways to earn more or spend less.

Save for emergencies: Your home will need some major repairs as it ages. Set aside an emergency fund of about 5% of your income every year so you'll be prepared to deal with unexpected expenses.



Mortgage Tip

Keep your credit score healthy by keeping credit cards as low as possible, paying bills on time and keeping your current credit cards open.

Seven Steps to Mortgage Financing

Congratulations, you're ready to buy your first place! Now you understand all the important information when it comes to securing your mortgage, we can get started.

1

BE PREPARED

Having the following information on hand before meeting will help me determine what you qualify for.

- Contact information for your employer and your employment history (such as a T4 or recent paystub)
- Proof of address and your address history
- Government-issued photo ID with your current address
- Proof of income for your mortgage application
- Proof of down payment (amount and source)
- Proof of savings and investments
- Details of current debts and other financial obligations

2

GET A RATE HOLD

This is an integral step to the mortgage process as it determines price range and monthly costs, guarantees the rate for up to 120 days, and allows you to put in a competitive offer with a short subject to financing requirement.

NOTE: *Pre-approval does not mean that a lender has fully reviewed your documentation and you may still need the approval of a mortgage insurer.*

3

SHOP THE MARKET & MAKE AN OFFER

Once you have found the property that meets your needs, you'll put in an offer that'll be accepted or countered. This may go back and forth until you reach an acceptable price with the seller.

4

OFFER IS ACCEPTED

Once your offer is accepted with the condition of financing, you will need to do a few things to finalize the sale:

- Introduce me to your realtor
- An appraisal may be required, which will be determined and arranged by myself
- Send in any remaining documents required for financing (income confirmation, down payment confirmation, etc).
- Arrange a home inspection
- Receive the lender's approval on property and final approval letter

5

REMOVE CONDITIONS

At this stage, I will send you an email confirming your financing is in place and that you're ready to proceed with the purchase of the property. This will require some final initials and signatures on the offer paperwork and is something your realtor will send to you.

6

PURCHASE HOME INSURANCE

In order to close your home purchase, you must obtain home insurance, including fire protection. This is a great time to reach out to your insurance provider to start the process!

7

LAWYER/NOTARY OFFICE

At this stage, you will be asked to provide your remaining down payment, as well as payment for the closing costs (up to 4% of the purchase price). This is done in 1-2 days prior to the completion date.

Mortgage Tip

Did you know you can utilize up to $60,000 in RRSP for your down payment if you're a first-time buyer?

Let me help you familiarize yourself with the terms.

Glossary of Terms

AMORTIZATION: The period of time required to completely pay off a mortgage if all conditions are met and all payments are made on time.

APPRAISAL: An estimate of the current market value of a home.

APPRECIATION: An increase in the value of a home or other possession from the time it was purchased.

CLOSED MORTGAGE: A mortgage that can't normally be paid off or renegotiated before the end of the term without the lender's permission and a financial penalty. Some closed mortgages allow for extra or accelerated payments, but only if specified in the mortgage agreement.

CLOSING DATE: The date when the sale of the property becomes final and the new owner takes possession of the home.

CONVENTIONAL MORTGAGE: A mortgage loan equal to or less than 80% of the value of a property (that is, where the down payment is at least 20%). Conventional mortgages don't usually require mortgage loan insurance.

DEFAULT: Failing to make a mortgage payment on time or to otherwise abide by the terms of a mortgage loan agreement. If borrowers' default on their mortgage payments, their lender can charge them a penalty or even take legal action to take possession of their home.

DEFAULT INSURANCE: This insurance protects the lender in the event that the borrower defaults on their mortgage.

EQUITY: The cash value that a homeowner has in their home after subtracting the amount of the mortgage or other debts owed on the property. Equity usually increases over time as the mortgage loan is gradually paid. Changes in overall market values or improvements to a home can also affect the value of the equity.

FIXED INTEREST RATE MORTGAGE: A mortgage with a locked-in interest rate, meaning it won't change during the term of the mortgage.

GROSS DEBT SERVICE (GDS) RATIO: The percentage of a person or household's gross monthly income that goes to pay the mortgage principal and interest, property taxes and heating costs, plus 50% of any condominium maintenance fees or 100% of the annual site lease for leasehold tenure if applicable. To qualify for a mortgage, the borrower's GDS ratio must be at or below 39% (depending on the lender).

HIGH-RATIO MORTGAGE: A mortgage loan for more than 80% of the value of a property (that is, where the down payment is less than 20%). A high-ratio mortgage usually has to be insured against default with mortgage loan insurance provided by CMHC or a private company.

Mortgage Tip

Be prepared! Closing costs are up to approximately 4% of the purchase price of the home.

HOME INSPECTION: A thorough examination and assessment of a home's state and condition by a qualified professional. The examination includes the home's structural, mechanical and electrical systems.

LAND TRANSFER TAX: A tax charged by many provinces and municipalities (usually a percentage of the purchase price) that the buyer must pay upon closing.

MATURITY DATE: The last day of the term of a mortgage. The mortgage loan must either be paid in full, renegotiated or renewed on this day.

MORTGAGE LIFE INSURANCE: Protects the family of a borrower by paying off the mortgage if the borrower dies.

MORTGAGE TERM: The length of time that the conditions of a mortgage, such as the interest rate and payment schedule, are in effect. At the end of the term, the mortgage loan must either be paid in full, renewed or renegotiated, usually with new conditions.

OPEN MORTGAGE: A flexible mortgage loan that lets a borrower pay off or renegotiate their loan at any time, without having to pay penalties. Because of this flexibility, open mortgages usually have a higher interest rate than closed mortgages.

PITH: An acronym that stands for mortgage "Principal and Interest Payments, Property Taxes and Heating Costs". All the main costs paid by a homeowner on a monthly basis.

PRE-PAYMENT PENALTY: A fee charged by your lender if you pay more money on your mortgage than the pre-payment option allows.

PRE-PAYMENT PRIVILEGES: The ability to prepay a portion of the mortgage principal before it is due and without penalty. This extra payment on the mortgage would be applied directly to the principal, as your regularly monthly payment covers the interest.

PRINCIPAL: The amount a person borrows for a loan (not including the interest).

PROPERTY TAXES: These are taxes that are charged by the municipality based on the value of the home. In some cases, the lender will collect property taxes as part of the borrower's mortgage payments and then pay the taxes to the municipality on the borrower's behalf.

TITLE INSURANCE: Protects against losses or damages that could occur because of anything that affects the title to a property (for example, a defect in the title or any liens, encumbrances or servitudes registered against the legal title to a home).

TOTAL DEBT SERVICE (TDS) RATIO: The percentage of a person or household's gross monthly income that goes to pay the mortgage principal and interest, property taxes and heating costs, plus all other debt obligations such as car payments, personal loans or credit card debt. To qualify for a mortgage, the borrower's TDS ratio must be at or below 44% (depending on the lender).

VARIABLE INTEREST RATE MORTGAGE: A mortgage where the interest rate fluctuates based on the current market conditions. The payments will generally remain the same, but the amount of each payment that goes toward the principal or the interest on the loan changes as interest rates fluctuate.

VENDOR: The seller of a property.

VENDOR TAKE-BACK MORTGAGE: A type of mortgage where the seller, not a bank or other financial institution, finances the mortgage loan for the buyer.

Mortgage Tip

Stick to your budget! This is the easiest way to avoid financial stresses down the road.


Congratulations
and welcome to
homeownership!

We've got a mortgage for that!

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