



FIRST-TIME HOME BUYER GUIDE

Your Trusted Guide
To Owning Your
First Home



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Introduction

Are you ready to embark on your journey to becoming a homeowner?

Congratulations! The thought of stepping foot into your first home is surely exciting but the house-buying journey can be a bit of a challenge.

You will need to tackle these hurdles while buying your first home:

- ❗ Determine if you are financially ready to take on the homebuying and owning responsibility.
- ❗ Look for suitable features in a property that will match your needs and appeal to future homebuyers.
- ❗ Know how to make a winning offer on a house to ensure you are getting the best bang for your buck.

However, you do not need to stress about these homebuying challenges and hurdles. This guide is here to lead you to your dream home with ease, from day one to closing day.

From key financial metrics to consider to assess your homebuying readiness to essential property viewing guidelines, making a successful offer, and preparing for the closing day - this guide covers everything a first-time home buyer should know.

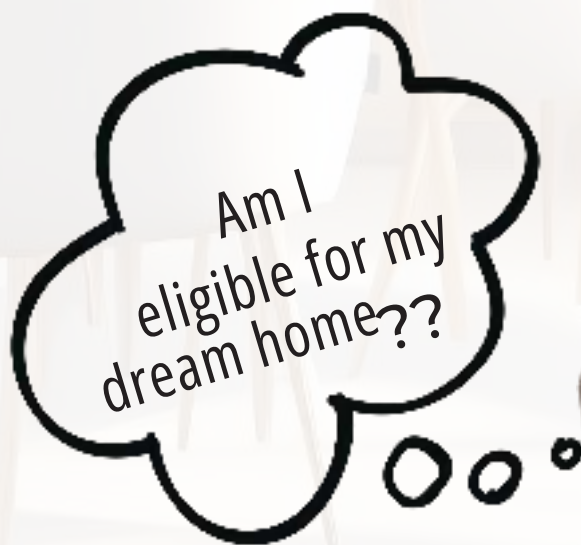


Criteria for Qualifying as a **First-Time Homebuyer**

While the concept of a first-time homebuyer may seem pretty straightforward, the Canadian government has laid down certain precise criteria to define it. This is because first-time homebuyers in Canada can leverage various government programs that are aimed at helping them purchase their first home. Thus, it is essential for you to understand and meet the specific criteria laid down by the government to maximise the benefits of the government programs.

To be considered a first-time home buyer, you must meet the following criteria:

- ✔ Must be a Canadian citizen or permanent resident or work permit holder
- ✔ Homeowners considering divorce or ending a common-law marriage
- ✔ Not residing in a home you or your partner owned in the last 4 years
- ✔ Not received a home as an inheritance or gift in the past 4 years
- ✔ Never owned a home before



Government Programs for First-Time Homebuyers

The Canadian government has implemented various programs to address the escalating housing affordability crisis, offering support to first-time homebuyers striving to achieve homeownership. Although these programs are not exactly game changers, they can serve as valuable aids to first-time homebuyers if utilized effectively.

1. First-Time Home Buyer Incentive Program (FTHBI): This program enables first-time homebuyers to borrow 5 to 10% of the home's purchase price as a down payment. Through this program, homebuyers can reduce their monthly mortgage burden through a shared equity mortgage with the government. The level of support varies based on the property type:

- 🏠 10% for a new house (5% if you already own a home).
- 🏠 5% down payment for a used house.
- 🏠 5% for a manufactured or mobile home, whether new or used.

The loan amount is determined by the property's fair market value and carries no interest. It must be repaid in full within 25 years or upon property sale.

2. Home Buyers Plan (HBP): Introduced in 1992, the HBP allows first-time homebuyers to withdraw up to \$35,000 from their Registered Retirement Savings Plans (RRSP) for home purchase or construction. The repayment period spans 15 years, commencing from the second year of withdrawal, and the amount remains entirely tax-free during this period. This means you can save for a down payment using your RRSP as soon as you begin working, provided it's not a locked-in or is a group RRSP.

3. First Home Savings Account (FHSA): Introduced in the 2022 budget, FHSA is a tax-free savings account aimed at improving housing affordability for first-time homebuyers over a five-year period. It can be opened through qualifying issuers like banks, credit unions, or trust/insurance companies. Multiple FHSA accounts from various issuers are allowed, but contributions must not surpass the annual limit. Unused contribution limits can be carried forward from year to year, enhancing saving opportunities.

Assessing Your Readiness for Home ownership

Key Financial Metrics To Consider

GDS and TDS: Your GDS should be no more than 32% and your TDS should be no more than 44%, most borrowers with good credit and a reliable income will be allowed to exceed this.

Credit Score: CMHC requires a minimum credit score of 680 for mortgage applications.

Mortgage Pre-Approval: With a mortgage pre-approval, you will also have a much better idea of how much mortgage lenders will be willing to offer you.

Down Payment: (OSFI) guidelines determine down payment requirements as follows:

Homes under \$500k:	5% down Payment
Homes Between \$500k to \$1M:	5% of the first \$500k and 10% on the remainder
Homes above \$1M :	20% down payment



Things to Watch Out While Viewing Houses As Buyers

HOUSE SIZE

Determine the ideal size of your new home in terms of square footage, bedrooms, and bathrooms considering your family needs and preferences.

Watch out for exterior issues to avoid costly repairs. Check the roof's condition, foundation for cracks, and siding for damage.

EXTERIORS

BEDROOM LAYOUT

Consider the layout and location of bedrooms. Families with kids might prefer bedrooms on the same floor, while home offices may require separation from living areas.

Ensure bathrooms function correctly. Check toilets, faucets, and showers for issues. Examine for leaks, mould, and water damage.

BATHROOMS

HEATING & COOLING

Find out the HVAC system type, fuel source, and age and assess potential utility costs associated with specific systems.

Note if the basement is finished and watch for water damage or mould growth, as remodels can be costly.

BASEMENT

GARAGE

Assess the garage's size, whether it is attached or detached from the home, and its suitability for storage or workbench needs.

Pay attention to the number and placement of electrical outlets, as they affect layout choices and appliance usage. Poor outlet placement can hinder space utility, so consider this detail during your home search.

ELECTRICAL OUTLETS

The Team You Will Need to Buy Your First Home

REAL ESTATE AGENTS

- ▶ Real estate agents streamline the entire home-buying process.
- ▶ They offer local market expertise and give access to private listings.
- ▶ They aid in making offers, handling negotiations, and simplifying paperwork.

MORTGAGE BROKERS

- ▶ Mortgage brokers connect you with multiple lenders, streamlining the process.
- ▶ They offer personalized guidance and increase your mortgage approval chances.
- ▶ Mortgage brokers advocate for your best interests, securing favourable terms and rates.

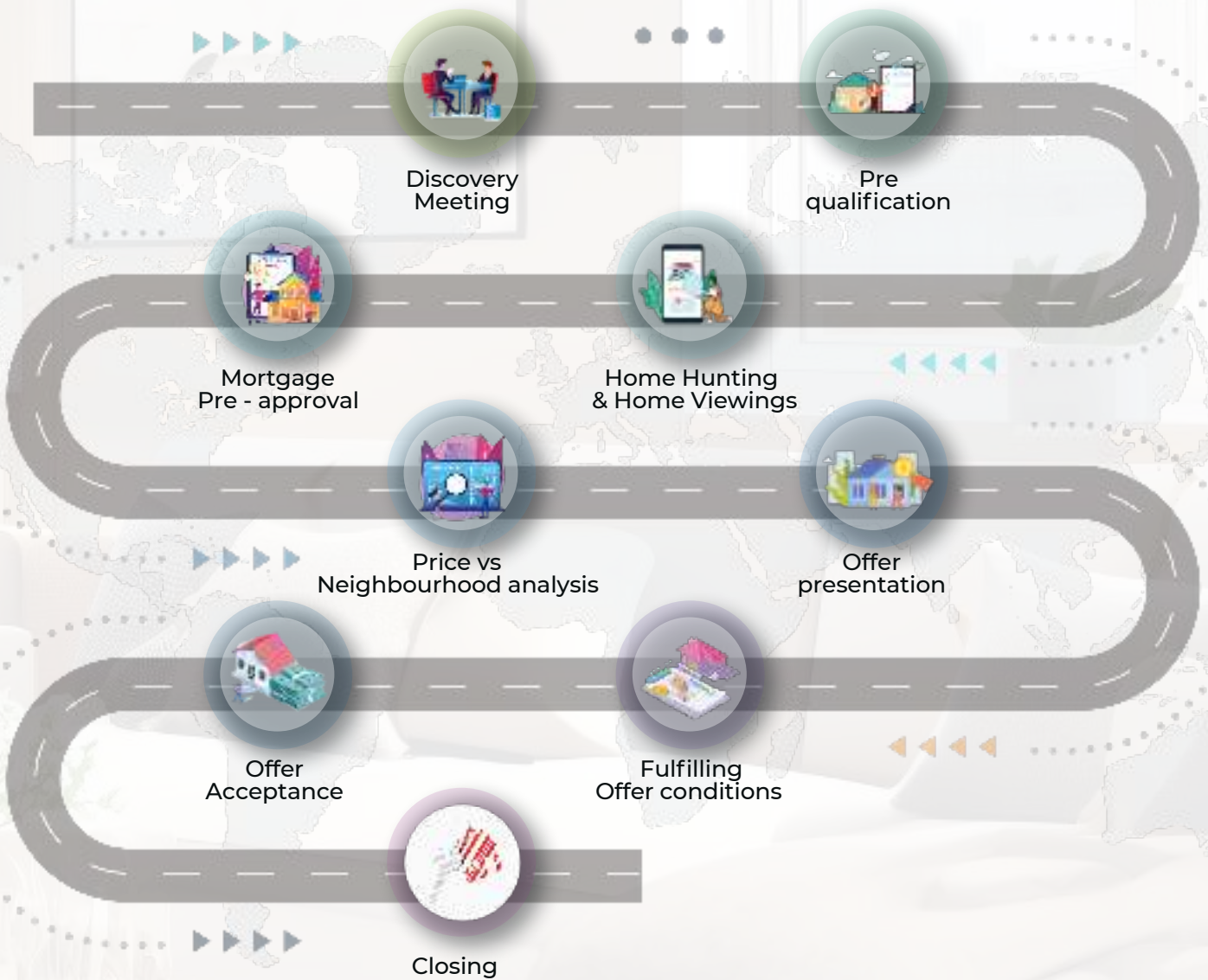
HOME INSPECTORS

- ▶ A home inspector uncovers hidden issues, aiding informed decisions.
- ▶ Protects your investment and provides property clarity for confident home buying.
- ▶ Two crucial home inspections are conducted: before making an offer and before closing.

LAWYERS

- ▶ A lawyer offers vital legal guidance and protection during home buying.
- ▶ They review complex documents and safeguard your rights and interests.
- ▶ Lawyers ensure a legally sound, dispute-free home purchase, providing peace of mind.

Home Buying Process



Details Home Buyers Must Look for in MLS Listings

The term MLS, which stands for **Multiple Listing Service**, serves as the **primary database for real estate sales in Canada and extends its reach globally**. This platform is exclusively reserved for licensed Realtors, real estate agents, and brokers. It provides detailed information about properties available for sale or lease.

Prospective buyers can gain access to MLS listings via brokerage websites or real estate search engines like Realtor.ca. When a property is being prepared for sale, all pertinent details are consolidated onto the MLS listing sheet, which is subsequently uploaded to the MLS database.

As a first-time homebuyer, MLS is extremely important because it provides you with a comprehensive and accurate source of property listings. You can trust the information on MLS listings as it's sourced directly from professionals in the field. This access helps you efficiently navigate the complex real estate landscape, giving you insights into various property options, their prices, locations, and essential details.



Here are the key aspects to focus on when reviewing a MLS sheet:

1 List: \$763,900 For Sale

Halton Hills Georgetown Halton
SPIS: N **2** **Taxes:** \$2,933.29 / 2023 **3** **DOM:** 4

7 Condo Townhouse **2-Storey** **4** **Fms:** 6 + 2
 Corp#: HCC / 105 **#Share%:** 0 **Bedrooms:** 3
 Unit#: 1 **Locker#:** **Washrooms:** 2
Locker Lev Unit: 1x2dMain, 1x4c2nd
Locker Unit#:
Level: 1

Zoning: R1
 Prop Mgmt: Kent Realty Management
 Dis/Cross St: Mountainview/River

5 **6**

MLS#: W7041638 Possession Remarks: 60/90 Days

Status Cert:	N	Bldg Name:		Pkt#:	
Kitchen:	1	Pets Perm:	Restrict	Balcony:	None
Fam Rm:	N	Locker:	None	Ens Lndry:	Y
Basement:	Finished	Main:	\$339.00	Lndy Lev:	Lower
Fireplace/Stv:	N	A/C:	Central Air	Exterior:	Mam Siding / Brick
Heat:	Forced Air / Gas	Central Vac:	Y	Gar/Gar Spec:	Built-In / 1.0
Age Apt:	31-50	UFFI:		Park/Drive:	Private
Age Sqft:	1400-1599	Elev/Lift:	N Retirement:	Park Type:	Owned
Sqft Source:	Mpac	Taxes Incl:	Water Incl:	Park/Drv Spec:	1
Exposure:	S	Heat Incl:	Hydro Incl:	Tot Pk Spec:	2.0
Assessment:		Cable TV Incl:	CAC Incl:	Park \$/Mx:	
Spec Desk:	Unknown	Bldg Ins Incl:	Y Prkg Incl:	Pk Lvl/Unit:	
Phys Hlp Eqp:		Coat Elev Incl:		Bldg Amen:	
		Con Level:		Prop Feat:	Fenced Yard, Park, Place Of
		Energy Cert:	N	Worship, Ravine, River/Stream, School Bus Rout	
		GreenPS:			

#	Room	Level	Length (m)	Width (m)	Description		
1	Living	Main	5.36	x 3.08	Combined W/Dining	Laminate	W/D To Deck
2	Kitchen	Main	4.30	x 2.89	Ceramic Back Splash	Laminate	Pot Lights
3	Dining	Main	2.16	x 2.89	Combined W/Living	Laminate	Large Window
4	Pain Bdrm	2nd	4.19	x 3.35	Broodroom	Large Closet	Semi Ensuite
5	Br	2nd	4.39	x 2.60	Laminate	Large Closet	Large Window
6	2nd Br	2nd	3.08	x 3.78	Broodroom	Large Closet	Large Window
7	Rec	Lower	6.25	x 5.45	Broodroom	Pot Lights	Window
8	Laundry	Lower					

9

10 **Client Remark:** This Tastefully Updated End Unit Nestled In A Family Friendly Neighborhood Checks All The Boxes. Situated On A Stunning Ravine Lot You Can Sit Outside On Your Deck(2020) And Enjoy The Tranquil View Or Garden In Your Privately Fenced(2020) Yard. The Main Floor Features A Roomy Entryway Leading You To The Powder Room, Onto The Kitchen, & Traditional Dining Room Combined With A Spacious Living Area With A Walkout To The Deck. Upstairs You Will Find 3 Generous Bedrooms And Updated 4Pc Bath W/Soaker Tub. The Basement Opens Into A Large Rec Room Complete With Plush Broodroom And Pot Lighting. Plus The Laundry Room With Ample Storage!

Extras:

Living Contacted With:

- 01** Price of the Listing
- 02** Property Tax Details
- 03** Days on Market (DOM)
- 04** Rooms
- 05** MLS Listing Number
- 06** Possession Timeline
- 07** Property Type
- 08** Maintenance Fees (if applicable)
- 09** Room and details
- 10** Client Remarks and Additional Information

Steps for Successfully Making an Offer on a Home

BEFORE YOU MAKE THE OFFER

- Research the local housing market.
- Gauge the level of interest from other buyers.
- Understand the seller's situation and the home's history.
- Offered purchase price and contingencies.
- Requested concessions and included items.

WHILE YOU MAKE THE OFFER

- Prepare the offer letter and include these details.
- Property address and buyer names.
- Offered purchase price and contingencies.
- Requested concessions and included items.
- Desired move-in date and mortgage approval letter.
- Finalize the offer letter with your agent.
- Submit the offer to the seller or their agent.

AFTER YOU MAKE THE OFFER

- Be patient while waiting for the seller's response.
- If the offer is declined or countered, go for a counter offer.
- Ensure your counter-offer remains within your budget.
- Be prepared to continue your home search if things don't work out.

Getting Ready for the Closing Day

The closing date is the day when the house's ownership, known as the "title," shifts from the seller to you, the buyer. To ensure a seamless closing day process, several essential tasks must be completed in advance.

The entire closing process typically takes between 30 to 50 days. During this timeframe, there might be additional negotiations regarding the home's purchase price or terms, which usually emerge after home inspections and the financial due diligence process. Ultimately, both parties will reach an agreement and proceed to sign the final paperwork.

How much money should you put aside for closing costs?

The amount you pay for closing costs depends on the home you're buying and the specific terms of your contract. As a general guideline, it's a good idea to save about 3% of the home's purchase price for these costs.

Also, keep in mind that once you've moved into your new home, you'll probably want to buy things like furniture, appliances, carpet, flooring, lights, and other expensive items. To make sure you have enough money set aside for all these unexpected expenses, it's essential to factor them into your budget when estimating your closing costs.

Home buyer recommendations to simplify the closing process

01

AFTER YOUR OFFER IS ACCEPTED

Submit any earnest money if it is specified in your offer. Ensure your mortgage application is finalized.

02

TWO WEEKS BEFORE CLOSING

Secure homeowner's insurance and check on the progress of the title review.

03

ONE WEEK BEFORE CLOSING

Verify your funds by referring to your Loan Estimate and confirm the specifics of your closing appointment

04

THREE DAYS BEFORE CLOSING

Carefully review the Closing Disclosure, which provides a detailed breakdown of your loan terms and associated costs.

05

THE DAY BEFORE CLOSING

Take a final walkthrough of the property for any previous repair requests. Ensure your loan documents are finalised.

06

ON CLOSING DAY

Bring all your prepared documents, be ready to read and review paperwork. Understand everything about payment terms.

Moving Day Checklist

BEFORE MOVING DAY

Tick here

- Make a list of everything to be moved.
- Submit a change of address form to the post office.
- Choose your moving company and confirm arrangements.
- Arrange to be off work on the moving day.
- Give the new home a thorough cleaning.
- Change locks on the exterior doors of the new home.

DURING MOVING DAY

Tick here

- Keep your valuables (expensive jewellery and important documents) with you.
Pack all the essentials you will need on the first day in your new home.
- Keep water and snacks handy to stay hydrated and energised.
Be available to direct the movers as they load and unload your belongings.
- Review the inventory list after the movers finish unloading.
-
-

AFTER MOVING DAY

Tick here

- Start by unpacking the essentials.
- Begin furnishing and decorating your new home.
- Get to know your new neighbours
- Explore your new neighbourhood and amenities.

New Home Essentials

LIVING ROOM

Area Rug
Coffee Table or Side Tables
Couch or Chairs
Curtains or Blinds
Floor Lamps or Table Lamps
Television and Entertainment Center

KITCHEN

Toaster and Coffee Maker
Pots and Pans
Dinnerware and flatware
Glassware and mugs
Trash Can and Trash Bags
Spatulas and Serving Spoons

BATHROOM

Soap and Toothbrushes
Bath Mat
Shower Curtain and Liner
Toilet Brush and Plunger
Toilet Paper Holder
Toothbrush Holder
Towels and Washcloths
Wastebasket and Liners

BEDROOM

Comfortable mattress and bedding
Pillows
Clothes hangers
Curtains or blinds
Dresser or alternative clothing storage solution
Nightstands and bedside lamps

OTHER ESSENTIALS

First Aid Kit	Scissors
Disinfectant	Ladder
Flashlight	Light bulbs
Bandages	Batteries
Thermometer	Hammer
Nail scissors/clippers	Measuring tape
Plug extension leads	Pliers
Screws	Flat Screwdrivers
Paper	Phillips head Screwdrivers

The Ultimate Checklist for First-Time Home Buyers

PLANNING STAGE (1 TO 2 YEARS BEFORE PURCHASE)

Tick here

- Figure out if you should buy a home
- Decide on your budget
- Start saving
- Improve your credit score

SHOPPING STAGE (1 TO 6 MONTHS BEFORE PURCHASE)

Tick here

- Decide on the type of house
- Hire a real estate agent
- Attend open houses
- Shortlist properties
- Apply for a mortgage

BUYING STAGE (1 TO 2 MONTHS BEFORE THE CLOSING DAY)


Tick here

- Make an offer and negotiate
- Get a home inspection
- Get an appraisal
- Close on your new home



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