

First Time Home Buyer's Guide

Buying a home for the first time is exciting, scary, and a great accomplishment! It is also one of the biggest financial decisions that you will ever make, and is a process shrouded in mystery and unknowns, but it doesn't have to be!

The Avery Team's mission is to go above and beyond to deliver the highest level of customer service and a stress-free, first-time, home buying experience. We believe that your first time buying a home should be exciting, comfortable, informative and as stress-free as possible.

To help alleviate some of the stress and answer your many questions about getting into the housing market we've put together a summary of some of the most important things you need to know when buying your first home:

What You Need to Know About Buying Your First Home

1. Determine What You Can Afford

The first step in home ownership is twofold. You need to prepare yourself for the reality and financial responsibility that comes with home ownership and you need to make sure that you are in a position to handle those responsibilities and to get pre-approved for a mortgage.

Purchasing a home involves one-time costs and monthly expenses, so you'll need to determine just how much home you can afford and if you're financially ready for home ownership. You'll want to determine:

- Your monthly income.
- Your monthly debts and expenses.
- How much you have set aside for a down payment.

2. Know Your Expenses

The purchase price of your new home is just one of the costs associated with home ownership. Experts recommend that you budget 1.5% of the purchase price of your home to cover these costs.

Home Inspection - A home inspector's job is to examine a home's condition. Typical issues involve normal wear and tear, but can sometimes include serious material defects. Getting a home inspection before purchasing a property is one of the best decisions you can make.

- **Appraisal and/or Survey** - To provide financing, your lender will sometimes require an appraisal or survey of the property, to make sure that the value of the home matches its purchase price.

Closing Costs

- **Mortgage Insurance** - If your down payment is less than 20% of your purchase price, you'll have to pay mortgage default insurance. The cost of this insurance varies depending on the amount of your down payment and will be rolled into the cost of your monthly mortgage payment.
- **Legal Fees** - There are a few legal fees involved in the purchase of a home, such as paying your attorney for the title search, deed preparation and registration.
- **Title Insurance** - Protects you from situations such as title fraud or flawed surveys.
- **Home Insurance** - Making sure that your home is insured is a condition of your mortgage. Your lender will require you to have home insurance before they release your mortgage to you.
- **Adjustments** - Adjustments are made for things that the seller has paid for, but which you now owe part of because the home is now yours. This could include things like property taxes or rental fees for hot water heaters.
- **Utility Hookups and Moving** - You will be responsible for any utility transfers and costs associated with moving into your new home, such as hiring a moving company. Check with us first as we may be able to help you out with that.

3. Get Pre-approved

After you've worked out what you can afford, it's a great idea to sit down with a mortgage agent or broker and get pre-approved for a mortgage. This will make your home search easier by narrowing your focus and will prevent you from falling in love with a home that is outside of your price range.

If you're ready to get pre-approved, visit our [Get Pre-Approved for a Mortgage page](#).

4. First Time Home Buyer Incentives

As a first-time home buyer, you are eligible for refunds, benefits and programs not available to other home buyers. For example, both the First Time Home Buyers' Tax Credit and the Land Transfer Tax Refund for First Time Home Buyers are tax breaks that could end up saving you thousands of dollars!

First Time Home Buyers Tax Credit

Introduced in Canada's 2009 Economic Action Plan, this tax credit is to help first time home buyers pay for costs such as legal fees, disbursements, and land transfer taxes. It is a non-refundable tax credit based on an amount of \$5,000. It is calculated by multiplying the lowest personal income tax rate for the year by \$5,000. For an eligible individual, the credit will provide up to \$750 in federal tax relief.

[For information on the First-Time Home Buyers' Tax Credit \(HBTC\), click here.](#)

Land Transfer Tax Refund

When purchasing their first home, buyers are eligible for a tax credit to offset or refund the amount of land transfer tax payable on the purchase of a new or resale home. Claims can be made at the time of registration to offset the cost or within 18 months of the purchase for a refund. Refunds can be any amount up to a maximum of \$2,000 depending [as of January 1, 2017 the maximum refund amount will change to \$4,000] on the **purchase price of the home.**

RRSP Home Buyer Plan

This program allows a first-time home buyer to withdraw funds from most RRSP's in order to buy or build a qualifying home. You can withdraw up to \$25,000 in a calendar year. You have 15 years to repay the full amount to your RRSP. If you do not repay the amount due for a year, it will be included in your income for that year.

[For more information on the RRSP Home Buyers' Plan \(HBP\), click here.](#)

5. Know What You Want & Get Organized

At this point you'll want to sit down and figure out exactly what type of home you're looking for. A simple way to do this is by making 2 different lists: a list of what you need from a home, and a list of things that you want from your home. The list of things that you need will include all of the features that are necessary for you and your family to function comfortably during your daily life. Things such as the number of bedrooms you need for the size of your family, or a one storey home if accessibility is a factor. The list of things that you need will include features that you would like to have but that aren't absolutely necessary, such as a pool or a den.

It's also a good idea to make sure you are organized for your home search by doing some research on what area you'd like to live in. Look at all the aspects of the location you are considering and the surrounding area: is it attractive based on your proximity to work, schools and amenities such as grocery stores, parks, commuter routes, etc.? Keep a detailed map on hand and highlight your areas of interest. Knowing what you need and what you want from a home, as well as what area will suit your lifestyle best will make searching for your new home easier and less stressful.

6. Get a Professional on Your Side

The purchase of your first home is one of the biggest and most exciting investments that you will make. This purchase will affect your family, your finances, and your lifestyle. For a decision this important you want to make sure that you have an experienced professional on your side who can guide you through the process and protect your best interests along the way.

Best of all, as a home buyer the professional services of your Buyer's agent are completely free to you! As is the industry standard, your buyer's agents fees are paid by the home seller. A licenced agent will protect your interests by making sure that you are fully informed about your purchase and by handling the legalities and negotiations.