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RESOURCES FOR FIRST TIME BUYERS | VOLUME 3



10 Tips To Buying Your First Home

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Buying your first home is a big and exciting time in your life but you aren't alone, there are resources, programs, services and people out there who want to help you make this next step. Here are our top ten tips to ensuring you make a smooth transition from renter to owner.

1.

PLAN A VISION FOR YOUR FUTURE

This home doesn't have to be forever but it should certainly suit your needs for the next 5-10 years. You might be a swinging single or a young couple right now, but if children are in the near future remember that the last thing you need with the added expense of children is the added stress and cost of a big move up.

2.

SAVE YOUR NICKELS AND DIMES

You'll ideally need about 20% of the purchase price for your deposit, not to mention an additional 1-4% for your closing costs including land transfer taxes, legal fees, property taxes, appraisal fees and a real estate lawyer. Then go out there and start searching for the right mortgage product for you.



3.

GET PRE-APPROVED

To determine what you can ideally afford you'll need to look at a combination of what you have for your down payment and closing costs as well as what you can reasonably carry for a mortgage. Check your credit score first and foremost and see if you are in good standing. With the new stress-tests and regulations on mortgages you'll need to qualify not only at the negotiated rate for the bank but the overall Bank of Canada's five-year fixed posted mortgage rate or an increase of 2% - whichever is greater. You cannot be spending more than 39% of your income on home ownership. Your TDS ratio cannot be in excess of 44% and for a CMHC insured loan, the property must be below \$1M. If this all sounds like a lot - a mortgage broker can be of help understanding, or your bank manager.

4.

CONSIDER HOME MAINTENANCE COSTS

A mortgage payment is only one component of your monthly bills when it comes to properly maintaining a home or condo. You'll need to consider all of the additional costs which could include home and property insurance, water, heating, electricity and repairs. If you choose a condo don't forget to factor in any condo maintenance fees and a savings account for any future special assessments that may come up. For those who choose condo living, the joy of having someone else look after maintenance and upkeep is worth every penny.

5.

TO COMMUTE OR NOT TO COMMUTE

Many first-time purchasers are drawn to the lower prices of homes outside of the city-centre but before you buy, consider the costs and time involved in commuting. Try driving the commute yourself or taking the train in and see how long it takes you to get to and from work. Factor in that additional cost into your monthly budget and see where you land.

6.

GET TO KNOW YOUR NEIGHBOURHOOD

Take a walk around the town and get a feel for the community and its amenities and services. Look into the local school ratings and recreational opportunities. Talk to people in the area and ask their opinions, read the areas newspaper and social media pages for more information about the feel of your new community to see if it's a fit for you.

7.

DO YOUR DUE DILIGENCE

Either with the help of an agent or on your own, make sure you do the comparables to see what the cost of homes are in this same area before you make any offer or purchase off-plan. Remember, all new built homes and condominiums are covered by the Ontario Tarion New Home Warranty.

8.

KNOW YOUR BUILDER

If this is a pre-construction purchase, or even the resale of a newer build, it helps to know who constructed your home. Make sure you choose a home built by an experienced builder-developer with a reputation for quality construction and customer service.

9.

UNDERSTAND WHAT YOU ARE SIGNING

Have a knowledgeable and experienced Real Estate Agent and/or Real Estate Lawyer walk you through the offer and the paperwork you'll need to sign. It's a lot of paper and a lot of fine print, so ask for help and clarification - that's what they are there for and they will expect if this is your first time buying that you'll have plenty of questions!

10.

RESEARCH FIRST TIME HOME BUYER PROGRAMS

There are plenty of programs to support you in your first big purchase, both provincially and nationally. Ontario offers several tax credits and rebates for new home owners including the Land Transfer Tax refund, New Home GST Rebate and the First Time Home Buyers Tax Credit. The Ontario Home Ownership Savings Plan helps those with combined incomes under \$80,000 get started; and the recent 2019 federal budget allows you to take up to \$35,000 out of your existing RRSP for your first home purchase with the Home Buyers Plan.

Happy Home Shopping!