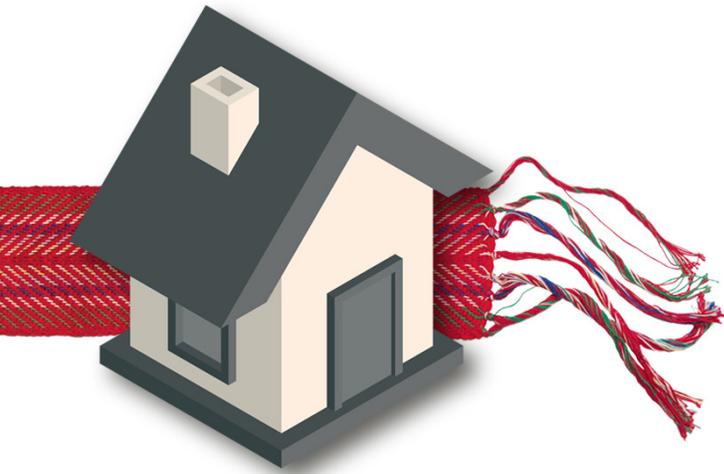


# FIRST TIME HOME BUYERS

## Deciding to Purchase a Home



### Is Homeownership Right for You?

Buying a home is one of the biggest financial decisions you'll ever make, so prepare yourself to make an informed choice. Here are some things to consider:

- **Financial Security:** if housing prices rise, your home can provide you with some financial security as it gains equity
- **Stability:** you have a place of your own to call home
- **Financial Stress:** ongoing costs of homeownership will take up a lot of your cash, and can put a considerable stress on your finances
- **Maintenance:** keeping your home in good repair requires time, effort, and money
- **Responsibility:** you alone are responsible for payments, repairs, and maintenance
- **Flexibility:** you can change your home to meet your family's needs and wants

### Are You Financially Ready?

To buy a home, you must be able to qualify for a mortgage, unless of course you have cash to purchase the home outright. The process of qualifying for a mortgage involves a mortgage professional, either at a federally regulated financial institution or a mortgage brokerage, who reviews your overall financial situation. They will review your credit history, incomes, assets, and liabilities to determine the maximum amount that you can qualify for.

The minimum down payment required in Ontario is 5% of the purchase price of the home for purchases under \$500k. For purchases over \$500k, speak with your mortgage professional about the required down payment amount. The down payment may come from savings, investments, RRSPs, or as a non-repayable gift from an immediate relative. Many mortgage lenders also require you to have an additional 1.5% - 4% of the purchase price available in your savings to cover closing costs.

### How Much Can You Afford?

The maximum home price that you can afford depends on several factors, but the most important are your gross household income, your down payment, and the amount of debt you have. There have been many recent changes made to the requirements needed to own a home, including how a person can qualify. Discussing your situation with a mortgage professional and obtaining a pre-approval letter is an excellent starting point.

## Getting a Mortgage Pre-Approval

A mortgage pre-approval is obtained when your mortgage professional works with a mortgage lender to determine that you do in fact qualify for the amount of money you are seeking. By going through this process before you start shopping for your new home, you can have more confidence knowing what you can comfortably afford. Some of the important things you will need to provide your mortgage professional include:

- Personal information and identification
- Employment information, including confirmation of income in the form of a letter of employment, recent paystub, T4 slips, Notice of Assessment, etc.
- Information for other sources of income
- Source and amount of down payment, deposit, and closing costs

## Having Trouble Qualifying for a Mortgage?

There are a lot of things that impact your ability to qualify for a mortgage, such as credit history, income structure, debt load, and available down payment. The good news is that many of these issues can be resolved over time and your homeownership dream can become a reality. The Métis Nation of Ontario's Financial Literacy Coordinator can help you reach your homeownership goals, regardless of where you're starting point is on the housing continuum.

## Your Professional Team

**Mortgage Professional:** they will help you with your pre-approval before you start making offers, then will assist to turn that pre-approval into a full approval to finalize the purchase.

**Real Estate Agent:** A Realtor® is responsible for finding you a home, writing the contracts, negotiating on your behalf, and providing you with important information about the home and community.

**Real Estate Lawyer/Notary:** they protect your legal interests, such as ensuring the property you are thinking of buying does not have any building or statutory liens or charges, or work or clean-up orders associated with it. They review all contracts before you sign them, and should give you the peace of mind that all things will go as smoothly as possible.

**Insurance Broker:** they can help you with your insurance needs, including property insurance and mortgage life insurance. Lenders insist on property insurance because your property is their security for your loan.

**Home Inspector:** they visually inspect a wide variety of elements of the home and inform you about the property's condition. They will tell you if something is not functioning properly, needs to be changed, or is unsafe.

### Questions

Contact:

**E: [housingprograms@metisnation.org](mailto:housingprograms@metisnation.org)**

### Disclaimer

All materials and information available within the Metis Nation of Ontario Financial Literacy Program are for general informational purposes and not intended to provide specific advice or recommendations for any individual or for any financial product. Information provided through this program does not constitute financial, accounting or legal advice. It is recommended that you seek independent professional advice before making financial decisions regarding credit, investments, or savings plans.