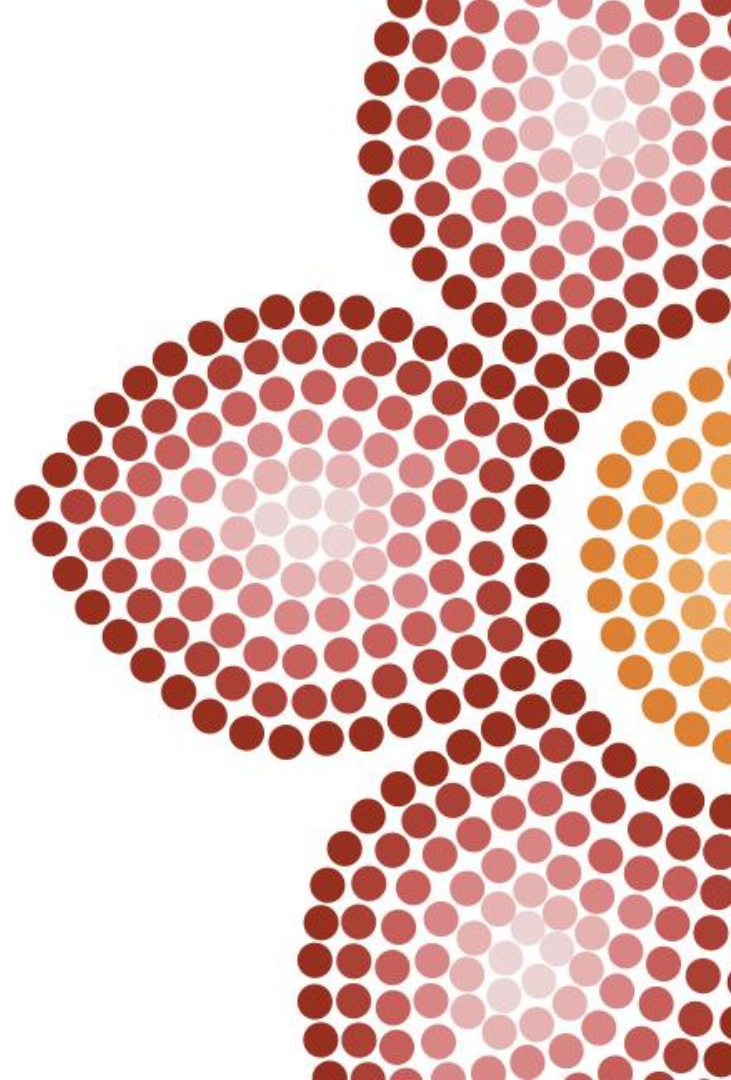


Financial literacy workshop series

# Preparing for Homeownership



# Technical information

For audio/visual troubleshooting, visit:

<https://support.zoom.us/hc/en-us>

Please remain on 'mute' unless otherwise requested.  
Cameras may be on or off.

Participate in group discussion or ask questions at any  
time using the chat function.

This workshop series will be **recorded**.

# Land Acknowledgement

Midland is located on land which is the traditional and Treaty territory of the Anishinabek people, now known as the Chippewa Tri-Council comprised of Beausoleil First Nation, Rama First Nation, and the Georgina Island First Nation. We recognize that Midland is located on land which is the traditional territory of the Huron-Wendat and the historic Homelands of the Metis, and that Midland is home to a large and diverse community of Indigenous peoples.

# Introductions: Who are we?

Metis Nation of Ontario

*Housing & Infrastructure Branch*

Housing Programs Department

Financial Literacy Program

Contact: [housingprograms@metisnation.org](mailto:housingprograms@metisnation.org)

Métis Nation  
of Ontario 



# Introductions: Who am I?



**Jessica Dusome**

Financial Literacy Coordinator

Housing Programs

[JessicaD@metisnation.org](mailto:JessicaD@metisnation.org)



# Introductions: Tell me about you!

## Poll questions:

1. What region of Ontario are you joining us from?
2. When are you planning on buying your first home?
3. Have you accessed any programs or services offered by MNO Housing Programs?



# Where are we?

Three part workshop series on preparing for homeownership

- Part 1: Budgeting for homeownership
- **Part 2: Down payment savings**
- Part 3: Qualifying for a mortgage

April 25<sup>th</sup> at 7:00pm (ET). To register, click [here](#).

# Part 2: Down payment savings

Today we will answer the following:

- What is a down payment?
- Why does your down payment amount matter?
- How can the MNO Home Buyers Contribution program help?
- Where can down payments come from?
- How do I save a down payment?



# Down Payment Basics

- A down payment is the amount of money you put towards the purchase of your home.
- Down payment is deducted from the purchase price and the mortgage covers the remainder.
- Minimum requirements are based on purchase price.

# Down Payment Basics

Purchase Price	Minimum Down Payment
\$500k and under	5% of the purchase price
\$500k to \$999,999	5% of the first \$500k PLUS 10% on amounts between \$500k and \$999,999
\$1M and over	20% of the purchase price

Calculations can be made at: <https://www.ratehub.ca/mortgage-down-payment>

# The importance of down payments

## Measuring the impact of down payment amounts

1. Size of your mortgage loan
2. Number of mortgage options available
3. Interest rates



# The importance of down payments

## Choosing what's right for you

1. Availability of funds
2. Affordability of mortgage amount
3. Cashflow considerations



# Mortgage Loan Insurance



An introduction:

- Also known as mortgage default insurance
- Paid for by the borrower, protects the lender
- Required for eligible purchases with less than 20% down

# Cost of Mortgage Loan Insurance

**0.6% to 4.5% of the purchase price**

Example:

Purchase price = \$500,000

Down payment = \$25,000 (5%)

Mortgage Loan Insurance premium (4%) = \$19k

Total mortgage amount = \$500k - \$25k + \$19k = **\$494k**

Plus provincial sales tax of 8% (\$1,520)



# Where do I get Mortgage Loan Insurance?

Three mortgage loan insurance providers in Canada:

1. Canada Mortgage and Housing Corporation (CMHC)
2. Sagen
3. Canada Guaranty Mortgage Insurance Company

# What do I do with my Mortgage Loan Insurance?

**Absolutely nothing!** It allows you to use less than  
20% down payment...

So, can I avoid paying the Mortgage Loan  
Insurance premium? **Absolutely, yes!**



# MNO Home Buyers Contribution Program (HBC)

Contributes up to 15% of the purchase price towards  
down payment

No-payment loan registered against the property

For first time home buyers with complete MNO  
citizenship files

# Qualifying for MNO-HBC

Primary applicant must meet the following criteria:

- MNO Citizen with complete file
- 18 years of age or older, residing in Ontario full time
- Be a first-time home buyer
- Provide minimum required down payment
- Be pre-approved for a mortgage by an approved lender

# Qualifying for MNO-HBC

## Eligible properties include:

- Single-detached homes
- Semi-detached homes
- Townhouses/row housing
- Condominiums

## Ineligible properties include:

- Mobile/manufactured homes
- New construction
- Vacant land
- Secondary homes/Vacation properties
- Rental units or properties

# MNO-HBC: Comparing Costs

## Buying without MNO-HBC

Pre-approved for \$420k

Purchase price of \$400k

Minimum down payment of \$20k

**Total DP amount of \$20k**

Mortgage insurance of \$15,200

**Total Mortgage of \$395,200**

Interest rate 4.5%

**Monthly payment of \$2,188**

## Buying with MNO-HBC

Pre-approved for \$420k

Purchase price of \$400k

Minimum down payment of \$20k

**Total DP amount of \$80k**

Mortgage insurance of \$0

**Total Mortgage of \$320,000**

Interest rate 4.7%

**Monthly payment of \$1,694**



# The MNO-HBC Process

1. Determine eligibility for MNO Home Buyer's Contribution Program
2. Get pre-approved
3. Submit pre-approval to MNO-HBC
4. Get offer accepted on home purchase, submit to MNO-HBC
5. Meet mortgage lender conditions
6. Arrange mortgage closing with legal team

# DP Sources: Self-Funded

Down payments funds are accumulated over time from the borrower's own resources into a savings vehicle

<b>Do's</b>	<b>Don'ts</b>
Be consistent with regular contributions into the same savings account(s) that offer growth	Transfer money to be used for DP between accounts
Plan to provide a 90-day history of all bank accounts holding DP savings	Expect to use cash

# Downfalls of Cash Savings...

1. Not accepted by mortgage lenders
2. Less security
3. Not maximized!



# DP Sources: Registered Accounts

	<b>TFSA</b>	<b>RRSP HBP</b>	<b>FHSA</b>
Contribution limit	\$6k annually	RRSP Limit	\$8k annually
Tax deductible	No	Yes	Yes
Withdrawal limit	Entire Balance	\$35k	\$40k
Taxable withdrawal for down payment	No	No	No
Taxable withdrawal for other	No	Cannot withdraw	Yes
Repayment	Not required	Within 15 years	Not required

# DP Sources: Gifted Funds

Down payments funds are gifted to the borrower from an immediate family member.

<b>Do's</b>	<b>Don'ts</b>
Have honest conversations with family about their ability to gift down payment funds	Lie about where the money is coming from
Keep all receipts and transaction records for gifted funds	Plan to use gifted funds for closing costs

# DP Sources: Other

Considerations to make when your down payment comes from alternative sources (i.e. MNO-HBC, borrowed, etc.)

<b>Do's</b>	<b>Don'ts</b>
Confirm your mortgage lender will accept the source of funds	Lie about the amount or where the money is coming from
Keep all receipts and transaction records	Plan to use alternative funds for closing costs



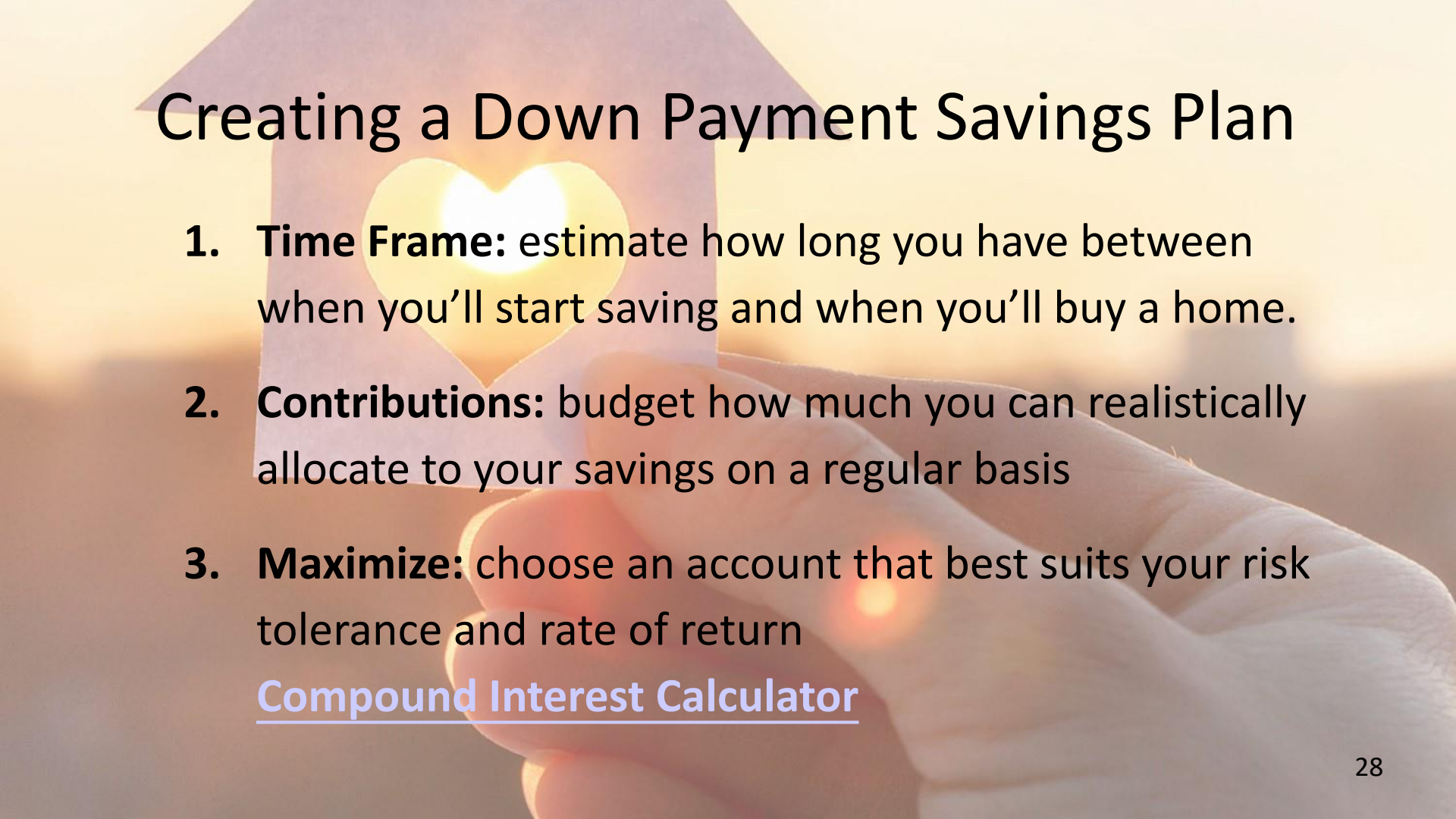
# Saving for a Down Payment

Strategies to boost your savings:

1. Pay yourself first
2. Bucket method
3. “Find” more money

**...BE REALISTIC!**



A hand holding a white paper house with a heart-shaped cutout in the center. The background is a warm, golden sunset or sunrise. The text is overlaid on the image.

# Creating a Down Payment Savings Plan

1. **Time Frame:** estimate how long you have between when you'll start saving and when you'll buy a home.
2. **Contributions:** budget how much you can realistically allocate to your savings on a regular basis
3. **Maximize:** choose an account that best suits your risk tolerance and rate of return

[Compound Interest Calculator](#)

# Conclusion

Today we talked about...

- Basics of a down payment
- Mortgage Loan Insurance
- MNO Home Buyers Contribution Program
- Down payment sources
- Saving strategies for down payments



# Resources

[MNO Home Buyer's Contribution Program](#)

[Costs of Homeownership](#)

[Down Payment Savings Resource](#)

[Programs available for First Time Home Buyers](#)

[Compound Interest Calculator](#)

[Down Payment Calculator](#)

[Land Transfer Tax Calculator](#)

[Mortgage Insurance Calculator](#)



Join us at our next workshop:

- **Part 3: Qualifying for a mortgage**  
April 25<sup>th</sup> at 7:00pm (ET). To register, click [here](#).



Thank you!

QUESTIONS?





For more information on the Financial Literacy Program, contact:

**Housing Programs**

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