



First-Time Home Buyers **REAL ESTATE GUIDE** to Buying Property in Newfoundland.



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First-Time Home Buyer: What To Expect in Steps

Buying your first home is an exciting milestone, but it's also a big financial decision. Understanding the home-buying process and the programs available to first-time buyers can help you feel confident and prepared every step of the way.

This guide provides key details on **down payments, mortgage options, first-time home buyer programs, and savings accounts** to help you navigate the real estate market in Newfoundland.

Buying Your First Home: A Brief Step-by-Step Guide



Step 1: Determine Your Budget

Before house hunting, assess your financial situation, including your income, savings, and credit score. Consider:

- How much you can afford for a down payment.
- Your monthly mortgage payments and other homeownership costs (*property taxes, utilities, insurance, maintenance*).

Step 2: Get Pre-Approved for a Mortgage

A mortgage pre-approval helps you:

- ✓ Understand how much you can borrow for your 1st home.
- ✓ Lock in an interest rate for a set period. Great when rates are low!
- ✓ Show sellers that you're a serious homebuyer.

Step 3: Find a Real Estate Agent

A professional real estate agent can guide you through the market, negotiate on your behalf, and help you navigate paperwork.



First-Time Home Buyer: What To Expect in Steps

continued...

Step 4: Start House Hunting

Once pre-approved, you can begin searching for properties within your budget. Keep in mind:

- **Location** (*proximity to work, schools, amenities*).
- **Home type** (*condo, townhouse, single-family home*).
- **Future value** (*resale potential, neighborhood trends*).

Step 5: Make an Offer to Purchase & Negotiate

When you find the right home, your agent will help you:

- Submit an offer to purchase.
- Negotiate price and terms.
- Include conditions (*e.g., financing approval, home inspection*).

Step 6: Home Inspection & Finalizing Your Mortgage

(1) A home inspection helps identify potential issues before closing.

(2) Your lender will conduct an appraisal to confirm the home's value.

(3) Final mortgage approval is granted before closing day.

Step 7: Closing the Sale

(1) Your lawyer will review the contract, register the property, and handle final paperwork.

(2) You'll pay closing costs (*e.g., legal fees, land transfer tax, home insurance*).

(3) Once complete, you'll receive the keys to your new home!

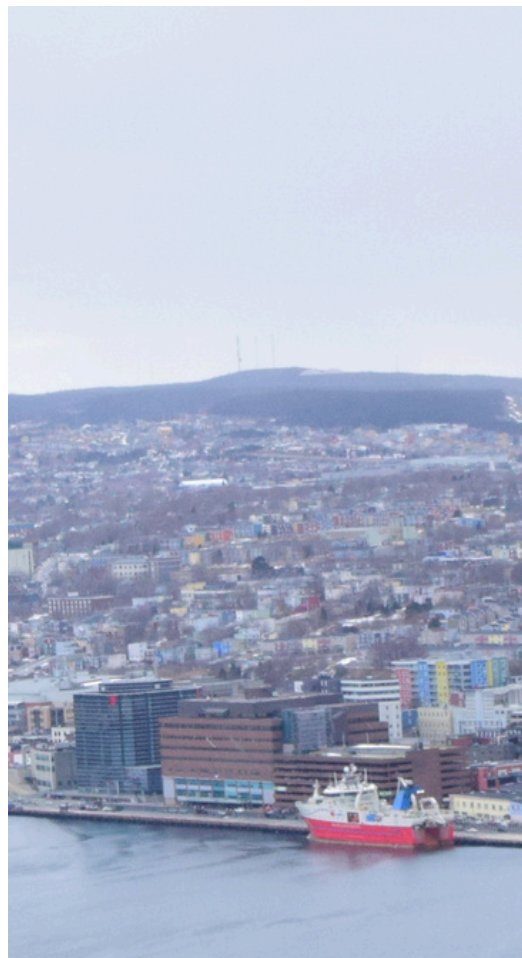


Understanding How Down Payments Work

The minimum down payment required in Canada depends on the purchase price of the property, rather than whether you are a first-time homebuyer:

- **Less than \$500,000:** Minimum down payment is 5%.
- **\$500,000 - \$1,499,999:** Minimum down payment is 5% of the first \$500,000 and 10% of any amount over \$500,000.
- **\$1,500,000 or more:** Minimum down payment is 20%.

It's essential to budget for your down payment while also considering closing costs, legal fees, and potential home inspections.



EXPERT TIP: Start preparing these key documents ahead of time, so you're ready for the loan qualification process!

- **T1 General(s):** Copies of your T1 General tax returns for the past two years.
- **Notice(s) of Assessment (NOA):** NOAs from the most recent two tax years.
- **Proof of Funds:** A 90-day record showing the source of your down payment, typically through bank or investment statements.
- **Paystub(s):** Two recent paystubs.
- **Employment Verification:** A letter from your employer's HR department, issued within the last 30 days, confirming your job title, salary, and length of employment. This letter should also include a contact number for verification by the lender.

Understanding Your Credit Profile



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Your credit profile is a detailed record of your borrowing and repayment history, which lenders use to assess your ability to manage debt.

It includes personal information, outstanding balances, payment history, and past credit applications.

A strong credit profile demonstrates responsible financial habits, such as making payments on time and keeping credit utilization low.

On the other hand, late payments, high credit usage, and frequent credit inquiries can negatively impact your credit score.

Since your credit score plays a key role in securing a mortgage, it's important to review your credit report and, if necessary, take steps to improve it before applying for a home loan.

5 Steps to Help Improve Your Credit Profile Before Applying for a Mortgage:

1. Check Your Credit Report:

Request a copy of your credit report from a credit bureau (*Equifax or TransUnion*) to review your score and identify any errors or negative marks that need to be addressed.

2. Make Payments on Time:

Ensure all bills, including credit cards, loans, and utilities, are paid on or before their due dates. Even one late payment can impact your credit score.

3. Reduce Credit Utilization:

Aim to keep your credit card balances below 30% of your available credit limit. The lower your utilization, the better your credit score.

4. Avoid Applying for New Credit:

Each time you apply for credit, a hard inquiry is made, which can lower your score. Limit new credit applications in the months leading up to your mortgage application.

5. Pay Down Existing Debt:

Focus on reducing high-interest debt, such as credit cards or personal loans, to improve your debt-to-income ratio and show responsible financial management.

First-Time Home Buyer: Incentives & Programs



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RRSP Home Buyers' Plan (HBP) ✓

If you're a first-time homebuyer, you can borrow from your **Registered Retirement Savings Plan (RRSP)** under the Home Buyers' Plan (HBP):

- Withdraw up to \$60,000 tax-free to use toward your down payment.
- Couples can withdraw up to \$120,000 combined.
- **Repayment period:** 15 years.

Mortgage Amortization ✓

The mortgage amortization has been extended.

- As of December 15, 2024, first-time homebuyers can extend their mortgage amortization to 30 years (previously 25 years).

Recent HBP Changes

- The withdrawal **limit increased** from \$35,000 to **\$60,000** (effective April 16, 2024).
- Repayment starts **five years after withdrawal** (for purchases made between January 1, 2022, and December 31, 2025).

Insured Mortgages

The maximum purchase price for insured mortgages increased.

- The maximum home price for insured mortgages has increased from \$1 million to \$1.5 million.

Government Programs for First-Time Buyers

The Canadian government offers several programs to help first-time buyers enter the market:

- **First-Time Home Buyers' Incentive:** Shared-equity loan to reduce mortgage payments.
- **First-Time Home Buyers' Tax Credit (HBTC):** Up to \$1,500 in tax relief.
- **GST/HST New Housing Rebate:** Partial rebate on taxes for new homes.

Top First Home Savings Accounts in Canada

The First Home Savings Accounts (FHSAs) were created to help Canadians save more to purchase their first home. Check out these great FHSAs to find the right one for you:

Organization	FHSA Benefits
TD	• Earn \$100 when you open an FHSA by January 31, 2025 • Earn 1% back (up to \$1,500) on funds transferred in from another financial institution
BMO	• Hold cash, GICs, and mutual funds. Earn 3% interest on your cash savings; • Or a \$100 cash bonus for depositing at least \$50 monthly with BMO Mutual Funds Account
EQ Bank	• Can earn 2.50% interest or can purchase FHSA GIC (<i>rates up to 3.40%</i>) • Set interest rate on funds held within the FHSA
Desjardins	• Offering a limited-time promotional interest rate of 3.25%
National Bank	• No minimum balance or deposit required
CIBC	• Hold cash, GICs, mutual funds, and other publicly traded securities



First-Time Home Buyers **REAL ESTATE GUIDE**

Reach out to Jesse for a **FREE no-obligation consultation** & the latest local market insights to get your real estate journey started today!



Scan QR code
to visit website
or contact Jesse
directly for
more details!



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