

# There's plenty of options to help you buy your first home

With so many housing options, price ranges and neighbourhoods to choose from in many communities these days, first time buyers are in a prime position to enter the real estate market.

But buying a first home in today's market, especially in higher-priced areas around the province, requires sacrifice and often, a lowering of expectations.

As a first time buyer, it's important to keep in mind that double car garages, fireplaces, family rooms, powder rooms, walk-in closets, etc. all add big dollars to the price of any home. In the same way, prime neighbourhoods also command premium prices.

What all this means is that your first home may not be that large, beautiful house in a park setting you dream of. It may be significantly smaller, require a longer commute to work and some elbow grease on your part to clean and fix up. But, as your equity builds, you will be able to trade in this home for a better one. It may take several trade-ins over a period of years, but eventually you can realize the home of your dreams.

### Down payment the key

The key to getting started for most first time buyers is the initial down payment. This is the part of the purchase price you have to put down as cash— usually 25 per cent of the purchase price for a conventional mortgage or as low as five per cent (see below). Saving up for a down payment and keeping up with the monthly payments (mortgage, utilities and property taxes) may require you to make significant changes in your spending and lifestyle habits.

One of the best ways to save for a down payment is by taking advantage of government programs available to first time buyers. Enlist the services of a real estate professional to help you understand how these programs work. A realtor will also help you understand and choose the housing options and neighbourhoods that will best serve your pocketbook and desired lifestyle.

### RRSP Home Buyers Plan

If you have been contributing regularly to a Registered Retirement Savings Plan (RRSP), you may have to look no further for your down payment. The federal government's RRSP Home Buyers Plan allows eligible taxpayers to withdraw up to \$20,000 per person (\$40,000 per couple) tax free from their plan to buy a qualifying home. However, you have to pay back every year at least 1/15th of the amount taken out until it is all paid back, or there will be a tax penalty.

### Ontario Home Ownership Savings Plan

This is a provincial program which provides tax

*Ready to close the cottage?*

*Follow these tips*

To ensure your cottage makes it through the long winter intact, there are some basic tasks to carry out.

- Take home any food or other liquids that could freeze or attract rodents or other pests.
- Remove docks and boats from the water. Store boat motors, lawnmowers and other items with engines in a dry, weather-proof place. Cover anything that might rust with a coat of oil.
- Remove any valuables such as televisions, stereos.
- To prevent pipes from cracking and breaking over the winter, don't just shut down your plumbing – drain it completely. Empty and clean all the pipes, valves tanks and pumps. Be sure to turn off your water heater both at the tank and at the circuit breaker.
- Put some antifreeze in the toilet bowl in case all the water has not drained out. Also it's a good idea to pour some plumbing antifreeze down the drains. This way, if there is still water in the traps, it will mix with the antifreeze and become slush and not damage the drains.
- Turning your cottage into Fort Knox is not always the best solution to deter vandals as it can encourage forced entry and more damage than if you left the door unlocked. Keep in mind that most intruders won't break in if they can't see what's inside. Many cottage associations have a cottage watch program too.
- Empty out the refrigerator and leave the door propped open to prevent mildew and musty smells come spring. To ensure your fridge and other electrical equipment is not used in your absence, remove the fuses. Consider installing temporary supports to protect the roof from caving in. Another option is to hire a local person to shovel the snow off the roof when necessary.

credits on annual contributions to an Ontario resident earning less than \$40,000 a year (or less than \$80,000 per couple) who has never owned a home. While there is no limit to the amount you may deposit in the OHOSP, you can only receive tax credits on annual contributions of \$2,000 (\$4,000 per couple) or less. Depending on your annual income and money you invest, you can earn up to \$500 individually or \$1,000 a couple in tax credits a year. The plan must be closed a home purchased by the end of the seventh year. Otherwise you must repay your OHOSP tax credits with interest.

### CMHC five per cent down

The Canada Mortgage and Housing Corporation's five per cent down mortgage program is available to both first time buyers and those who have already owned a home. This benefits buyers who can afford the monthly payments, but would have trouble saving for a larger down payment.

Under the program, CMHC may insure the mortgage on your home (against default in payments) for up to 95 per cent of the lending value of the home. The cost of this mortgage insurance depends on the value of the house and the size of the loan (eg. 1.25 per cent of the mortgage loan for 20 per cent down payment to 3.75 per cent for five per cent down payment). This amount can be added to the mortgage or paid on a monthly basis.

### Other sources


Others sources you can tap into for a down payment include:

- savings and investments
- loans or gifts from your family or relatives
- if you're a first time buyer moving up, money that you get from the sale of your present home (whatever is left after you pay off the mortgage).

—Ontario Real Estate Association

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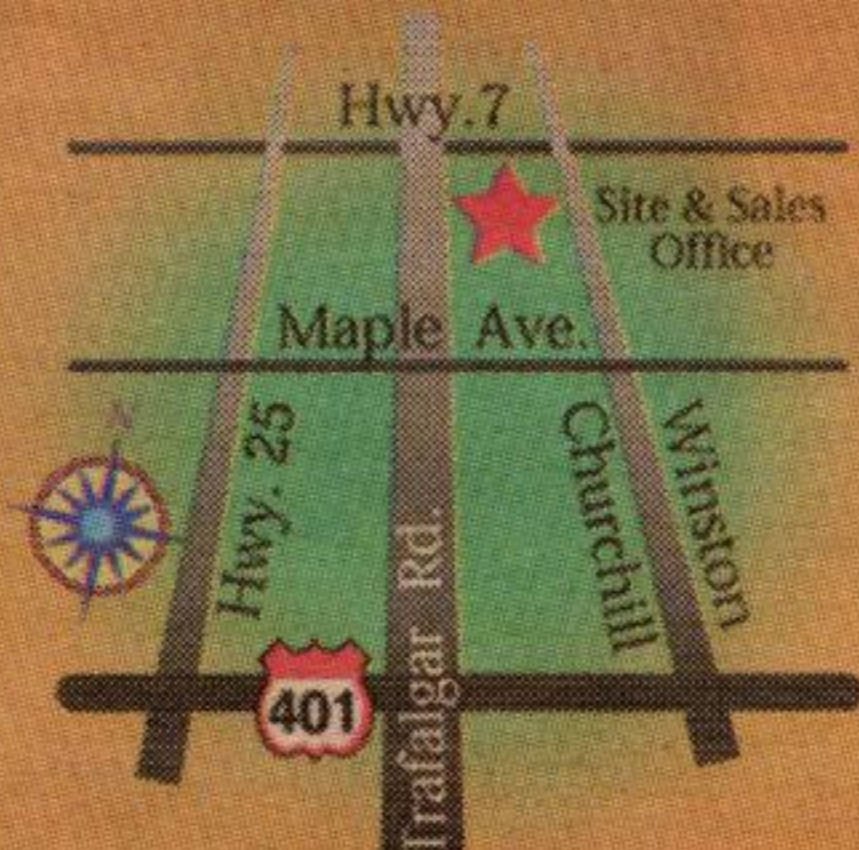


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