

# Five Incentives for First-Time Buyers

When buying your first home, don't leave money on the table! Take advantage of the programs and incentives offered by the federal government that can help you achieve your new home.

## 1. First-Time Home Buyer Incentive

This shared equity program provides 5% of the cost of an existing home, or 10% of a new home for first-time buyers with the minimum 5% down for an insured mortgage. With the maximum allowable household income of \$120,000, the top purchase price would be approximately \$505,000 with 5% down. You are required to pay the incentive back after 25 years or when you sell the home based on the property's fair market value, whether it has increased or decreased in value.

	No Incentive	5% Incentive	10% Incentive
<b>Purchase Price</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>
5% Down	\$25,000	\$25,000	\$25,000
Incentive	\$0	\$25,000	\$50,000
Mortgage	\$475,000	\$450,000	\$425,000
Mortgage + Mortgage Insurance	\$494,000	\$463,950	\$436,900
<b>Monthly Payment</b>	<b>\$2,260</b>	<b>\$2,122</b>	<b>\$1,999</b>
<b>Monthly Savings</b>		<b>\$138</b>	<b>\$261</b>
<b>Yearly Savings</b>		<b>\$1,656</b>	<b>\$3,132</b>

Assumes 25 yr am, 5 yrs, 2.69%

## 2. RRSP Home Buyer's Plan

First-time buyers can withdraw from their RRSPs up to \$35,000 per person tax free to buy or build a qualifying home, which can be a big boost to your overall downpayment, and may help you reach the 20% down needed to avoid mortgage default insurance premiums. You are required to repay the withdrawn funds on a 15-year repayment plan that begins the second calendar year after withdrawal.

## 3. First-Time Home Buyer Tax Credit

Qualifying first-time buyers can claim a portion of their home purchase on their personal tax return for the year of purchase, which will help to offset your closings costs such as legal fees. The \$5,000 non-refundable tax credit provides up to \$750 in federal tax relief.

#### **4. GST/HST New Housing Rebate**

If you are purchasing a new construction home or performing substantial renovations to an existing home, you can recover some of the tax that you paid if all eligibility conditions are met. Canada Revenue Agency's Guide RC4028 – GST/HST New Housing Rebate – has all of the specifics. Submit the form applicable to you along with your personal income taxes within two years of the actual closing date.

#### **5. Green House Program**

Homeowners purchasing a qualifying energy-efficient home with an insured mortgage are eligible for up to a 25% mortgage insurance premium refund, which can be a substantial savings! If you buy a home and renovate it to make it more energy-efficient you can also apply for this refund.

**Have questions?** Without a doubt the mortgage and homebuying world is a complex one! Getting expert advice early is a key part of the homebuying process. Get in touch at any time for a review of your situation and important money-saving advice!