

Saving for a down payment for a home can be a difficult challenge for first-time home buyers.

Fortunately, there are a variety of government programs to help you save or borrow the funds for your home purchase.

A real estate professional can help you understand how these government programs work.

Honesty and Integrity

Most real estate professionals in our province are members of the Ontario Real Estate Association (OREA) and only members of OREA can call themselves REALTORS®.

When you work with a REALTOR®, you can expect strict adherence to provincial laws, which include a Code of Ethics. That code assures you will receive the highest level of service, honesty and integrity.

Highest Professional Standards

Before receiving a real estate registration, candidates must successfully complete an extensive course of study developed by OREA on behalf of the Real Estate Council of Ontario. That is only the beginning: in the first two years of practice, registrants are required to successfully complete three additional courses as part of their articling with an experienced broker. In addition, all registrants must continue to attend courses throughout their careers in order to maintain their registration.

Want More Information?

OREA has a 114-page book called *How to Buy Your Home* available free by calling 1-800-563-HOME. Check out homes for sale on the Internet at www.mls.ca.

Other pamphlets available:

- Buying a Home
- Selling a Home
- GST & Real Estate
- Home Insurance
- Marijuana Grow House Operations
- Working with a REALTOR®

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Home Ownership Incentives

Government Programs
to Help You Save

OREA Ontario
Real Estate
Association

RRSP Home Buyers' Plan (HBP)

The Government of Canada's Home Buyers' Plan allows qualified buyers to withdraw a maximum of \$20,000 from their RRSPs to purchase or build a house. If your spouse is also eligible, you can each withdraw up to \$20,000 towards the down payment, for a total of \$40,000. No income tax is deducted from these funds, as long as they are repaid to the RRSP according to the government's repayment schedule.

How the Plan Works

You may participate in the plan if you have not owned a home which you occupied as your principal residence in the last five years.

Repayment Schedule

The money you withdraw from your RRSP must be repaid over a period of no more than 15 years to retain its tax deferred status. Your repayment period starts the second year following the year you made your withdrawals. If you pay less than your scheduled annual payments, the amount that you don't repay must be reported as income on your tax return for that year.

For example, in October 2006 you withdraw \$15,000 from your RRSP to finance the purchase of your home. Your first annual repayment of \$1,000 (\$15,000 divided by 15 years) is due by December 31, 2008.

For more information, go to the Canada Revenue Agency Web site at www.cra-arc.gc.ca and search for "Home Buyers Plan."

Flexible Down Payment Plan

Saving a down payment may no longer be a barrier to owning a home. With as little as five per cent down, all homeowners have access to the Canada Mortgage and Housing Corporation's (CMHC) mortgage insurance and with the CMHC's Flex Down incentive, the down payment may now be borrowed from any source that is arm's length to and not tied to the property purchase or sale transaction. These sources may include: lender cash back incentives; loans from your bank or finance company; lines of credit or credit cards; gifts or grants; and sweat equity (intended for new constructions).

Flex Down is open to both new and repeat home buyers who buy a one or two-unit home in Canada and occupy it as a principal residence, and is available for mortgage loan amounts between 90.01 per cent and 95 per cent. Borrowed funds for the down payment cannot exceed 9.99 per cent.

Flex Down has the same flexibility as other CMHC Mortgage Loan Insurance products - fixed, adjustable, or capped variable interest rates and interest terms as short as six months. The mortgage insurance premium is 2.90% under Flex Down.

Comparable mortgage insurance may also be offered through other financial services providers.

For more information, go to CMHC's Web site at www.cmhc-schl.gc.ca and type "Flex Down" in the search engine, or call 1-888-GO emili (1-888-463-6454).

Lower Monthly Payments

To help improve access to homeownership by lowering monthly payments, in 2006, CMHC introduced 30-year and 35-year flexible amortization periods. Extended amortizations are available on homeowner purchase and refinance transactions (excluding line of credit) and can be combined with the Flex Down incentive.

At the same time, CMHC eliminated application fees, typically \$165 to \$235 depending on the type of insurance transaction, on all of its high-ratio homeowner mortgage loan insurance offerings.

In addition, CMHC will provide mortgage insurance that allows lenders to offer borrowers with a proven history of managing their credit responsibly the option of making interest-only mortgage payments for up to the first 10 years when they purchase or refinance their home. This new option will give borrowers greater flexibility in managing their cash flow.

Purchase Plus Improvements

Is your dream home a "fixer-upper"? Or maybe you want to upgrade a new home. With CMHC's Purchase Plus Improvements, you can add the cost of renovation

to your mortgage, up to 95 per cent of the "as improved" value.

So, with five per cent down, an application for mortgage financing can be made with 95 per cent of the purchase price plus 95 per cent of the cost of improvements, based on written quotes obtained from licensed contractors.

On closing, the improvement portion of the mortgage will be withheld until the work has been completed, usually within 30 to 60 days of closing.

For more information, go to CMHC's Web site at www.cmhc-schl.gc.ca, and type "Purchase Plus" in the search engine, or contact a mortgage lender. More information on any of the CMHC incentives can be obtained by calling 1-888-GO emili (1-888-463-6454).

Land Transfer Tax (LTT) Rebate

First-time buyers of newly constructed homes may receive a refund of land transfer tax up to a maximum of \$2,000.

Only individuals who are at least 18 years of age, have not owned an interest in a home anywhere in the world and whose spouse has not owned an interest in a home anywhere in the world while he or she was a spouse of the individual, qualify as first time buyers. The first-time buyer must be buying a newly constructed home or an interest in a newly constructed home that has never been occupied.

The purchaser must occupy the home as his or her principal residence no later than nine months after the date the property is transferred to his or her possession.

A qualifying buyer must apply for a refund no later than 18 months after registration of the home purchase if a refund is not claimed at the time of registration.

For more information, contact the Ontario Ministry of Finance at 1-800-263-7965.