

# Buying Your First Home In Canada



Buying a home is a big step for anyone, but it can be overwhelming for New Canadians. Working with experienced professionals will help you through the process. Here are the basic steps to buying a home in Canada:

## **Step 1: Prepare Financing**

Speak to a mortgage professional as early as possible. In Canada, you can get a mortgage through a bank or mortgage broker. A mortgage broker is generally free to use and works with many banks and lenders. You will be considered a New to Canada application if you have moved to the country in the last 5 years. Look for a mortgage professional who is experienced with New to Canada clients. They should help you understand your home financing options and make sure you meet the requirements to purchase a home. If you don't meet the requirements, they should provide you with a plan so you can prepare to purchase in the future. Many banks provide a pre-approval when you meet with them. A pre-approval is not a commitment. You will only receive a commitment once you have an accepted purchase offer.

## **Step 2: Find a Realtor**

In Canada, you can purchase a property using a Realtor or through a private sale. If you want to work with a Realtor, look for one who is experienced and reputable. It is their job to help you find a home that meets your needs. They can set you up with emails of property listings, give you information on neighborhoods and schools, show you properties, and generally help you through the purchasing process. In most cases their fees are paid by the seller or home builder when you purchase, so working with one costs you nothing.

## **Step 3: Find a Home**

When you find a property that you want to buy, your Realtor will help you write an offer to purchase. This outlines the price, possession date, and any conditions with a condition date (for example condition of satisfactory financing). The seller can accept, decline, or send a response with changes. If you come to an agreement, your condition period starts.

## **Step 4: Condition Period**

You have until your condition date to lift the conditions. During this period you complete home inspections, property appraisal (if required) and mortgage financing. This is the time where you will provide banking, employment, and other documents to your mortgage lender so they can approve your mortgage and provide you with a commitment by your condition date. If you do not lift the conditions by the condition date your offer is no longer valid. If you do lift conditions, your purchase will complete on your closing date. If you choose to not buy the house after lifting conditions you lose your deposit.

## **Step 5: Lawyer Visit**

Roughly a week before your possession date you will meet with your lawyer, sign paperwork, and bring a cheque for your down payment and other closing costs.

## **Step 6: Moving Day!**

You move into your new home! Your Realtor will arrange to get you keys on your possession day.

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# New To Canada

## Top 5 Mortgage Myths



It can be hard for New Canadians to get accurate information on borrowing money to buy a home. In Canada, each bank has their own rules for lending to New Canadians. If one bank tells you “no”, it may be a “yes” if you went to another bank.

Mortgage brokers work with a large number of banks and lenders, giving their clients more options. Here are the top 5 mortgage myths that we hear from New Canadians:

### 1. ***I need to have more than 5% down payment.***

**Not true.** Just like Canadian citizens, a Temporary or Permanent Resident can purchase with as little as 5% of the purchase price as a down payment. To purchase with 5% down payment on a work permit you must have lived in Canada for at least 12 months and have proof that you’ve paid rent and other bills on time.

### 2. ***I need to be in Canada for at least a year.***

**Not true.** If you have 10% or more down payment, you can purchase once you have a full-time job that is permanent and non-probationary.

### 3. ***I can’t get a mortgage until I am a Permanent Resident.***

**Not true.** Some banks won’t lend to Temporary Residents, but many will. Generally, you need a work permit that is one year or more with 6 months left before expiry.

### 4. ***I need two years of credit history to buy a house.***

**Not true.** Lenders understand that New Canadians are just starting to build a credit score. But, if you have a credit score, it must show that you pay your bills on time. If you have less than two years history you can prove your credit worthiness in other ways. For example, 12 months history of rental payments and utility payments or a credit bureau from your former country of residence.

### 5. ***My mortgage interest rate will be higher.***

**Not true.** Many lenders offer their best rate to New Canadians. Banks may offer posted rates, but these can be negotiated lower.

As a New Canadian you have a lot of options for your financing. Look for a lender with experience working with New Canadians. They should provide you guidance on home financing rules in Canada, building and maintaining your credit score, and how to pay down your mortgage faster.

If you have questions or would like details on how you qualify for a mortgage in Canada, please contact me.

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