

10 SECRETS TO BUYING A HOME



Buying a first home in Ontario, Canada, can be challenging, especially considering the rising property prices and financial requirements. Here are some creative ways to help make your dream of homeownership a reality:

1. Start Saving Right away.

The earlier you start saving for that down payment, the easier it gets. Most buyers don't start worrying about it until they actually start thinking about buying a home.

Don't just put your savings anywhere. Utilize your RRSP (Registered Retirement Savings Plan) contribution allowance and your FHSA (First Home Savings Account).

2. First-Time Homebuyer Incentives: Explore various government programs and incentives designed to assist first-time homebuyers. In Canada, there are programs like the Home Buyer's Plan (HBP) and the First-Time Home Buyer Incentive (FTHBI), which allows eligible buyers to share ownership with the government to reduce mortgage costs.

>The Home Buyers' Plan (HBP)

If you have been contributing to a Registered Retirement Savings Plan (RRSP), you may be eligible to use the funds under the Homebuyer's Plan. This allows you to withdraw up to a certain amount from your RRSP without penalty to use towards your down payment.

If you are eligible, to **make a tax-free withdrawal from your registered retirement savings account (RRSP) to buy or build a home**. Ideal for first-time buyers, the HBP allows each borrower to withdraw up to \$35,000 (\$70,000 for a couple). You then have 15 years to repay what you've borrowed, interest-free, starting two years after you make your withdrawal.

Though the HBP is aimed at **first-time home buyers**, the program is also open to people who have not occupied a home that they or their spouse owned during the past four years. As of January 2020, eligible **people who are divorced or separated** can also take advantage of the program, even if they don't meet the first-time home buyer requirement.

>First time home buyer incentive (FTHBI)

A new program helps to make homeownership more affordable.

The First-Time Home Buyer Incentive helps qualified first-time homebuyers reduce their monthly mortgage payments without adding to their financial burdens.

The First-Time Home Buyer Incentive is a shared-equity mortgage with the Government of Canada, which offers:

- 5% or 10% for a first-time buyer's purchase of a newly constructed home
- 5% for a first-time buyer's purchase of a resale (existing) home
- 5% for a first-time buyer's purchase of a new or resale mobile/manufactured home

The shared equity component of the incentive means that the government shares in both the upside and downside of the property value, up to a maximum gain or loss equal to 8% per annum (not compounded) on the Incentive amount from the date of advance to the time of repayment.

Click the link to learn more.

<https://www.cmhc-schl.gc.ca/consumers/home-buying/first-time-home-buyer-incentive>

3. **Shared Ownership:** Consider buying a home with a family member or a close friend. Shared ownership allows you to pool resources and share expenses, making homeownership more affordable. However, ensure you have a clear agreement and plan in place.

Another source to consider is a “Shared Equity” partner such as OurBoro Inc. which is a company that invest in your home with you. The down payment contribution is not a loan, so there is no interest or additional debt. Instead, they buy a share of your home. When you decide to sell, we each receive our fair share of the gains or losses.

For More information visit: <https://ourboro.com/>

4. Rent-to-Own: Look for rent-to-own arrangements where a portion of your rent goes towards building equity in the property. This can give you time to save for a larger down payment while living in the home you intend to buy eventually. Be careful! This type of program can be fraught with risk and financial pitfalls consequences. Many of these “programs” are set up for you to fail and lose your money.

5. Purchase a Fixer-Upper: Consider buying a fixer-upper or a property in need of renovation. Homes that require some work may be more affordable, and you can gradually improve the property over time.

6. Explore Alternative Financing: Look into unconventional financing options, such as private lenders or seller financing. While these options may come with different terms, they could help you secure a home when traditional bank financing is challenging.

Look for properties where the Vendor may offer a “Vendor Take-Back Mortgage (VTB)”, also known as a seller take-back mortgage or owner financing, is a type of mortgage in which the property seller extends credit to the buyer to help facilitate the purchase of the property. Instead of the buyer obtaining a traditional mortgage from a bank or a lending institution, the seller effectively acts as the lender and finances part or the entire purchase price.

In a Vendor Take-Back Mortgage arrangement, the buyer and seller negotiate the terms of the mortgage, including the interest rate, repayment period, and any other relevant terms. The buyer will typically make regular mortgage payments to the seller over the agreed-upon term until the debt is fully repaid.

This type of mortgage can be beneficial for both the buyer and the seller under certain circumstances:

Benefits for the Buyer:

- **Easier Qualification:** Buyers who might have difficulty qualifying for a traditional mortgage due to a lack of credit history, lower income, or other reasons may find it easier to secure a VTB.
- **Flexible Terms:** Buyers can negotiate more flexible terms with the seller compared to a bank, potentially resulting in more favorable interest rates or repayment schedules.
- **Lower Closing Costs:** VTBs can lead to lower closing costs, as some of the traditional fees associated with obtaining a bank mortgage may be avoided.

Benefits for the Seller:

- **Attracting Buyers:** Offering a VTB can make the property more attractive to a broader range of potential buyers, especially in a competitive real estate market.
- **Additional Income Stream:** Sellers can earn interest on the money they finance, potentially earning more than they would from other investment options.

- **Faster Sale:** By providing financing, the seller may be able to sell the property more quickly, as it removes the barrier of the buyer needing to secure a bank loan.

It's important to note that a Vendor Take-Back Mortgage comes with risks and considerations for both parties. Buyers should ensure they thoroughly understand the terms of the agreement, and sellers should assess the buyer's ability to repay the loan. To protect their interests, both parties should seek legal advice and have a formal legal agreement drawn up by a real estate lawyer.

As with any real estate transaction, it's essential to conduct due diligence and work with professionals to ensure a smooth and secure process.

7. Purchase with Family Support: If your family is willing and able, they may offer financial assistance to help you with the down payment or other costs associated with buying a home.

8. House Hacking: Consider a property with income-generating potential, such as a duplex or a property with a basement suite. Renting out a portion of the property can help offset mortgage costs.

9. Look Beyond Urban Centers: Explore housing options in suburban or rural areas, where property prices might be more affordable than in major cities.

10. Negotiate with Sellers: Don't be afraid to negotiate with sellers, especially if a property has been on the market for a while. They might be more willing to negotiate on price or other terms to close the deal.

Remember, creative ways to buy a home may require careful consideration and planning. It's essential to research, seek professional advice, and ensure that any arrangements you make are legally sound and in your best interest. Always work with a qualified real estate agent and financial advisor to explore the options that suit your specific circumstances best.

I hope that you found the information here useful. There are a lot of variables when buying a home, market conditions, interest rates, lending rules along with the abilities of the agent that you choose to work with.

Our strategy when assisting you with buying a home is simple, listen to your needs and wants, communicate effectively, be there when you need us to be, know the real estate market, find you the perfect home, represent your best interest and negotiate the best possible deal.

I would welcome the opportunity to work with you for all of your real estate needs.



*I offer a No-Nonsense service guarantee that is in writing and simple to understand. If you're not happy with our services you can fire us!**



*Work with us to Buy your home and we'll pay for your home inspection!**

Contact me on my cell at my office at 705-733-1222 if you have any questions or would like to arrange a no-obligation free consultation.

*Sincerely,
Mike Mifsud, CEO & Broker of Record
39 Years Experience!*

