

First-Time Homebuyer Checklist

Canada Edition

A practical, step-by-step guide for confident first-time buyers

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Book a Free Discovery Call

1 Clarify Your Readiness to Buy

Before engaging lenders or realtors, confirm that homeownership aligns with your life and financial goals.

- ▣ Define why you want to buy (stability, family needs, investment, lifestyle)
- ▣ Confirm expected length of stay (generally 5+ years to justify transaction costs)
- ▣ Assess income and career stability
- ▣ Consider upcoming life changes (marriage, children, relocation)

2 Review and Strengthen Your Financial Position

This is the most critical step and should not be rushed.

Income & Cash Flow

- ▣ Confirm stable and verifiable income
- ▣ Ensure monthly cash flow comfortably supports housing costs

Savings Structure (Priority Order)

- ▣ First Home Savings Account (FHSA) - primary down payment vehicle
- ▣ RRSPs (potential HBP use)
- ▣ TFSA / high-interest savings
- ▣ Emergency fund (3-6 months of expenses)

Down Payment & Cash Requirements

- ▣ Minimum down payment: 5% (Canada)
- ▣ Closing costs: 1.5%-4% of purchase price

Debt Management

- ▣ Reduce high-interest debt (credit cards, personal loans)
- ▣ Understand your debt ratios:
 - ▣ Gross Debt Service (GDS): target 39% or less
 - ▣ Total Debt Service (TDS): target 44% or less

3 Check and Improve Your Credit Profile

Your credit score directly affects approval and interest rates.

- ▣ Obtain credit reports from Equifax and TransUnion
- ▣ Target credit score: 680+ for competitive rates
- ▣ Correct errors and outdated information
- ▣ Avoid new credit inquiries or large purchases

4 Understand Government Programs & Incentives

These programs can materially reduce the cost of buying your first home if planned correctly.

First Home Savings Account (FHSA) - Essential

- ▣ Annual contribution limit: \$8,000
- ▣ Lifetime contribution limit: \$40,000
- ▣ Contributions are tax-deductible
- ▣ Qualified first-home withdrawals are tax-free
- ▣ Can be combined with RRSP Home Buyers Plan

Best Practice: Open as soon as eligible, even if not fully funded.

RRSP Home Buyers Plan (HBP)

- ▣ Withdraw up to \$35,000 per individual
- ▣ Repayment period: up to 15 years

First-Time Home Buyers' Tax Credit

- ▣ Non-refundable federal credit up to \$1,500

Provincial & Municipal Incentives

- ▣ Land transfer tax rebates
- ▣ Local grants or credits (availability varies)

5 Get Mortgage Pre-Approval

Pre-approval provides clarity and negotiation strength.

- ▣ Meet with a mortgage professional
- ▣ Confirm maximum purchase price
- ▣ Confirm monthly payment range
- ▣ Review fixed vs. variable rate options
- ▣ Confirm stress-test qualification
- ▣ Lock in an interest rate (typically 90-120 days)

Avoid home shopping before this step.

6 Set a Realistic Home Budget

Your approval amount is not your ideal budget.

- ▣ Mortgage payments
- ▣ Property taxes
- ▣ Home insurance
- ▣ Utilities
- ▣ Maintenance (1%-3% of home value annually)
- ▣ Condo fees (if applicable)

Buy based on comfort and sustainability, not lender maximums.

7 Build Your Home Buying Team

The right professionals reduce risk and costly mistakes.

- Realtor experienced with first-time buyers
- Mortgage advisor or broker
- Real estate lawyer
- Home inspector
- Financial advisor (recommended)

8 Understand the Full Cost of Homeownership

Avoid post-purchase financial strain.

Upfront Costs

- Down payment
- Legal fees
- Home inspection
- Appraisal
- Title insurance
- Moving costs

Ongoing Costs

- Repairs and maintenance
- Utilities
- Property tax increases
- Insurance renewals

9 Personally Stress-Test Your Budget

Go beyond lender requirements.

- Can I afford this if rates rise?
- Can we manage on one income temporarily?
- Can I still save, invest, and live comfortably?

If not, reassess.

10 Confirm Emotional Readiness

Homeownership is both financial and emotional.

- Avoid pressure-driven decisions
- Ignore fear of missing out
- Separate emotions from financial facts

Final Thought

Buying your first home is one of the largest financial commitments you will ever make. Preparation, tax-efficient planning (especially FHSA use), and professional guidance are what separate confident buyers from stressed ones.