

## **FIRST TIME BUYERS**

Buying your first home is truly one of the most exciting moments you will ever have in life. It's your turning point. It's your major move towards a financially secure life.

Buying a home for the first time may appear to be an ominous task. But, it doesn't need to be. Competent help is readily available through a good realtor and a good mortgage specialist. They'll assist you smoothly through the entire process.

Your first question is undoubtedly "How much will I need for my down payment?" The most common answer is five per cent of the purchase price. Whenever the down payment is less than 25% you will have a 2.75% mortgage insurance premium added to the amount you owe on your mortgage. This is called a high ratio fee. It commonly costs about \$15 - \$30 per month. The cost is dependent on the size of mortgage you are requiring. 100% financing is available if you have a pristine credit rating and a strong income, but you'll pay a significantly higher interest rate for the 100% privilege.

Years ago, there was help from the provincial government. A starter buyer could get a \$1,000 grant or a \$5,000 second mortgage at a preferred rate. Neither are still available, but nor are the high rates that prevailed at that time.

The one perk starters do get is they are exempt from paying the 1% Property Transfer Tax that all other buyers must pay.

In addition to your down payment you will need to budget for your legal fees. They are commonly in the range of \$750 to \$1,000.

Once you have raised enough money for your down payment and legal fees you need to select a realtor. Choose a realtor that is recommended and trusted by people you know. Your chosen realtor will put you in touch with the right mortgage specialists and home inspectors.

The mortgage specialist will assess your unique financial situation and tell you the precise price range you will be qualified to buy in. They will also guide you through choosing a variable or fixed interest rate, monthly or bi-weekly payment choices and in determining mortgage amortization, which is the length of time you'll take to pay off the mortgage.

Now you are ready to choose your home. Choose good resale. This is critical on your first investment. Good resale is a combination of location and design. Look to your realtor for solid advice on this subject.

This giant step of purchasing a home is well worth the sacrifices the saving of a down payment requires. When your realtor hands you that key to

your own front door you'll feel a true sense of future, positive direction and belonging.

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