

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 includes a Code of Ethics. That code is very important to you because it 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 a brokerage. In addition, all registrants must continue to attend courses throughout their careers in order to maintain their registration.

Want More Information?

OREA has a 144-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.REALTOR.ca.

Other pamphlets available:

- Buying a Home
- Selling a Home
- Home Insurance
- Marijuana Grow House Operations
- Working with a REALTOR®



Ontario Real Estate Association

Promoting Professionalism

99 Duncan Mill Road
Don Mills, Ontario M3B 1Z2
Telephone: 416-445-9910
Fax: 416-445-2644
Toll Free: 1-800-265-OREA (6732)
www.orea.com
info@orea.com

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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 \$25,000 tax free from their RRSPs to purchase or build a house. If your spouse is also eligible, you can each withdraw up to \$25,000 towards the down payment, for a total of \$50,000. 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 (or your spouse) 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 2009 you withdraw \$24,000 from your RRSP to finance the purchase of your home. Your first annual repayment of \$1,600 (\$24,000 divided by 15 years) is due by December 31, 2011.

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

Home Buyer Tax Credit

The Government of Canada offers a non-refundable tax credit to help first-time home buyers with some of their closing costs. This Home Buyer Tax Credit (HBTC) will provide up to \$750 in tax relief on the purchase of a first home. The HBTC is calculated by multiplying the lowest personal income tax rate for the year (15 per cent in 2009) by \$5,000. For 2009, the credit will be \$750.

To qualify for the HBTC, an individual must purchase a qualifying home and neither the homebuyer

or the homebuyer's spouse or common-law partner can have owned and lived in another home in the year of purchase or any of the four preceding years.

For more information, go to the Canada Revenue Agency Web site at www.cra-arc.gc.ca and search for "First time home buyers' tax credit."

CMHC Flexible Financing

Canada Mortgage and Housing Corporation's (CMHC) Purchase incentive allows home buyers to borrow the down payment 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).

CMHC Purchase 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.

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

CMHC Newcomer

For permanent residents, where there is limited Canadian credit history and where foreign credit bureaus are not available, CMHC considers alternative sources of payment history for Loan-to-Value ratios between 80.01 per cent and 95 per cent.

Newcomers with non-permanent resident status have access to CMHC insured financing of up to 90 per cent loan-to-value ratio for the purchase of a one unit owner-occupied residential property.

CMHC Self Employed

To make home financing easier for self-employed borrowers CMHC offers two options. Those with documentation to support their income have access to all existing one to four unit CMHC Mortgage Loan Insurance incentives subject to the same product criteria and insurance premiums as salaried borrowers.

Borrowers without traditional forms of income validation can access CMHC insured financing for purchase of up to 95 per cent loan-to-value ratio for a one or two unit owner-occupied property.

Lower Monthly Payments

CMHC provides mortgage insurance that allows 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 option, available on mortgage loans of up to 80 per cent and amortization periods of up to 25 years, will give borrowers greater flexibility in managing their cash flow.

For more information on any CMHC incentive, go to CMHC's Web site at www.cmhc-schl.gc.ca, and type "Flexible financing" 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 and resale 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 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.

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