



on the HOUSE

First-Time Buying

With today's low interest rates and wide variety of housing options and prices, buying your first home may be one of the best long-term investments you will ever make. But before taking the big leap to home ownership, it is important to consider your personal needs and financial situation carefully.

Owning a home is not for everyone. It's a big responsibility that may require some sacrifices and possibly a lowering of expectations. Unless you have available a significant down payment, it is important to keep in mind that double garages, fireplaces, family rooms, powder rooms, walk-in closets, pools and over-sized lots all add big dollars to the price of any home. Prime neighbourhoods -regardless of a particular home's negative features -also command premium prices.

For most people, their first home is a modest structure in a pleasant rather than prime neighbourhood, and it may need some cleaning or fixing up. It may take a number of trade-ins over a period of years to build up equity and eventually realize their dream home.

Deciding to buy

One of the easiest ways to evaluate your decision to buy is to ask yourself "If all else were equal, would I rather rent or own my own home?" It's safe to say that most of us would opt for home ownership.

But how do you make the choice financially? A good way is to look into the future and consider what you will have to show from monthly rental payments (a stack of receipts) versus mortgage payments (significant equity in a home). When all is said and done, buying a home is a sound investment in your financial future.

Getting started

For most first-time buyers, the key to home ownership is the initial down payment. This is the part of the purchase price you have to put down as cash (usually 20 -25 per cent of the purchase price for a conventional mortgage). However, it is possible to get a high-ratio mortgage for up to 95 per cent of the purchase price. This type of mortgage is insured by the government and the insurance premium -anywhere from 1.5 per cent for 20 per cent down to 3.75 per cent for 5 per cent down -is added to the mortgage principal.

One of the best ways to save for a down payment is by taking advantage of a government program available to first-time buyers -using your RRSPs for a down payment. Enlist the services of a real estate professional to help you understand how the program works and other ways to help you save for the highest down payment possible. This professional -a REALTOR -will also help you understand and choose the housing options and neighbourhoods that will best serve your pocketbook and desired lifestyle.

Working with a REALTOR

Once you have a good idea of how much you can afford and income available for housing costs, you can start to zero in on the home you want to buy. This is where you will be really glad to have a REALTOR on your team. A REALTOR has considerable knowledge of market values, properties available in your price range and homes that will match your individual needs. He or she will review your list of needs and wants, and help you determine the price range of homes you can consider in a variety of neighbourhoods.

A REALTOR will also preview properties for you and show you those homes that match your budget and your needs; he or she will also explain the various financing alternatives available and provide you with up-to-date information on interest rates and mortgage options. When you decide on a home, your REALTOR will assist you with all the details required to complete this complex business transaction, including drawing up an offer to purchase and negotiating on your behalf.