

Buying Your First Home

There's no denying the excitement and anticipation of searching for a home you can call your own. But your financial readiness will go a long way toward determining your home-buying experience.

Are you ready to buy?

Figuring out what you can afford starts with looking at your cash flow. First, deduct what you spend on everyday items like groceries and transportation from your income. Next, determine your housing costs, including mortgage, utilities and property taxes, as well as your existing debt payments.

Remember to factor in the one-time costs that come with buying a home. Legal fees and other closing costs can add up to as much as 4% of the selling price, according to Canadian Mortgage and Housing Corporation. Don't forget what you may have to spend on moving or renovations.

Don't worry. Your Nelson & District Credit Union mortgage specialist will closely review these numbers to help you determine how much you can spend on home.

Try our affordability [mortgage calculator](#) to get a general idea of what you'll be able to afford at your current income.

Determine your down payment

While you can get away with as little as 5% down when financing a home, the larger your down payment, the less interest you'll pay over time. Plus, if your down payment is less than 20% of the home's sale price, you'll have to pay for extra insurance.

To fund a more generous down payment you can borrow from your RRSP using the Home Buyers' Plan. Under the plan, each individual can withdraw up to \$25,000, tax-free from their RRSP. Within 15 years you must return the borrowed funds to your RRSP.

Pre-approval helps

Getting pre-approved for a mortgage tells realtors and sellers you're a qualified purchaser. It lets you shop and negotiate with confidence, knowing how much you can borrow, so you won't waste time looking at homes out of your price range.

Let's chat

At NDCU, we take pride in helping our members get into a home they'll love. **This article is meant solely for informational purposes.** For smart advice and flexible mortgage options to fit your lifestyle, make an appointment with an NDCU mortgage specialist today.