

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 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 not only strict adherence to provincial laws, but also adherence to a Code of Ethics. And 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 license, 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, licencees are required to successfully complete three additional courses as part of their articling with an experienced broker. In addition, all licencees must continue to attend courses throughout their careers in order to maintain their licence.



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**Government Programs
to Help You Save**



Home Buyers' Plan (HBP)

The Government of Canada's Home Buyers' Plan allows qualified buyers to withdraw a maximum of \$20,000 from their RRSPs to purchase or build a house. If your spouse is also eligible, you can each withdraw up to \$20,000 towards the down payment, for a total of \$40,000. 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. For example, in October 2002 you withdraw \$15,000 from your RRSP to finance the purchase of your home. Your first annual repayment of \$1,000 (\$15,000 divided by 15 years) is due by December 31, 2004.

For more information, go to the Canadian Customs and Revenue Agency web site at www.ccr-aadrc.gc.ca and search for "Home Buyers Plan"

CMHC's Five Per Cent Down

With as little as five per cent down, all home owners now have access to the Canada Mortgage and Housing Corporation's (CMHC) mortgage insurance. This means CMHC may insure the mortgage on your home (against default in payments) for up to 95 per cent of the lending value of the home. This helps make home ownership a reality for many Canadians who can afford monthly mortgage payments but would

have trouble saving for a larger down payment. The program is open to both new and repeat home buyers who buy a home in Canada and occupy it as a principal residence. Maximum house prices apply to loans greater than 90 per cent of the value of the home.

The mortgage insurance premium is based on a sliding scale. The premiums can be added to the mortgage paid on a monthly basis.

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

For more information, go to CMHC's web site at www.cmhc-schl.gc.ca and search for "Mortgage Loan Insurance".

Ontario Home Ownership Savings Plan (OHOSP)

By participating in OHOSP you may receive an OHOSP tax credit, depending on your income.

How the Plan Works

If you earn less than \$40,000 a year, or if you and your spouse have a combined income of less than \$80,000, you can benefit from the plan. To be eligible you must be an Ontario resident and have never owned a home or previously held an OHOSP.

OHOSP Tax Credits

While there is no limit to the amount of money you may deposit in your OHOSP, you can only receive OHOSP tax credits on annual contributions of \$2,000 (\$4,000 per couple) or less. Depending on your annual income and the amount you invest in your OHOSP, you can earn up to \$500 individually or \$1,000 per couple in OHOSP tax credits.

For example, an individual who earns up to \$20,000 and contributes \$2,000 would receive a \$500 tax credit. An individual who earns \$35,000 and contributes \$2,000 would receive a \$125 tax credit.

For couples, only one spouse can claim the OHOSP tax credit. A couple that earns a combined income of up to \$40,000 and contributes \$4,000 would receive a \$1,000 tax credit.

You are eligible for tax credits for five consecutive years. You must close the plan and use the funds to purchase a home by the end of the seventh year. Otherwise, you must repay your OHOSP tax credits with interest.

You can open an OHOSP and earn interest at competitive rates, at any participating financial institution across Ontario.

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

Land Transfer Tax (LTT) Rebate

First-time buyers of newly constructed 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 first-time buyer must be buying a newly constructed home or an interest in a newly constructed home.

A qualifying buyer must apply for a refund no later than 18 months after registration of the home purchase if a refund is not claimed at the time of registration.

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