

# A PEP TALK FOR FIRST-TIME BUYERS

The Royal Bank answers some questions about how to qualify for that first mortgage.

**□** Think that buying a home is out of your reach? Think again! Stop talking yourself out of becoming a homebuyer and consider your options. There are many common concerns plaguing the minds of first-time homebuyers – and solutions to these that may surprise you.

## **“I’LL NEVER SAVE ENOUGH MONEY TO MAKE THAT 25 PER CENT DOWN PAYMENT.”**

You could be right, but you may not need that 25 per cent nest egg. Special mortgage insurance is now available to allow for a down payment of as little as five per cent of the cost of a first home. There are even No Down Payment mortgages available. These mortgages are insured against default by either Canada Mortgage and Housing Corp. (CMHC) or Genworth Financial Canada.

## **“MOST OF MY SAVINGS ARE CURRENTLY TIED-UP IN RRSPS.”**

As a first-time homebuyer you can actually borrow up to \$20,000 from your RRSP (up to \$40,000 per couple) to help buy or build a qualifying first home. You can repay your RRSP in annual installments over 15 years. Contact your local taxation office or mortgage specialist about this Home Buyer’s Plan sponsored by the federal government.

## **“WHAT ABOUT ALL THE EXTRA COSTS OF BUYING A HOME?”**

Up-front cash requirements can be a particular concern to first-time home buyers. Most mortgage lenders now offer valuable features such as a cash bonus to help with closing costs or access to additional credit to help with your decorating and furnishing expenses.

## **“IT’S A BIG FINANCIAL COMMITMENT. WHAT IF MY CIRCUMSTANCES CHANGE?”**

You can choose a mortgage lender that gives you the flexibility to adapt to changing situations. When you talk to a lender, discuss the ability to skip mortgage payments during a rough period and the flexibility to increase or pay down your mortgage as your priorities change.

Consult with your lender to arrange a pre-approved mortgage that takes into account your lifestyle and spending priorities. To crunch the numbers on your own, check out the mortgage calculators and tips for first-time buyers on the RBC Financial Group website at [www.rbc.com](http://www.rbc.com).



For helpful advice and to arrange for a mortgage specialist to visit you at your convenience visit [www.rbc.com](http://www.rbc.com) or phone Royal Direct at 1-800 ROYAL 9-9 (1-800-769-2599). **□**

Special mortgage insurance allows for as little as five per cent of the cost of a first home.