

# First-Time Home Buyer Incentive



The First-Time Home Buyer Incentive is a Government of Canada program that helps qualified first-time homebuyers lower their monthly mortgage costs, making home ownership more affordable.

## What is the government offering?

The program offers an incentive to help eligible first-time homebuyers increase their total down payment without having to save additional funds:

- An extra 5% for a resale home
- An extra 5% or 10% for a new construction

The mortgage must be eligible for mortgage loan insurance. The first mortgage must be greater than 80% of the value of the property and subject to a mortgage loan insurance premium.

An eligible property can include a new construction or resale home as well as a new or resale mobile or manufactured home. The property must be in Canada and be suitable for full-time, year-round occupancy.

## How does the incentive work?

If you qualify, the incentive will act as a second mortgage on the title of the property, and the government will share the upside or downside of the property value. This means, whether you receive a 5% or 10% incentive, you will have to repay 5% or 10% of the value of your home at the time of the repayment.

## When do I have to repay?

You are required to repay the incentive after 25 years or when you sell the property, whichever comes first. But, you can repay it earlier without a prepayment penalty.

## How much do I have to pay back?

Whatever percentage you were allotted (5% or 10%) is what you'll have to pay back on the value of the home at the time of the repayment. If the value of your home increases, then your payback amount will be more than the incentive you received. If the value of your home decreases, you will still have to repay the full value of the incentive, based on the current value of the home at the time of repayment.

## An example

Sam wants to buy a \$450,000 new build home and has the required minimum down payment of 5% (\$22,500). Through the program, Sam is eligible to receive \$45,000 in a shared equity mortgage (10% of the cost of the new home). This second amount lowers the amount Sam needs to borrow and reduces his mortgage payment by \$257 a month, or \$3,084 a year.



**Program expanded for first-time homebuyers purchasing a home in the Toronto, Vancouver or Victoria areas.**

Buyers are now eligible for an increased Qualifying Annual Income of \$150,000 instead of \$120,000, and an increased total borrowing amount of 4.5 instead of 4.0 times their qualifying income.

## See how the incentive works to reduce your monthly mortgage payments

Insured mortgage with no incentive		Insured mortgage with First-Time Home Buyer Incentive	
House price	\$450,000	House price	\$450,000
Down payment	\$22,500 (5%)	Down payment	\$22,500 (5%)
		First-Time Home Buyer Incentive	\$45,000 (10%)
Insured mortgage	\$427,500 (95%)	Insured mortgage	\$382,500 (85%)
Mortgage insurance premium	\$17,100	Mortgage insurance premium	\$10,710
Monthly carrying cost*	\$2,220	Monthly carrying cost*	\$1,963
<b>Monthly savings</b>			<b>\$257</b>

\* Assumes the amortization is 25 years and the mortgage rate is 3.5%. The incentive may be associated with additional costs, including legal and appraisal fees.

### Who can apply?

You can apply if:

- You are a Canadian citizen, permanent resident or non-permanent resident who is legally authorized to work in Canada
- You have the minimum down payment (5% of the first \$500,000 and 10% of any amount over \$500,000)
- The maximum combined income of all the borrowers on the title does not exceed \$120,000 (\$150,000 for Toronto, Vancouver or Victoria area purchases)
- Your total borrowing is no more than 4 times your qualifying income (4.5 times if the home you are purchasing is in Toronto, Vancouver or Victoria)
- At least one borrower is a first-time homebuyer

You qualify as a first-time homebuyer if:

- You have never purchased a home before
- You have gone through a breakdown of marriage or common-law partnership (even if you don't meet the other first-time homebuyer requirements)
- In the last four years, you did not occupy a home that you or your current spouse or common-law partner owned

**Important:** It's possible that you or your spouse or common-law partner qualifies for the First-Time Home Buyer Incentive (if you are married or in a common-law relationship) with the four-year clause even if you've owned the home.

Visit the **First-Time Home Buyer Incentive website** at [www.placetocallhome.ca/fthbi/first-time-homebuyer-incentive](http://www.placetocallhome.ca/fthbi/first-time-homebuyer-incentive) for more details.



### A source of expert advice

The mortgage specialists at RBC Royal Bank® have the experience and expertise to help you make the right decisions to meet your real estate goals. They can meet with you anywhere, any time it's convenient for you. Before making any decisions, be sure to find the right professionals – the right real estate agent, home inspector and real estate lawyer can make a real difference.

To see if the First-Time Home Buyer Incentive is right for you, call 1-800-769-2511 to meet with an RBC® Mobile Mortgage Specialist today.



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