

First-Time Home Buyer Incentive

The First-Time Home Buyer Incentive helps qualified first-time homebuyers reduce their monthly mortgage carrying costs without adding to their financial burdens.

There are a few qualifiers to apply for this incentive:

- you need to have the minimum down payment to be eligible
- your maximum qualifying income is no more than \$120,000
- your total borrowing is limited to 4 times the qualifying income

If you meet these criteria, you can then apply for a 5% or 10% shared equity mortgage with the Government of Canada. A shared equity mortgage is where the government shares in the upside and downside of the property value.

How does it work?

The Incentive enables first-time homebuyers to reduce their monthly mortgage payment without increasing their down payment. The Incentive is not interest bearing and does not require ongoing repayments.

Through the First-Time Home Buyer Incentive, the Government of Canada will offer:

- 5% for a first-time buyer's purchase of a re-sale home
- 5% or 10% for a first-time buyer's purchase of a new construction

How do I know how much I have to pay back?

You can repay the Incentive at any time in full without a pre-payment penalty. You have to repay the Incentive after 25 years or if the property is sold, whichever happens first. The repayment of the Incentive is based on the property's fair market value.

- You receive a 5% incentive of the home's purchase price of \$200,000, or \$10,000. If your home value increases to \$300,000 your payback would be 5% of the current value or \$15,000.
- You receive a 10% incentive of the home's purchase price of \$200,000, or \$20,000 and your home value decreases to \$150,000, your repayment value will be 10% of the current value or \$15,000.

NOTE: If your property value goes down, you are still responsible for repaying the shared equity mortgage based on the current home value at time of repayment.

What properties are eligible?

The Incentive is to help first-time homebuyers purchase their first home. Eligible residential properties include:

- new construction 5 or 10%
- re-sale home 5%
- new and re-sale mobile/manufactured homes 5%

Residential properties can include 1 to 4 units

Types of residential properties include:

- single family homes
- semi-detached homes
- duplex
- triplex
- fourplex
- town houses
- condominium units

IMPORTANT: The property must be located in Canada and must be suitable and available for full-time, year-round occupancy.

MORE TO KNOW;

Can I switch my first mortgage to a different financial institution?

Yes, the first mortgage may be switched to a different financial institution without having to repay the Shared Equity Mortgage Loan ('the Incentive'). The terms of the first mortgage may not be altered in this case. In some instances, there may be additional legal fees associated with switching your first mortgage when you have a shared equity mortgage registered against your property.

If I decide to purchase a new property, can I port (moving the mortgage to a new property) the Incentive along with my first mortgage?

A Port under the FTHBI program will be considered a sale which will require repayment of the Incentive.

RESOURCES;

Click here for full program details; <https://www.placetocallhome.ca/fthbi/first-time-homebuyer-incentive>

Click here to [Calculate your maximum purchase price](#) and what you could receive as an incentive.

To determine your Eligibility try the [self-assessment tool](#).