A YYZ MORTGAGE GUIDE · NO. 01

01

Keys, Please!

The friendly, complete guide to buying your first home in Toronto and the GTA

YYZ MORTGAGE

yyz.mortgage · Checked & current as of August 2026

BEFORE YOU START

The short version

> *Who this is for: You're saving for (or dreaming about) a first home in the GTA and the internet is a mess of opinions.*

1. Minimum down payment is tiered: 5% of the first $500K, 10% up to $1.5M — on $800K that's $55,000, not $40,000.
2. The stress test checks you at your rate +2% (or 5.25%). Paying off one small car loan can add ~$70K of buying power.
3. Stack the free help: FHSA + Home Buyers' Plan + land transfer rebates + the $1,500 credit + the new-build GST rebate.
4. Get pre-approved before you shop — and keep a financing condition unless you fully understand the risk.
5. Budget 1.5%–3% of the price for closing costs, and keep an emergency fund after the keys.

Read it cover to cover, or jump straight to the chapter that answers your question — every chapter stands on its own. The examples are labelled illustrations, the numbers were checked in August 2026, and nothing in here is a sales pitch. When you're ready for a human, we're on the last page.

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Hi there

So you want to buy your first home. That's exciting. It can also feel scary. Toronto prices are big numbers, and everyone has an opinion.

The good news: Buying a home is not one giant leap. It's a bunch of small steps. You can learn each step. This book walks you through all of them, in plain words.

We'll cover the math, the paperwork, the free government money most people miss, and the traps that cost buyers real dollars. There's a full question-and-answer section at the back, plus a word list and a checklist you can actually use.

Grab a coffee. We will take this one step at a time.

CHAPTER 1

Should you even buy right now?

Let's start with the question nobody selling you a mortgage usually asks.

You'll hear that renting is "throwing money away." That's not true, and it's worth knowing why. When you own, a big chunk of your money also disappears every month and never comes back: mortgage interest, property tax, insurance, condo fees, repairs, and land transfer tax on the way in. None of that builds your wealth. Only the principal part of your payment does.

So the honest comparison isn't rent versus mortgage payment. It's **rent versus the money that vanishes when you own.**

Buying tends to win when:

- You'll stay put for five years or more. Buying and selling costs a lot, and you need time to earn that back.
- Your job and income feel steady.
- You have the down payment *and* the closing costs *and* money left over.
- You want to stop worrying about your landlord selling the place.

Renting tends to win when:

- You might move, change cities, or change jobs within a few years.
- Your savings would be completely wiped out by buying.
- Prices in your area are falling and you'd rather wait and watch.
- A rent-controlled unit is costing you far less than owning would.

ILLUSTRATIVE EXAMPLE – NOT AN ACTUAL CLIENT

Priya rents a one-bedroom near Yonge and Eglinton. Owning a similar condo would cost her about $900 a month more once she added the mortgage interest, condo fees, tax, and insurance. She could afford it — barely. Instead she kept renting for two more years and automatically saved that $900. Her down payment grew by more than $21,000, and she bought a bigger place, in a better building, with a cushion left in the bank. Waiting wasn't losing. Waiting *with a plan* was winning.

There's no universally right answer, and anyone who gives you one without asking about your life is guessing. But if the numbers work and you're staying put, owning your home is one of the most reliable ways Canadians build wealth. It forces you to save every single month, whether you feel like it or not.

CHAPTER 2

The moving parts of a mortgage

A mortgage is a loan you use to buy a home. The home itself is the lender's backup. If the loan never gets paid, the lender can take the home. That backup is why mortgage rates are lower than credit card rates.

A few words you'll hear a lot:

- **Down payment.** The part of the price you pay yourself, up front.
- **Principal.** The amount you borrowed.
- **Interest.** The fee the lender charges for lending you money.
- **Term.** How long your current deal with the lender lasts. Often 3 or 5 years. When the term ends, you renew.
- **Amortization.** How long it would take to pay the whole loan off. Often 25 years. Many first-time buyers can now get 30 years, which makes each payment smaller.

Now the part that surprises people. **You don't pay off your home in one term.** You'll likely renew your mortgage five or six times over the years. Each renewal is a chance to shop around, and our companion guide "The Big Switch" shows what one phone call at renewal time can be worth.

Where your payment actually goes. In the early years, most of each payment is interest, not principal. That feels discouraging, but it flips over time. Every payment shifts the balance a little further toward principal. By the last years of the amortization, almost all of it is principal.

WHERE EACH PAYMENT GOES OVER THE LIFE OF A MORTGAGE



Illustrative shape only. Your split depends on your rate, term, and amortisation.

Early payments are mostly interest. That flips, slowly at first, then decisively.

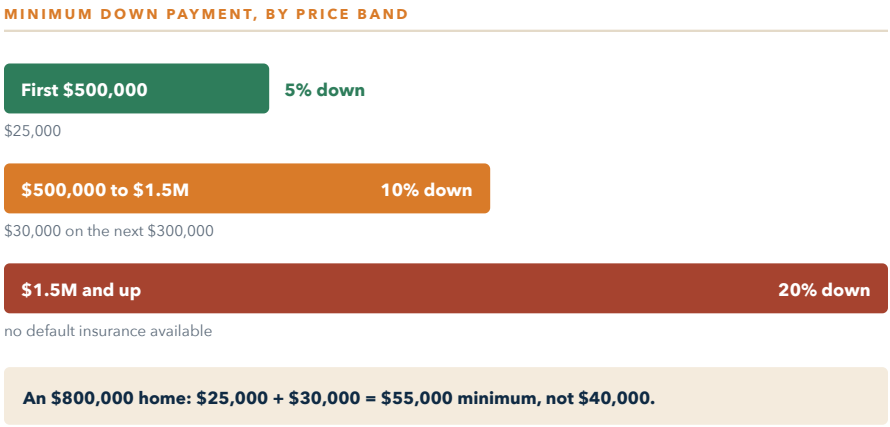
About that 30-year amortization. Since December 2024, first-time buyers and buyers of newly built homes can get a 30-year amortization even with less than 20% down. Stretching from 25 to 30 years lowers your monthly payment, which helps you qualify and helps you breathe. But you pay more interest overall, and the insurance premium is slightly higher. It's a real tool, not a free lunch. Use it if the payment is tight; skip it if it isn't.

CHAPTER 3

The down payment rules

In Canada, the minimum down payment depends on the price of the home:

- **5%** on the first $500,000
- **10%** on the part between $500,000 and $1.5 million
- Homes at **$1.5 million or more** need at least **20%** down



The tiers stack, so the minimum on an $800,000 home is $55,000 – not 5% of the whole price.

ILLUSTRATIVE EXAMPLE – NOT AN ACTUAL CLIENT

Maya is buying a $800,000 condo townhouse in Scarborough. Her minimum down payment is 5% of $500,000 ($25,000) plus 10% of the next $300,000 ($30,000). That's $55,000.

What if I put down less than 20%? Then your mortgage needs default insurance. This insurance protects the lender, not you (that surprises almost everyone), but it's what lets you buy with a smaller down payment. Without it, most first-time buyers couldn't buy at all.

The premium is a percentage of your loan and rises as your down payment shrinks. It's usually added to your mortgage, so you don't pay it in cash. One catch: **Ontario charges 8% sales tax on that premium, and the tax is due in cash on closing day.** On a $10,000 premium, that's $800 you need in your bank account. Your mortgage agent can tell you the exact premium for your deal.

Homes priced at $1.5 million and up can't be insured at all. That's why the jump to 20% down is a hard wall, not a suggestion.

Where can the down payment come from?

- Your own savings
- Money from registered accounts (see Chapter 5)
- A gift from immediate family

About gifts. There's no gift tax in Canada, and no limit on the amount. But the lender will want a signed **gift letter** saying the money is a true gift with nothing owed back. They'll also want the money sitting in your account for a while before closing — usually 15 to 30 days, or around 90 days if it came from outside Canada. This is normal. Lenders have to trace where down payments come from.

One serious warning: if the "gift" is really a loan your parents expect back, don't call it a gift. Signing a gift letter for a secret loan is mortgage fraud. It puts you, and your parents, at real legal risk. A genuine family loan can be documented properly instead — a lawyer can set it up in an afternoon.

CHAPTER 4

How much will a lender give you?

Two tests decide your number. The lender applies both and gives you the **smaller** answer.

Test one: the stress test

Lenders don't just check if you can afford today's payment. They check if you could still afford it at a higher rate.

The rule: you must qualify at your actual rate **plus 2%**, or at **5.25%**, whichever is higher.

So whatever rate you're offered, the lender runs your budget as if it were two points higher. You'd still pay your actual rate. The test just proves you have breathing room. In practice it cuts what you can borrow by roughly a fifth compared to qualifying at your real rate.

Yes, it's frustrating. But it protects you too. If rates jump at renewal time, you won't be caught out.

Test two: your debt ratios

Lenders measure your debts against your income using two numbers.

GDS — Gross Debt Service. Your housing costs divided by your gross (before-tax) income. Housing costs means the mortgage payment, property tax, heat, and half your condo fees if you have them.

TDS — Total Debt Service. The same thing, plus every other debt payment: car loans, credit cards, student loans, lines of credit, support payments.

For insured mortgages, the baseline guideline is around **GDS 35% and TDS 42%**, stretching to a maximum of **GDS 39% and TDS 44%** for borrowers with stronger credit. Individual lenders can be stricter than any of that.

Note what's *not* counted: your groceries, your daycare, your phone bill, your car insurance. The ratios ignore a lot of real life, which is exactly why qualifying for a number doesn't mean you should spend it.

Here's the important part for you: **other debts steal your buying power.** Credit cards are counted at roughly 3% of the balance per month, even if you pay them off. A $10,000 balance eats about $300 a month of room.

ILLUSTRATIVE EXAMPLE – NOT AN ACTUAL CLIENT

Aisha earns $95,000 as a nurse in North York. An online calculator told her she could afford about $520,000. Her lender's stress-tested number came in lower — around $460,000. Then her mortgage agent spotted the real thief: a $470 monthly car payment. Aisha paid off the last $6,000 of that loan before applying. Her buying power jumped by roughly $70,000. One small debt was quietly costing her a bedroom.

What to do with this: before you apply, pay down or pay off small debts, and don't open new ones. Clearing a $6,000 car loan can be worth more to you than saving another $6,000 in down payment.

Also, ignore the old "buy a house worth three times your income" rule. Lenders don't use income multiples. Neither should you.

CHECK IT YOURSELF

The federal consumer agency runs a free, no-signup Mortgage Qualifier Tool that applies the real stress test to your own numbers: **itools-ioutils.fcac-acfc.gc.ca**. The official ratio rules live at **CMHC — calculating GDS and TDS**.

CHAPTER 5

Free money and tax breaks (use them!)

Canada gives first-time buyers real help. Many people miss some of it. Don't be many people.

THE HELP MOST FIRST-TIME BUYERS LEAVE ON THE TABLE



Maximums, not entitlements. Each has its own eligibility rules – check before you count on it.

Five separate programs, and you can stack them. Most buyers use two or three.

1. The FHSA (First Home Savings Account). The best first-home tool going. You can put in up to **$8,000 a year**, to a lifetime max of **$40,000**. Contributions lower your taxable income, like an RRSP. When you buy your first home, you take it all out tax-free, including the growth. Both ends win.

Open one even if you can only add a little. Your $8,000 of yearly room only starts building once the account exists. If you never buy a home, the money can move into your RRSP without penalty, so there's very little downside to opening one.

2. The Home Buyers' Plan (HBP). You can borrow up to **$60,000 from your own RRSP** for your first home, tax-free. A couple can pull up to $120,000. You pay it back to your RRSP over 15 years.

Repayments start the **second year** after you withdraw. So money taken out in 2026 means the first repayment is due in 2028. (There was a temporary five-year grace period for withdrawals made from 2022 through 2025. That window has closed, but rules like this change, so confirm the current one with the CRA.) If you miss a yearly repayment, it isn't a debt to the government. The missed amount just gets added to your taxable income that year.

You can use the HBP *and* the FHSA together.

ILLUSTRATIVE EXAMPLE – NOT AN ACTUAL CLIENT

Jade and Marcus rent in Liberty Village. Five years ago they each opened an FHSA and set up automatic transfers: $8,000 a year, each. Every spring, the contributions cut their tax bills, and they saved the refunds too. Today they have just over $80,000 in the FHSAs plus growth, and Marcus is pulling $30,000 from his RRSP under the HBP. Down payment: more than $115,000. The tax system helped build it, but only because they opened the accounts and let the transfers run.

3. Land transfer tax rebates. Ontario charges land transfer tax when you buy. Buy inside the City of Toronto and you pay a second, city version too. Ouch. But first-time buyers get rebates: up to **$4,000** off the Ontario tax and up to **$4,475** off the Toronto tax.

ILLUSTRATIVE EXAMPLE – NOT AN ACTUAL CLIENT

On that $800,000 Scarborough townhouse, the two land transfer taxes come to about $24,950. Maya's first-time buyer rebates knock off $8,475, leaving about $16,475. Still a real cost, so budget for it.

Buy the same-priced home in Mississauga or Vaughan and there's no city tax at all. Careful with the comparison, though: you skip about $12,475 of Toronto tax, but you also give up the $4,475 Toronto rebate you'd have claimed. For a first-time buyer the real saving is about **$8,000** — $16,475 in Toronto versus $8,475 outside it. Still worth knowing when you're deciding where to look.

You apply for the rebates through your lawyer at closing. Don't assume it happens automatically — ask.

CHECK IT YOURSELF

Official rates and rebate rules — Ontario: **ontario.ca/document/land-transfer-tax** · Toronto's extra tax: **toronto.ca — Municipal Land Transfer Tax**. Program rules for the accounts: **CRA — FHSA** and **CRA — Home Buyers' Plan**.

4. The Home Buyers' Tax Credit. A simple one: claim it on your tax return the year you buy and get up to **$1,500** back.

5. GST rebate on brand-new homes. This one's newer, and it's a *separate* program from the older GST/HST New Housing Rebate that's been around for years. Don't mix them up — this one is just for first-time buyers, and it's much bigger.

First-time buyers of a **newly built** home priced under $1 million can get the GST (the federal part of HST) back — worth up to $50,000. Homes between $1 million and $1.5 million get a partial rebate, shrinking to nothing at $1.5 million. It became law in March 2026 and reaches back to purchase agreements signed on or after March 20, 2025.

It only covers new construction, not resale homes, and the rules have real fine print. Ask before you count on it, and read the official version:

CRA — first-time home buyers' GST/HST rebate.

CHAPTER 6

Your credit score

Your credit score is a number from **300 to 900**. It quietly prices everything you borrow.

Rough guide for mortgages:

- Below 600 — hard to get an insured mortgage from a regular lender
- 600 to 679 — you'll get approved, but not always at the best rates
- 680 and up — standard bank territory
- 760 and up — you're in the best group

Five habits do most of the work:

1. **Pay every bill on time, every time.** This is the biggest factor by far. Automate the minimums so a busy month can't hurt you.
2. **Keep card balances under about 30% of the limit.** Under 10% is even better.
3. **Let old accounts age.** Your oldest card helps you. Keep it open with a small recurring charge.
4. **Don't open new credit right before applying.** No new car, no new store card, no new phone financing.
5. **Check your reports once a year, free**, at both bureaus: **equifax.ca** and **transunion.ca**. Errors are more common than you'd think, and they take time to fix.

And don't worry about rate shopping. Mortgage inquiries made close together are grouped and counted as one: the window depends on the

scoring model, somewhere between about two weeks and about 45 days. Shopping over a couple of weeks keeps you safely inside it.

ILLUSTRATIVE EXAMPLE – NOT AN ACTUAL CLIENT

Omar paid his card in full every single month, yet his score kept sagging. He felt cheated. Wasn't he doing everything right? The culprit: his statement closed right after his big monthly spending, so the bureau kept seeing a card at $4,700 of its $5,000 limit. Nearly maxed, as far as the math cared. Two fixes: he started paying the card down a few days *before* the statement date, and he asked for a higher limit. Same spending, better timing. Three months later his score was up about 60 points, just in time for his mortgage application.

CHAPTER 7

Get pre-approved before you shop

A **pre-qualification** is a quick estimate based on what you tell someone. Nice, but soft.

A **pre-approval** is the real thing. A lender checks your income, debts, and credit, then tells you how much they'd lend and holds a rate for you, often for 90 to 120 days.

Why it matters:

- You shop in the right price range. No falling in love with homes you can't buy.
- Sellers take your offer more seriously.
- If rates rise while you shop, your held rate protects you. If rates fall, you get the lower one.

But know this, because it burns people: a pre-approval is *not* a guarantee. The lender still has to approve the actual property — its value, its condition, and for condos, the building's finances. And they can pull the approval if your finances change before closing. Pre-approval says "we like you." Final approval says "we like you *and* this house."

CHAPTER 8

Your paperwork pile

Lenders need five things: who you are, what you earn, what you owe, where the down payment came from, and what you're buying. Gather these early and your approval goes fast. Scramble later and you'll be sending photos of documents from a parking lot at 9pm. (Everyone does this at least once.)

If you're an employee:

- Photo ID
- A letter of employment on company letterhead — position, start date, salary, and who wrote it
- Your two most recent pay stubs
- T4s and Notices of Assessment for the last two years
- Bank statements showing your down payment (usually 90 days' worth)
- A list of your debts

If you're self-employed (this includes incorporated business owners, freelancers, and contractors):

- Two to three years of Notices of Assessment and T1 General tax returns
- Business financial statements, if you're incorporated
- Business licence or registration
- Proof you don't owe back taxes to the CRA
- The same ID, bank statements, and debt list

Self-employed buyers get approved every day. The trick is that lenders look at your *net* income after write-offs, which is usually much lower than what you actually live on. Two years of clean tax filings matter more than anything else. Talk to a mortgage agent a year or two before you buy — sometimes writing off a little less is worth far more than the tax it saved.

If you're new to Canada:

- Permanent Resident card, or work permit plus passport
- Three months of Canadian bank statements showing income landing
- Proof of rent paid: a landlord's ledger or bank records. Twelve months of on-time rent can stand in for a thin Canadian credit file.
- A credit report from your home country, if you can get one
- A reference letter from your previous bank
- Two years of foreign tax returns, translated if needed

Newcomer programs exist at most major lenders. Permanent residents (and some work-permit holders) can often buy with as little as 5% down through them.

One rule that catches people, and it isn't about money. A federal law currently bars most non-Canadians who aren't permanent residents from buying a home here at all. It runs to **January 1, 2027**,

and it covers the entire GTA. No down payment fixes it, because it's a question of who you are, not what you can afford. There are real exemptions (some work-permit holders, protected persons, and non-Canadians buying together with a spouse who is a citizen or permanent resident), and the rules have been amended more than once. If this might be you, check the current version before you plan anything, and get legal advice: **CMHC — prohibition on the purchase of residential property by non-Canadians**. Where a non-resident purchase *is* allowed, expect to need roughly 35% down.

If you've been here a while and just don't have credit yet, a secured credit card used lightly for a year fixes that faster than anything else.

A note on gig and side income. Uber, freelance design, weekend catering — lenders will usually count it only if you can show two years of it on your tax returns. One good year rarely counts. Plan for that.

CHAPTER 9

Fixed or variable, and for how long?

Fixed rate. Your rate and payment stay the same for the whole term. You can budget to the dollar. Most Canadians choose fixed, and there's nothing wrong with that.

Variable rate. Your rate moves when the Bank of Canada moves. It can go down. It can also go up.

Two things people don't hear often enough:

1. **Variable mortgages usually have much smaller break penalties** — typically three months' interest, versus a fixed-rate penalty that can be many times bigger. If there's any real chance

you'll move or refinance mid-term, that's a big deal. Some mortgages can also be **ported**, carried over to your next home instead of broken. Ask whether yours can. (Chapter 2 of our companion book "The Big Switch" tells this story in painful detail.)

2. **Most variable mortgages keep your payment the same** and just shift how much goes to interest versus principal. If rates rise far enough, your payment stops covering the interest. That point is called your **trigger rate**, and at that point the lender can make you increase your payment mid-term. Ask what your trigger rate is before you sign. Most people never do.

How long a term? Five years is the default, but it isn't automatic. A shorter term (two or three years) costs you flexibility less if you think rates will fall or your life might change. A longer term buys certainty. There's no clever trick here — just match the term to how sure you are about the next few years.

Neither fixed nor variable is "right." It depends on your budget, your plans, and your nerves. A good agent will ask about all three.

CHAPTER 10

What kind of home?

Freehold house. You own the building and the land. Total freedom, total responsibility. The roof, the furnace, the driveway, the leaves — all yours. Budget about 1% of the home's value per year for upkeep.

Condo. You own your unit plus a share of the building. Condo fees cover the shared stuff and building insurance. Two things to check, always:

- **The status certificate.** Your lawyer orders it and reads it. Ontario caps the certificate fee at $100, though some corporations tack on extra "convenience" charges for online ordering. It reveals the building's finances, its reserve fund, any lawsuits, and any planned special assessments. A thin reserve fund is a warning sign — it means big repair bills may be coming, split among the owners.
- **Whether fees are rising fast.** Ask for the last few years of budgets. Cheap fees today can mean deferred repairs tomorrow.

Freehold townhouse vs. condo townhouse. They look identical from the street. One has fees and shared rules, the other doesn't. Always ask which you're looking at.

Brand-new construction (pre-construction). You buy from a builder before it exists. Different animal entirely:

- Closing can be years away, and the date can move more than once.
- You pay deposits in stages, often 15–20% total.
- **Your lender can't fully approve you years in advance.** Your income and rates at final closing are what count, not today's. People have been caught badly by this.
- Condos have an **occupancy period**: you move in and pay the builder monthly fees before you actually own it and your mortgage starts.
- New homes come with **Tarion** warranty coverage, and enrolment costs are usually passed to you.
- HST is built into new-home pricing differently than resale. Check what's included.

Pre-construction can work beautifully. It just isn't the easy money it's often sold as. Have a lawyer review the agreement during your 10-day cooling-off period for new condos — that period exists for a reason.

CHAPTER 11

Your team

You'll want four people in your corner:

- **A mortgage agent or broker.** Shops many lenders for you, explains your options, and handles the paperwork. Usually paid by the lender, not you. In Ontario, agents are licensed by FSRA — you can look any agent up on the FSRA public registry in two minutes. Please do.
- **A realtor.** Finds homes, books showings, and negotiates for you. For buyers, the seller usually pays the commission.
- **A real estate lawyer.** Every Ontario purchase needs one. They check the title, handle the money, register the home in your name, and apply for your land transfer tax rebates. Get a quote up front — "all-in" quotes prevent surprises.
- **A home inspector.** Optional but wise, especially for houses. A few hundred dollars now can save you from a $20,000 surprise later.

CHAPTER 12

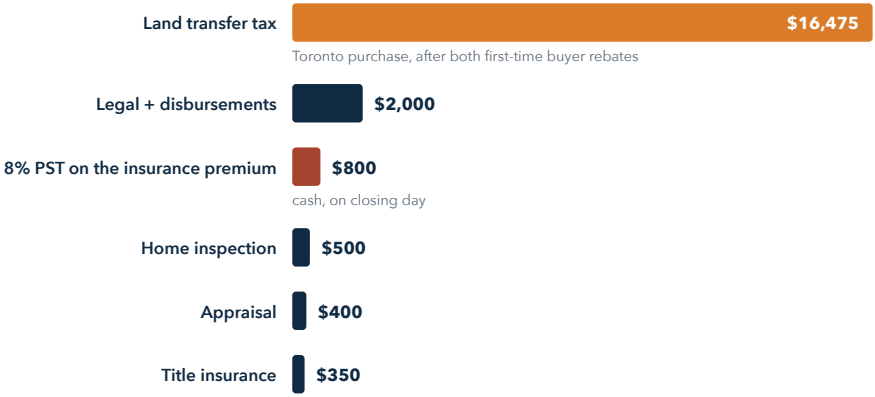
Closing costs — the part nobody budgets for

Plan for roughly **1.5% to 3% of the price** on top of your down payment. On an $800,000 home, that's $12,000 to $24,000. Here's where it goes:

COST	ROUGH AMOUNT
Land transfer tax (after rebates)	Usually the biggest piece in Toronto
Legal fees and disbursements	About $1,500–$2,500
Title insurance	A few hundred dollars
Home inspection	$400–$600
Appraisal, if the lender orders one	$300–$500
8% Ontario tax on the insurance premium	Cash, on closing day
Adjustments (prepaid tax, utilities)	Varies
Status certificate, for condos	Up to $100
Moving, utility hookups, first repairs	Budget something real

Two things people forget entirely: you need money left over after closing, and you need your deposit *fast*. The deposit is usually due within 24 hours of your offer being accepted, by certified cheque or bank draft, and it's typically thousands of dollars. Know where that money is before you make an offer.

CLOSING COSTS ON AN $800,000 TORONTO HOME



Roughly $20,500 all in, on top of the down payment. Budget 1.5%–3% of the price.

Land transfer tax dwarfs everything else in Toronto, even after both rebates.

CHAPTER 13

Offer day, and what happens after

1. **You find the one.** Your realtor pulls recent sale prices nearby so your offer is based on facts, not feelings.
2. **You offer.** The offer includes your price, your deposit, your closing date, and your conditions.
3. **Conditions.** A **financing condition** gives you a few days to make sure your mortgage is approved for *this exact home*. A **home inspection condition** lets you check the place first. In a bidding war you'll feel pressure to drop them. Read the next story before you do.
4. **The lender approves.** You send the purchase agreement and documents. The lender may order an appraisal.

5. **Lawyer time.** You sign the final papers a few days before closing and bring your remaining down payment and closing costs by bank draft or wire. Your lawyer will tell you exactly how much and how, and never trust emailed wire instructions without phoning the office to confirm. Wire fraud in real estate is real and it's brutal.
6. **Closing day.** The money moves, the title transfers, and you get the keys. Usually by late afternoon. Order pizza. You've earned it.

ILLUSTRATIVE EXAMPLE – NOT AN ACTUAL CLIENT

Wen offered $905,000 in a bidding war for a Leslieville semi. Two other bidders dropped their financing conditions to look stronger. Wen kept hers, and won anyway. Good thing: the lender's appraisal came back at $860,000, and lenders only lend against the *lower* of the appraised value or your price. Wen was suddenly $45,000 short. Because of her condition, she walked away with her deposit and her savings intact. A buyer without that condition would have been legally stuck: scrambling to borrow the gap, or getting sued for backing out. Wen bought a better house six weeks later.

If an appraisal does come in low, you have four options: pay the gap in cash, ask the seller to lower the price, challenge the appraisal with better comparable sales, or walk away if your condition allows it. Knowing that in advance turns a panic into a decision.

CHAPTER 14

Buying with someone else

Most first homes are bought by two people. A few things to sort out *before* you sign.

Co-signer or guarantor? People mix these up constantly.

- A **co-signer** goes on title. They're a part-owner, and they're fully responsible for the mortgage.
- A **guarantor** doesn't go on title. They own nothing, but they promise to pay if you don't.

Either way, the mortgage shows up on their credit and affects what *they* can borrow. And if a parent co-signs and goes on title, that home may not be their principal residence, which can create capital gains tax for them later. One conversation with an accountant beforehand prevents a nasty surprise years down the road.

How will you hold title?

- **Joint tenancy.** You each own the whole thing together. If one of you dies, the other automatically gets it, no probate. This is what most married and common-law couples choose.
- **Tenants in common.** You each own a defined share — say 60/40. Your share goes to whoever your will names, not automatically to the other owner. This is usually right for friends, siblings, or partners contributing very different amounts.

If you're buying with a friend, sibling, or partner you're not married to, write an agreement. What happens if one of you wants out? What if one can't pay their share? What if one of you gets married? A lawyer can draft this cheaply. Buying property with someone is a bigger commitment than most relationships, and paper protects the relationship, not just the money.

CHAPTER 15

Five mistakes to skip

1. **Emptying every account to buy.** Keep an emergency fund. Homes cough up surprise bills.
2. **Big purchases before closing.** No new car, no new financing, no job hopping if you can help it. Lenders can re-check everything right up to closing day, and they do.
3. **Forgetting the monthly extras.** Property tax, utilities, insurance, condo fees, upkeep. Set aside about 1% of the home's value each year for repairs.
4. **Maxing out.** Just because you qualify for a number doesn't mean you should spend it. The ratios don't know about your daycare bill.
5. **Not asking questions.** There are no dumb questions in a purchase this big. A good mortgage agent wants you to ask.

CHAPTER 16

The questions we get asked most

How much money do I really need to buy a $700,000 home?

Minimum down payment is $45,000 (5% of the first $500,000, plus 10% of the next $200,000). Add closing costs of roughly $10,000 to $21,000. So realistically $55,000 to $66,000, plus something left in the bank afterward.

Is my mortgage payment my only housing cost?

No, and this trips up almost every first-time buyer. Add property tax, home insurance, utilities, condo fees if any, and repairs. Budget 1% of the home's value per year for maintenance on a house.

Does my mortgage agent cost me anything?

On a standard purchase with a regular lender, no: the lender pays them. If a deal involves private lending or unusual circumstances, a fee may apply, and it must be disclosed to you in writing well before you commit.

What's the difference between a bank and a mortgage broker?

A bank offers you its own products. A broker or agent shops multiple lenders, including ones you can't walk into. Both are legitimate. The broker just gives you more doors.

Can I buy with a 600 credit score?

Often yes, though your rate options narrow. Below 600 gets difficult with regular lenders. Six months of on-time payments and lower card balances can move you up a tier — sometimes worth waiting for.

How long does the whole process take?

Pre-approval: a few days. House hunting: weeks to many months. From accepted offer to keys: usually 30 to 90 days, whatever closing date you negotiated.

Should I use a 30-year amortization?

Use it if the payment is uncomfortably tight or it's the difference between qualifying and not. Skip it if you can handle 25 years. You can always pay extra later.

Can I make extra payments?

Almost always. Most mortgages let you pay a lump sum each year (commonly 10–20% of the *original* amount, not the current balance) and increase your regular payment. Ask what your privileges are. They're a real feature and most people never use them.

Is it better to pay weekly instead of monthly?

Only if it's **accelerated** weekly or biweekly. Accelerated means your payment is set so you make the equivalent of one extra monthly payment a year. Plain weekly payments save almost nothing. The savings come from paying *more*, not from paying *often*.

What happens if I lose my job after I buy?

This is what the emergency fund is for. Contact your lender early — most have hardship options, but they help people who call before missing payments, not after.

Do I need mortgage life insurance?

You'll be offered it at signing. Understand the alternative first: creditor insurance pays the lender, shrinks as your balance shrinks, and is often medically reviewed only *after* you claim. Regular term life insurance is medically checked up front, pays whoever you choose, and follows you if you switch lenders. For most healthy people term life is better value, but get real advice, and don't leave your family with nothing while you decide.

Can I rent out my basement to help pay the mortgage?

Yes, and many lenders will count part of that rent as income when qualifying you. You'll need the unit to be legal, and you take on landlord responsibilities under Ontario's rules. Talk to your agent before you count on the income.

What if my parents want to help but not give me money?

They can be a guarantor, or lend you money properly documented as a loan. Both work. What doesn't work is a secret loan disguised as a gift.

Do I have to use the lender's appraiser?

Yes: the lender orders it and the lender is the appraiser's client, even when you pay the fee.

When do I actually get the keys?

On closing day, once your lawyer confirms the money and registration are done. Usually mid-to-late afternoon. Don't book movers for 9am.

Can I back out after my offer is accepted?

Only if a condition lets you. Once conditions are removed, the deal is firm, and walking away can cost you your deposit and more. Take conditions seriously.

Is a home inspection worth it on a condo?

Less critical than on a house, since the building handles the structure, but the status certificate review by your lawyer is essential. For a house, get the inspection.

What's title insurance, and do I need it?

A one-time policy that protects you against title fraud, survey problems, and certain hidden defects. It's a few hundred dollars and nearly every buyer gets it. Yes, get it.

How do I know if my agent is licensed?

Look them up on FSRA's public registry. It's free, public, and takes two minutes.

Word list

Amortization — how long until the mortgage is fully paid off. **Appraisal** — a lender-ordered estimate of what a home is worth. **Closing costs** — the one-time costs of buying, beyond the down payment. **Conditions** — the "only if" clauses in your offer. **Default insurance** — insurance that protects the *lender* when you put less than 20% down. **Equity** — your home's value minus what you owe. **FHSA** — First Home Savings Account. **GDS / TDS** — the two debt ratios lenders use. **HBP** — Home Buyers' Plan, borrowing from your own RRSP. **Land transfer tax** — a tax you pay when a home changes hands. **Porting** — moving your existing mortgage to a new home. **Pre-approval** — a lender's checked estimate, with a rate hold. **Principal** — the amount you borrowed. **Status certificate** — the health report on a condo building. **Stress test** — qualifying at a higher rate than you'll actually pay. **Term** — how long your current mortgage deal lasts. **Title** — legal ownership of the property. **Trigger rate** — the point where a variable payment stops covering interest.

Your checklist

Six months out

- [ ] Check both credit reports; fix errors
- [ ] Pay down or clear small debts
- [ ] Open an FHSA if you haven't
- [ ] Stop opening new credit
- [ ] Save your closing costs *separately* from your down payment

Three months out

- [ ] Meet a licensed mortgage agent; get pre-approved
- [ ] Gather your document pile (Chapter 8)
- [ ] Choose a realtor and a real estate lawyer
- [ ] Confirm where your deposit money will come from

Offer time

- [ ] Know your true maximum, not just your approved maximum
- [ ] Keep a financing condition unless you fully understand the risk
- [ ] Get the status certificate reviewed, for condos
- [ ] Book the inspection

Before closing

- [ ] Send everything the lender asks for, fast
- [ ] Confirm the final cash-to-close amount with your lawyer
- [ ] Phone your lawyer's office to verify wire details
- [ ] Set up insurance, utilities, and movers
- [ ] Don't buy furniture on credit yet

You've got this. And you don't have to do it alone.

Where these numbers come from

Every load-bearing number in this book, and where to check it yourself. Checked August 2026; rules change, so the links beat the printed page. (If a link ever moves, search the source's name plus the topic.)

Down payment tiers, the $1.5M insured cap, and 30-year insured amortizations — Department of Finance Canada, rules in force Dec 15, 2024. **canada.ca — mortgage reforms**

The stress test (contract rate + 2% or 5.25%) — set by OSFI, the federal banking regulator (**osfi-bsif.gc.ca**). Try your own numbers on the federal **Mortgage Qualifier Tool**.

Debt-ratio ceilings (GDS/TDS) and insurance premiums — CMHC. **cmhc-schl.gc.ca — GDS and TDS**

FHSA ($8,000/year, $40,000 lifetime) — **CRA — First Home Savings Account**

Home Buyers' Plan ($60,000, 15-year repayment) — **CRA — Home Buyers' Plan**

Land transfer tax and the $4,000 rebate — Ontario Ministry of Finance. **ontario.ca/document/land-transfer-tax**

Toronto's municipal land transfer tax and the $4,475 rebate — City of Toronto. **toronto.ca — MLTT**

First-time buyer GST/HST rebate (up to $50,000, new builds) — **CRA — FTHB GST/HST rebate**

Home Buyers' Tax Credit (up to $1,500) — CRA, Line 31270 (Home Buyers' Amount). **canada.ca**

Credit scores and free reports — **equifax.ca · transunion.ca**

New-home warranty coverage and fees — Tarion. **tarion.com**

The ban on purchases by non-Canadians (in force to January 1, 2027) — Prohibition on the Purchase of Residential Property by Non-Canadians Act; scope

and exemptions at **CMHC**

Licence check for any mortgage agent or broker — FSRA public registry. **fsrao.ca**

The fine print (the honest kind)

This guide is for learning. It is not financial, legal, or tax advice, and it is not an offer to lend or a commitment to any rate. Everyone's situation is different, so talk to a licensed professional before making big money decisions. All the people and numbers in the examples are illustrative examples, not actual clients. Program rules and dollar limits were checked in August 2026; governments change them, so confirm the current rules before you act. Sources for every number are listed in “Where these numbers come from.”

YYZ Mortgage is operated by Sunjong Kim, Mortgage Agent Level 2 (FSRA Lic. #M17002120), on behalf of Dominion Lending Centres National Ltd., FSRA Brokerage Lic. #12360, an independently owned and operated franchise of Dominion Lending Centres.

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WHEN YOU'RE READY

What now?

Books are great. Answers about *your* situation are better — and the first conversation is free, friendly, and pressure-free. Three ways in:

Email us	**hello@yyz.mortgage** Tell us what you're working on. We reply like humans.
Call us	**905-597-5463 ext. 200** Old-fashioned, still works.
Start online	**yyz.mortgage** Calculators, guides, and a 60-second estimate.

The free guide library

02 **The Big Switch**
Selling and buying at once — penalties, porting, bridges, renewals.
yyz.mortgage/guides/moving-up

03 **Your House, Your Backup Plan**
The honest HELOC handbook: the tool, the trap, the payback plans.
yyz.mortgage/guides/heloc

04 **The Family Money Talk**
Reverse mortgages, care costs, POAs — for adult kids and their parents.
yyz.mortgage/guides/family

05 **Money Smarts, Toronto Edition**
The everyday money habits that work in Canada's priciest city.
yyz.mortgage/guides/money