

# Down Payment

How much will you initially need to purchase your new home?

In order to get a conventional mortgage, you will need 20% of the purchase price. For instance, if you're buying a property valued at \$300,000, the down payment required would be \$60,000.

However, you can buy a home with as little as 5% down, but you will need insurance from the Canada Mortgage and Housing Corporation which can range from 1% to 3.5% of the principal amount of your mortgage.

## **A larger down payment means greater savings.**

The money you pay up-front for a house is the down payment. The source of money for your down payment is often either your savings or the net proceeds from the sale of a home you already own.

The larger your down payment, the more you save in the long run. A larger down payment:

- Reduces the amount of your monthly principal and interest payment
- Reduces the total amount of interest you pay over the life of your mortgage

## **Closing costs**

Closing costs are the legal and administrative fees and disbursements associated with buying your home. These costs are in addition to the purchase price of the home. They can vary widely depending on:

- The property being purchased
- Services required
- Taxes
- Applicable insurances
- Closing dates affecting interest adjustments
- The balances of any prepaid expenses

You should budget 1.5% of the purchase price for closing costs. [Click here](#) for more information on closing costs for buyers.

## **Ask about the Home Buyers' Plan**

The Home Buyers' Plan (HBP) lets a first-time buyer withdraw up to \$20,000 from RRSPs for a home purchase, subject to certain repayment conditions. For more information, check the Canada Customs and Revenue Agency website.