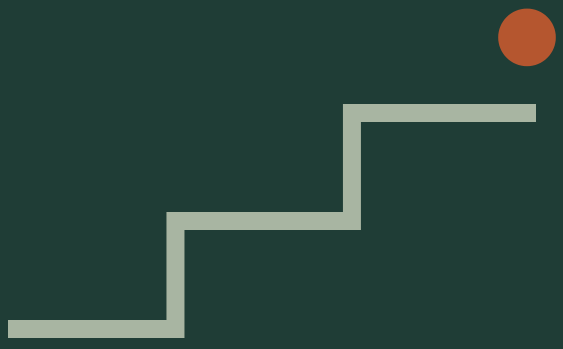
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A GUIDE FOR FIRST-TIME BUYERS IN ONTARIO

Map your first three moves.

Your first home is one step, not the whole plan. This guide walks through the three moves that matter most, in plain language, with a page to fill in as you go.



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General information only, not advice for your situation.

BEFORE YOU START

Three moves, one plan.

Most first-time buyers start by looking at listings. It works better the other way around: decide what you can comfortably carry, line up your down payment and closing money, then pick a mortgage that fits where you want to be in five or ten years.

1 **Know your number**
What a lender will approve, what you are comfortable paying, and the gap between the two.

2 **Build your down payment and closing fund**
Use the federal and Ontario programs built for first-time buyers, and plan for the costs that come due on closing day.

3 **Plan past the first home**
Choose a term, payment and prepayment set-up that leaves room for your next move.

Who this is for

You are buying your first home in Ontario, or you have not owned a home you lived in for a few years. Each program has its own definition of "first-time buyer", so check the rules below before you count on one.

MOVE 1

Know your number.

Approved is not the same as comfortable

A pre-approval tells you what a lender may lend. Your number is what you can pay every month and still save, travel and handle a surprise. Start with your take-home pay and your real monthly spending, then work back to a payment.

The stress test

Lenders check that you could still afford your payments at a higher rate. For most mortgages from federally regulated lenders, that test rate is the greater of your mortgage rate plus 2%, or 5.25%. It lowers the maximum you qualify for, not the rate you pay.

Minimum down payment

PURCHASE PRICE	MINIMUM DOWN PAYMENT
Up to $500,000	5% of the price
$500,000 to $1.5 million	5% of the first $500,000, plus 10% of the amount above $500,000
$1.5 million or more	20% of the price

With less than 20% down, you will usually need mortgage default insurance. Its premium is typically added to your mortgage.

Two rules that changed for first-time buyers

- Since December 15, 2024, first-time buyers can get an insured mortgage with an amortization of up to 30 years. A longer amortization lowers the payment but adds interest over time.
- The price cap for insured mortgages rose from $1 million to $1.5 million.

Try it
Run a few prices through the payment calculator at modilgroup.ca/tools, then book a call to test them against your real numbers before you shop.

MOVE 2

Build your down payment and closing fund.

First Home Savings Account (FHSA)

- Contribute up to $8,000 a year, to a lifetime limit of $40,000. Unused room carries forward, up to $8,000.
- Contributions are generally tax-deductible, and a qualifying withdrawal to buy your first home is tax-free.
- The account can stay open until the end of the year of the earliest of: its 15th anniversary, the year you turn 71, or the year after your first qualifying withdrawal.
- To open one, you generally cannot have lived in a home you or your spouse owned in the current year or the four years before.

RRSP Home Buyers' Plan (HBP)

- Withdraw up to $60,000 from your RRSPs toward a qualifying home.
- You repay it over 15 years. For a first withdrawal made from 2022 to 2028, repayments start in the fifth year after the withdrawal, instead of the second.
- You may be able to use both the FHSA and the HBP for the same home. Check the CRA rules for your situation.

Land transfer tax refunds

WHERE YOU BUY	FIRST-TIME BUYER REFUND
Anywhere in Ontario	Ontario land transfer tax refund of up to $4,000
City of Toronto	Also a municipal land transfer tax rebate of up to $4,475

Both generally need you to be 18 or older, never to have owned a home anywhere in the world, and to move in within nine months. Your lawyer usually claims them on closing.

Buying a new build?

Federal and Ontario HST relief on new homes changed in 2025 and 2026. The rules depend on price, dates and your ownership history, so ask before you sign.

Closing costs

Budget on top of your down payment for land transfer tax after any refund, legal fees, title insurance, a home inspection, adjustments for prepaid property tax, and moving.

MOVE 3

Plan past the first home.

Pick a term for the next five years, not just the rate

Fixed or variable, and for how long, should follow your plans: a growing family, a job change, a possible move. Breaking a mortgage early can cost a penalty, so a term that matches your timeline matters as much as the rate.

Build in room

- Look at prepayment privileges: how much extra you can pay each year without a penalty.
- Ask whether the mortgage is portable if you sell and buy again during the term.
- Keep an emergency fund after closing, separate from your down payment.

Mark your renewal now

Your renewal is your next big decision. Start comparing options about four months before your maturity date, so the renewal letter is not your only choice.

Think about move two

Some buyers plan a second unit, a bigger home or a rental down the road. If that is you, say so early. It can shape the home, the term and the lender you choose today.

How I help

I'm Sergei Modilevski, a mortgage agent in the GTA. I have worked in financial services since 2008 and in mortgages since 2015. I help first-time buyers map these three moves, compare lenders, and I stay in touch through the term and before every renewal.

YOUR PAGE

My first three moves.

1. My number

Monthly payment I'm comfortable with

Price range I'm looking at

Pre-approval amount and date

Target move-in date

2. My down payment and closing fund

Savings and FHSA

RRSP (Home Buyers' Plan)

Gift from family

Closing costs set aside

3. My plan past this home

Where I want to be in five years

Renewal date to mark in my calendar

Want a second set of eyes?

Book a free 30-minute call and bring this page.
calendly.com/sergei-modilgroup/30min

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Sources: Canada Revenue Agency (FHSA, Home Buyers' Plan), Department of Finance Canada (December 15, 2024 mortgage reforms), Financial Consumer Agency of Canada (down payment), OSFI (minimum qualifying rate), Ontario Ministry of Finance (land transfer tax refunds), City of Toronto (MLTT rebate). Program details and eligibility are set by each government and can change. Mortgages are subject to lender approval and qualification.