From here to home:

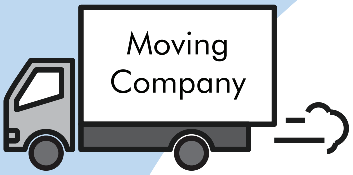
Information for first-time homebuyers

Thinking of buying a home? Good for you! A home is a great place to build memories with family and friends while building equity for your future. If this is your first time down this road, you'll encounter a lot of decisions and new information along the way. That's why we've made this handy guide. Just follow the step-by-step instructions to get from here to your new home.

VISION CREDIT UNION
We see banking differently.

The three phases of home buying

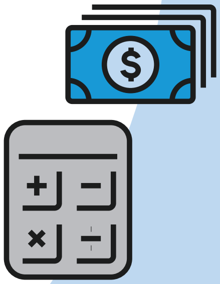
Follow these steps to put the "sweet" in home sweet home.



Phase one: Determine your budget.

Figure out how much you can afford: Assess your current income and expenses. Then factor in housing expenses like mortgage payments, insurance, property taxes, maintenance and condo fees (if applicable).

Fast Fact:
As a general rule, your housing costs should be no more than 32% of your average gross (before-tax) income.



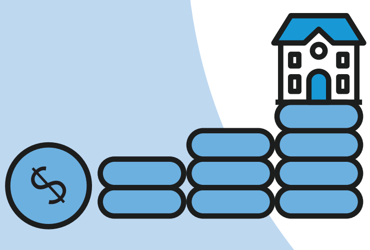
Fast Fact:
Legal and closing costs typically run from 1.5% up to 4% of the purchase price of the home.

Tally up the purchase/closing costs: Buying a home involves a pile of associated expenses like closing costs, moving expenses, etc. Some of these can be rolled into your mortgage, but many are upfront. Be sure to factor these in your budget. See page 8 for a list.

Ensure you're ready with your down payment: You may need to have up to 25% of the purchase price for a down payment.

Fast Fact:
If your down payment is less than 20-25% of the property price, your lender will coordinate mortgage loan insurance. Premiums for this range from 0.6% to 4.5% of the mortgage amount.

Try our mortgage calculator at visioncu.ca to see how changes in income and down payment can impact the mortgage amount you can qualify for.



Look at home-buying incentives: The government offers several programs to help homebuyers with the purchase cost. Check out the list of options on page 10.

Get pre-approved for your mortgage: Do you have your ducks in a row? It's time to visit a Vision loan officer. He/she will review your finances and let you know your pre-approved mortgage amount and interest rate. See our checklist on page 11 for what you'll need to apply.

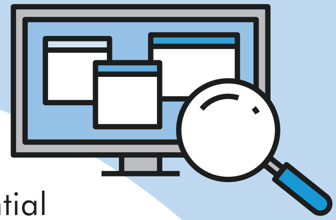
Phase two: Home hunting!

Fast Fact:
With a new build, buyers pay GST and HST on the sale price of the home.

Decide what you're looking for: This is where hunting for your home ties in with your hopes and dreams for your future: Do you want to live in a low-maintenance condo in town or a little acreage in the country? Do you want a new build or a fixer-upper that you can put your stamp on? Start looking at listings to see what feels like a good fit.

Assemble your team: A team of experts can help with a home purchase. Now's the time to line them up. Check out the list on page 12 to see the kinds of experts you might need.

Want help from a realtor? Real estate agents offer support and expertise while streamlining the negotiation and contract side of the purchase process. As the purchaser, you won't have to pay the realtor's commission fees – that happens on the seller's end.



Do your homework: Found a potential home-sweet-home? Be sure to do your research. Is the neighbourhood in a flood zone, close to a noisy highway, etc.? If it's a house, when was the roof last replaced? How old are the furnace and hot water heater, etc.? If it's a condo, ensure the condo documents are in good order.

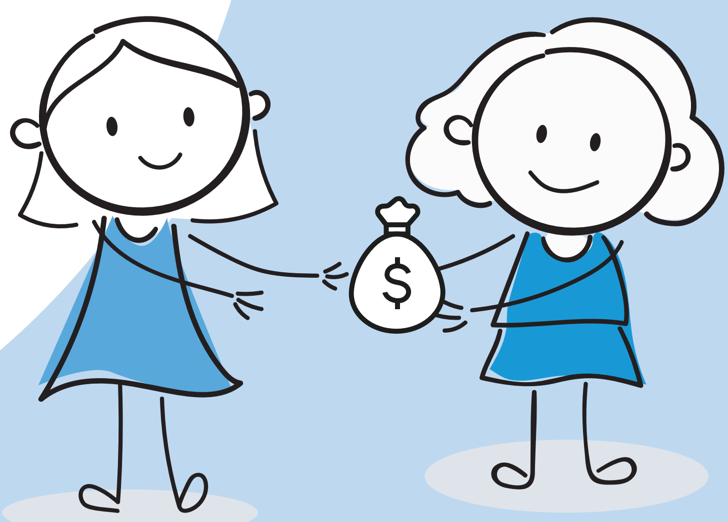
Make an offer on the property: Most offers to purchase are conditional on mortgage financing, home inspection, appraisal etc. Unconditional offers are rare but can come into play in multiple bid scenarios and strong sellers' markets. Check with your loan officer to see about financing for non-conditional offers.

Offer accepted? It's time for a mortgage meeting: When you meet with the Vision Credit Union loans officer, you'll need to substantiate your financial information and provide details about the property.

Phase three: Buying a property

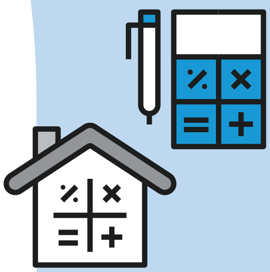
Fast Fact:
With a conditional offer, you get your full deposit back if any of the stated conditions can't be met. With an unconditional offer, you forfeit the deposit.

Transfer your real estate deposit. These funds are held in trust by the seller's real estate brokerage until the conditions are met. It will get folded in with your down payment once that's processed.

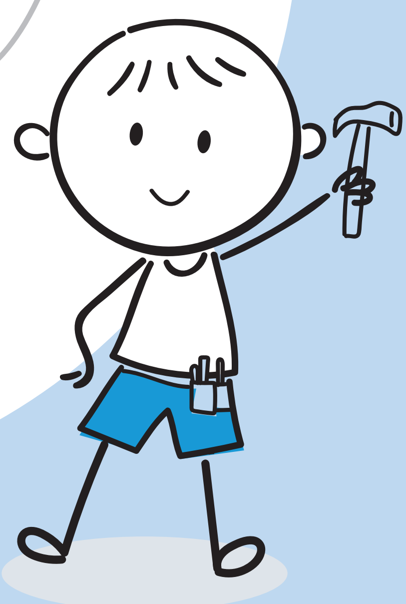


Fast Fact:
Final mortgage approval typically takes about two weeks.

Set up your mortgage: At this point, you and the Vision loans officer will firm up your mortgage particulars, such as your down payment amount, payment frequency, amortization period, interest rate, etc. Go to page 14 for details on these mortgage elements.

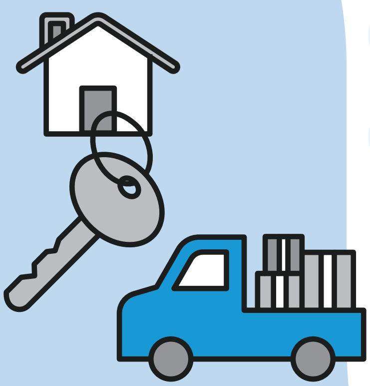


Get an appraisal and inspection on the property. Before engaging the appraiser/inspector, check his/her credentials and get a quote. Once the inspection is complete, be sure he/she thoroughly reviews the report with you.



Waive conditions on your offer: If you've listed conditions on your offer, you'll need to ensure these have been met to move on to the final phase of the purchase.

Send completed appraisal, inspection and offer documents to Vision: Your loan officer will create a financial document package to send to your lawyer.



Closing Day: Congratulations! It's finally time to take possession of your new home! This starts with a meeting with your lawyer where you'll sign paperwork, your lawyer will process payments, and you'll get the keys to your new home!

Welcome home!

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Closing/purchase costs

Legal fees: In Alberta, real estate lawyer fees typically run between $800 and $1,500. Fees can depend on the purchase price, mortgage amount and the complexities of each transaction—always check with a lawyer to get the most up-to-date cost.

Realtor fees: In Alberta, sellers typically pay realtors a commission fee, usually a percentage of the final sale price, which covers both the seller's and buyer's agents. Buyers generally don't pay commissions directly. Commission rates are typically 7% for the first $100K of the home's price and 3% for everything over $100K.

Goods & Services Tax (GST): New homes only. The government levies a 5% GST charge on the purchase of newly built homes. It's typically included in the contract price. However, if your new home is priced under $450,000, you might qualify for a partial rebate under the GST/HST New Housing Rebate program.

New Home Warranty: safeguards buyers of newly constructed homes against defects in materials and workmanship. It covers home components for specified periods, providing recourse for repairs or replacements. This is usually included in the purchase price of a home. Exact cost will vary, depending on the warranty provider, the builder, and the home. As a rule of thumb, new home warranty will add about $2,500 to the cost of an average home.

Title insurance: safeguards homeowners and mortgage lenders from financial losses due to title defects or ownership issues. It covers risks like undisclosed liens, fraud, and errors in public records, providing protection during and after property purchase. On average, title insurance in Alberta typically ranges from $200 to $400 for a standard residential property.

Adjustment costs: expenses related to reimbursing the seller for prepaid expenses (property taxes, utility bills, and condo fees) that the seller has paid in advance that extend beyond the closing date of the sale.

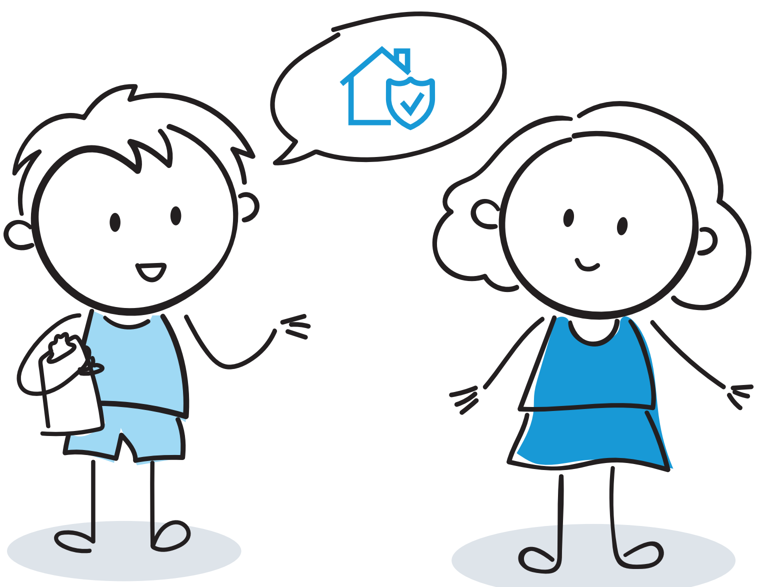
Closing/purchase costs (continued)

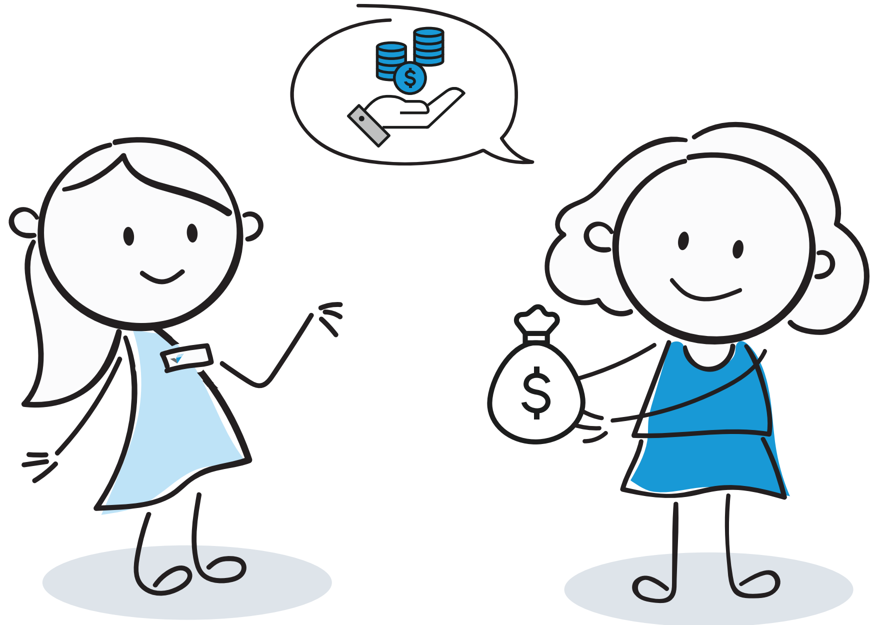
Mortgage insurance: protects lenders in case a borrower defaults on their mortgage payments. It's required for down payments of less than 20% of the purchase price, and the cost is based on a percentage of the mortgage amount. Premiums range between 0.6% to 4.5% of the mortgage amount, depending on factors like the size of the down payment and the length of the mortgage. This cost can be paid up front or added to your mortgage.

Home inspection fee: It's a good idea to get your home inspected by a professional before you complete the purchase. A home inspection uncovers hidden problems like structural defects and safety hazards, empowering buyers with vital information to make confident decisions and avoid costly surprises post-purchase. Home inspection costs in Alberta typically range from $300 to $500.

Property appraisal: an assessment of a home's value conducted by a certified appraiser. It ensures fair pricing, aids in mortgage approval, and guides negotiations. Costs vary but typically range from $300 to $500, depending on the property's size and complexity.

Property survey: If the seller doesn't already have a Real Property Report, which provides a visual representation of their property's boundaries, structures, and improvements, you'll likely need to engage a property surveyor to create one. This survey typically costs about $1500.





Government incentives to help home buyers

First-Time Home Buyer Incentive (FTHBI): Designed to help first-time buyers with their down payment, the FTHBI offers an interest-free loan of 5% on existing homes and 10% on new builds, reducing monthly mortgage payments. This amount must be in addition to your required down payment. It works like a second mortgage on your property.

Home Buyers' Plan (HBP): The HBP allows eligible buyers to withdraw up to $60,000 from their registered retirement savings plan (RRSP) tax-free to put towards a down payment.

GST/HST New Housing Rebate: This rebate provides partial reimbursement of the Goods and Services Tax (GST) or Harmonized Sales Tax (HST) paid on the purchase price or cost of building a new residential property.

CMHC Eco Plus offers: This program offers a partial premium refund of 25% directly to borrowers who either buy or build climate-friendly housing using CMHC-insured financing. Applications are accepted from the borrower within two years of the closing date of the mortgage.

Home Accessibility Tax Credit (HATC): The HATC offers tax relief for eligible renovation expenses aimed at improving accessibility or helping individuals with mobility challenges within their homes.

The First-Time Home Buyers' Tax Credit(HBTC): Also known as the Home Buyers' Amount, the HBTC is a non-refundable tax rebate of $1500 for first-time home buyers designed to make the first year of home ownership more affordable.

First Home Savings Account: This account works like a combination of an RRSP and TFSA, allowing the account holder to save up to $40,000 in a tax-free account towards their first home purchase. Contributions are tax-deductible and earnings are tax-free, providing a boost to prospective homebuyers.

Getting pre-approved for a mortgage

Being pre-approved for a mortgage helps you to act decisively when you're shopping for a home and it shows sellers that you're serious.

The preapproval amount is the maximum you may get for a mortgage. It's a good idea to look for properties below the preapproval amount, since a preapproval doesn't guarantee that you'll get a mortgage for that amount.

Before preapproving you, a Vision loan officer will look at:

- Your assets (what you own)
- Your income
- Your level of debt
- Your credit history

You'll need to provide the following:

- Three-year employment history
    - Letter of employment (might be required)
    - Three of your most current pay stubs
- Previous three years of primary residency
- Government issued ID, preferably with your current address

Income confirmation – one or more of the following:

- Most recent tax return
- Notice of assessment
- T4
- If self employed, at least three years of financial statements

Verification of down payment:

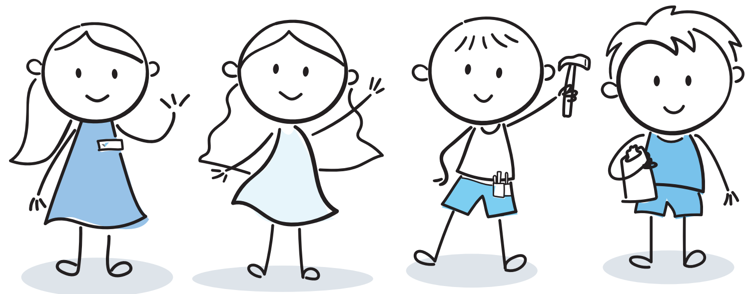
- Bank/investment statement
- Snapshot of online banking
- RRSP statement – if using First Time Home Buyer program
- Gifted down payment letter from family

List of assets:

- Vehicles, properties, recreational equipment
- Account balances
- Investment statements

List of liabilities:

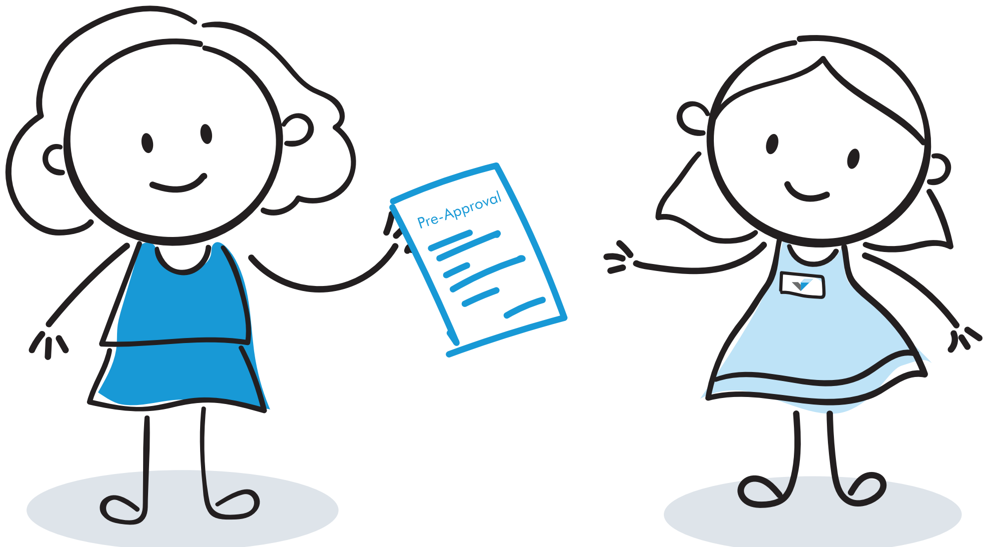
- Mortgage, loans, lines of credit, overdrafts, rent payment, credit cards



Your home buying team

Purchasing a home is a massive milestone, so it helps to have the right experts by your side. Here's a list of the different folks you might encounter during a home purchase:

1. **Lender:** The lender's role is to provide mortgage options tailored to your financial situation, guide you through the application process, and help you secure the financing necessary to make your dream home a reality.
2. **Real Estate Agent:** A real estate agent acts as your personal advocate throughout the home-buying journey. They help you navigate the market, find suitable properties, negotiate offers, and handle the paperwork involved in closing the deal.
3. **Home Inspector:** Before finalizing the purchase, it's a good idea to have a professional inspect the property thoroughly. That's where a home inspector comes in. They assess the home's condition, identify any potential issues or safety concerns, and provide you with a detailed report. This information helps you make an informed decision about the property and may also be used for negotiating repairs with the seller.
4. **Appraiser:** An appraiser evaluates the value of the property you're interested in buying. Your financial institution may require an appraisal to ensure that the home is worth the amount of money they're lending you. The appraiser considers factors such as the property's location, size, condition, and recent sales of comparable homes in the area to determine its market value.
5. **Real Estate Lawyer:** An attorney plays a crucial role in ensuring the legal transfer of ownership during the closing process. They conduct a title search to verify that the property's title is clear of any liens or legal issues. Additionally, they handle the closing paperwork, facilitate the transfer of funds, and ensure that all necessary documents are properly executed.
6. **Insurance Broker:** An insurance agent can help you understand your insurance needs and find a policy that offers adequate coverage at a competitive price. You will need property insurance and it's also a good idea to get mortgage life insurance, which will protect your family if you pass away while your mortgage is active.
7. **Builder or contractor:** Whether you're building a new home, or renovating an existing one, you will need a builder or contractor. Builders play a pivotal role in the home-buying process, translating dreams into reality, so it's important to do your research and ensure you have the right builder for you. Be sure to check references from previous homeowners, look at other properties by the builder, and check out their membership in the local homebuilder's association.



What you'll need for the preapproval meeting:

Finalizing your mortgage:

Here's what you'll need to provide before/ bring to the mortgage meeting. If you've gone through the preapproval process, our loan officer will already have the financial information they need. If you didn't apply for preapproval, here's what you'll need to supply to apply for a mortgage:

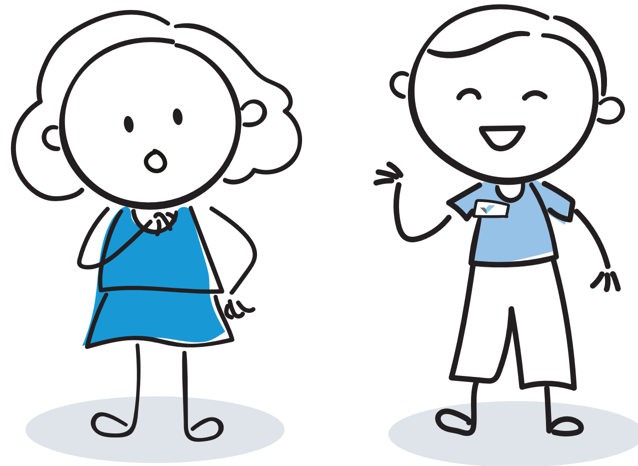
- Previous 3 years of employment history
- Letter of employment
- 3 of your most current pay-stubs (maybe more depending on frequency of each pay-stub)
- Previous 3 years of primary residency
- Government issued ID with your current address
- Most recent tax return
- Most recent Notice of Assessment
- Most recent T4
- If self employed, 3 years of financials
- Bank/investment statement
- Savings/spending account balances
- List of assets such as vehicles, RVs, boats, land, property
- List of liabilities such as loans, lines of credit, overdrafts, rent payments, credit cards

Purchase details:

- Purchase and sale agreement
- MLS listing (realtor.ca)
- Property tax assessment
- New build bill of sale
- New home warranty

Down payment verification:

- Savings & investment statements for last 90 days
- A gift letter, if the down payment is being provided by a family member
- RRSP Home Buyers Plan - Form T1036, Home Buyers' Plan (HBP) Request to Withdraw Funds from an RRSP.



Mortgage details

Amortization period: the length of time it takes to repay the entire mortgage loan, typically about 25 years.

Term: the length of time during which the mortgage agreement is in effect, typically ranging from one to ten years.

Down payment: the initial payment made by the buyer toward the purchase price of the property, expressed as a percentage of the total purchase price.

Deposit: unlike the down payment, the deposit is transferred to the seller's real estate brokerage in trust at the time of an offer to demonstrate commitment to the purchase. It is held until conditions are met and then incorporated into the down payment.

Interest rate: the rate at which the lender charges interest on the mortgage loan, expressed as an annual percentage.

Principal: the amount of money borrowed for the mortgage loan, excluding interest and other charges.

Fixed-rate mortgage: a mortgage loan with an interest rate that remains constant throughout the term of the loan.

Variable-rate mortgage: a mortgage loan with an interest rate that fluctuates based on changes in the lender's prime rate.

Closed mortgage: a mortgage loan that has prepayment restrictions, such as limits on making additional payments or paying off the mortgage before the end of the term.

Open mortgage: a mortgage loan that allows the borrower to make additional payments or pay off the mortgage in full without penalties.

Mortgage insurance: insurance that protects the lender in case the borrower defaults on the mortgage loan, typically required for down payments less than 20%.

Appraisal: an assessment of the property's value conducted by a qualified appraiser to determine its market worth.

Closing costs: additional expenses incurred during the purchase of a property, including legal fees, land transfer taxes, and title insurance.

Equity: the difference between the property's market value and the outstanding balance of the mortgage loan.

Mortgage stress test: evaluates a borrower's ability to handle higher mortgage payments by assessing their finances against a higher interest rate or a set benchmark rate. It helps ensure borrowers can manage their mortgage payments under adverse financial conditions.