

SHAWN SELANDERS

# The Complete First-Time Home Buyer Guide — Alberta Edition

*Everything you need to know before buying your first home.*

*Down payments, programs, qualification, and the steps nobody tells you about.*

March 2026 Edition

Your Local Mortgage Professionals

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## So You Want to Buy Your First Home

Buying your first home is exciting, terrifying, and confusing — often all at once. This guide cuts through the noise and gives you the real information you need, specific to Alberta, in plain language. No jargon. No sales pitch. Just the facts.

## How Much Do You Actually Need?

### The Down Payment

The minimum down payment in Canada depends on the purchase price:

- Up to \$500,000: 5% minimum (\$25,000 on a \$500K home)
- \$500,001 to \$1,499,999: 5% on first \$500K + 10% on remainder (e.g. \$700K = \$45,000)
- \$1,500,000 and above: 20% minimum, no mortgage insurance available

If your down payment is less than 20%, you must pay for mortgage default insurance (CMHC, Sagen, or Canada Guaranty). The premium ranges from 2.8% to 4.0% of the mortgage amount and is added to your mortgage.

### Closing Costs (What Nobody Mentions)

Beyond the down payment, budget \$3,000 to \$5,000 for closing costs:

- Legal fees: \$1,500–\$2,000 (lawyer handles all paperwork and title transfer)
- Land title transfer fee: \$300–\$400
- Home inspection: \$400–\$600 (optional but strongly recommended)
- Property tax adjustment: varies based on closing date
- Title insurance: \$200–\$400

**Alberta has NO land transfer tax — a huge advantage over Ontario and BC where this cost alone can be \$10,000 to \$50,000+.**

## Government Programs That Give You a Head Start

### First Home Savings Account (FHSA)

The FHSA is the most powerful tool available to first-time buyers. You can contribute up to \$8,000 per year to a lifetime maximum of \$40,000. Contributions are tax-deductible (like an

RRSP), and withdrawals for a home purchase are tax-free (like a TFSA). No repayment required. A couple can accumulate up to \$80,000 in FHSA's combined.

**⚠ The account must be open for at least one year before you can withdraw. Open one today — even with just \$100 — to start the clock.**

### **RRSP Home Buyers' Plan (HBP)**

Withdraw up to \$60,000 from your RRSP tax-free for your first home (\$120,000 per couple). Must be repaid over 15 years starting the second year after withdrawal. Miss a payment and that year's portion is added to your taxable income.

### **Stacking Both Programs**

You can use BOTH the FHSA and HBP for the same purchase. A single buyer: up to \$100,000. A couple: up to \$200,000 in tax-advantaged down payment funds. That's enough for 20% down on a \$1,000,000 home.

### **First-Time Home Buyer Tax Credit**

A non-refundable federal tax credit of \$10,000, which translates to \$1,500 in tax savings. Claimed on your tax return for the year you purchased.

### **GST/HST New Housing Rebate**

If you're buying a newly constructed home, you may qualify for a partial GST rebate of up to \$6,300 (federal) plus any applicable provincial rebate. Ask your builder and lawyer about eligibility.

## The Mortgage Stress Test — Why You Qualify for Less Than You Think

Since 2018, all federally regulated lenders must qualify you at the higher of your contract rate + 2% or 5.25%. This is called the stress test. If your actual mortgage rate is 4.25%, you must prove you can afford payments at 6.25%.

The stress test doesn't affect your actual payment — it only affects how much you qualify to borrow. Its purpose is to ensure you can handle potential rate increases. The practical effect: you qualify for roughly 20% less than you would without the stress test.

## Qualification — What Lenders Look At

### GDS Ratio (Gross Debt Service)

Your housing costs (mortgage payment + property taxes + heating + 50% of condo fees or 100% of HOA fees) divided by your gross income. Maximum: 39% (or 35% with credit below 680).

### TDS Ratio (Total Debt Service)

Your housing costs PLUS all other debts (car loan, credit cards, student loans, lines of credit, support payments) divided by gross income. Maximum: 44% (or 42% with credit below 680).

**⚠️ Child support, spousal support, and alimony payments directly affect your qualification. Some lenders deduct them from income; others add them as a debt. Either way, they significantly reduce how much you can borrow. Discuss with your broker.**

### Credit Score

Minimum 600 for insured mortgages (CMHC). Some lenders and programs require 680+. Higher scores get better rates. Check your credit before you start — Equifax and TransUnion both offer free reports. Fix any errors before applying.

## The Step-by-Step Process

- Step 1: Get pre-approved. A mortgage broker pulls your credit, verifies your income, and tells you exactly what you qualify for. No obligation. Takes 15–30 minutes.
- Step 2: Find a realtor. Your broker can recommend trusted realtors in your area, or use whoever you're comfortable with.
- Step 3: House hunt. Stay within your pre-approved amount. Don't forget to budget for property taxes, insurance, and any condo/HOA fees.

- Step 4: Make an offer. Your realtor handles this. Once accepted, conditions (financing, inspection) protect you.
- Step 5: Finalize the mortgage. Your broker submits the full application, orders the appraisal if needed, and secures your rate.
- Step 6: Lawyer review. Your lawyer handles title transfer, registers the mortgage, and coordinates closing.
- Step 7: Get the keys. Move in. Celebrate. You're a homeowner.

## **Common First-Time Buyer Mistakes**

- Not getting pre-approved before house hunting — you might be looking at homes you can't afford, or missing ones you can.
- Only talking to your bank — a broker accesses 20+ lenders and almost always finds a better rate.
- Forgetting about closing costs — budget \$3,000–\$5,000 above your down payment.
- Not opening an FHSA early — the one-year waiting period catches many buyers off guard.
- Making major purchases before closing — a new car loan or furniture on credit can kill your qualification between approval and closing.
- Skipping the home inspection — saving \$500 on an inspection can cost you \$50,000 in hidden problems.
- Not accounting for property taxes, insurance, and maintenance in your monthly budget.

## **Alberta-Specific Advantages**

- No provincial land transfer tax — saves thousands compared to Ontario and BC.
- Generally lower property prices than Vancouver or Toronto — your dollar goes further.
- No provincial sales tax (PST) on most goods — lower cost of living helps with qualification.
- Strong rental market — if your plans change, your home can become an income property.
- Growing economy and population — property values in Southern Alberta have appreciated 2–4% annually.

## **Why Use a Mortgage Broker?**

Your bank offers one set of products at one set of rates. A mortgage broker has access to 20+ lenders — major banks, credit unions, monoline lenders, and alternative lenders. The broker shops your application across all of them and presents you with the best option.

The service is free for most residential purchases — the lender pays the broker's fee. You get better rates, more options, and an expert who works for YOU, not the bank. There is zero downside to using a broker.

## Important Disclaimers

This guide provides general information only and is not a commitment to lend, rate guarantee, or pre-approval. All figures are approximate and must be verified with your mortgage broker and realtor before making any decisions. Lender guidelines, insurer policies, and government programs change frequently. Support payments (child support, spousal support, alimony) affect qualification. 50% of condo fees and 100% of HOA fees are included in debt servicing. Canadian semi-annual compounding applies to all mortgage calculations. Information compiled as of March 2026. OAC. E.&O.E.

## Ready to take the next step?

Shawn Selanders

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