

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 to \$2,000 (lawyer handles all paperwork and title transfer)
- **Land title and mortgage registration fees:** vary by purchase price and mortgage amount. Ask your lawyer for the current Alberta estimate based on your transaction.
- **Home inspection:** \$400 to \$600 (optional but strongly recommended)
- **Property tax adjustment:** varies based on closing date
- **Title insurance:** \$200 to \$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 FHSAs combined.

There is no minimum waiting period — you can contribute and withdraw for a qualifying home purchase in the same year. But opening early lets you build contribution room and maximise tax-free growth, so the time to start is now — even if you only put in \$100.

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 Rebate on New Builds — Now Up to \$50,000

NEW — Bill C-4 (Royal Assent March 12, 2026): The federal government has eliminated the 5% GST for first-time home buyers purchasing newly constructed or substantially renovated homes priced up to \$1 million. The rebate phases out between \$1 million and \$1.5 million. Maximum savings: up to \$50,000. Applies to purchase agreements signed on or after March 20, 2025 through the end of 2030.

This replaces the previous GST/HST New Housing Rebate which capped at approximately \$6,300. The new rebate is dramatically larger. Resale homes are exempt from GST (no rebate because there is no GST charged). Alberta has no provincial sales tax, so you are only dealing with 5% federal GST — not the 13% HST that Ontario buyers face.

For transactions closing after March 12, 2026, builders can credit the rebate directly on your statement of adjustments — reducing your purchase price at closing. For earlier closings (after March 20, 2025), you apply directly to the CRA for a retroactive rebate.

The Mortgage Stress Test

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.

30-Year Amortization — Now Available

First-time home buyers purchasing new builds can now get a 30-year amortization on insured mortgages. This is also available under CMHC's broader Home Start rule: at least one borrower must be a first-time buyer OR the property must be newly built. Spreading payments over 30 years instead of 25 lowers your monthly payment — but you pay more interest over the life of the mortgage. It is a great option if the lower payment helps you qualify or if cash flow is tight in the early years.

The Step-by-Step Process

- **Step 1: Talk to a broker.** I review your situation, pull your credit, and tell you exactly what you qualify for. No obligation. Takes 15 to 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 assessed 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: Finalise 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 assessed 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 compares 20+ lenders and can often find a more competitive rate and better terms.
- Forgetting about closing costs — budget \$3,000 to \$5,000 above your down payment.
- Not opening an FHSA early — not because of a waiting period, but because your contribution room only starts once the account is open.
- 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 to 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 for your situation.

For most standard residential mortgages, the lender pays the broker's commission — the service typically costs you nothing. You get competitive rates, more options, and an expert who works for YOU, not the bank.

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. GST rebate information reflects Bill C-4 (Royal Assent March 12, 2026). Information compiled as of March 2026. OAC. E.&O.E.;

Ready to take the next step?

Shawn Selanders

RECA-Licensed Mortgage Broker — Since 1999

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Your Local Mortgage Professionals

Serving Calgary, Okotoks, High River & Southern Alberta