

FIRST-TIME HOME BUYER

From pre-approval to keys in your hand. Every step, every program, every cost — written for Albertans buying their first home in 2026.

PREPARED
BY

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Shawn's Tip: *This guide covers the essentials. Every situation is different — a 15-minute conversation with me will give you a clear, personalised picture. No cost. No obligation. Call or text 403-703-6847.*

1. Do You Qualify as a First-Time Buyer?

The definition is more flexible than most people think. In Canada, you qualify as a first-time home buyer if you **and** your spouse or common-law partner have **not owned a home you lived in** during the current year or the **previous four calendar years**.

You may qualify if:

- You've **never** owned a home
- You owned a home but sold it **more than 4 years ago**
- You owned an investment property but **never lived in it**
- Your spouse owned before you were together, but it was sold **4+ years ago**
- You went through a separation and haven't owned for **4+ years**

***Shawn's Tip:** Don't assume you don't qualify — some programs define "first-time buyer" differently. I can sort it out in a 5-minute conversation.*

2. Down Payment — How Much Do You Need?

In Canada, the minimum down payment depends on the purchase price:

Purchase Price	Minimum Down Payment	Example
Up to \$500,000	5% of purchase price	\$450K = \$22,500 down
\$500,001 to \$1,499,999	5% of first \$500K + 10% of the rest	\$650K = \$40,000 down
\$1,500,000 and above	20% of purchase price	\$1.5M = \$300,000 down

Where Can Your Down Payment Come From?

- **Personal savings** — bank accounts, TFSA, non-registered investments
- **FHSA withdrawal** — tax-free, no repayment required
- **RRSP (Home Buyers' Plan)** — tax-free, repay over 15 years
- **Gifted funds** — from immediate family (signed gift letter required)
- **Sale of another asset** — car, investments, etc.
- **Down payment assistance programs** — Attainable Homes Calgary, Liberty Home Ownership

***Shawn's Tip:** Borrowed money (credit cards, lines of credit) generally cannot be used for a down payment. The lender will verify the source of your funds.*

3. How Much Home Can You Afford?

Lenders use two ratios to determine how much mortgage you qualify for:

Ratio	What It Measures	Maximum
GDS	Housing costs (mortgage + tax + heat + half condo fees) vs. gross income	39%
TDS	Housing costs + all other debts (car, student loans, credit cards) vs. gross income	44%

Quick Affordability Estimates (5-year fixed at ~4%, 25-year amortization):

- \$70,000 household income → approximately **\$300,000–\$340,000**
- \$100,000 household income → approximately **\$430,000–\$490,000**
- \$130,000 household income → approximately **\$550,000–\$630,000**

Shawn's Tip: *These are rough estimates. Your actual qualification depends on credit score, existing debts, the specific rate, and the stress test. I can give you a precise number in about 15 minutes.*

4. Government Programs You Can Stack

Most first-time buyers don't realise how many programs they can combine. As a couple, you could access **up to \$200,000** in tax-advantaged down payment funds:

Program	Benefit	Repayment?
FHSA	Save up to \$40K per person tax-free	No
Home Buyers' Plan	Withdraw up to \$60K per person from RRSP	Yes — 15 years
First-Time Tax Credit	Up to \$1,500 back at tax time	No
GST Rebate (New Builds)	Up to \$50,000 - Bill C-4 is now law	No
30-Year Amortization	Lower monthly payments — available to all first-time buyers and all buyers of new builds	N/A

The FHSA — Your Most Powerful Tool

If you're planning to buy within the next 1–15 years, this is the single most powerful savings tool available. Launched April 2023, too many people still don't know about it.

- Contribute up to **\$8,000 per year**, lifetime max of **\$40,000**
- Contributions are **tax-deductible** (like an RRSP)
- Withdrawals for your first home are **completely tax-free** (like a TFSA)
- Unused room carries forward (up to \$8,000)
- Can be combined with the Home Buyers' Plan

GST Rebate — Bill C-4 (Royal Assent March 12, 2026):

The federal government has eliminated the 5% GST for first-time buyers purchasing newly built or substantially renovated homes priced up to \$1 million. Partial rebate between \$1 million and \$1.5 million. Maximum savings: \$50,000. Applies to purchase agreements signed on or after March 20, 2025 through 2030. Resale homes are not subject to GST. The old \$6,300 rebate still exists for non-first-time buyers.

The Power Move: FHSA + HBP Combined

A couple can combine both programs: **\$80,000 from FHSA** (no repayment) + **\$120,000 from HBP** (repay over 15 years) = **\$200,000 in tax-advantaged down payment funds**. Plus no land transfer tax in Alberta, up to \$1,500 federal tax credit, and possible GST rebate on new builds.

***Shawn's Tip:** Open your FHSA as early as possible — even with just \$1. The clock on your contribution room starts ticking the day you open the account, and unused room carries forward.*

5. The Mortgage Stress Test

Every buyer in Canada must pass the stress test, regardless of your down payment size. The lender qualifies you at the **higher of**:

- The Bank of Canada's qualifying rate: currently **5.25%**
- Your contract rate + **2%**

This means if you're offered a rate of 4.49%, you must qualify at 6.49%. The stress test reduces your maximum purchase price by roughly 20% compared to what you could afford at the actual rate.

Exception: In late 2024, OSFI exempted eligible uninsured mortgage switches from the stress test. If you are switching lenders at renewal without increasing your mortgage amount, you may not need to re-qualify at the stress test rate.

***Shawn's Tip:** The stress test isn't your enemy — it protects you from being house-poor. I'll run the numbers both ways so you know exactly where you stand.*

6. The Home-Buying Process — Step by Step

1	Get Pre-Approved Before you start looking at homes, know exactly what you can afford. A pre-approval locks in a rate for 90–120 days and tells every realtor you're a serious buyer. Takes about 15 minutes with me.
2	Find Your Realtor Work with someone who knows your target area. Your realtor handles the search, showings, negotiations, and paperwork on the property side.
3	House Hunt Stay within your pre-approved budget. Make a list of must-haves vs. nice-to-haves. Don't skip the neighbourhood research — drive around at different times of day.
4	Make an Offer Your realtor writes the offer. Include conditions for financing, home inspection, and any other protections you need. Don't waive the inspection.
5	Finalise Your Mortgage Once your offer is accepted, I submit to the lender for final approval. This is where we confirm the rate, terms, and conditions.
6	Home Inspection Hire a qualified inspector (\$400–\$600). They'll check the roof, foundation, electrical, plumbing, heating, and everything else. Worth every dollar.
7	Meet Your Lawyer Your real estate lawyer handles title transfer, mortgage registration, and ensures everything is legally sound. Budget \$1,500–\$2,000 for legal fees.
8	Get Insurance Home insurance is mandatory before closing. Shop around — rates vary significantly. Get quotes at least 2 weeks before closing.
9	Final Walkthrough Walk through the property 24–48 hours before closing to confirm the condition matches your agreement.
10	Closing Day Your lawyer handles the money transfer. You sign documents, get your keys, and officially become a homeowner.

7. Closing Costs Nobody Tells You About

Budget **1.5% to 4%** of the purchase price for closing costs. On a \$450,000 home, expect roughly \$6,000–\$10,000 in addition to your down payment.

Cost	Typical Range	Notes
Legal Fees	\$1,200–\$2,000	Title transfer + mortgage registration
Title Insurance	\$300–\$500	Protects against title defects
Home Inspection	\$400–\$600	Do not skip this
Appraisal	\$300–\$500	Sometimes covered by lender
Home Insurance (1st year)	\$1,000–\$2,000	Must be in place before closing
Land Titles Registration	\$150–\$400	Alberta government fee
Property Tax Adjustment	Varies	Prorated based on closing date
Land Transfer Tax	\$0 in Alberta!	You save thousands vs. Ontario/BC

Shawn's Tip: Alberta has NO land transfer tax. On a \$500,000 home, that saves you roughly \$6,475 compared to Ontario and \$8,000 compared to British Columbia. It's one of the biggest advantages of buying in Alberta.

8. 10 Mistakes First-Time Buyers Make

- 1. Not getting pre-approved first** — You need to know your budget before you fall in love with a home you can't afford.
- 2. Skipping the home inspection** — A \$500 inspection can save you \$50,000 in hidden problems.
- 3. Draining your savings for the down payment** — Keep an emergency fund. Life doesn't stop because you bought a house.
- 4. Ignoring closing costs** — Budget 1.5–4% above your down payment for fees, insurance, and adjustments.
- 5. Making big purchases before closing** — That new truck or furniture set can tank your approval. Wait until after closing.
- 6. Not checking your credit score early** — Surprises on your credit report can delay or kill your approval. Check it months ahead.
- 7. Signing the bank's renewal letter without shopping** — Banks count on you being too busy. A broker checks 20+ lenders in 15 minutes.
- 8. Waiving conditions to win a bidding war** — Conditions protect you. Waiving financing or inspection conditions is risky.
- 9. Forgetting about ongoing costs** — Property tax, insurance, utilities, maintenance. Budget for the full picture.

10. Going it alone when expert help is free — My service costs you nothing. The lender pays my fee. There's no reason not to call.

9. Your Pre-Approval Checklist

Gather these documents before your pre-approval appointment. The more prepared you are, the faster we move.

Income Verification

- Most recent **pay stubs** (last 30 days)
- **T4 slips** and **Notice of Assessment** (last 2 years)
- **Employment letter** confirming position, salary, and start date
- If self-employed: **T1 General + financial statements** (2 years)

Down Payment Proof

- **Bank statements** showing down payment funds (last 90 days)
- **FHSA / RRSP statements** if using for Home Buyers' Plan
- **Gift letter** from family member (if receiving gifted funds)
- Proof of **source of funds** (investment account statements, sale proceeds)

Identification

- **Two pieces of government-issued ID** (driver's licence + passport preferred)
- **Social Insurance Number** (for credit check)

Debt Information

- Current **credit card statements** (showing balances and minimum payments)
- **Car loan / lease** details (payment amount, balance remaining)
- **Student loan** statements
- Any **other debt obligations** (lines of credit, personal loans, support payments)

Property Details (if you've found a home)

- **MLS listing** or property address
- **Purchase price** and any conditions
- **Property tax amount** (available from municipality or listing)
- **Condo documents** (if applicable — reserve fund, bylaws, insurance certificate)

Ready to Get Started?

A 15-minute conversation is all it takes to get a clear picture.
No cost. No obligation. Just straight answers from a broker with 25+ years of experience.

Call or Text: 403-703-6847

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