Homebuyer's Guide

Desjardins

Home sweet home!

Getting ready to move into your first home? Or buying a new one? Purchasing a home is an important decision that involves all sorts of different factors. That's why it's important to be well prepared.

Take the time to read through this guide. It's got all the information you need to find your very own home sweet home. Feel free to contact your Desjardins advisor for help.

Your Desjardins advisor can help you choose the mortgage that best suits your needs. They'll act in your best interests and guide and advise you throughout the entire home purchasing process.

Step-by-step breakdown of the home

This guide provides a number of useful tools:

Budget

Making a budget is a crucial step for setting the limits to buy a home.

By doing a careful evaluation of your current finances, needs and priorities, as well as your short- and medium-term financial resources, you'll save a lot of stress and be able to better plan your purchase with peace of mind.

Down payment

When you take out a mortgage, you're required to make a down payment, which is a sum of money from your personal assets. It can come from savings accounts, deposit certificates, savings bonds, mutual funds, RRSPs (via the Home Buyer's Plan [HBP]) or an FHSA (first home savings account). Other down payment sources, such as cash gifts, are also eligible under certain conditions.

How much do you need for a down payment?

The bigger your down payment, the smaller your mortgage and the less interest you'll pay. The minimum down payment is 5% of the purchase price. It may also be based on the property's determined value, which is set by Desjardins based on the market value or any other value considered.[1] However, if your down payment is less than 20%, you'll have to take out mortgage insurance from Canada Mortgage and Housing Corporation (CMHC) or Sagen™[2].

ONLINE TOOL

HOME SECTION

We can help you buy your first home. Get the lowdown on the key steps involved in buying a house or condo with a new tool in the **Home** section of the web and mobile versions of AccèsD. You can also use it to find out how much you can realistically borrow and get pre-approved for a mortgage in a just few steps—you'll get an answer quickly if your purchase qualifies.

Mortgage insurance premiums vary based on the down payment and the financing amount, and may be paid in full at the time of purchase or built into your mortgage payments and spread out over the term of the mortgage. They generally represent up to 4.0% of the mortgage amount for buildings with 1 to 4 units. The premiums are non-refundable. You'll also have to pay a 8% tax on the premiums. Your caisse will take care of the payment by deducting the amount from your account when the mortgage is disbursed at the lawyer's office. Contact your Desjardins advisor for more information about mortgage insurance conditions.

HBP

The HBP lets you withdraw money from your RRSP to purchase a property as your principal residence, as long as you meet certain conditions:

- You and your spouse are buying your first home
- You and your spouse have not owned a home for at least 5 years and have no HBP balance to repay
- You're separated from your spouse due to a break-up and have no HBP balance to repay

There are 2 main strategies, but an accountant or tax specialist may be able to suggest other ones based on your situation:

1. Withdrawing money you already have in an RRSP
2. The "90-day loan" strategy

In the first strategy, the HBP lets you withdraw up to $60,000 per calendar year from your RRSP ($120,000 per couple) without paying any tax.

The "90-day loan" strategy lets you participate in the HBP even if you've never contributed much or anything to an RRSP.

Here's what you do:

1. Borrow the amount you need from your Desjardins caisse, respecting your maximum contribution room.
2. Deposit it into a Desjardins RRSP for at least 90 days.
3. Withdraw this non-taxable amount from your RRSP and pay back the loan from your caisse.
4. Use your tax refund as a down payment to buy your home.

You then have up to 15 years to repay the amount (without interest) back into your RRSP. Each year, you must pay back at least 1/15 of the amount withdrawn from the RRSP. For example, if you withdrew $12,000, you would have to pay back $800 per year for 15 years. If you don't pay back the annual minimum, you'll need to add that amount to your income and pay the applicable taxes.

For HBP withdrawals made between January 1, 2022 and December 31, 2025, the repayment period starts in the fifth year following the HBP withdrawal.

Benefits of the HBP

- Larger down payment
- Smaller mortgage and lower mortgage insurance premium
- Non-taxable RRSP withdrawal
- No interest on your annual RRSP repayments
- Use of tax refund generated by new RRSP contributions for the down payment or closing costs (lawyer, land transfer, etc.)

For more information, visit the federal government website at canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/what-home-buyers-plan.html.

Considerations

- Budget impact of repaying 1/15 of the amount withdrawn from the RRSP each year (review your budget first).
- Loss of interest income caused by withdrawing money from an existing RRSP, but possibility of savings over the long term. Interest charges are calculated based on the mortgage amount.

FHSA
(First home savings account)

This registered plan allows you to save money tax-free so you can use it to buy a qualifying first home.

You can contribute $8,000 a year to an FHSA, up to a lifetime maximum of $40,000. If you contribute less than the annual limit, you can carry forward the unused room to the following year. So, in any given year, you can use up to $8,000 of the previous year's unused room and add your current year's $8,000 contribution room, for a maximum annual contribution of $16,000. Contribution room is calculated from the year the FHSA is opened. For more information, visit the federal government website at canada.ca/fhsa.

Advantages of an FHSA:

- Lower taxes since contributions to an FHSA are eligible for a tax deduction, which reduces your taxable income for the current or subsequent years.
- Tax-free earnings since the investment income earned in your FHSA is not taxed.
- Tax-free withdrawals to purchase a qualifying first home.[3]

To open an FHSA:

- You must be between the ages of 18 and 71 on December 31 of the year you open it.
- You must be a Canadian resident.
- You or your spouse must not have been an owner-occupier of a principal residence in the year the FHSA was opened, or during the previous 4 calendar years.

First-Time Home Buyers' Tax Credit

If you just bought a first home that you intend to use as your principal residence and haven't lived in another home owned by you or your spouse in the year of purchase or in the previous 4 years, you may be eligible for the First-Time Home Buyers' Tax Credit (HBTC) offered at the federal. This $10,000 non-refundable tax credit translates into a tax reduction of $1,500. Before your file your tax return, check whether you qualify by visiting:

- The Canada Revenue Agency (CRA) website at canada.ca/en/revenue-agency.html

Or, if you use an accountant, make sure you tell them that you've purchased a new home. They'll check to see if you qualify for the credit.

Municipal grants for homeownership

In order to attract families and new residents, some municipalities offer purchase credits, interest-free loans, transfer tax rebates, property tax credits and/or purchase incentives for energy-efficient homes.

Make sure to check with the municipality to see if you qualify for these programs and find out about the conditions they entail.

Closing costs

In addition to the down payment, there are other expenses you'll need to cover before your mortgage is disbursed or when you meet with the lawyer. You also need to plan for other expenses like moving, changing your address and updating your home's interior design or landscaping. Following the inspection, you may also want—or need—to do renovations that aren't included in your financing. Your Desjardins advisor can help you weigh the options for accumulating the funds needed to cover these costs, but the best solution is still saving up before you buy.

Refer to the Closing Costs when Buying a Home form at coop.desjardins.com/content/dam/pdf/fr/particuliers/hypotheque/frais-demarrage-on.pdf.

Inspection fees

The inspection is a visual check to identify possible defects in the property before finalizing the purchase. A detailed report will tell you things like the condition of the foundation, roof, structure, windows, insulation, plumbing and electrical system. As a result, it's important to budget for these fees.

Appraisal fees

Your Desjardins caisse may want to know the market value of the property you wish to buy. An expert—usually a chartered appraiser—will perform an appraisal to provide this information.

Legal expenses and fees

Lawyers charge fees for things like title searches, and preparing, signing and registering various legal documents related to the purchase of your home.

Incidental expenses and adjustment costs

These expenses include all amounts prepaid by the seller for a certain period (like school and property taxes, hydro or natural gas bills and condo fees, where applicable). The expenses are transferred to you as of the date you purchase the home and must be settled at the lawyer's office when you sign the deed of sale.

Land transfer tax

You're generally required to pay land transfer tax when you buy a home. This is the welcome tax collected by the municipality and calculated as a percentage of the purchase price or municipal assessment (whichever is higher). Land transfer tax rates differ by municipality. Here's an example of the general provincial rates for calculating land transfer taxes, but it's best to refer to your local municipality.

- **0.50%** on the first $55,200
- **1.00%** on the amount between $55,200 and $276,200
- **1.50%** on the amount over $276,200
- **2%** on the amount between $400,001 and $2,000,000
- **2.5%** on the amount over $2,000,000[4]

For example, Toronto has higher land transfer taxes because of the home values, which are sometimes in the millions.

Tax on mortgage default insurance

This is a 8% tax on the mortgage default insurance premium you'll have to pay if your mortgage needs to be insured. Make sure you have these funds in your account because this amount must be paid before the sale is closed at the lawyer's office. The insurance premium is built into your mortgage payments and spread out over the term of the mortgage. You can also choose to pay it up front in a lump sum.

Other expenses

- Home insurance premiums for your new home (they're generally higher for homeowners than for renters)
- Loan insurance premiums (life and disability)
- Location certificate fees, based on the terms of your purchase offer
- Sales taxes for new homes

Don't forget about moving and public utility hook-up costs. You may also want to decorate and buy new furniture, appliances or tools for taking care of your yard and garden.

Your financial resources

To help you make wise choices that strike a balance between what you want and what you can afford, you'll need to crunch the numbers carefully. Here are some tools that can help.

Debt-to-income ratio

There are 2 golden rules of borrowing:
- No more than 32%[5] of your gross household income should go to covering housing expenses (gross debt service ratio or GDS).
- No more than 40%[5] of your gross household income should go to paying off your debts, including housing expenses (total debt service ratio or TDS).

You can refer to the monthly income and expenses calculation worksheet in the appendix to help you calculate these ratios.

Online calculators

Try our range of calculators[6] at desjardins.com/ca/tools:
- Calculate how much you can afford to spend on a home.
- Calculate and optimize your mortgage payments.
- Get a realistic assessment of your maximum borrowing capacity in the **Home** section of the web and mobile versions of AccèsD. Keep in mind that this is just an estimate. Your caisse may take more information into consideration when you apply.

Mortgage pre-approval

Pre-approval shows that you're a serious buyer and makes it easier to work with your realtor or the seller.

Meet with a Desjardins advisor and explain your financing needs. You'll get quick confirmation of the maximum you can borrow and spend on your future home. This amount is based on your financial situation, how much you have for a down payment, and what you're planning to buy. It can also protect you from potential interest rate increases if your rate is guaranteed for a certain period of time. Your rate will be guaranteed as long as your situation and financing stay the same for the agreed-upon period. If your situation changes, contact us to see if it will affect your guaranteed rate.

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Desjardins members can also apply for mortgage pre-approval online in the **Home** section of AccèsD. You'll get a quick response with just a few clicks if your home purchase is eligible.

Just got pre-approved? Keep in mind that any major purchases, like a new car, may reduce your borrowing capacity. If your financial situation changes before you apply for financing, you may be granted a smaller mortgage than the one you were pre-approved for. In some cases, your mortgage application may even be declined.

Tip

Avoid financial worries by looking for a home that's under your maximum borrowing capacity. That way, you'll be able to cover all your payments, deal with unexpected financial emergencies and maintain your current standard of living.

Choosing a home

Now that you've got a handle on your budget and financial resources, it's time to determine your selection criteria.

Identify your priorities—decide what's most important to you and what you're willing to sacrifice.

Location

The location of your future home is a key factor. Where you choose to live can have a big impact on your budget, habits and quality of life.

Tip

Having a hard time narrowing down which neighbourhood or city to live in? Ask yourself these questions:

- How long would it take you to get to work? How would you get there?
- What services are located nearby (daycares, schools, hospitals, stores, parks)?
- How much are the neighbouring homes worth?
- Is the area safe and quiet?

Type of home

Take the time to choose a home that suits your tastes and needs. There are many different types. For example:

- Single-detached (bungalow, 2-storey)
- Semi-detached
- Duplex (2 units)
- Townhouse
- Condominium
- Undivided co-ownership
- Factory-built or modular homes

Each type has its own benefits and suits different lifestyles.

Tip

To help you decide, ask yourself these questions:

- Do you need a lot of privacy? Could you see yourself sharing part of your space with neighbours or tenants?
- Do you care about energy efficiency and environmental quality (insulation, heating, air quality, ventilation, lighting, type of materials, etc.)?
- How much time will you have to spend on upkeep?
- Do you need large rooms?
- Do you want a big backyard?

New or existing home

Each offers its own characteristics:

New home

- You can upgrade or select the exterior siding, flooring, plumbing and electrical accessories, etc.
- It's built according to recent construction standards (building, electricity, energy efficiency).
- HST applies.
- There's a contractor's or builder's warranty.

When buying or building a new home, always ask for references from the contractor to verify their skills and qualifications. Find out if they offer new home warranties.

Existing home

- Established neighbourhood.
- Landscaped and fenced yard.
- Features may have been added (an in-ground pool, finished basement, etc.).
- TVH might apply for some major renovations.

Condominium

- May be new or existing.
- Some spaces are shared among owners.
- Condo fees are required to manage the building.

Tip

- If you're interested in buying a condo, read the condo association documents carefully, check the condo's financial situation and find out about the living environment offered.

Self-build

Take the time to assess your needs and budget. Make a detailed plan before you start a self-build.

For more information, talk to your Desjardins advisor or read our DIY Homebuilders' Guide.

Sustainable home

Desjardins offers incentives for buying a new green home or doing green renovations that meet LEED, Novoclimat and Rénoclimat certification standards.

The offer includes up to $2,000 cash back for a new home or $500 for green renovation projects. For more information, visit desjardins.com/greenhome.

You can also consult the CMHC Eco Plus Program and the Energy Efficient Housing Program from Sagen.

Active search

The first step in actively searching for a home is determining how much you can afford to spend. Mortgage pre-approval saves you a lot of work and provides guidance for the people you choose to help you. You'll be in a better position to determine your selection criteria and make an informed decision about what you can afford given your budget.

Time to start shopping! Feel free to ask any questions you may have about the homes you visit—the age of the roof, heating costs, whether the fireplace or woodstove meets insurance company requirements, the age of the windows and water heater, what's included in the selling price, the neighbourhood, what renovations need to be done, etc.

Your realtor will help you find the home that's right for you. Talk to them about your budget, your lifestyle and the type of neighbourhood you're looking for and give them your mortgage pre-approval. They'll plan the visits, advise you during negotiations and help you draft the purchase offer.

Agreements of sale

You've found the house of your dreams. It's got everything! It meets all your criteria and is within your budget.

Now it's time to make a purchase offer.

What it includes

An agreement of sale is a contract that legally binds you to buy the property from the seller, under certain conditions.

Agreements of sale provide the information required to identify the property, plus the conditions of the transaction. Here's just some of the information they include:

- Address and lot number
- Deposit amount
- Possession date
- Tax adjustment
- How long the offer is valid (usually between 24 and 48 hours)
- What's included in or excluded from the selling price (e.g., curtains, household appliances)
- Approval of mortgage financing (condition of purchase)
- Satisfactory inspection of the premises by an expert (condition of purchase)
- Sale of your current home (if you're already a homeowner)
- Any other relevant conditions

Agreement of sale forms are available online, in bookstores and from your realtor. A legal advisor, a lawyer or your realtor can help you make a purchase offer.

Offers and counteroffers

What happens once an offer has been made? The seller can either accept it or turn it down. If they reject it, they can make a counteroffer (on the price, closing date and so on) that you can either accept or turn down. If you reject the counteroffer, you can then make a counteroffer of your own. When an offer is accepted by a seller, it constitutes a promise of sale.

Once a purchase offer has been accepted and the conditions it contains are met, neither party can refuse to carry it out. Otherwise, the buyer or seller could be sued by the other party.

Inspections

Before the purchase is finalized, you should make sure the property is in good condition and doesn't have any defects by having it examined by a building inspector. The agreement of sale should therefore include a condition allowing you to obtain an inspection report confirming findings in line with your expectations. A negative inspection report that reveals issues may be a negotiating tool for you and could even render the purchase offer null and void.

Building inspectors provide reports that assess the condition of a home, including the foundation, roof, structure, windows, insulation, plumbing and electrical. To find a building inspector, you can contact professional associations, orders or bodies whose members offer this service and comply with certain standards of practice.

Location certificate

This is a document prepared by a land surveyor. It describes the lot and building, identifies any irregularities and lists any easements or specific bylaws or regulations that may restrict your rights as a property owner.

Most mortgage lenders require a location certificate. The conditions in the purchase offer determine who should provide the certificate, but it's usually the seller's responsibility.

Mortgage financing

Set up a meeting with your Desjardins advisor to get a mortgage to purchase the home. Obtaining mortgage financing is often included as a condition in the agreement of sale.

Mortgage financing and insurance

Not all borrowers are in the same financial situation. The rate is important, but it's not necessarily the top selection criteria for mortgage financing.

To help you make an informed decision, you need to determine your objectives for paying off the mortgage.

Do you want to:

- Pay the least possible interest?
- Have the option to pay off your mortgage in 15 years instead of 25?
- Determine with your co-borrower the share of the mortgage that each of you will pay based on your respective financial flexibility, even though each of you will be separately responsible for the full amount of the debt to the caisse?

Fixed-rate mortgage? Variable-rate mortgage? Fixed yearly rate resetter mortgage? Accelerated payments? There are many options and solutions available. Your Desjardins advisor can help you choose the one that's right for you.

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Types of mortgages

With fixed-rate mortgages, the interest rate stays the same until the end of the term. Other mortgages have variable rates, meaning the interest rate varies according to the prime rate. There's also the yearly rate resetter mortgage where the interest rate remains fixed for 12 months and is adjusted each year based on the 1-year fixed-rate closed mortgage rate minus a discount.

Depending on the type of mortgage you get, the term may vary from a few months to many years.

Purchase with renovations

Say you find the home you want but it's a bit outdated. You have the funds you need for the minimum down payment, but you need additional financing to do some renovations.

Finance your renovations when you buy

Let's say you buy a $500,000 home and plan to do $40,000 worth of renovations. The total cost will therefore be $500,000 (purchase price) + $40,000 (renovations) = $540,000.

With the Purchase Plus Improvements Program, you can make improvements to your home without having to wait to save up the money. You also get a better interest rate than you would if you got a personal loan for the renovations.

When you apply for financing, you'll need to provide things like a detailed cost estimate for the renovations by submitting quotes or contracts with the chosen contractors. You'll need to have a down payment for the total project, including renovations, equal to at least 5% of the first $500,000 plus 10% of the remaining amount. Therefore, in the example above, you would need a down payment of $29,000 ($25,000 + $4,000 = $29,000). In this example, the down payment is less than 20% of the purchase price, so your mortgage will have to be insured by Canada Mortgage and Housing Corporation (CMHC) or Sagen. You'll then have to pay an insurance premium that varies based on your down payment amount, plus a 8% tax on that premium.

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Tip

How to pay off your mortgage faster

If you want to pay off your mortgage faster and pay less interest, you can choose to make accelerated payments weekly or every 2 weeks. On this schedule, the amount you pay each year is a bit higher. You'll make the equivalent of one extra monthly payment a year and reduce your amortization period.

$300,000 mortgage with a $75,000 down payment 25 years, 5-year fixed term at 5.29%[7]			
Payment method	Amount	Amortization	Cost of interest
Monthly	$1,794.67/month	25 years	$238,436.01
Standard weekly	$413.47/week	25 years	$235,504.55
Accelerated weekly (monthly divided by 4)	$448.67/week	21.3 years	$196,193.88

By choosing accelerated weekly payments, you'll reduce your amortization by 3.7 years and save $39,310.67.

Prepayment

This option allows you to make an early, penalty-free regular payment of up to 15% of your initial mortgage amount every year (or term, if the term is less than 1 year) in one or more installments.

You can also increase your regular payments up to double the initial payment once a year (or once a term if the term is less than 1 year).

Attractive coverage

Loan insurance[8]

Many people think that if they already have disability insurance through their employer, they don't have to worry about insuring their loans.

When deciding whether or not to get disability insurance on your mortgage, you should consider if you'll be able to make your mortgage payments if an accident or illness were to prevent you from working for a while. When you do the math, remember that in addition to paying for your home, your financial cushion also has to cover your other costs (groceries, clothes, taxes, electricity, children's education, other loans, etc.), plus any health-related expenses (medication, medical equipment and travel, etc.).

Loan insurance can help you stay afloat by offering 2 coverages:

- Life insurance will pay off the insured balance of your mortgage in the event of your death, based on the insurance percentage you select. That way, your loved ones won't get saddled with debt.
- Disability insurance lets you maintain your standard of living in the event of an accident or illness by helping you make your regular payments, based on the insurance percentage you select, until the end of your disability period.

It also provides access to the following support services: Psychological Assistance, Convalescence Assistance – Case Management and Legal Assistance.

For more details, visit desjardins.com/insurance.

Home insurance[9]

When it comes to getting home insurance, the choices aren't always clear. Desjardins offers made-to-measure coverage that fits your needs. There are discounts and offers to get you a better price for your home insurance. Find out which ones you qualify for.

In addition to providing coverage against the most common types of claims, including fire, theft, water leaks or damage and vandalism, all-risk home insurance coverage from Desjardins also protects you against most sudden and accidental events that could damage your property.

It also provides liability coverage if you unintentionally injure another person or damage their property.

Examples of covered events

- A person breaks their leg after slipping on your snow-covered steps.
- The fire in your fireplace spreads, causing damage to your property.

You can also tailor your insurance with optional coverage, such as coverage for your pool or hot tub or fair value coverage for valuable items

For more details, visit desjardins.com/homeinsurance.

Deed of sale

Your purchase offer has been accepted, the property has passed inspection and you've obtained a mortgage. The last step is to sign the deed of sale at the lawyer's office.

Lawyers take care of the legal aspects involved in mortgage financing and property title transfers. They provide the mortgage deed (contract outlining the mortgage conditions) and the deeds of purchase and sale, which are drafted from the purchase offer and transfer the property title to the buyer. Notaries also perform title searches, examine documents published in the land register, review documents provided by the seller (like tax receipts and the location certificate) and ensure that properties are free and clear of any encumbrances.

Make sure the notary has received all necessary documents from the seller, including mortgage deeds, tax receipts and the location certificate. Review the adjustment statement that details the amount that has to be paid to the seller to conclude the sale. Your notary will pay the seller on your behalf with the funds you transfer to them. The funds include your down payment, tax and other expense adjustments and the financing from Desjardins.

You also have to provide proof that an adequate amount of home insurance coverage is in force. To guarantee repayment of the mortgage, your home insurance must cover, among other things, at least the amount of the financing, the full replacement cost of the building or any other value the lender might reasonably require. If your mortgage is insured by CMHC or Sagen, the home insurance must at least cover the full building replacement cost.

In principle, the seller must guarantee that the property is free of any major defects that would make it unsuitable for its intended use.

Once all the documents have been verified and both parties have signed the deed of sale, you're officially a homeowner!

Ready to get started? Have questions?

Congratulations! You've reached the end of the Desjardins Homebuyers' Guide. If you'd like more information about our products, speak to a Desjardins advisor or visit desjardins.com/home.

Monthly income and expenses calculation worksheet[10]

Gross monthly income			
Gross annual salary	$45,000	$	$
Spouse's gross salary	+ $40,000	+ $	+ $
Total gross income	= $85,000	= $	= $
Gross monthly income	**$7,083.33/m.**	**$/m.**	**$/m.**

Monthly housing costs			
Monthly mortgage payments	$1,050/m.	$/m.	$/m.
Estimated monthly municipal and school taxes	$250/m.	+ $/m.	+ $/m.
Estimated monthly heating and electricity costs	+ $165/m.	+ $/m.	+ $/m.
Total monthly expenses	**$1,465/m.**	**$/m.**	**$/m.**

Calculation of GDS: $1,465/$7,083.33 = 20.7%[11]

Other monthly expenses			
Car loan	$350/m	$/m.	$/m.
Home insurance	+ $100/m	+ $/m.	+ $/m.
Student loan	+ $100/m	+ $/m.	+ $/m.
Credit cards and lines of credit	+ $300/m	+ $/m.	+ $/m.
Other	+ $0/m	+ $/m.	+ $/m.
Total	**$850/m**	**$/m.**	**$/m.**

Total monthly housing costs and other expenses			
Housing costs	$1,465/m.	$/m.	$/m.
Other expenses	+ $850/m.	+ $/m.	+ $/m.
Total monthly housing costs and other expenses	**$2,315/m.**	**$/m.**	**$/m.**

Calculation of TDS: $2,315/$7,083.33 = 32.9% of gross income[12]

APPENDIX 2

Mortgage glossary

Amortization period

Number of years over which you've chosen to repay your mortgage. This period is usually 25 years. The longer the amortization period, the lower your regular payments, but the more interest you pay.

Closed mortgage

Mortgage that cannot be repaid in full before the maturity date without incurring prepayment charges. However, you can still take advantage of the prepayment option without incurring prepayment charges. This option lets you pay back up to 15% of the initial mortgage amount each year and increase your regular payments by up to 100% of the initial payment provided in the contract. Examples are closed fixed-rate mortgages, yearly rate resetter mortgages, reduced variable-rate mortgages and protected variable-rate mortgages.

Desjardins prime rate

The rate we use to set the interest rates for many of our loans and lines of credit. Like other financial institutions, our prime rate is based on the Bank of Canada's key interest rate. When the key rate goes up or down, our prime rate generally follows and influences the rate of our credit products.

Fixed rate

Interest rate that remains stable until the end of the term. It can apply to open or closed mortgages.

Interest

Amount you pay periodically for your loan for as long as the funds are advanced by your caisse.

Interest rate

Amount you pay periodically for your loan, expressed as a percentage, for as long as the funds are advanced by your caisse.

Mortgage prepayment charge

Amount you're charged if you repay more than your allowable limit before the mortgage maturity date.

Open mortgage

Flexible mortgage that can be prepaid at any time, in full or in part, without having to pay prepayment charges to the caisse. Examples are open fixed-rate mortgages and regular variable-rate mortgages.

Prime rate

The rate we use to set the interest rates for many of our loans and lines of credit. Like other financial institutions, our prime rate is based on the Bank of Canada's key interest rate. When the key rate goes up or down, our prime rate generally follows and influences the rate of our credit products.

Principal

The amount you borrow, which represents the difference between the purchase price of the home and your down payment.

Protected variable rate

Interest rate that varies according to the Desjardins prime rate. However, it can never exceed the maximum annual rate initially set.

Reduced variable rate

Closed interest rate based on the Desjardins prime rate plus a premium or less a discount, which is guaranteed for the term. Your rate may increase or decrease with each change in the Desjardins prime rate.

Regular payment

Amount you have to pay back to your caisse at regular intervals. These payments reduce the interest first, then the principal. They're also applied to your Desjardins loan insurance, if you chose to get it.

Regular variable rate

Interest rate that varies according to the Desjardins prime rate. No prepayment charges for repayment (full or partial) or increase in payments (unlimited).

Term

The duration of your mortgage contract. The conditions of your mortgage apply for the entire term, which can range from 6 months to 10 years, depending on the type of rate you choose. At the end of the term, you either pay the remaining balance in full or renew your mortgage. If you renew it, you may choose new conditions to suit your needs.

Variable rate

Interest rate that varies according to the Desjardins prime rate.

Yearly resetter rate

Interest rate that remains fixed for 12 months and is revised each year based on the 1-year fixed-rate closed mortgage rate, minus a discount.

APPENDIX 3

Relevant organizations

Canadian Real Estate Association (CREA)
613-237-7111 | crea.ca

InterNACHI International Association of Certified Real Estate Inspectors
nachi.org

Ontario General Contractors Association
ogca.ca

Insurance Bureau of Canada (IBC)
1-844-227-5422 | ibc.ca

Canadian Home Builders' Association (CHBA)
613-230-3060 | chba.ca

Sagen
1-877-470-4144 | sagen.ca

Government of Canada
canada.ca/en.html

Government of Ontario
ontario.ca/fr/document/droits-de-cession-immobiliere

Canada Mortgage and Housing Corporation (CMHC)
1-800-668-2642 | cmhc-schl.gc.ca

CMHC Eco Plus
cmhc-schl.gc.ca/consumers/home-buying/mortgage-loan-insurance-for-consumers/cmhc-eco-programs/cmhc-eco-plus

Energy Efficient Housing Program - Sagen
sagen.ca/products-and-services/energy-efficient-housing/

APPENDIX 4

Future homeowner's checklist

1. Book movers or a moving truck (if you're moving yourself) as soon as possible.
2. Give notice to your current landlord in a timely manner.
3. Start cleaning! Sell anything you don't want to take to your new home or donate it to charity.
4. Start packing as soon as possible and mark your boxes clearly.
5. Confirm the details of your move with your movers.
6. Review the list of your possessions and valuables with your insurer.
7. Get photocopies of your medical, dental and school records if you're moving to a new neighbourhood.
8. Notify Canada Post, your friends, your family, and your utility providers about your change of address.
9. Review any remaining details with your movers a few days before moving day.
10. Give the keys to your landlord and check each room one last time.

Welcome home!

Notes

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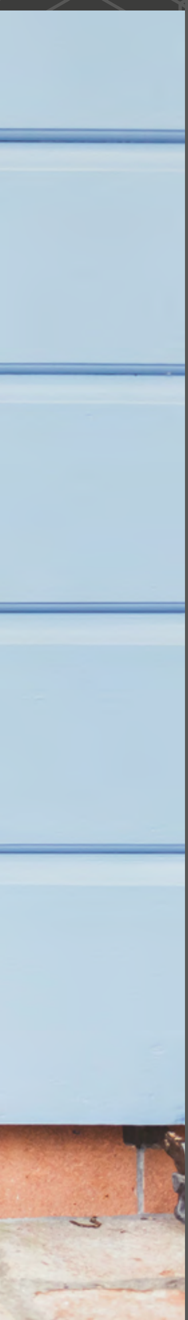

desjardins.com/home

Desjardins

SAGEN™ is the doing business as name of Sagen Mortgage Insurance Company Canada.

At the time of publication, all of the information presented in this guide was accurate. Some restrictions apply. Product features may change without notice. It is always best to verify the information in this guide with a Desjardins advisor.

1. For a property of $500,000 or less, your down payment must be at least 5% of the purchase price. For a property from $500,000 to $999,999, your down payment must be at least 5% of the first $500,000 and 10% of the remainder. For a property of $1 million or more, your down payment must be at least 20% of the purchase price. In some cases, a larger down payment may be required, depending on the mortgage insurer's terms and conditions. It may also be based on the property's determined value set by Desjardins, which may correspond to the market value, for example, or to any other value considered.
2. Seasonal use properties and properties that are not accessible year round are not eligible for mortgage insurance.
3. Some conditions apply.
4. In Ontario, the tax is 2.5% for the amount over $2,000,000.
5. Percentage recommended by Desjardins.
6. The sample rates illustrated in these calculators do not reflect current rates. Online calculators are made available for information purposes and personal use only. They provide approximate results based on the information you enter. The estimate provided may change according to your financial and budget situation at the time of the loan and does not constitute a loan authorization.
7. This rate does not necessarily reflect promotions in effect and is given for illustration purposes only.
8. Product offered by Desjardins Insurance. Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.
9. Product offered by Desjardins Insurance. Desjardins Insurance refers to Desjardins General Insurance Inc.
10. Amounts in the first column of each table are hypothetical and for demonstration purposes only.
11. Since the ratio of 20.7% is less than the GDS of 32% of gross household income that should cover housing costs, this example complies with rule number 1.
12. Since the ratio of 32.9% is less than the maximum debt ratio of 40% of gross household income that should go to paying off your debts, this example complies with rule number 2.

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