

First Time Home Buyer Qualification Check List

As a first time home buyer, there are many things to think about and to get together as you prepare to buy a home. When qualifying for a mortgage, lenders will require specific paper work and it can be helpful for you to have this prepared before you start shopping for a home to ensure you qualify for the financing.

1. Credit Requirements – The first thing lenders will look at is your credit report. They will wish to see that you have at least 2 trade lines (loans, credit cards) and that these trade lines have been active for at least 2 years. They will also wish to see that your credit score is over 650 points and that you do not have missed payments and are not over the limit on any loans. You can explore your credit yourself at www.equifax.ca or your mortgage broker can pull a report for you. Because a mortgage broker pulls the report only 1 time and it can be accepted by all lenders, your credit score is not at risk and will not go down. Here are some questions to ask yourself and to have your mortgage broker help you with.
 - Do you have 2 loans or credit cards in your name as the primary borrower?
 - Have you had these loans at least 2 years?
 - Do you know your credit score?

2. Down payment Requirements – The years of zero-down payment programs are gone however, there are many ways to get the 5% down needed to buy a home. You can save the 5% of the purchase price with the help of a Down Payment Savings Plan (ask me more about this program and how it can help you save). You can have the down payment gifted to you by a family member or, you may qualify to use a borrowed down payment program depending on your income and credit.



Here are some questions to ask yourself and to have your mortgage broker help you with.

- Do you have a 5% down payment saved?
- Have you asked for information about the Down Payment Savings Plan?
- Do you have a family member who could provide a gift?
- Would you qualify to borrow the down payment?

3. Income Requirements – Lenders will want to see that you have stable income that is high enough to cover mortgage payments, any liabilities you may have and still allow for extra money for a good standard of living. Lenders will use 35% - 39% of your gross income to qualify you. If you are salaried, they will require a job letter and recent paystub. If you are an hourly employee or are part-time, the lender will need a job letter, a recent paystub and 2 years of Notice of Assessments to use an average of your income (Part Time EmIf you are a self-employed, 2 years of Notice of Assessments and T1 Generals including Statement of Business Activities will be required.

- Can you provide a job letter stating your position, how long you have worked at your job and your salary or hourly rate?
- Can you provide a recent pay stub?
- Do you have access to your last 2 year of Notice of Assessments from Revenue Canada?
- If you are self-employed, do you have access to your last 2 year of Notice of Assessments from Revenue Canada as well as your T1 Generals and Statements of Business Activities?

Please call Jamie Moi at DLC Mortgage Negotiators for more information about how you personally qualify to buy a home at 604-534-6504 or email at jamiemoi@jamiemoi.com