

# First Time Home Buyer: What You Really Need To Know

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Everyone remembers when they bought their first home. The purchase of a home is often the largest investment the average Canadian will make in their lifetime, and like most things, the first time is always a bit more exciting and challenging. Here are some useful tips to help guide you through this important process:

## 1) Schedule a Home Inspection.

First time home buyers often feel emotionally connected to their first home. They visit a property, fall in love with it, and table an offer almost immediately due to the fear of losing the deal. Before they know it, problems start surfacing, and they're on the hook for the cost of repairs. By including a home inspection in the terms of your offer, or arranging for an inspection before making an offer, first time home buyers can rest assured that their first home is in fine shape.

## 2) Know your credit score.

[Your credit score](#) will be a key question you will get asked in the process of purchasing a new home. Make sure you know your credit score, and if it isn't a good score, try and do what you can to improve it. As a first time home buyer, applying for a mortgage or other loans becomes much easier if you have a good credit score. Better interest rates and terms will be available if you have a higher credit rating.

## 3) Don't forget the closing fees!

Closing fees can be a shock to a first time home buyer, so make sure you're prepared for them. Land transfer tax, property tax, and property insurance are some of the common closing fees that you should be prepared for as a first time home buyer.

## 4) Buy within your price range.

A first time home buyer may become self conscious about not being able to afford their dream home right off-the-bat and may decide to purchase a more expensive home by putting down a minimum down payment. Stay within your reach and buy a home that's in your income range; the dream home will come eventually.

## 5) Put down the highest down payment percentage you can.

Mortgage rates change drastically if you put down a higher percentage in your down payment. A first time home buyer should avoid falling into the 5% trap if you have money available to pay more; paying off your mortgage faster can save you thousands of dollars in interest fees.

## 6) Negotiate your payment schedule

Banks count on a first time home buyer agreeing to all of their terms, but you can negotiate your payment schedule to save money. For example, you can arrange to have payments done every

two weeks instead of monthly, shorten your amortization period, or you can slightly increase your instalment amount. Little changes early on can make big differences in interest payment reductions.

7) Budget for extra expenses.

Too often, first time home buyers forget about all of the startup costs associated with purchasing a home, like moving, utility connection fees, appraisal fees and survey costs. Make sure you've accounted for these payments in addition to the money you've set aside for your down payment.

8) Be aware of rebates and other home purchase benefits.

Companies like Rebate4U can help you secure lucrative rebates of up to \$30,000 for a first time home buyer in some cases. The service has no upfront costs, and you're only charged for the service once the full rebate amount has been received.

9) Hire a realtor and a real estate lawyer to help.

These are two types of trained professionals that can help make the process of being a first time home buyer much less confusing. They can also help you save money by advising you on various tax breaks, policies, or other purchasing strategies.

The experience for a first time home buyer can seem complicated, but a few rudimentary steps and some savvy research or negotiations can help you save a great deal of time and potentially net you a lucrative rebate in the process. Home ownership is one area that you want to have "done it right", so make sure that you are patient with the process and aren't afraid to seek the advice of experts along the way.