



Creative Ways

to come up with money for your
downpayment

RE/MAX VERNON SALT FOWLER
"JUST ADD SALT!"



TEL: 250-549-SALT (7258)

TEXT: 250-309-9586 ◻ SALT FOWLER..COM



Thinking of buying your first home ever? It's so exciting but thinking about how much money you need can cause you serious anxiety.

Take a deep breath... it may be a lot less than you think! Here are some great ways to minimize the amount of money you need to buy your first home and start building real wealth.

01

TFSA's

TFSA's are a great savings plan for your downpayment as you aren't taxed when removing the funds and also are not taxed on any gains within the account. You are using tax paid dollars to invest, however your money can work for you tax free once invested. Unlike RRSP's, there is no limit as to how much you can remove from your TFSA.

02

Investments

If you happen to have some investments, even ones that are locked in, if you plan far enough ahead, you may be able to time your house purchase with the renewal date on your investments.

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03

Loan/LOC

A loan or line of credit is technically possible to use as a down payment, however is a bit tricky for First Timers, as most lenders still require you to contribute the minimum 5 to 10% from other sources, however you can use these funds generally to increase your downpayment past the minimum.

06

"Gifts" from family members

It's not unusual to ask your parents for money to help you buy a home. You'll have to be able to prove that the money is truly a gift and that you're not expected to repay it - EVER. Usually a signed letter from the person giving the gift is sufficient.

04

Use your tax refund

If you're getting a tax refund and can use that money toward your down payment. Every little bit helps! If you contribute to an RRSP (below), and reduce your taxable income, you may have a nice refund to utilize for the tax year that you invest in the RRSP.

05

Withdraw funds from your RRSP's

If you have been saving for retirement, you can remove up to \$35,000 of your RRSP savings tax free, as long as you pay the money back within 15 years. You also should wait 90 days to remove after the contribution has been made to get the potential tax refund associated with your contribution. [More info here.](#)

07

First Time Home Buyer's Incentive

You could choose to take advantage of a partnership offered by the Canadian government. The government will loan you 5-10% for your downpayment in return for a 5-10% stake in your equity. Must be paid the sooner of when you sell, or 25 years. [More info here.](#)



08

House hacking!

This is not really a strategy for saving on the down payment but it's an amazing way to reduce the monthly mortgage payment significantly. If you buy a 4 bedroom house and rent out the other 3 bedrooms, that rental income from your tenants could not only pay part of your mortgage, it could even pay the entire thing plus profit! People often do this just to be able to afford their first house, and then in a year or two they have enough money saved up to buy another house and they move into their own home - alone. They continue to rent out house #1 and collect the rent.



Even with low down payment programs, you still need sufficient money in the bank to buy a home.

The last thing we want is for you to buy a house and lose it to foreclosure six months down the road. If you need to talk about how to save up money let us know. We're here to help you achieve your goal of owning your first home.



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