FIRST-TIME HOMEBUYER

Guide

for Nova Scotia, Canada

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What's inside

1. Welcome - read this first

Buying your first home in Nova Scotia is genuinely exciting - and the process has more moving parts than anyone tells you up front. This guide walks through every piece in plain English: how mortgages actually work, what programs you can use, what closing day costs, and the mistakes first-time buyers make so you can skip them.

Skim it once, then come back to the chapter you need. Pages 9-10 have a printable checklist and Rahul's direct contact.

> **The TL;DR**
> You probably need less down payment than you think. Nova Scotia has two strong first-time buyer programs (DPAP and the 2% Pilot). Closing costs run roughly 1.5% of the price. Pre-approval first, house second.

2. How a mortgage actually works in Canada

A mortgage is a loan secured against your home. You agree to a rate (fixed or variable), an amortization (how many years to pay it off - usually 25 or 30), and a term (how long your current contract lasts - usually 3 or 5 years). At the end of the term, you renew at whatever the new market rate is.

Semi-annual compounding, explained simply

Canadian fixed mortgages compound twice a year, not monthly. That means a 5.00% rate is actually slightly less expensive than the same 5.00% would be in the US. Your monthly payment is calculated using a converted rate so the math works out cleanly. You don't need to do this yourself - your broker and lender handle it - but knowing it stops you from comparing Canadian and US rates apples-to-oranges.

Fixed vs variable

- Fixed: your rate stays the same for the term. Predictable, easier to budget. Penalty to break can be large (IRD).
- Variable: your rate moves with the Bank of Canada. Cheaper historically, but you have to stomach the swings. Penalty to break is usually just 3 months' interest.

3. Down payment - your real options

In Canada the minimum down payment is 5% on the first $500,000 of price and 10% on the portion above. So a $600,000 home needs 5% x $500k + 10% x $100k = $35,000 minimum.

Two Nova Scotia programs you should know

The 2% Down Pilot (credit unions)
A provincial pilot through participating credit unions. You put just 2-4% down. No CMHC premium because the province backs the lender instead. Income cap roughly $200k household, price cap $570k in HRM/East Hants and $500k rest of NS.

DPAP - Down Payment Assistance Program
The province lends you up to 5% of the price (max $25,000) interest-free for 10 years. You use it as your down payment on a normal insured mortgage. CMHC premium still applies. Home price cap $500k. Household income cap roughly $145k.

Read the full side-by-side at rahuldoesmortgages.ca/2-vs-5-percent-down

4. CMHC insurance - what it is, what it costs

Any mortgage with less than 20% down is 'high-ratio' and legally requires default insurance - usually from CMHC, Sagen, or Canada Guaranty. The premium is added to your mortgage; you don't pay it up front.

Current CMHC premium tiers

- 5-9.99% down: 4.00% premium
- 10-14.99% down: 3.10% premium
- 15-19.99% down: 2.80% premium
- 20% or more down: no premium

Example: $400,000 home with 5% down ($20,000) -> $380,000 base mortgage x 4.00% = $15,200 CMHC premium added, making the total mortgage $395,200.

> **Why insured can still be cheaper**
> Insured mortgages get the lowest rates because the lender takes less risk. The premium often costs you less than the rate discount over a 5-year term.

5. Closing costs in Nova Scotia

Budget around 1.5% of the purchase price for closing costs on top of your down payment. Here's where it goes:

- Deed transfer tax - set by your municipality. HRM is 1.5% of price. Most rural NS municipalities are 1.0-1.5%.
- Legal fees and disbursements - roughly $1,500-$2,500.
- Title insurance - $250-$400 one-time.
- Home inspection - $400-$700.
- Property tax and fuel adjustments - you reimburse the seller for what they've prepaid.
- Interest adjustment - a small partial-month payment depending on closing date.

Heads up - first-time buyer refund

Some NS municipalities (including HRM) offer a deed transfer tax rebate for first-time buyers. Your lawyer should claim it automatically, but ask.

6. The timeline - pre-approval to keys

Week 0: Pre-approval (do this BEFORE you shop)

We pull your credit, look at income, and tell you the price range you actually qualify for - plus a rate hold for 90-120 days so you're protected if rates rise.

Weeks 1-8: House hunting

Your realtor shows you homes inside your pre-approved range. You make an offer that's typically conditional on financing and inspection.

Days 1-10 after offer accepted: Conditions

We submit your full file to the lender, you get the home inspected, your lawyer reviews the agreement. If anything's a deal-breaker you walk away with no penalty.

Weeks 4-8 after firm: Closing

Lawyer prepares closing documents. You sign mortgage docs, transfer down payment + closing costs to the lawyer, get the keys.

7. What your broker actually does for you

A mortgage broker is independent - we work for you, not a single bank. We're paid by the lender, so the service is free to you. Here's what you're actually getting:

- Access to 50+ lenders (big banks, monolines, credit unions, private) instead of just one bank's box.
- We match your file to the lender most likely to say yes at the best rate - not the one paying the highest commission.
- We handle the back-and-forth: documents, conditions, lender questions, lawyer coordination.
- We translate. Mortgage language is full of jargon; we explain everything in plain English.

> **When a broker matters most**
> Self-employed, new to Canada, rebuilding credit, buying with a parent, or juggling rentals - these are the files banks struggle with and brokers shine on.

8. Common first-time buyer mistakes

- Shopping for a home before getting pre-approved. You waste time looking at houses you can't actually finance.
- Putting down 20% just to avoid CMHC. The insurance often costs less than the rate hit on an uninsured mortgage. Run the math.
- Forgetting closing costs. People budget the down payment and not the extra ~1.5% on top.
- Making big purchases or changing jobs between approval and closing. Either can re-trigger underwriting.
- Not asking about prepayment privileges. Most lenders let you pay an extra 15-20% per year - huge over 5 years.
- Auto-renewing with your current bank without shopping. The renewal letter is almost never the best rate available.

9. Your printable checklist

Before you shop

- ☐ Pull a free credit report (Equifax or TransUnion) and check for errors
- ☐ List monthly debts: cards, car, student loans, lines of credit
- ☐ Pull 2 most recent paystubs + last 2 years T4s (if employed)
- ☐ Pull last 2 years T1 Generals + Notices of Assessment (if self-employed)
- ☐ Confirm down payment source - show 90 days of statements
- ☐ Get pre-approved (free, takes 24-48 hrs)

After your offer is accepted

- ☐ Send signed Agreement of Purchase & Sale to your broker
- ☐ Book a home inspection
- ☐ Choose a real estate lawyer
- ☐ Get home insurance quote (required before closing)
- ☐ Confirm closing-cost funds are in your account
- ☐ Sign mortgage commitment
- ☐ Sign closing documents at lawyer's office
- ☐ Pick up keys

10. Your next step

Talk to Rahul.

The first call is free, takes 15 minutes, and you walk away knowing exactly what you qualify for - even if you decide not to work with us. That's the deal.

CALL OR TEXT

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BOOK A 15-MIN CALL

calendly.com/rahulbedi/mortgage-consultation

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