FIRST-TIME HOMEBUYER

Guide

for Nova Scotia, Canada

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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**
> Mortgage default insurance reduces the lender's exposure to default risk. Compare the insurance premium, total borrowing cost, and terms for your file.

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 a lender whose eligibility criteria and terms fit - 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 comparing other available options and terms.

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

902-223-8003

EMAIL

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BOOK A 15-MIN CALL

calendly.com/d/dtvy-cgb-rzk/mortgage-consultation-with-team-active-mortgage

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