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<http://leahcoss.ca>

Many people get very hung up on retaining or using their first time home buyer status. When I ask them why, they are often unsure of what the savings exactly are and if they even qualify based on the home they are buying.

Really, when it comes down to it, there are just 2 main benefits to being a first time home buyer and it really depends on you and where you are buying to see if this will effect you at all.

1. As a First time Home Buyer you are allowed to pull out up to \$25,000 of RRSPs Tax Free. If you pull out any more than \$25,000 then you will be taxed on that money but for the most part \$25,000 will be a big help.

Now, if you do not have any RRSPs then obviously this is not much of a benefit for you. If you plan to save up RRSPs in the future but will be buying a house in the meantime then unfortunately you will not be able to take advantage of this benefit. Once you buy a home that you are on title to you lose your first time home buyer status.

2. You are able to save on your property transfer tax when you buy your first home up to a purchase price of \$425,000. (with a sliding scale up to \$450,000 but that is a long complicated story). So what does this mean?

Well, if you buy a home for \$400,000 you will save the \$6,000 property transfer tax. If, however, you live in an expensive area like Vancouver and are looking to buy a 2 bedroom condo or any kind of a detached home then chances are you can't find ANYTHING for under \$425,000 and this benefit does not help you.

If you buy a place for \$480,000 you save NOTHING. Not even a percentage that factors in the \$425,000 to save you even a little.

So how is this amount calculated? You are charged 1% on the first \$200,000 of the purchase price and 2% on the remaining balance. So for a home that is \$500,000 you will have to pay \$8,000 and whether you are a first time home buyer or not you will have to pay this whole amount.

So there you have it. The benefits of being a first time home buyer. These really are great benefits but only if you have a use for them.

If you have any questions about this then please leave comments below or contact me at Coss.L@mortgagecentre.com.

Thanks so much and I hope to talk with you soon

<http://MortgagesInVancouver.com>

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