

FINANCIAL FRIDAYS

Mortgages



Enter to win a prize from



925 Stockdale Road
North Bay, ON
P1B 9N5

(705) 494 7879
rbcroyalbank.com



1.

Are you ready to buy your first home?

Take the following quiz to find out:

<http://www.rbcroyalbank.com/mortgage/tools/homereadinessquiz/>



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2.

How much do you need?

TIP

You do NOT need a down payment of 20% to buy a home. In fact, you can buy with as little as 5% -- but you'll need mortgage default insurance. While the average first-time buyer puts down about 20%, many put down less than that.



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3.

Buy Now vs. Buy Later

Buy Now

- Lower down payment
- Mortgage default insurance required
- Own your own home right away and start building equity

Buy Later

- Larger down payment
- No (or lower) mortgage default insurance required
- Wait and continue to pay rent while you save



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4.

Building a Down Payment



of first-time homebuyers set up a dedicated savings plan



of first-time home buyers plan to use their TFSA



plan to use their RRSP



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5.

What it really costs to buy a home

Closing Costs

- Lawyer's fees
- Home inspection
- Moving costs
- Land transfer tax
- Title insurance
- Utility hookup

Ongoing Costs

- Mortgage payments
- Maintenance fees
- Property taxes
- Home owner's insurance
- Utilities (hydro, gas, water)
- Services (phone, cable, interest)

TIP

As a rule of thumb, set aside up to 4% of the purchase price for closing costs.



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6.

Mortgage Preapproval

- Shows the seller that you are a serious buyer and that a lender is willing to proceed with the mortgage application
- Know ahead of time how much you can borrow
- Rate guaranteed for up to 120 days

How much can you afford?

<https://www.rbcroyalbank.com/mortgages/tools/mortgage-affordability-calculator/index.html>



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7.

Finding a mortgage that is right for you

Decision to make:

- Mortgage type - open or closed
- Interest rate type - fixed or variable
- Amortization length - 5 to 30 years
- Term length - 6 months to 25 years
- Payment frequency - monthly, semi-monthly, bi-weekly, weekly

Step By Step Guide

<https://www.rbcroyalbank.com/mortgages/tools/mortgage-affordability-calculator/index.html>



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8.

Mortgage Definitions

Amortization

the amount of time needed to pay off the mortgage in full

Term

the length of time you agree to a specific interest rate and payment amount

Fixed rate

interest rate stays the same for the term of your mortgage

Variable rate

interest rate varies/influctuates with bank's prime rate

Open

mortgage can be paid off in full or part at any time without penalty (usually higher interest rate)

Closed

penalty may apply for partial or fully payment made ahead of schedule



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Join us on Instagram Live



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Tuesday, October 26th | 11am

Enter to win at nusu.com/rbc

*You must join the Instagram Live in order to win



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