

How to buy a home in Ontario

Six steps from your first savings plan to the day you get your keys, explained in pictures, with the real 2026 numbers.

By **Raafat Metwaly**, Broker and team lead, and **Val Pasternak**, Sales Representative

YOUR ROUTE TO THE KEYS

Six steps, about six months

Each stop below leaves you holding something specific. When you have it, you're ready for the next step.

01 Prepare your finances

6+ months before

YOU'LL HAVE
A budget and savings plan

Page 3

02 Learn your market

4 to 5 months

YOU'LL HAVE
An agent and a wish list

Page 7

03 Get pre-approved

2 to 3 months

YOU'LL HAVE
A pre-approval letter

Page 8

04 Make an offer

1 to 2 months

YOU'LL HAVE
An accepted offer

Page 10

05 Clear your conditions

Under a month

YOU'LL HAVE
A firm deal

Page 11

06 Close

Closing week

YOU'LL HAVE
Your keys

Page 12

Save and get your paperwork ready

Deposit due, then the rest at closing

OUR EXAMPLE, USED ON EVERY STEP

A $900,000 home, at a glance

$65,000 Minimum down payment (page 4)	$868,400 Mortgage, including $33,400 of insurance (page 13)	About $4,660 Monthly payment at 4.2% over 25 years (page 8)
About $45,000 Deposit with your offer. Part of the down payment, not extra (page 10)	$81,100+ Total cash needed, including closing costs (page 13)	About $197,000 Household income lenders would look for, with no other debts (page 8)

First-time buyer in Mississauga, minimum down payment. Payments use Canadian semi-annual compounding; income assumes $600 a month property tax and $150 heating, tested at 6.2%. Your lender's numbers will differ.



"Each step is manageable on its own. This guide shows them in the order they happen, with pictures for the parts people find confusing. Call us whenever a step raises a question."

Raafat Metwaly, Broker and team lead, and **Val Pasternak**, Sales Representative, LuxEdge Realty



01

STEP ONE OF SIX

Prepare your finances

Three numbers decide what you can buy: your down payment, the cash for closing costs, and how much of your income lenders will let go to debt.

5%

Minimum down payment on the first $500,000 of the price

1.5 to 4%

Of the price, in cash, for closing costs

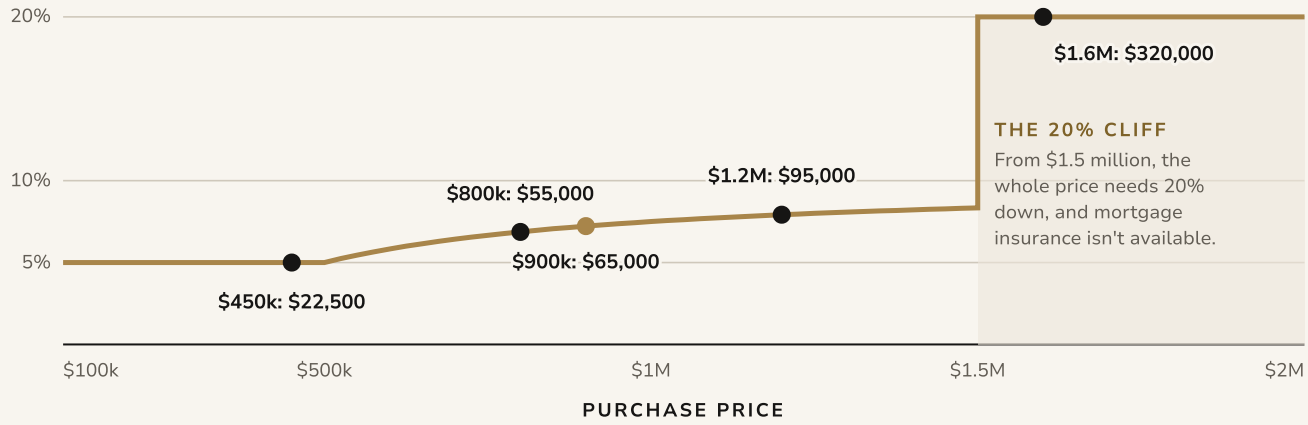
39 / 44%

The most of your income lenders let go to housing, and to all debts

01 DOWN PAYMENT

How much do I need to put down?

At least 5%, rising gently with the price, then jumping to 20% at $1.5 million.



UP TO $500,000

5% of the price.

$500,000 TO $1,499,999

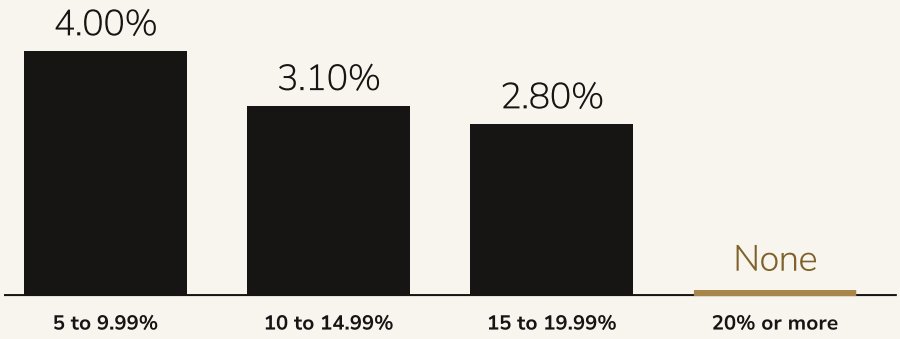
5% of the first $500,000, plus 10% of everything above it.

$1.5 MILLION OR MORE

20% of the whole price.

UNDER 20% DOWN

What does a smaller down payment cost me?



Your down payment. Bars show the insurance premium as a share of your mortgage.

The premium is usually **added to your mortgage**. Ontario's 8% sales tax on it is not: that part is paid in cash at closing.

Can be borrowed Paid in cash

01 CLOSING COSTS

Is the down payment all the cash I need?

No. Closing costs come on top, and nearly all of them must be paid in cash. Plan for 1.5% to 4% of the price.

DOWN PAYMENT		CLOSING COSTS		CASH YOU NEED
$65,000	+	 About $16,100 to $17,600	=	$81,100 to $82,600

Example: a $900,000 home in Mississauga, first-time buyer, minimum down payment. Full breakdown on page 13.

WHAT CLOSING COSTS ARE MADE OF

01
Land transfer tax
The biggest. Inside the City of Toronto you pay Ontario's tax and Toronto's.

02
Legal fees
Your real estate lawyer, title insurance and registration.

03
Adjustments
Property tax or condo fees the seller already paid ahead.

04
Inspection
A home inspection, sometimes an appraisal fee.

05
Tax on insurance
8% of the mortgage insurance premium, under 20% down.

06
Moving in
Movers, home insurance, utility set-up.

FIRST-TIME BUYER HELP

Two accounts and two refunds

SAVE	BORROW FROM YOURSELF	REFUND	REFUND
$40,000	$60,000	$4,000	$4,475
First Home Savings Account	**Home Buyers' Plan**	**Ontario land transfer tax**	**Toronto land transfer tax**
$8,000 a year. Tax-free for your first home.	From your RRSP, per person. Repay over 15 years.	Anywhere in Ontario.	Inside the City of Toronto.

You can use the FHSA and the Home Buyers' Plan for the same home. Check eligibility with your bank before you go firm.

01 HOW LENDERS DECIDE

How much of my income can go to housing?

For an insured mortgage, up to 39% for housing, and up to 44% once your other debts are included. Here's what that looks like on $10,000 a month.

$10,000 GROSS MONTHLY INCOME



Housing means:
Mortgage $3,150
Property tax $600
Heating $150

Plus half of any condo fees. Numbers are an example.

39%
Housing limit

44%
All debts limit: $4,400 (housing plus car loans, cards, etc.)

Lenders calculate this at the stress-test rate, not your actual rate (page 8). The $500 in gold is all the room left for car loans and card payments.

01 CREDIT

Is my credit score good enough?

600: the usual minimum for an insured mortgage



300 — 900

Higher score: more lenders, better rates →

Scores come from Equifax and TransUnion. Both give you your report free.

Until you have your keys, don't

- Take out a car loan or open new cards
- Make big purchases on credit
- Change jobs without telling your lender

What your lender will ask for

Employed: pay stubs, job letter, two T4s, Notices of Assessment

Self-employed: two years of tax returns and Notices of Assessment

Everyone: ID, bank statements, proof of down payment

CHECKLIST

Six months or more before

- ☐ Set a monthly housing budget
- ☐ Open an FHSA if you qualify
- ☐ Save your down payment
- ☐ Pull both credit reports
- ☐ Put aside 1.5 to 4% for closing
- ☐ Hold off on new loans





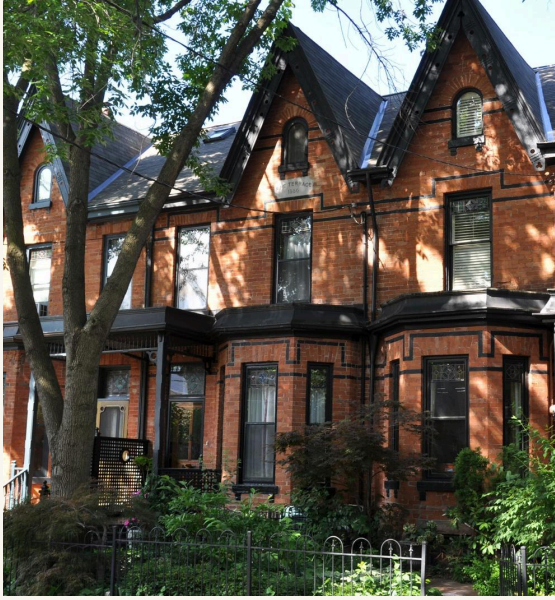


Fig. 2 Port Credit marina, Mississauga. **Fig. 3** Gage Park, Brampton. **Fig. 4** Cabbagetown, Toronto.

02

STEP TWO OF SIX

Learn your market

Visit open houses and watch what homes actually sell for. Then sort what you want, so every showing counts.

Need

Number of bedrooms

Commute time

School catchment

Safe place to play

Hard to change later. Don't compromise.

Nice to have

A second bathroom

A bigger yard

A garage

Worth paying for only if the budget allows.

Can change later

Paint and flooring

Countertops

Light fixtures

Don't let these win or lose a house.

CHOOSING YOUR AGENT, IN ONTARIO

Meet a few agents → **Get the RECO Information Guide**
Explains your options, before you sign anything.
→ **Sign a buyer agreement**
In writing before your agent makes an offer (required since Dec 1, 2023). Read the end date carefully.
→ **Start showings**

CHECKLIST

Four to five months before

- ☐ Look at homes online
- ☐ Choose your agent
- ☐ Visit open houses
- ☐ Read the RECO guide
- ☐ Sort needs and wants
- ☐ Watch spending and credit



03

STEP THREE OF SIX

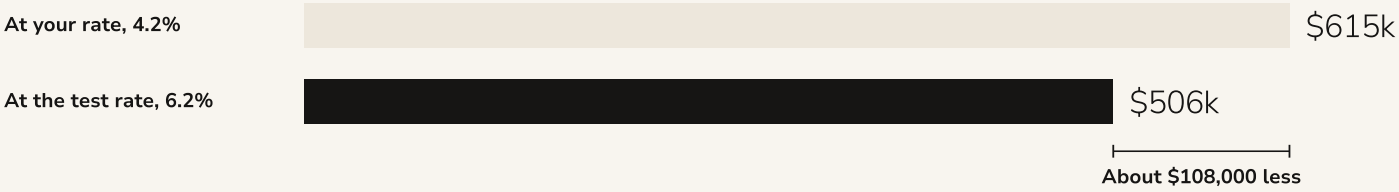
Get pre-approved

A pre-approval sets your real budget and shows sellers you're ready. It usually holds a rate for 60 to 130 days, but it isn't a final approval.

Why is my pre-approval lower than I expected?

The stress test. Lenders check you could afford the payments at the **higher of 5.25% or your rate plus 2%**.

SAME BUDGET: $3,300 A MONTH FOR THE MORTGAGE



How the test rate is set: **Offered 3.0%: tested at 5.25%, the floor** **Offered 4.2%: tested at 6.2%, your rate plus 2**

Illustration: 25-year amortization, Canadian semi-annual compounding. Your lender's numbers will differ.

> **OUR $900,000 EXAMPLE**
>
> You'd pay about **$4,660 a month** at 4.2%, but the lender checks you can carry about **$5,660** at 6.2%. With typical property tax and heating, that points to a household income of roughly **$197,000**.

Four choices, in one picture each

Insured or conventional



Bars show the size of the loan.

Fixed or variable

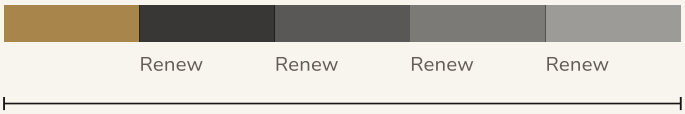
Fixed: same payment for the term



Variable: moves with prime, up or down

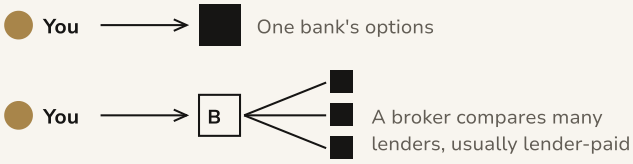
Term and amortization

Your first term



Amortization: up to 25 years (30 in some cases)

Bank or broker



BRING TO YOUR PRE-APPROVAL

- Photo ID
- Pay stubs
- Job letter
- Notices of Assessment
- Bank statements
- Proof of down payment

~~MYTH~~

~~A pre-approval means the bank will lend me this amount.~~

FACT

It's conditional. The lender checks you and the home again after your offer is accepted.

CHECKLIST

Two to three months before

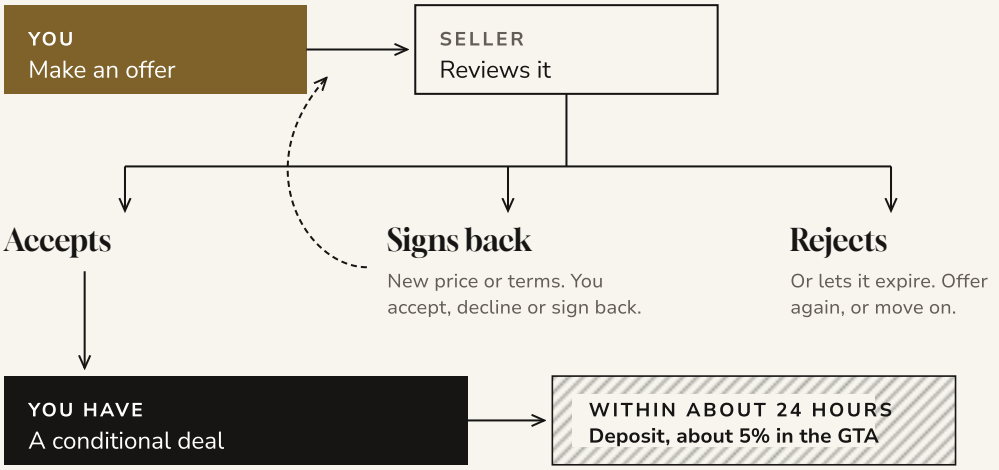
- [ ] Get pre-approved in writing
- [ ] Book showings
- [ ] Note your rate-hold expiry
- [ ] Choose your lawyer
- [ ] Turn on listing alerts
- [ ] Rank your priorities

04

STEP FOUR OF SIX

Make an offer

What happens after I make an offer?



Usually held in the listing brokerage's trust account. It is part of your down payment, not extra.

NEXT **Clear your conditions (page 11)**

> OUR $900,000 EXAMPLE
>
> A 5% deposit is about **$45,000**. It counts toward the $65,000 down payment, so you'll still owe about $20,000 of it on closing.

~~MYTH~~

~~Offering over asking always wins.~~

FACT

We base your offer on what similar homes actually sold for, and set a walk-away price before offer night.

Protect your deposit. If an email arrives with new payment instructions, call your agent or lawyer on a number you already have.

CHECKLIST

One to two months before

- ☐ Find the right home
- ☐ Offer and negotiate
- ☐ Review recent sales
- ☐ Have your deposit ready
- ☐ Decide your conditions
- ☐ Sign the agreement





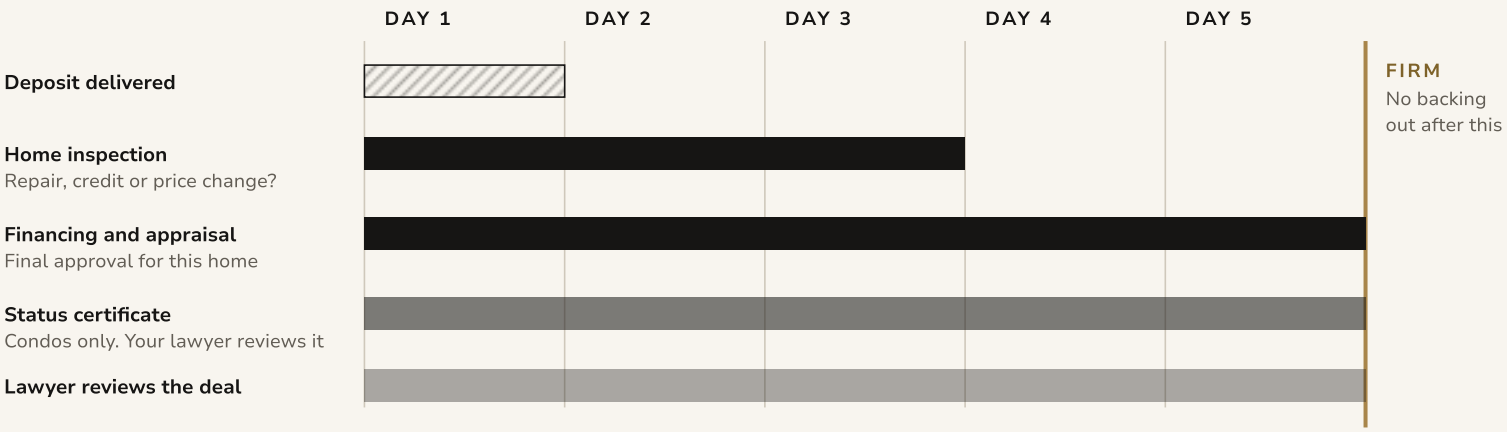
05

STEP FIVE OF SIX

Clear your conditions

Conditions are your safety net. Once they're met or waived, the deal is firm, and resale homes in Ontario have **no cooling-off period**.

What happens in the days after my offer is accepted?



Conditions met and waived in writing: the deal is firm. A condition not met: the deal usually ends and your deposit is returned.
Condos: the corporation has up to 10 days to supply the status certificate (fee capped at $100), so ask for a longer condo condition.
A common timeline; your agreement sets the actual dates.

CHECKLIST

Under a month before

- ☐ Complete your inspection
- ☐ Firm up the deal
- ☐ Get final mortgage approval
- ☐ Arrange home insurance
- ☐ Condo: status certificate
- ☐ Book movers; renters give 60 days' notice



06

STEP SIX OF SIX

Close on your new home

Your lawyer does most of the work on closing day. Your part happens in the days before.

FEW DAYS BEFORE	2 TO 3 DAYS BEFORE	BEFORE CLOSING	CLOSING DAY	THAT AFTERNOON
Final visit	**Sign with lawyer**	**Send your funds**	**Registration**	**Your keys**
Check repairs and everything included	Review the statement of adjustments	Wire or bank draft, as your lawyer asks	Lawyer pays the seller and the land transfer tax	Change the locks

Have home insurance start on closing day, and keep your phone on: your lawyer may need you.

> **OUR $900,000 EXAMPLE**
> With the $45,000 deposit already paid, you'd send your lawyer about **$36,100 to $37,600** before closing: the rest of the down payment plus closing costs.

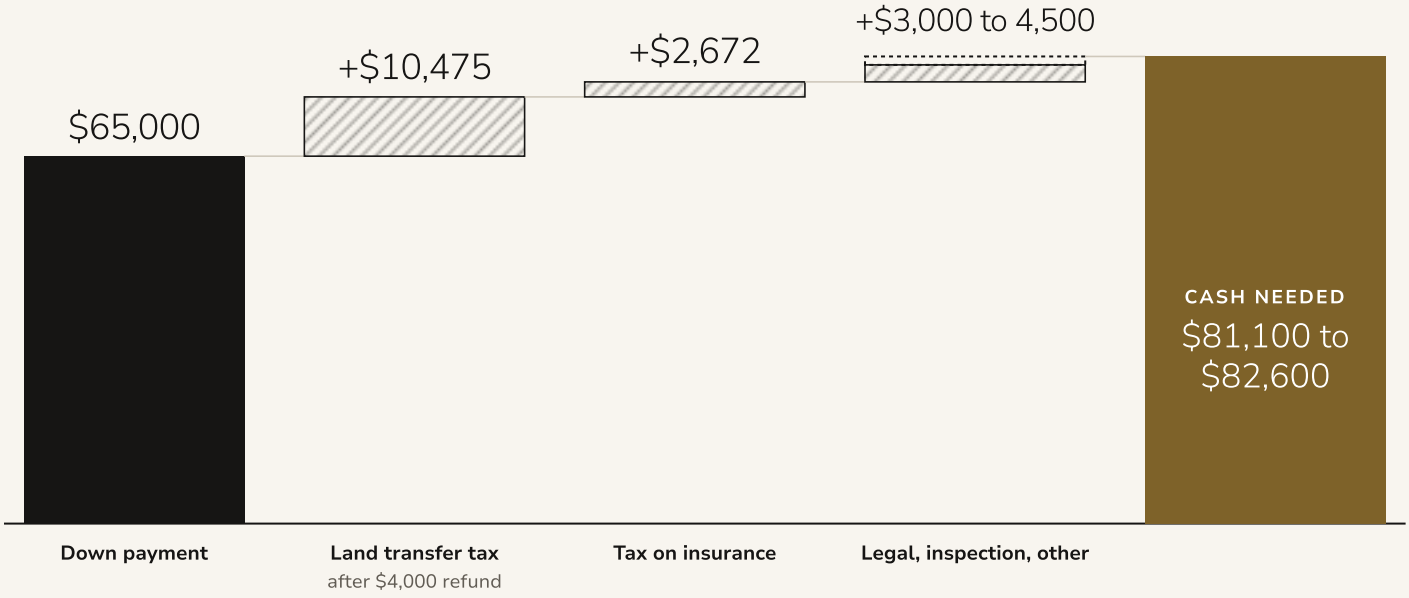
CHECKLIST

Closing week

- ☐ Book your final visit
- ☐ Insurance from day one
- ☐ Sign with your lawyer
- ☐ Collect your keys
- ☐ Send closing funds
- ☐ Change the locks

What a $900,000 home really takes

A first-time buyer in Mississauga, putting down the minimum. Each bar adds to the cash you need on closing day.



Not shown: mortgage insurance of $33,400 (4.0% of the $835,000 loan). It is added to the mortgage rather than paid in cash: $835,000 + $33,400 = $868,400.

Where you buy changes the tax

Mississauga or Oakville first-time, after refund	$10,475
City of Toronto first-time, after both refunds	$20,475
City of Toronto not a first-time buyer	$28,950

Figures checked against ontario.ca, toronto.ca, CMHC, OSFI and the Canada Revenue Agency in October 2026. Legal fees and adjustments vary. Rules change, so your lawyer and lender confirm the exact amounts for your purchase.



YOUR NEXT STEP

When do you want to move?

Follow your answer. Scan the code with your phone's camera, or call or text 647-461-3580.

WITHIN 3 MONTHS

Book a Buyer Strategy Call

A free 20-minute call about your budget, timeline and areas. Afterwards you get a written plan for the next 30 days.

Scan to book, or call or text 647-461-3580

IN 3 TO 12 MONTHS

See new listings first

Save your areas, budget and must-haves. Matching homes come to you straight from the MLS as soon as they're listed.

Scan to set up your alerts

A YEAR OR MORE

Follow your market

One email a month: what homes sell for, and how fast, in your areas.

Scan to choose your area

AFTER YOU GET IN TOUCH

Within one business day
We call or text to book your call.

On the call
Budget, timeline, areas and needs. No obligation.

Within 48 hours
Your written plan, alerts, and a mortgage introduction if you want one.

When you're ready
Showings, offers and closing, with us throughout.



Ready when you are

Whether you're months away or ready this weekend, we'll build a plan around your numbers and work through every step with you.



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