FIRST-TIME BUYER GUIDE · 01

First-Time Buyer Starter Guide

The whole journey in the order it actually happens, and the thing people most often get wrong at each stage.

LONDON, ONTARIO

8 MINUTE READ

> The whole journey in the order it actually happens, and the thing people most often get wrong at each stage.

Two numbers decide everything else

Before you look at a single floor plan, you need to know what a lender will approve and what you have saved. Every other decision in this guide sits on top of those two numbers. Get them straight and the rest of the process stops feeling like guesswork.

- **Get pre-approved, not pre-qualified.** A pre-qualification is a conversation and a rough number. A pre-approval means a lender has read your actual documents, committed to an amount and held a rate for you, usually for 90 to 120 days. Only one of those is worth anything on the day you want to sign.
- **Know your real minimum down payment.** It is 5% on the first $500,000, 10% on the portion between $500,000 and $1,500,000, and 20% at $1,500,000 and above. On a $600,000 home that is $35,000, not $30,000. People miss this by exactly the amount that kills a deal.
- **Keep closing costs in a separate pile.** Budget roughly 1.5% of the purchase price on top of your down payment. Do not save to the exact minimum and arrive at closing with nothing left.
- **Ask for the monthly fee and what it covers** before you firm up. A lender counts part of a condo or common element fee against you when they qualify your mortgage, so it changes what you can borrow, not just what you pay each month.

Walking a finished model home with an Ironstone representative.

The seven steps

01 **Work out your real budget.** Not the number a lender will approve, the number you can live with. Add property tax, heat, hydro, water, insurance and maintenance to the mortgage payment before you decide.

> Most often missed: qualifying at the maximum and then discovering the monthly reality in month three.

02 **Get pre-approved.** Bring the document list in the Mortgage Document Checklist. Ask what rate is being held, for how long, and whether it is a fixed or variable qualifying rate.

> Most often missed: applying at three lenders in one week, which stacks credit inquiries against you.

03 **Sort out the down payment.** Confirm where every dollar is coming from, because your lender will want 90 days of history for each account and a signed letter for anything gifted.

> Most often missed: moving money between accounts right before you apply, which turns a simple file into a slow one.

04 **Choose the home and sign.** Walk a finished model, read the specification sheet line by line, and confirm what is included in the price versus what is an upgrade. With Ironclad Pricing the finishes are already in the quoted price.

> Most often missed: assuming a headline price at another builder includes what ours does.

05 **Firm up financing and hire a lawyer.** Your lender turns the pre-approval into a live approval on this specific home, and your lawyer takes over the paperwork the moment they get the Agreement of Purchase and Sale.

> Most often missed: financing a car or changing jobs between signing and closing. Both can undo an approval.

06 **Walk the home at your Pre-Delivery Inspection.** About a week before closing. It is where you learn how the home works and where the condition of it gets documented in writing, together.

> Most often missed: treating it as a celebration instead of the record it becomes.

07 **Close, and get the keys.** On the closing date your lawyer settles the transaction and the keys are released.

> Most often missed: leaving the balance of your down payment in a chequing account. Your lawyer needs certified funds.

The five numbers worth memorising

Minimum down payment	5% to $500,000, 10% from $500,000 to $1,500,000, 20% above

Stress test	You must qualify at your rate plus 2%, or 5.25%, whichever is higher
Lender ratios	Housing costs to 39% of gross income, all debts to 44%
Closing costs	About 1.5% of the price in London, on top of the down payment
First-time buyer LTT refund	Up to $4,000 off Ontario land transfer tax

Step seven. The part everybody pictures from the beginning.

What to do this week

- [ ] Pull your own credit report and read it. Fix anything wrong before a lender sees it.
- [ ] Total your monthly debt payments. Card minimums, car, student loans, lines of credit.
- [ ] Open an FHSA if you do not have one. The contribution room starts when you open it, not when you fund it.
- [ ] Run the affordability calculator on this page with honest numbers, then run it again with your debts at zero to see what they cost you.

WHERE THIS GOES NEXT

You do not have to work the rest of this out alone.

Everything in this guide is on our first-time buyer hub as well, alongside six calculators that run the same numbers with yours plugged in. If you want a person instead of a page, that is what our team is for.

The first-time buyer hub — ON OUR SITE

Calculators, the seven steps and every guide in this library.

Move-in ready homes — ON OUR SITE

What is finished and available right now, with real prices.

Stax townhomes — ON OUR SITE

Our entry point. Three bedrooms from $377,184, now selling.

IRONSTONE
BUILDING COMPANY

hello@ironstonebuilding.ca
London, Ontario · Monday to Saturday, 10a–5p
Ironclad Pricing · 7-year Tarion warranty