



## Step 2: Check if you are financially ready to own a home

Are you financially ready to own a home? Look into these **5 calculations and questions** before you meet with your broker or lender.

1. Compare how much you currently spend on expenses and debt payments with the amount you have saved or invested.
2. How much can you afford to spend on housing each month without risking your financial health?
3. How much do you need to save to pay for the upfront costs of buying a home?

Upfront costs include:

- the down payment
  - home inspection and appraisal fees
  - insurance costs
  - land registration fees
  - prepaid property taxes or utility bills (the buyer reimburses the seller or builder)
  - legal or notary fees
  - potential repairs or renovations
  - moving costs
  - GST/HST/QST on a newly built house or mortgage loan insurance
4. How much would you be spending each month with homeownership expenses added to your current financial situation?
  5. What is your credit score? You can demonstrate your ability to consistently pay bills and debts with a copy of [your credit report](#).

## Qualifying for a mortgage

There are 2 affordability rules that determine how much you can spend on housing without risking your financial situation.

As a new homeowner:

- your monthly housing costs should be at or under 32% of your gross monthly income
- your monthly debt load (including your mortgage) should be at or under 40% of your gross monthly income

You can explore your budget options with the [mortgage affordability calculator](#).

## **Don't qualify for a mortgage?**

You can still take several steps toward homeownership.

- Meet with a credit counselor to improve your financial situation.
- Pay off some loans or other debts.
- Save for a larger down payment.
- Lower your home price range.
- Adjust your budget to spend less or save more.

## **Can you afford your own home?**