



# HAPPY ST PATRICK'S DAY

*Do you know of any*  
**FIRST TIME HOME BUYERS ?**  
*If you do.....I can help !*

### GOOD NEWS!

The Federal and Provincial governments (and even Mr. Miller) have programmes to encourage first time home purchasers!

### LAND TRANSFER TAX

Throughout the Province of Ontario (even in Durham Region!) first time homebuyers (never owned a home anywhere in the world before) purchasing a **new** or **resale** principal residence qualify for a reduction of up to two thousand dollars in provincial Land Transfer Tax. So first time buyer can spend \$227,500.00 on a home and pay no Land Transfer Tax! On a purchase in Toronto a first time buyer does not pay Municipal Land Transfer Tax on the first \$400,000.00 of purchase price for a saving of up to \$3,725.00. Our Lawyer has the software in place so that the reduction is instant there is no need to pay and wait for a refund.

### 2009 FIRST TIME BUYER INCENTIVES

If you and your spouse have not owned and occupied a principal residence for 5 years, Mr. Harper says you are a first time buyer. He is going to give you a tax credit on your income tax return of 15% of the closing costs on your principal residence up to \$5,000.00 so you could receive up to \$750.00 at Income tax time next year.

The amount a first time buyer can borrow from her RRSP to purchase a principal residence is being *increased to \$25,000.00*. Funds must remain in the RRSP for at least 90 days before withdrawal, and must be withdrawn no later than 30 days after closing. You can withdraw funds before you purchase but you must purchase a home by 1 October, in the calendar year following the withdrawal, although there are circumstances where you can get an extension of time for up to another year. The money borrowed must be paid back over the next 15 years in equal installments (so if you borrowed \$25,000.00 you would pay back \$1,666.66 per year) if the full installment is not paid back in a year the unpaid amount gets added to your income for tax purposes. You must occupy the property as principal residence within one year after closing, but there is no stipulation as to how long you must keep it, so long as you

intended to use it as principal residence. There is also no stipulation that you use all the withdrawn funds in the purchase, so long as you purchase an interest in a principal residence within the time limit. If you have previously borrowed from your RRSP to purchase a home and would now otherwise qualify as a first time buyer, you can borrow again from your RRSP so long as you have nothing outstanding with respect to the previous loan.

### So let's look at a couple of first time buyer examples:

Judy and Frank are a newly married couple who are both young lawyers who come to you to buy a condo for \$200,000.00, they each have room to put \$25,000.00 into an RRSP and their marginal tax rate is 45%. So they each arrange a \$25,000.00 RRSP loan and put it into an RRSP by 1 March, 2009 and then they file their 2008 income tax return and in April each receives an \$11,250.00 income tax refund. After 90 days they withdraw \$25,000.00 each from their RRSPs and then use that money to pay off the RRSP loan leaving them with \$22,500.00 in income tax refunds. They take \$10,000.00 to pay 5% down, and \$2,000.00 for closing costs. Leaving \$10,500.00 to pay off credit cards or spend as they like!  
Elizabeth and Dave have \$41,000.00 in



*This just may be*  
**your lucky month!**

credit card debt at 22.5% but want to buy a condo because rents are so high and it's a great time to buy. They tell you they each have in excess of \$25,000.00 in their RRSPs saved in happier times and they come to you for help. You sell them a condo for \$150,00.00, they put \$7,500.00 down, pay \$2,000.00 closing costs for a total of \$9,500.00. They withdraw \$50,000.00 from their RRSPs, leaving \$41,000.00 to pay off their credit cards. And then there's the 15% tax credit of \$300.00.

- Do you qualify as a first time home buyer?
- Are you tired of spending your hard earned money on high rents and receiving nothing in return except another annual rent increase ?
- Would you like to make a return on your investment ?

Call me for the most up to date information on today's market.

**GORDANA VALOIS ~ Broker**  
**416-806-0955 or 416-798-0800**  
[www.BuyandSellGTAHomes.com](http://www.BuyandSellGTAHomes.com)



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