Homebuyer's Guide

Desjardins

Home sweet home!

Are you planning to move into your very first home soon, or are you buying a new house? Buying a house is an important decision with many implications, which is why it's important to prepare carefully.

Take the time to read through this guide. It's your key to all the essential information you need to take you to the front door of your new home. Feel free to talk to your Desjardins advisor, too.

The advisor will help you choose the mortgage loan that best suits your needs. They will also act in your best interests and guide and advise you throughout the entire home purchasing process.

Step-by-step breakdown of the purchase process!

This guide offers you several practical tools:

Step 1 - Establishing your budget

The budget is a crucial step toward setting the limits for your home purchasing project.

A careful evaluation of your current finances, needs and priorities and your short- and medium-term financial resources will save you a lot of stress and give you the peace of mind to contemplate your purchase.

The down payment

When you get a mortgage loan, you are obligated to invest a sum of money from your personal assets. This is called a down payment. The down payment can come from your savings accounts, deposit certificates, savings bonds, mutual funds or RRSPs (through the Home Buyers' Plan [HBP]). Cash donations, cashback incentives from lenders and personal loans are also eligible under certain conditions. Moreover, if you own the land on which you would like to build a home, its value can be used as a down payment. Lastly, if you are building your own home with the help of family and friends, your caisse could use part of the value of this labour, called "sweat equity," to reduce the amount needed for your down payment

How much do you need for a down payment?

The bigger your down payment, the less you will need to borrow. And the less interest you will pay! Generally, the minimum required down payment is 20% of the property's cost or market value, whichever is lower.

You can borrow even if you do not have the minimum down payment. However, if you need a mortgage worth more than 80% of your property's purchase price, you are legally required to have your loan insured by the Canada Mortgage and Housing Corporation (CMHC) or Genworth Canada.[1] In this case, your down payment could be 5% to 20% of your property's value.[2]

The mortgage insurance premium varies in relation to the down payment and must be either paid at the time of purchase or added to the loan amount. It represents from 0.6% to 4.5%[3] of the amount of the mortgage loan. This premium is non-refundable. To find out more about the conditions specific to your mortgage insurance, consult your Desjardins advisor.

The Home Buyers' Plan

The Home Buyers' Plan (HBP) allows first-time homebuyers or those who have not owned a home for at least five years to use their RRSP (Registered Retirement Savings Plan) as a down payment to purchase their primary residence.

There are two possible strategies you can use:

1. You use savings you already have in an RRSP
2. You use the "90-day loan" strategy

With the first scenario, the HBP allows you to withdraw up to $25,000 per calendar year from your RRSP ($50,000 per couple) without paying any tax. You then have a maximum of 15 years to pay it back to your RRSP, interest-free. You must pay back a minimum of 1/15 of the amount withdrawn from the RRSP every year. For example, if you withdrew $12,000, you would have to pay back $800 per year for 15 years. If you do not pay back this annual minimum, you must add this amount to your income and pay the applicable taxes.

The "90-day loan" strategy allows you to participate in the HBP if you have little savings or have never contributed to an RRSP.

It works like this:

1. Borrow the amount you need from your Desjardins caisse, respecting the maximum contribution allowed.
2. Deposit it into a Desjardins RRSP for 90 days.
3. Withdraw this non-taxable amount from your RRSP and pay back the loan to the caisse.
4. Use your tax refund as a down payment to buy your home.

As with the first option, you have a maximum of 15 years to reimburse your RRSP, paying back at least 1/15 of the amount withdrawn from the RRSP every year.

Benefits of the HBP

- Faster access to home ownership
- Higher down payment
- Lower mortgage loan and mortgage insurance premium

- Non-taxable RRSP withdrawal
- No interest on your annual reimbursements to the RRSP
- Tax refund generated by new contributions to the RRSP can be used for the down payment or for start-up costs (lawyer fees, land transfer tax, etc.)

Impacts

- Impact on the budget: have to ensure the annual minimum of 1/15 of the amount withdrawn from the RRSP can be paid back (review the budget first)
- Loss of interest income from withdrawing money from an existing RRSP

Start-up costs

In addition to the down payment, you'll need approximately 3% of the value of your property to cover certain start-up costs.

Inspection fees

Before you buy an existing home, have it inspected by an expert. A detailed report will tell you whether the house requires repairs in the short- or long-term, and inform you about the existence of any detectable defects.

Appraisal fees

Your Desjardins caisse may want to know the market value of the property you wish to acquire. An expert—usually a chartered appraiser—will perform an appraisal and issue a report of your property's market value.

Lawyer fees

The lawyer offers various services, including preparing, signing and registering various legal documents related to the purchase of your property. You are responsible for paying for these services.

Adjustment costs

These fees include all payments prepaid by the seller for a certain period, for example: municipal taxes, electricity or natural gas fees and common expenses for a condo unit, where applicable. As of the date you purchase the home, these expenses will be transferred to you. You will be required to reimburse the seller for any portion of these expenses they have already paid that are now your responsibility. These additional fees must be settled at the lawyer's office when signing the deal.

Land transfer tax

Land transfer tax must be paid when you become a homeowner. This sales tax is collected by the province of Ontario when the transfer is entered in the land registry office. Here are the applicable rates to calculate the transfer tax:

- **0.50%** on the first $55,000
- **1%** on the amount over $55,000 and up to $250,000
- **1.50%** on the amount over $250,000 and up to $400,000[4]

Other fees

- Home insurance premiums for your new property (generally higher than when you were renting)
- Mortgage insurance premiums
- Fees to obtain a location certificate, if not provided by the seller
- Sales tax (for new homes)

Don't forget you will have moving and public utility hook-up costs. You may also want to decorate, buy new furniture, appliances and tools for taking care of your yard and garden.

Your financial resources

In order to make wise choices that balance what you want and what you can afford, you will need to crunch the numbers carefully. Here are a few tools to help.

Debt-to-income ratio

There are two golden rules of borrowing:
- No more than 32%[5] of your gross household income should go to covering housing costs (gross debt service ratio or GDS)
- No more than 40%[5] of your gross household income should go to paying off your debts (total debt service ratio or TDS)

You can refer to the monthly income and expenses calculation worksheet in the appendix to help you calculate these ratios.

Online calculators

We have various calculators[6] on our website at **desjardins.com/loans-tools** that can help you:

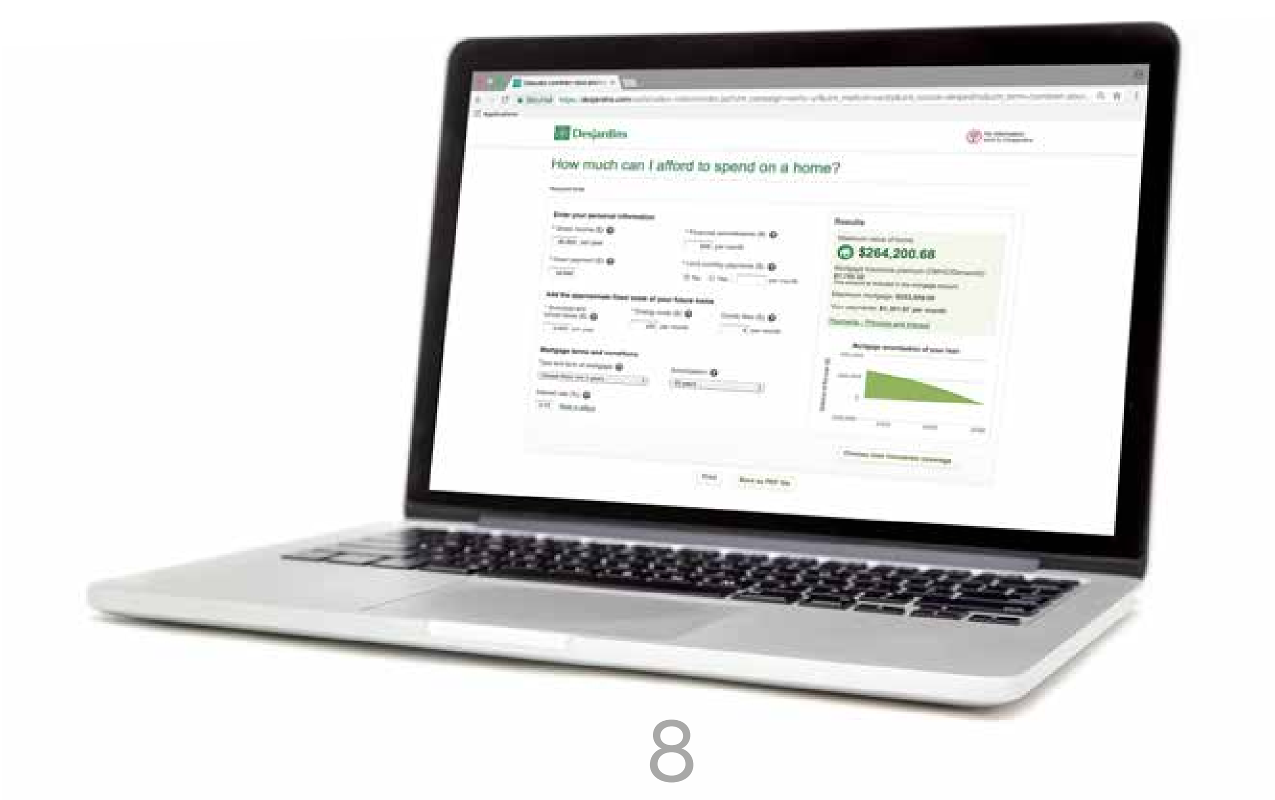
- How much can I afford to spend on a home
- Mortgage Payment Calculator
- Find out what type of mortgage is right for you

Mortgage preapproval

Your Desjardins advisor can give you a mortgage preapproval, which will tell you the maximum value of a home you can buy based on your borrowing capacity and your down payment. It can also protect you from potential interest rate hikes, if your rate is locked in, and it helps make your discussions with the real estate broker or property seller go easier and smoother.

Tip

Avoid financial worries by looking for a house that is under your maximum borrowing capacity. That way, you'll be able to cover all your payments, deal with unexpected financial emergencies and maintain your current standard of living.



Step 2 - Choosing your home

Now that you know your budget and financial resources, it's time to establish your selection criteria.

Determine your priorities by identifying the things that are most important to you and the ones you are willing to sacrifice.

Location

The location of your future residence is a factor that requires particular attention. Where you choose to live can considerably affect your budget planning, habits and quality of life.

Tip

Having a hard time narrowing down which neighbourhood or city to live in? Ask yourself these questions:

- How long would it take you to get to work? How would you get to work?
- What are the local services (daycares, schools, hospitals, stores, parks)?
- How much are the neighbouring homes worth?
- Is the area safe and quiet?

Type of home

Take the time to choose the home that best meets your tastes and needs. There are many different types of homes:

- Fully-detached home (bungalow, 2-storey)
- Semi-detached home
- Duplex (2 units in one dwelling)
- Townhouse
- Condominium
- Factory-built or modular home

Each of these has its own merits and is appropriate for different lifestyles.

Tip

To help you decide, ask yourself these questions:

- Do you need a lot of privacy? Could you see yourself sharing your space with neighbours or renters?
- Are energy efficiency and environmental quality (insulation, heating, air quality, ventilation, lighting, type of materials, etc.) important to you?
- How much time will you have to spend on the upkeep of your home?
- Do you need large rooms?
- Do you want a large property?

A new or existing home

There are benefits to both:

New home

- Ability to improve or select the following: exterior siding, flooring, plumbing and electrical accessories
- Built according to recent standards (building, electricity, energy efficiency)
- Contractor's or builder's guarantee

When buying or building a new home, always ask for references from the contractor to assure you of their credibility and skills. Find out if they offer new home guarantees and ask to visit a few homes they have built. If you are having a home built, it can also be very useful to hire an architect.

- HST apply—partial provincial rebates may be available under certain conditions

Existing home

- Established neighbourhood
- Landscaped and fenced yard
- Certain features may have been added (in-ground pool, finished basement, etc.)
- Potential to be considered a new home (if major renovations have been done), in which case HST applies

Self-built home

Building your own home is a huge undertaking that requires careful planning. Here is an overview of the basic things you need to do before you begin:

- Spell out all your needs in terms of your preferences, lifestyle and financial resources
- Set aside enough cash to cover 10% of the construction costs (not including the down payment or tax)
- Get plans and specifications that meet building regulations drawn up by specialists
- Get a building permit from your municipality
- Get an accident insurance policy
- Draw up a detailed estimate of direct and indirect costs
- Obtain financing from your caisse before starting your project
- Make a critical path schedule from the plans and specifications
- Plan the main construction inspection steps
- Get written contracts with deadlines from material suppliers and subcontractors

Want to find out more? Talk to your Desjardins advisor or read our self-build guide.

Green home

Desjardins offers rewards for buying a new green home that meet LEED and EnergyStar certification standards.

The offer includes up to $2,000 cashback for a new home, as well as discounts, freebies, competitive rates and much more. For more information, visit desjardins.com/greenhome.

Active search

Now that you have determined your selection criteria, it's time to start shopping! Start your search by speaking with a real estate broker or looking at real estate sites.

Your real estate broker is there to help you find the home that's right for you. Let them know your budget, lifestyle, type of area you are looking for and give them your mortgage preapproval. Thanks to their familiarity with the market, they will be able to arrange appointments, advise you during negotiations and help you draft the sales agreement.

Feel free to ask any questions that come to mind about the properties visited: how old the roof is, what are the heating costs, whether the fireplace or wood burning stove complies with insurance company requirements, how old the windows and water heater are, what's included in the property price, what the neighbourhood is like, what renovations need to be done, etc.

Also, make sure the asking price reflects the real market value. Work with a chartered appraiser. Municipal assessments are not an accurate reflection of a property's current market value. They serve to share the municipality's tax burden among its citizens.

Step 3 - Making the sales agreement

You have just found the home of your dreams. It's perfect! It's exactly what you were looking for and is within your budget.

Now's the time to make the sales agreement.

What it includes

The sales agreement is a document that is legally binding on the buyer and seller. On the document, one person offers to buy another person's property according to certain conditions.

The sales agreement includes all the details needed to identify the property, along with the conditions of the transaction:

- Address and legal description
- Amount of the deposit
- Transaction closing date
- Length of time the offer is valid (generally between 24 and 48 hours)
- What is included in or excluded from the sales price (e.g., curtains, household appliances)
- Approval of mortgage loan (condition on the purchase)
- Satisfactory inspection of the premises by an expert (condition on the purchase)
- Sale of your current home (if you are already a homeowner)
- Any other condition(s) deemed appropriate

In most cases, the buyer's real estate broker will draw up the sales agreement and present it to the seller's real estate broker.

The offer and counter-offer

What happens once the offer is made? The seller can either accept or turn down your purchase offer. If they turn it down, they can make a counter-offer (on the price, transaction closing date, etc.), which you can then either accept or turn down. If you turn down their counter-offer, you can then make another counter-offer. Once the seller and buyer agree on the terms and conditions, the agreement is considered final, provided that all terms and conditions are met (mortgage financing, inspection, etc.).

When an offer is accepted by the seller, neither party can refuse to carry it out. Otherwise, the seller or buyer could be sued for damages caused to the other party. The buyer could even lose their deposit.

The inspection

You need to make sure the property is in good condition by having it checked over by a building inspector. The inspection report may be included as one of the conditions on the purchase. A negative inspection report may be a negotiating tool for you, or could even make the purchase offer null and void.

The building inspector provides a detailed report of the condition of the home: foundations, roof, structural elements, windows, insulation, plumbing, electrical system, etc. Make sure you hire an expert who is a member of the Ontario Association of Home Inspectors (OAHI) so you can be sure of their skills and credibility.

Location certificate

You must obtain the location certificate for the property. Required by most mortgage lenders, it's prepared by a land surveyor. If you buy an existing home, it's usually the seller who must provide it to you. In the case of a new construction, the land surveyor will prepare this certificate.

A land surveyor establishes the physical boundaries of a property and produces the location certificate, which contains a description of the lot and building, identifies any illegalities and irregularities (e.g., a fence encroaching on a neighbour's property) and lists any easements and specific bylaws or regulations that may restrict a property owner's rights.

Mortgage financing

You need to set up a meeting with your Desjardins advisor to obtain the mortgage loan to purchase your property. Obtaining mortgage financing is often a condition on the purchase.

Step 4 - Arranging your mortgage loan

Not all borrowers are in the same financial situation. The rate is important, of course, but it isn't necessarily the top selection criteria for a mortgage loan.

To help you make an informed choice, you need to define your objectives for paying back the loan. Do you want to:

- Have low payments so you can better balance your budget?
- Pay the least possible interest?
- Have the option to pay off your loan in 15 years instead of 25?
- Have the ability to share payments with your co-borrower in a way that respects your individual budgets and preferences?
- Get the best interest rate on the market?

Fixed-rate mortgage? Variable-rate mortgage? Fixed yearly rate resetter mortgage? Hybrid mortgage? Accelerated payments? There are many options and solutions available. Your Desjardins advisor will be able to suggest the solution that's best for you.

Types of loans

There are fixed-rate loans, where the interest rate stays the same until the end of the term. Other loans have a variable rate, meaning the interest rate varies according to the prime rate. There are also yearly rate resetter loans, where the rate is revised annually and includes a pre-established rate discount. Depending on the type of mortgage loan you get, the term may vary from a few months to many years.

Hybrid mortgage loans

By combining different types of mortgages and diversifying their payment terms, you can get a more personalized solution that suits your borrowing needs.

Here's an example:

Property value	$550,000	
Down payment	$50,000	
Loan amount	$500,000	
Hybrid mortgage	**Amount**	**Interest rate**[7]
Loan amount	$500,000	
Five-year fixed-rate loan (50%)	$250,000	3.85%
Yearly rate resetter loan (50%)	$250,000	2.89%
Average rate		3.37%

Advantages:

- Rate stability of a fixed-rate loan
- Low interest rate of a variable-rate loan
- Combined interest rate that matches your profile and needs

Tip

Here's tips for paying off your mortgage faster.

Choose the weekly payment option and pay a little more each week. You will enjoy substantial long-term savings and reduce the amortization period. Look at the following example:

$200,000 loan (25 years, 5-year term, at 4.00%[8])			
Payment Method	Amount	Amortiza-tion	Interest Charges
Monthly	$1,052.05/month	25 years	$115,615
Standard weekly	$242.13/week	25 years	$114,769
Accelerated weekly (monthly divided by 4)	$263.13/week	21.8 years	$98,389

By choosing the accelerated weekly payment method instead of the monthly payment method, you reduce your amortization period by 3.2 years and save $17,226 (for illustration purpose only).

Advantages:

- Increase your regular payments up to double the initial payment, once a year (or once a term if the term is less than one year).
- If possible, pay up to 15% of the initial loan every year (or once a term if the term is less than one year).
- Combine several mortgage loans and enjoy the best of both worlds. In addition, since interest rates on variable-rate products are very low, adjust your payments to match fixed-rate payment levels so you'll pay down your mortgage even faster.

Versatile Line of Credit

This option allows you to borrow money you have paid back on your mortgage, up to a maximum of 80% of the value of your home, so you can:

- Renovate your home
- Buy a car
- Consolidate your loans, credit cards and other lines of credit so you can spend less on interest and save more

	Versatile Line of Credit
What it is	Home equity line of credit Can take into account increases in your property's value
A great choice if…	You want to manage what you borrow yourself, with access to funds any time you want
Interest rate	Variable rate based on the prime rate
Loan term	Until the mortgage is repaid in full
Maximum amount	Up to 65% of your property's value A loan for an additional 15% can also be arranged
Payments	Flexible Daily, weekly or monthly

Attractive options and coverage

Prepayment
This option allows you to repay up to 15% of your initial loan amount every year in one or more instalments, as an early payment and without penalty.

Solution for start-up costs
To help you cover the often-under-estimated cost of buying a home (land transfer tax, inspection fees, lawyer fees, etc.), ask about our solution for start-up costs, which could provide you with up to $10,000. Your mortgage rate will be increased slightly to cover the amount you borrow.

Loan insurance

Many consumers believe that if they already have salary insurance, they don't have to worry about protecting their loans. However, in most cases, salary insurance could only cover two-thirds of your current salary.

When you are deciding whether or not to get disability insurance on your mortgage, consider your ability to maintain your payments if an accident or illness prevented you from working for a while. When you are doing your calculations, don't forget that on top of being able to keep paying for your house, your financial cushion has to be able to cover all your other financial obligations as well (groceries, clothes, taxes, electricity, children's education, prescriptions, getting back and forth from the hospital, other loans, etc.).

Depending on the type of financing you chose, loan insurance could help you maintain your wiggle room by offering you two coverages:

- Life insurance will pay off the insured balance of your loan in the event of your death. That way, your loved ones won't be saddled with debt. This coverage also provides a lump sum[9] to help you cope financially in the event of a cancer diagnosis.
- Disability insurance lets you maintain your standard of living in the event of an accident or illness by helping you pay back your loan, based on the percentage of insurance selected.

Step 5 - Sealing the deal

Your sales agreement has been accepted, the property passed inspection, you have obtained your mortgage… the only thing left to do is to sign various documents needed to complete the transaction with your lawyer.

The buyer's lawyer prepares an electronic draft of the deed of transfer and the deed of charge (mortgage), conducts research on the quality of the title and submits any questions (known as "requisitions") that arise from this research to the seller's lawyer.

The seller's lawyer also prepares a variety of documents, including the adjustment statement, which confirms the final sales price.

A few days before the transaction closing date, each lawyer will ask his client to come to his office to review and sign the various documents needed to complete the transaction. Depending on the adjustment statement, one of the clients must remit a cheque to his lawyer to cover the additional expenses listed.

The buyer's lawyer will have already contacted the caisse to get the mortgage funds in advance. Once the lawyers have agreed that the transaction can be completed, all the necessary documents are exchanged and registered electronically. The buyer's lawyer also transfers funds to the seller's lawyer electronically and the keys can be given to the buyer.

Then you are officially homeowners!

Ready to get started? Any questions?

Congratulations! Now you know all the steps of the Desjardins Homebuyers' Guide that will help you become a homeowner. If you want more information about our products, speak to a Desjardins advisor or visit desjardins.com/home.

Monthly income and expenses calculation worksheet[10]

Gross monthly income			
Gross annual salary	$45,000	$	$
Spouse's gross salary	+ $40,000	+ $	+ $
Total gross income	= $85,000	= $	= $
Monthly gross income	**$7,083.33 /m.**	**$ /m.**	**$ /m.**

Monthly housing costs			
Mortgage payments	$1,050/m.	$ /m.	$ /m.
Estimated monthly municipal and school taxes	+ $250/m.	+ $ /m.	+ $ /m.
Estimated heating and electricity costs	+ $165/m.	+ $ /m.	+ $ /m.
Total monthly expenses	**$1,465/m.**	**$ /m.**	**$ /m.**

Debt ratio calculation: $1,465/$7,083.33 (Item 1) = 20.7% of gross revenue[11]

Monthly cost of other financial commitments			
Auto loan	$350/m.	$ /m.	$ /m.
Auto and home insurance	+ $100/m.	+ $ /m.	+ $ /m.
Student loan	+ $100/m.	+ $ /m.	+ $ /m.
Credit cards and lines of credit	+ $300/m.	+ $ /m.	+ $ /m.
Other	+ $0/m.	+ $ /m.	+ $ /m.
Total cost of other commitments	**$850/m.**	**$ /m.**	**$ /m.**

Total monthly housing expenses and other financial commitments			
Housing expenses	$1,465/m.	$ /m.	$ /m.
Other commitments	+ $850/m.	+ $ /m.	+ $ /m.
Total housing expenses and other commitments	**$2,315/m.**	**$ /m.**	**$ /m.**

Debt ratio calculation: $2,315/$7,083.33 (Item 1) = 32.9% of gross revenue[12]

APPENDIX 2

Glossary of mortgage-related terms

Principal
This is the sum you borrow. This amount is the difference between the purchase price of your property and your down payment.

Interest
The cost of your loan, paid regularly and expressed as a percentage, for as long as funds are advanced by your caisse.

Payments
The amounts you must regularly pay against your loan. They consist of a portion of your principal and some of the interest on your loan.

Amortization period
The number of years over which you have chosen to repay your loan. It is possible to take out a maximum of 25-year mortgage. The longer the amortization period, the lower your payments, but the more interest you pay.

Term
The period during which your interest rate and regular loan payment remain unchanged if you have chosen a fixed-rate loan. In the case of a variable-rate loan, the regular payment may remain unchanged, but the interest rate varies according to market fluctuations. At the end of the term, a new term is negotiated with your financial institution and new conditions apply for its duration.

Prime rate
Annual interest rate periodically announced by the Bank of Canada as a reference point for determining applicable interest rates for commercial loans, in Canadian dollars. This rate, which is granted by financial institutions to their best clients, benefits those with the highest credit ratings.

Fixed rate
Interest rate that stays the same until the end of the term; can apply to an open or closed loan.

Variable rate
An interest rate that's lower than the fixed rate, but varies according to the prime rate.

Open mortgage
Pay it back anytime, in full or in part, without penalty.

Closed mortgage
Cannot be repaid in full before maturity. It's possible to make accelerated payments of up to 15% of the initial mortgage loan amount without penalty.

Penalty
Amount required by the lender for a partial or full repayment of the loan before maturity.

APPENDIX 3

Addresses

The Canadian Real Estate Association (CREA)
613 237-7111 | crea.ca

Insurance Bureau of Canada (IBC)
1 877 288-4321 ou 514 288-4321 | bac-quebec.qc.ca

Canadian Home Builders' Association (CHBA)
613 230-3060 | chba.ca

Genworth Canada
1 877 470-4144 | genworth.ca

Canada Mortgage and Housing Corporation (CMHC)
1 800 668-2642 | cmhc-schl.gc.ca

Tarion - Protecting Ontario's New Home Buyers
tarion.com

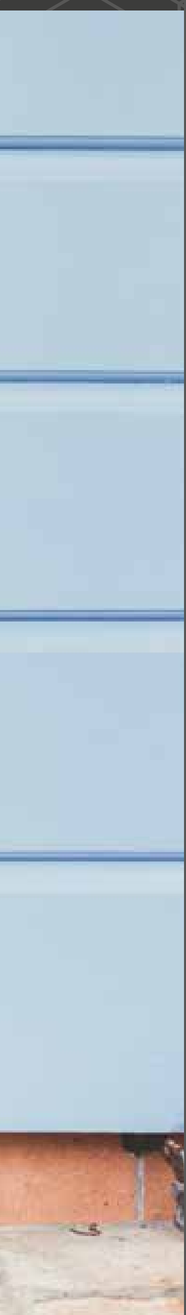
Ontario Association of Home Inspectors
oahi.com

APPENDIX 4

Future homeowner's checklist

1. As soon as possible, reserve a moving company, or a moving van if you're doing the move yourself.
2. Give a notice of departure to your current landlord before the deadline.
3. Clean-up time! Sell everything you don't need, or donate it to charitable organizations.
4. Start packing your boxes as soon as possible and make sure to list the contents on each one.
5. Confirm the moving details with your mover.
6. Go over a list of your valuables with your insurer.
7. Photocopy your medical, dental and school certificates if you're changing neighbourhoods.
8. Notify Canada Post of your address change, as well as all your friends, family and service providers.
9. Go over any final details with your moving company a few days prior to the big move.
10. Return your keys to your landlord, check each room and take one last look.

Welcome home



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At the time of publication, all of the information presented in this guide was accurate. Certain conditions apply. Product features may change without notice. Please check with your Desjardins advisor.

1. Seasonal use properties or properties that are not accessible at all times of the year are not eligible for mortgage insurance (CMHC, Genworth Canada).
2. For owner-occupied properties with 1 to 2 units. For properties with 3 to 4 units, the minimum down payment is 10% for a loan insured by CMHC or Genworth Canada.
3. A premium rebate of up to 25% may be granted if you take out a CMHC-insured loan to purchase an energy-efficient home.
4. In Ontario, the rate is 2% for amounts over $400,000. A discount may be granted for first-time homebuyers.
5. Percentage recommended by mortgage insurers.
6. The sample rate illustrated in this calculator does not reflect current rates. Online calculators are made available to you for information purposes and for personal use only. They give you an approximate result based on the information you enter. The estimate provided may change according to your financial and budget situation at the time of the loan and does not constitute a loan authorization.
7. These rates do not necessarily reflect promotions in effect. In the case of loans for a fixed amount, the annual percentage rate (APR) is equal to the posted interest rate, assuming that there are no additional charges applicable to the loan. Should there be such charges, the APR might be different.
8. This rate does not necessarily reflect promotions in effect and is given for illustration purposes only. The annual percentage rate (APR) is equal to the posted interest rate, assuming that there are no additional charges applicable to the loan. Should there be such charges, the APR might be different.
9. Equal to 6 monthly loan payments or 3 monthly loan payments if age 55 or older.
10. Amounts in the first column of each table are hypothetical, for demonstration purposes only.
11. Since 20.7% is less than the maximum debt ratio of 32% of gross household income that should cover housing costs, this example complies with golden rule number 1.
12. Since 32.9% is less than the maximum debt ratio of 40% of gross household income that should cover servicing all your debts, this example complies with golden rule number 2.

100%

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