

Lisa McInnes Mortgages

Home Buying Costs

When buying a home, your mortgage lender will require you to have 1% to 1.5% of the purchase price of your new home in your bank account in excess of your down payment funds. The following are a list of costs you can expect when buying a house.

Down Payment

You will be required to **bring the balance of your down payment to your lawyer** approximately 10 days prior to your possession date. Your lawyer will give you a figure representing exactly how much you will need to bring in. This will include your down payment less any initial deposits you may have already given.

Legal Fees

A lawyer will be necessary in the home buying process. Your lawyer will prepare the mortgage documents, have you sign the documents, and will transfer the property to your name.

Your lawyer will provide you with a statement of all the relevant adjustments that have been made. This will outline in detail all of the costs incurred for your transaction. When you go to your lawyer's office, they will ask you to bring the funds to close your purchase in the form of a draft or certified cheque. Approximate cost: \$1300 - \$1500 plus the down payment amount that is outstanding.

Appraisal Fees

An appraisal will be required for conventional mortgages and when you make an offer on a Private or Comefree sale or an acreage property. The accredited appraiser will look at your home and determine if the price you have offered is what the home is worth. The appraiser will compare recent sales of similar properties to determine the estimated value of your home. They will provide a report to your lender that confirms the value. Approximate cost is \$300-\$450.00 depending on the value and size of the property. Your mortgage associate will let you know if an appraisal is required or not and order it on behalf of the mortgage lender.

Property Tax Adjustment

Property taxes are calculated yearly from January 1st to December 31st but are billed mid year on June 30th. This means that if you move in prior to June 30th you will end up with the tax bill for the entire year come June 30th and your lawyer will ensure that the vendor gives you a credit for the number of days which they occupied the home and are therefore responsible for the taxes. If you move in after June 30, then the vendor has paid for the years taxes which you are responsible for. **This will be done at the lawyer's office.**

Home/Fire Insurance

You will be required to provide your lawyer with a copy of fire insurance on the home you are purchasing. Your insurance agent will usually handle this but you need to **make sure you have an insurance agent in time to get the relevant documents to your lawyer.** When purchasing a condo, your condo fees usually include fire insurance coverage. Therefore, when you call your insurer, tell them that you are buying a condo and need condo insurance. This is usually cheaper than house insurance. You will need the lender information for your insurance company. This is who should be listed as first loss payee on the policy.

Title Insurance

Title insurance is sometimes used instead of a property survey, and may be requested by your lender or lawyer. Title insurance protects the lender or you from title defects. **Your lawyer will discuss** title insurance with you if it is applicable for your transaction. Approximate cost is \$300.00

High Ratio Insurance Premium

When you have less than 20% of the value of the property as a down payment, you must pay a mortgage insurance premium. The premium varies, as it is based on the amount of your down payment. There are three Mortgage Insurers in Canada - Genworth, CMHC and Canada Guarantee. This premium is added onto your mortgage.

5% - 9.99% down = 4% of the mortgage

10% - 14.99% down = 3.1% of the mortgage (If Self employed Stated Income = 5.85%)

15% - 19.99% down = 2.8% of the mortgage (If Self employed Stated Income = 3.75%)

Home Inspection

Many people choose to have home inspections, although most of the time it is optional. A home inspector will look through your home and provide you with his or her professional opinion on the construction of the home. The home inspector will advise of any maintenance required, and will let you know what kind of maintenance you can expect in the next few years. Approximate cost \$400 - \$600

Utility Connection Charges

Some utilities charge a move or connection fee. You will need to contact each utility provider to find out their charge.

Moving Costs

There will be costs involved whether you hire professional movers or plan on doing it yourself. Do not forget to include these in your budget.

Mortgage Protection Plan – Life and Disability Insurance (Optional)

Now that you are taking on a new debt, you need to protect you and your loved ones from unexpected life events such as illnesses, accidents, and death. Ask me for your insurance quote once you have made an offer.

If you have any questions about the costs of buying a home or anything else, please don't hesitate to give me a call.

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