



HOME BUYER HELP

Closing costs are approximately 1.50% of the purchase price of your home. Listed below are some of the approximate costs associated with your home purchase. GST is applicable to all newly constructed homes, but may be absorbed by the builder.

+ CLOSING COSTS

Title Insurance and/or Legal Fees	Title insurance protects against fraud and property impairments. Legal costs include lawyer's fees and disbursements (<i>ask your lawyer for details</i>).
Fire Insurance	\$250-\$600 <i>ongoing annual cost</i> .
Utility Hook-ups	Telephone, cable, hydro, gas, etc. (<i>one-time cost</i>)
Land Transfer Tax	Varies with purchase price of home.
Property Taxes	On newly constructed homes, property taxes are assessed only on the land value in the first year. Taxes in the second year are assessed to include the property value from year one with the land and property value in year two.
Adjustments	Reimbursements to the seller for unused portion of prepaid property taxes, interest, and utility bills.
Appraisal*	\$250-\$350
Home Inspection*	\$500-\$750
Land Survey*	\$1,000-\$2,000
New Home Warranty*	\$850; provided by the builder on newly constructed homes through Tarion.
CMHC Insured Mortgages*	.50%-3.70% of the total amount of the mortgage depending on amount financed and the amortization of the mortgage (<i>ask us for details</i>).
Rental Vans*	Varies depending on distance and size of van.
GST Rebate*	On all newly constructed homes.
Tree Planting*	\$200-\$600 on all newly constructed homes.
Fencing*	Varies depending on the size and materials used.
Driveway Paving*	Varies depending on the size and materials used.
Warranties*	Purchased on items such as a hot water tank or an air conditioning unit may be transferable; check with your current provider.
Estoppels Certificate*	Up to \$100; applicable if buying a condominium.
Condominium Fees*	New condo construction may require you to pay rent until the corporation is registered.

**if applicable*

Interesting Websites

www.firecreditunion.ca • www.cmhc-schl.gc.ca
www.newhomes.org • www.tarion.com
www.macnaughtonlaw.com/landtax.htm • www.avivacanada.com



HOME BUYER LINGO

It is important to understand some of the terms used during the purchase of your home.

Appraisal: An estimate of a property's market value to determine the amount of the mortgage.

Amortization: The number of years it takes to pay off the entire amount of the mortgage.

Appreciation: The increase in a property's value over time.

Counter Offer: One party's written response to the other party's offer during negotiation between the buyer and the seller.

Closing: The completion date of the real estate transaction when all legal and financial obligations have been met and the deed is transferred from the seller to the buyer.

Closing Costs: Expenses in addition to the purchase price of buying the property.

Conventional Mortgage: A first mortgage up to 80% of the property's appraised value or purchase price, whichever is lower.

Variable Rate Mortgage: A mortgage for which payments are fixed, but the interest rate changes with the market fluctuations. When interest rates go down, a larger amount of the payment goes towards principal; if interest rates go up a larger amount goes towards interest.

Open Mortgage: A mortgage which can be prepaid or renegotiated at anytime without penalty.

Gross Debt Service Ratio (GDSR): The percentage of a borrower's gross income that can be used for housing costs such as mortgage payments, property taxes, heating costs and condominium fees (if applicable).

Deed: A legal document that transfers ownership of a property to the buyer.

Equity: The difference between the price for which the house can be sold and the amount owing on the property.

Easement: A legal right to use (right of way) or cross another person's land for limited purposes (e.g. a utility company's right to run wires or lay pipes across a property).

Estoppels Certificate: The financial and legal condition of the Condominium Corporation such as: the reserve fund, whether the corporation is involved in litigation, current by-laws and rules, and the condominium insurance coverage.

Land Transfer: Payment to the provincial government for transferring property from the seller to the buyer.

Lien: Any legal claim against a property, filed to ensure the repayment of a debt.

Title: Legal evidence of ownership in a property.

Title Search: A detailed examination of the ownership documents to ensure there are no liens or encumbrances on the property, and no questions regarding the seller's ownership claim.