

Closing the Deal, What Costs to Expect

Anticipate 2 - 3% of the Purchase Price

To avoid any surprises on closing, here is a list of what to expect in the way of costs.

- Deposit:** Part of your down payment, a deposit is due upon acceptance of your offer.
- Home Inspection:** Prepared by a qualified inspector to assess the property for defects and poor maintenance.
- Appraisal:** Prepared by an appraiser chosen by the lender, CMHC or Genworth (if applicable)
- Legal Fee/Disbursements:** Your lawyer will quote the fee for closing the purchase and mortgage(s) plus an approximation for the disbursements, which includes registration fees, courier costs, photocopies, etc. Ask for an estimate.
- Land Survey or Title Insurance:** Your lawyer or the lender will specify whether a survey is necessary or if title insurance will be acceptable in lieu of a survey.
- Fire Insurance:** You will have to arrange and maintain fire and extended coverage insurance for the outstanding balance of the mortgage or the replacement value of the building.
- Interest Adjustment:** Monthly mortgage payments are usually due on the first of the month. Unless the closing date is the first of the month, you must prepay the amount of the interest accruing up to the 1st day of the following month known as the "interest adjustment date" (IAD). If however, you choose bi-weekly or weekly payments your interest adjustment period may be much shorter.
- CMHC or Genworth (High Ratio Insurance):** If your mortgage is insured by CMHC or GE the insurance premium will usually be added to the mortgage so it is not a cash requirement on closing.
- Prepaid Expenses:** If the Vendor has prepaid any other expenses such as utilities, water and sewage taxes, oil in tank or property taxes, they must be compensated. This will be reflected in the Statement of Adjustments.
- Property Tax Hold-back:** If the lender is collecting and paying property taxes you may be required to pay to the lender an amount to ensure sufficient funds are available to pay the next instalment of property taxes when due. An alternative to a property tax holdback is for the lender to increase the tax portion of the regular payment proportionately to ensure sufficient funds are on hand in time to pay the taxes when due.
- Other Fees:** Occasionally, a lender or the broker will charge a fee for providing the mortgage. If so, these costs should be disclosed to you at the time the Borrowing Disclosure Statement or Broker Disclosure is issued to you.

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- GST:** Is payable on all new homes, commercial properties and land. GST is NOT payable on un-renovated residential re-sales.
- GST New Housing Rebate:** You may be able to claim a rebate for a portion of the GST you pay on the purchase price or cost of building your home if you buy a new or substantially renovated home, mobile home, floating or modular home from a builder or vendor. Or, you buy a share in the capital stock of a co-operative housing corporation, or construct or substantially renovate your home (or hire someone to do so). Also applicable if your home is destroyed by fire and is rebuilt. Contact the Canada Customs and Revenue Agency in your community for the Completion Guide and Application Form.
- Moving Expenses:** You may have to allow for the expense of a professional mover or the rental of a moving van.
- Appliances:** You will likely need four major appliances.
- Decorating:** Carpets, drapes, furniture and painting may be necessary.
- Repairs:** You may have some immediate renovations to do especially if the financial institution withholds some of the mortgage money on the condition specific repairs be made.
- Tools:** You may need lawn tools, garbage cans and snow removal equipment.
- Utility Hook-up:** You may have to pay to have the telephone, gas and electricity connected and in some cases, pay a deposit. Contact the local utility companies directly.

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Closing Cost Worksheet

Sale of Existing Property:

SELLING PRICE: \$ _____

EXPENSES:

Real estate commission (%):	\$	
GST on commission (5%):	\$	
Legal fees on sale:	\$	
Disbursements on sale:	\$	
Payout 1st mortgage (obtain balance in writing):	\$	
Penalty to discharge 1st mortgage (if applicable):	\$	
Discharge administration fee:	\$	
Payout 2nd mortgage (obtain balance in writing):	\$	
Penalty to discharge 2nd mortgage (if applicable):	\$	
Discharge administration fee:	\$	
Property taxes (paid up to date):	\$	
Other debts to be paid out from sale:	\$	
TOTAL EXPENSES:	\$	

NET CASH AVAILABLE FROM SALE: \$ _____

Purchase of New Property:

PURCHASE PRICE \$ _____

EXPENSES:

Down payment:	\$	
Home inspection:	\$	
Legal fees on purchase:	\$	
Registration costs / disbursements on purchase:	\$	
Survey / title insurance:	\$	
Adjustments / incidentals:	\$	
Mortgage application / appraisal fee:	\$	
Lenders application / commitment fee:	\$	
CMHC/GE insurance premium \$ _____:	(added to mortgage)	
Interest adjustment (lender):	\$	
Property tax holdback (lender):	\$	
Pre-pay property taxes:	\$	
Home (fire) insurance:	\$	
Moving expenses / utility hook ups / condo fees:	\$	
Repairs / renovations / paint / etc.:	\$	
Appliances / furniture / etc.:	\$	
Other:	\$	
TOTAL EXPENSES:	\$	
Less: DEPOSIT MADE WITH OFFER	(\$)

CASH REQUIRED TO COMPLETE THE TRANSACTION: \$ _____