



# Mortgage Closing Costs

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CLOSING COSTS	DESCRIPTION
<i>Mortgage Insurance Premium</i>	<p>If your down payment is less than 20% of your home's purchase price, you will be required to purchase mortgage default insurance (CMHC Insurance or Genworth Insurance). You can pay the insurance with funds you have, or the amount of insurance can be financed and amortized over the length of your mortgage. The cost of mortgage default insurance is based on the percentage of the home's purchase price being financed.</p> <p>To calculate how much mortgage default insurance is going to cost visit:  <a href="http://www.cmhc-schl.gc.ca/en/co/moloin/moloin_005.cfm">http://www.cmhc-schl.gc.ca/en/co/moloin/moloin_005.cfm</a></p>
<i>Appraisal Fees</i> \$250 - \$350	An appraisal of the property may be required by your lender. This gives you (the buyer) and the lender a professional opinion of the market value of the property. It also enables you and the lender to ensure that the purchase price of the home is comparable to the market value.
<i>Down Payment</i> 5% minimum	<p>The down payment is a portion of the purchase price you provide yourself. This amount can be as little as 5%.</p> <p>Note: Mortgages that are more than 80% financed require the additional purchase of mortgage default insurance.</p>
<i>Deposit</i>	You may be required to leave a deposit on the home you want to purchase when making an offer. This deposit is then used towards your down payment.
<i>Estoppel Certificate</i> for condominium/strata unit \$100	You may be required to provide your lender with documentation of the condominium corporation's financial well-being and legal state.
<i>Legal/Notarial Fees and Disbursements</i> Approx. 1 - 2% of property cost	You will be required to retain a lawyer or notary to act on your behalf in the purchase or mortgaging of your new home. Your lawyer or notary will charge a fee for their professional services involved in drafting the title deed, preparing the mortgage, and conducting the various searches which are required.
<i>Title Insurance</i> \$200 - \$250	Title insurance is an insurance policy that protects you against challenges to the ownership of your home or from problems related to the title of your home. Talk to your lawyer/notary and your mortgage provider to see if title insurance is right for you.
<i>Land Transfer Tax</i>	<p>All provinces have a land transfer tax payable on closing. The tax is based on a percentage of the purchase price of your home.</p> <p>To calculate how much your land transfer tax will be, visit:  <a href="http://www.gov.mb.ca/finance/other/landtransfertax.html">http://www.gov.mb.ca/finance/other/landtransfertax.html</a></p>
<i>Township/Municipal Levies</i>	These fees may apply if you are building a new home or purchasing a new home in a subdivision. These fees may be for tree planting, school taxes, and other items until they are assumed by the town/municipality.
<i>Property Tax/Utility Bill Adjustment</i>	In your contract when you buy a resale home you may notice that it states "subject to the usual adjustments at closing". This means that any amount the seller has prepaid in property taxes or utility bills will be adjusted so that you pay the excess amount back to the seller, and vice versa. The most common adjustments occur on property taxes and utility bills that have been paid ahead of time.
<i>Certificate of Location</i> Property Survey	The certificate of location is required by your mortgage provider as well as your lawyer/notary for transfer of ownership. The certificate of location will need to be current when provided to your mortgage provider and lawyer/notary. If it is not current and does not show improvements such as decks, patios or pools, you or the seller will need to incur the cost to obtain the appropriate certificate.
<i>Goods and Services Tax</i> 5% if applicable	If you are buying or purchasing a newly constructed home from a builder, GST is payable on the purchase price of the home. Some homes are listed GST payable, and some homes are listed GST included. Make sure you know who (you or the builder) is responsible to remit the GST, as well as who will receive GST rebates if they apply. If the home is GST payable, you will need to either pay the GST with funds you have saved or will have to account for it in your mortgage.

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<i>Property/Fire Insurance</i> \$400 - \$800 for average Winnipeg Home	All mortgage lenders require a certificate of fire insurance to be in place from the time you take possession of your home. The insurance must cover at least the full value of the mortgaged property with the loss payable to your mortgage provider. The amount of insurance coverage should relate to the replacement cost of the building and must, at minimum, be sufficient to cover the mortgage loan secured by the building(s).
<i>Home Inspection</i> \$500	It is a good idea to have a home inspection completed before finalizing the purchase of your home. This is a benefit to the buyer and will be the buyers cost to absorb should the buyer proceed with a home inspection. A home inspection will help the buyer determine if there is anything wrong with the house and will help the buyer know some of the costs that may come up in the future for items that need to be fixed/replaced.
<i>Interest Adjustment</i>	Due to the delay in registration of documents under the land titles system (approximately 3-4 weeks), the equivalent daily interest on the mortgage will have to be paid to the vendor until the mortgage is funded. This adjustment is to compensate the vendor since they will not have your mortgage proceeds when you take possession. It also takes the place of your first mortgage payment.

# Mortgage Term Glossary

<p><b>Amortization:</b> The period in years that it will take you to pay off your mortgage in full.</p> <p>Example: 25 years</p>	<p><b>Mortgage Interest:</b> Also known as the cost of borrowing, mortgage interest is represented as an annual percentage rate and is calculated on the amount borrowed, carried forward on your declining principal balance.</p>
<p><b>Appraised Value:</b> A third party estimate of the market value of the property being purchased.</p>	<p><b>Mortgage Term:</b> The length of the current mortgage agreement (usually between 6 months and 5 years). The interest rate remains constant during this time frame unless otherwise agreed upon.</p>
<p><b>Conditionally Sold:</b> A term used for a home that has been sold, but that the offer to purchase has conditions outstanding. Most common are deals "subject to financing" where the purchaser has a specified number of days to get their financing in place.</p>	<p><b>Offer to Purchase:</b> A legally binding contract where you are agreeing to purchase the home. If your offer to purchase is accepted as is by the vendor you have successfully purchase the home. If the vendor is not satisfied with your offer they may counter offer or decline.</p>
<p><b>Conventional Mortgage:</b> A mortgage that does not exceed 80% of the purchase price of the home.</p>	<p><b>Possession:</b> This is the agreed upon date in which the home becomes the purchasers property.</p>
<p><b>Counter Offer:</b> The vendor can request to change one or more of your offer to purchase specifications. Most often this would be price or possession date. If you do not agree to their counter offer, you can counter offer again, or decline the purchase.</p>	<p><b>Principal:</b> The amount of money borrowed for a new mortgage.</p>
<p><b>High Ratio Mortgage:</b> If you don't have 20% of the lesser of the purchase price or appraised value of the property, your mortgage must be insured against payment default by a mortgage insurer, such as CMHC.</p>	<p><b>Purchaser:</b> This is the person(s) buying the home.</p>
	<p><b>Vendor:</b> This is the person(s) selling their home.</p>

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