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*A Comprehensive  
Guide to  
Home Ownership*



Compliments of:  
The Greg Nowik Team  
**Greg Nowik A.M.P.**  
Mortgage Planning since 1989  
Universal Mortgage Architects

# *Home Ownership - The Key to Your Dreams*

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While every effort has been made to ensure the accuracy and completeness of this guide, the information contained herein is subject to change. This is of a summary nature only and should not be relied upon as a substitute for professional mortgage advice. Contact Greg Nowik to discuss the particular matters referred to herein that are of interest to you.

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If you are looking to buy or sell make sure you call  
Greg Nowik for all of your financial needs.

Mortgage financing has become very complex with constantly changing rates, terms and challenging conditions. Choosing the mortgage best suited to your circumstances has never been more difficult. Banks, trust and insurance companies are continually inventing new mortgage products to capture your attention, and hopefully your business. In addition, ensuring that you get the best possible rate and product depends on aggressively shopping the mortgage marketplace. Often a mortgage lender's posted rate may not be the best rate available. You may be able to qualify for a lower rate, but not know it.

*For most people,  
buying a home is  
the largest  
financial decision  
they will make in  
their lifetime...*

To maximize the benefits to you, you may want to consider enlisting the services of a professional **Universal Mortgage Architects** planner. We negotiate with major financial institutions, chartered banks, trust and insurance companies, Canada Mortgage and Housing Corporation, Genworth and others to bring our clients the most competitive mortgage rates and terms. **Universal Mortgage Architects** will usually earn a commission or fee from the lender\* for all the work, advertising and promotion done on their behalf. Our professional services are provided, in most cases, at no cost to you. A professional **Universal Mortgage Architects** planner is constantly updated on rate changes and new products being introduced in the market. As our client, you can choose from the widest range of options, obtain the most competitive rate and best product suited to your specific needs. An extensive network of financial institutions has enabled many of our clients to obtain savings of up to 1.40% below posted lender rates.

Before you make what is likely to be the biggest financial decision of your life, talk to us:

**The Greg Nowik Team**  
**Greg Nowik A.M.P.**  
*Mortgage Planning since 1989*

Serving Vancouver Island  
Tel: 250-758-5524  
Fax: 250-758-4181  
Toll Free: 1-866-958-5524  
[greg@gregnowik.com](mailto:greg@gregnowik.com)

Serving the Lower Mainland  
Tel: 604-878-0877  
Fax: 604-813-5115  
Email:

To complete a secure application on-line, visit my Web-page at:  
[www.gregnowik.com](http://www.gregnowik.com)

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\* Subject to certain guidelines

### Information required to be pre-qualified for a mortgage:

*Having the right documents in place will speed up the process...*

- ✓ Ask your employer to prepare a letter on company letterhead outlining your name, base salary or hourly rate, normal hours worked per week, position and length of service. A recent pay stub and a copy of your T4 from last year may also be required.
- ✓ If commission sales, 2-3 years personal tax returns together with the Notice of Assessments from Canada Customs & Revenue Agency.
- ✓ If self-employed, three years personal tax returns together with the Notice of Assessments from Canada Customs & Revenue Agency, three years business financial statements, and three years business tax returns (if applicable).
- ✓ **Note:** New products have been launched to the marketplace including where, with good credit, you can qualify for a mortgage based on your stated income. This type of mortgage was designed for the self-employed, including contractors, freelancers, consultants, commission sales professionals, or small business owners. Talk to me about mortgage approvals specifically for the self-employed.
- ✓ Social Insurance Numbers.
- ✓ At least 3 years history of residence and employment.
- ✓ Know your banking information (name of financial institutions, address, and type of accounts, account numbers).
- ✓ Know your assets (what you own) and their value. i.e. cash amounts, stocks, bonds, RRSPs, car.
- ✓ Know your liabilities (what you owe). i.e. car loan, credit card balances, child or spousal support payments.
- ✓ Please let us know about any past credit problems you may have had.
- ✓ Write down a list of questions you would like to have answered.

## Conventional:

Regulations under The Bank Act prohibit Bank, Trust and Insurance Companies from lending in excess of 80% of the purchase price or the appraised value of a property without obtaining Mortgage Loan (High Ratio) Insurance. A loan for up to 80% of the purchase price of a property is a conventional mortgage.

## High ratio:

A loan for 80.1% to 95% of the purchase price of a property.

## Mortgage loan insurance (high ratio):

High ratio mortgages must be insured through CMHC (Canada Mortgage and Housing Corporation), AIG United Guaranty or GE (Genworth Financial Canada). CMHC, AIG and GE provide default or high ratio insurance to the lenders protecting them against the risk of lending to homebuyers who have less than 20% down payment available. An insurance premium is paid by the borrower on behalf of the lender. The insurance premium that is paid to CMHC, AIG or GE is to protect the lender in the event that the mortgage is not paid. This is not to be confused with life, disability, or job loss insurance.

The insurance premium is calculated as a percentage of the mortgage amount, depending on the loan to value, and may be added to the mortgage amount.

The premiums are as follows:

<u>Loan to Value</u>	<u>Premium</u>
80.1 - 85%	1.75%
85.1 - 90%	2.00%
90.1 - 95%	2.75% non borrowed down payment
90.1 - 95%	2.90% borrowed down payment

Add .20 to the premium for each additional 5 years of amortization to 35 years. Premium rates will vary for refinance/add-on mortgages.

## Mortgage money sources:

There is a wide range of financial institutions that are involved in the mortgage industry in Canada. Some of these include:

Chartered Banks	Loan Corporations
Trust Companies	Credit Unions
Finance Companies	Pension Funds
Life Insurance Companies	Private Individuals

*The mortgage  
you choose will  
form the  
foundation for  
your financial  
stability...*

If you have less than 20% down payment, mortgage insurance is required as outlined on the previous page. Homeowners require the minimum 5% down payment from their own funds or gift from family to purchase a home. You can now use borrowed funds for your 5% down, but keep in mind that there are higher credit criteria and your insurance premiums increase.

## **Down payment from your own resources (non borrowed):**

You must supply verification satisfactory to the lender of accumulated savings from non-borrowed funds. This may be in the form of:

- ✓ Copy of your bank statement or bankbook (including cover) showing a minimum **three-month history**. Any large deposits during this time period must be explained and documented.
- ✓ Copy of RRSP statement, term deposits, CSBs, or other investments.

*Homebuyers today have more choice than ever in terms of what they can use for a down payment...*

## **Down payment from a gift (non borrowed):**

All or part of the minimum equity requirement (5% for down payment plus 1.5% for closing costs) may be provided by way of a financial gift, as long as all of the following conditions are met:

- ✓ The donor is an immediate relative of the borrower (recipient); and
- ✓ The Approved Lender has verified that the money is a genuine gift; and
- ✓ The Approved Lender has verified that the funds are in the borrower's (recipient's) possession at least 15 days prior to closing.

The Approved Lender will verify the authenticity of the gift by obtaining a written confirmation, signed by the donor and the borrower (recipient), which will include the following points:

- ✓ The money is a genuine gift from the donor and does not ever have to be repaid;
- ✓ No part of the financial gift is being provided by any third party having any interest (direct or indirect) in the sale of the subject property.

## **Borrowed down payment:**

Homebuyers can get their down payment from borrowed sources that include:

- ✓ Lender cash back incentives;
- ✓ Personal loans, lines of credit or credit cards;
- ✓ Unsubstantiated gifts.

When using a borrowed down payment, there are a higher credit criteria and also increased insurance premiums.

### **Down payment from the sale of an existing property:**

You will be required to provide a copy of the unconditional Agreement of Purchase and Sale on your existing property. This needs to be accompanied by a copy of a recent mortgage statement, showing the balance owing, on any mortgages presently registered against the property. The difference between the sale price and the mortgages owing will substantiate the funds available for your down payment.

### **No down payment mortgage options:**

*Now it's easier  
than ever to own  
the home of your  
dreams...*

- ✓ If you can afford mortgage payments but can't seem to save for a down payment, there are creative down payment mortgage options at posted and discounted rates:
  1. Free down payment.(posted rates)
  2. Qualify to borrow down payment from loan or credit line.(discounted rate)
  3. Gift from immediate family.(discounted rate)
- ✓ No down payment mortgages can be ideal for:
  - ✓ Professionals and other high income earners just starting out who may have large student loans.
  - ✓ Also consider renters who often worry they won't be able to find an affordable home by the time they've saved enough for a down payment.
- ✓ Various lenders offer mortgages that can get you the home you want and 3-5% cash backs if you have good credit. The cash back can be used for expenses related to the move such as legal fees, land transfer costs, moving expenses, furniture, appliances, or to pay off other more expensive debt such as credit cards. This is popular with people who have previously owned and are not 1<sup>st</sup> Time Buyers.

Free down payment mortgages are not for everyone. The objective is not to take on a higher debt load than can be comfortably handled. But for Canadians with good credit and steady incomes, these mortgages can definitely help to make the dream of home ownership a reality sooner.

# *BC First Time Buyers' Program & GST New Housing Rebate*

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*BC First Time Home Buyers' Program offers qualified purchasers an exemption from property transfer tax*

*GST New Housing Rebate is also available (not just for first time buyers)*

## **BC First Time Home Buyers' Program**

Qualified purchasers are entitled to an exemption from the property transfer tax. To qualify, you must not have owned a principal residence anywhere in the world. If there are two or more purchasers to a property, each purchaser who is eligible for the exemption may claim the exemption up to the percentage interest that they are taking in the property.

In British Columbia the maximum house price for full exemption is \$425,000 with a partial exemption up to \$450,000.

For more information, phone toll free 1-800-663-7867, in Greater Vancouver (604) 660-2421 and in Victoria (250) 387-0604.

## **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
- ✓ buy a share in the capital stock of a co-operative housing corporation
- ✓ construct or substantially renovate your home (or hire someone to do so)
- ✓ had your home destroyed by fire and is rebuilt.

Contact the Canada Customs and Revenue Agency in your community for the Completion Guide and Application Form. In most cases, your solicitor will take care of this for you.

## Home Buyers' Plan (HBP)

The HBP is a program that allows you to withdraw up to \$25,000 per person (or \$50,000 per couple) from your registered retirement savings plans (RRSPs) to buy or build a qualifying home. Withdrawals that meet all conditions do not have to be included in income and there is no withholding tax.

### Conditions for participating in the HBP:

*You can withdraw RRSP money 'tax free' provided you buy or build a qualifying home...*

- ✓ You have entered into a written agreement to buy or build a qualifying home. You intend to occupy the home as your principal residence.
- ✓ You or your spouse or common law partner have to be considered a first-time homebuyer i.e. have never owned or have not owned in the last 4 calendar years and 31 days before the withdrawal.
- ✓ Your HBP balance on January 1 of the year of the withdrawal has to be zero i.e. nothing is outstanding from a previous purchase.
- ✓ Neither you, nor your spouse or common-law partner can own the home more than 30 days before a withdrawal is made.
- ✓ You must be a resident of Canada.
- ✓ You must complete Form T1036.
- ✓ You have to receive all withdrawals in the same year.
- ✓ You have to buy or build the home before October 1 of the year after the year of the withdrawal.
- ✓ When an RRSP contribution is made, you must wait 90 days before withdrawing funds under the HBP or you may be denied the right to use that contribution as an RRSP deduction for that year.
- ✓ The home can be for yourself or it can be for a related disabled person if it is more accessible to that person than his or her current home, or it is better suited to that person's needs. You can acquire the home for the disabled person, or you can provide the withdrawn funds to the disabled person to acquire the home.

### Repayment of the RRSP funds:

Repayment of the funds back to your RRSP must be made within a period of no more than 15 years. Generally, in each year of your repayment period, you have to repay 1/15 of the total amount you withdrew until the full amount is repaid. Your repayment period starts the second year following the year in which you made your withdrawals. If the required amount is not repaid in a year, that year's repayment amount will be added to your income and taxed accordingly. Repayment can occur earlier if you wish.

## *Purchase Plus Improvements*

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This program is designed for people who wish to purchase a home that may require some immediate upgrades . . . a new electrical service, a new roof, central air, a new furnace, new siding, eaves, soffits, fascia, doors, windows, a new kitchen, carpeting . . . or any other renovation that would increase the value of the home.

The way it works is like this...Let's assume that you are a first time buyer and have 5% down payment. Before the mortgage financing is arranged, written quotes are obtained from licensed contractors for the repairs and or the improvements to be done to the home. When the application for mortgage financing is made, the request is made for 95% of the purchase price PLUS 95% of the cost to complete the improvements. Note: The lender will "hold-back" on closing the "improvement" portion of the mortgage until the work has been completed and inspected, normally within 30 to 60 days of closing. Once the work has been completed, the lender will advance the balance of the funds and the contractor can be paid.

*Does your new  
home require  
some upgrades?  
Add the cost to  
your mortgage  
before you move  
in...*

What does this mean? Let us give you an example...

Purchase price:	\$100,000 X 95% =	\$ 95,000
Cost of improvements:	\$ 10,000 X 95% =	\$ 9,500
Total mortgage:	\$110,000 X 95% =	\$104,500

Therefore, an application is made for a mortgage in the amount of \$104,500, which represents 95% of the purchase price plus 95% of the improvements.

On closing this is what happens...The Mortgage advanced to complete the purchase is \$95,000 plus the original 5% from the purchaser's down payment (\$5,000) sufficient funds to complete the purchase of \$100,000.

After closing the contractor completes the improvements (normally within 30 to 60 days after the closing) the lender advances the hold-back of \$9,500, the purchaser pays the additional 5% of the cost of the improvements (\$500) and the \$10,000 owed to the contractor can be paid as per the original quote for the work.

### **Everyone's a winner!**

The purchaser is happy because they got \$10,000 of improvements done to the home with a cash outlay of only \$500 (the balance was financed with their mortgage).

The lender is happy because they now have a mortgage on an improved home.

*Arranging to pay  
for that home is  
one of the most  
important  
financial  
decisions you  
will ever make...*

**Term of a mortgage:**

The actual length of time money is loaned at the contractual rate of interest. Terms range from three months to twenty-five years. Traditionally the longer the term, the higher the rate.

**First mortgage:**

Mortgage given first priority at the registry office. Usually the only financing required. Gives borrowers the best rate of interest.

**Second mortgage:**

A higher interest rate loan that provides borrowers with additional financing if the first mortgage does not meet their total financial requirements. Various lenders can provide the money that is needed at competitive and flexible terms, including a rate maximum. It is ideal for those looking for secondary financing to bypass mortgage insurance, port an existing mortgage, or for debt consolidation.

**Fully open mortgage, with no penalty of notice:**

With this type of mortgage, the entire principal or any part of it can be prepaid to the lender at any time, without having to pay any penalty or bonus interest to the lender.

**Open mortgage, with a predetermined penalty or notice:**

All or part of the principal can be prepaid at any time by paying a penalty or giving a set amount of written notice. The amount of the penalty or the notice period would have been predetermined at the time the mortgage was arranged.

**Partially open mortgage, with no penalty or notice on that open portion:**

This type of mortgage is partially open, but not fully open. The mortgage contract permits a limited, fixed percentage to be returned to the lender each year (up to 10%, 15% or even 20% depending on the lender), in addition to the regular payment without any penalty being paid or notice being given. There may also be some restrictions as to when during the year this prepayment can be made. The balance of the mortgage (80% - 90%) is closed and can only be prepaid if the lender allows – and then on the lenders terms!

**Partially open mortgage, with a predetermined penalty or notice on that open portion:**

As above, this mortgage is partially open, but not fully open. The mortgage contract would allow for a fixed percentage of principal to be prepaid, but subject to a predetermined penalty (i.e. 3 months interest) or with a pre-established amount of written notice. The lender may also have some restrictions as to when the prepayment can be made during the year. The balance of the mortgage is closed and does not allow for automatic early prepayment of the loan.

## *Mortgage Types...continued*

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### **Fully closed mortgage:**

These types of mortgages have no pre-payment privileges at all. All mortgages fall into this category unless the prepayment privileges appear right in the mortgage documents. Although, all mortgages are fully open on maturity.

### **Convertible mortgage:**

You can get the low rate typically associated with the short term, but the freedom to lock in at anytime for longer, if you think rates are headed up. To win, however, you've got to be an assiduous rate-watcher. These mortgages are usually offered with a 3-month, 6-month or 12-month term.

### **Variable rate mortgage:**

A loan whose interest rate is changed monthly or more frequently to keep it in line with the general interest rate trends. Lenders often set the rate based on their prime-lending rate. While the loan rate changes, the payment may stay level each month. In that case, the amounts going to pay interest and principal each month are adjusted to reflect the rate. VRMs are handy mortgages when rates are falling because those rate breaks get passed along quickly as rates are adjusted. However, if you fail to act quickly when rates begin to rise, you may also miss the chance to switch to a fixed-term mortgage. Increases in interest rates could create problems if your VRM monthly payment doesn't include any cushion for rate hikes. In that case the lender may require you to increase your payment to prevent a "deficit interest" situation.

*...and more  
Canadians are  
opting for the  
professional  
advice of a  
mortgage broker  
to help them sort  
through their  
options...*

### **Hybrid (mutant) mortgages:**

Lenders have different product names for their own mortgages to try to make them sound unique or for marketing purposes, but all mortgages fall into one of the above categories. Variations between and within each category help distinguish different lender's packages. Let your **Mortgage Architects** planner arrange the financing package best suited to your needs.

### **Mortgages for recreational & investment properties**

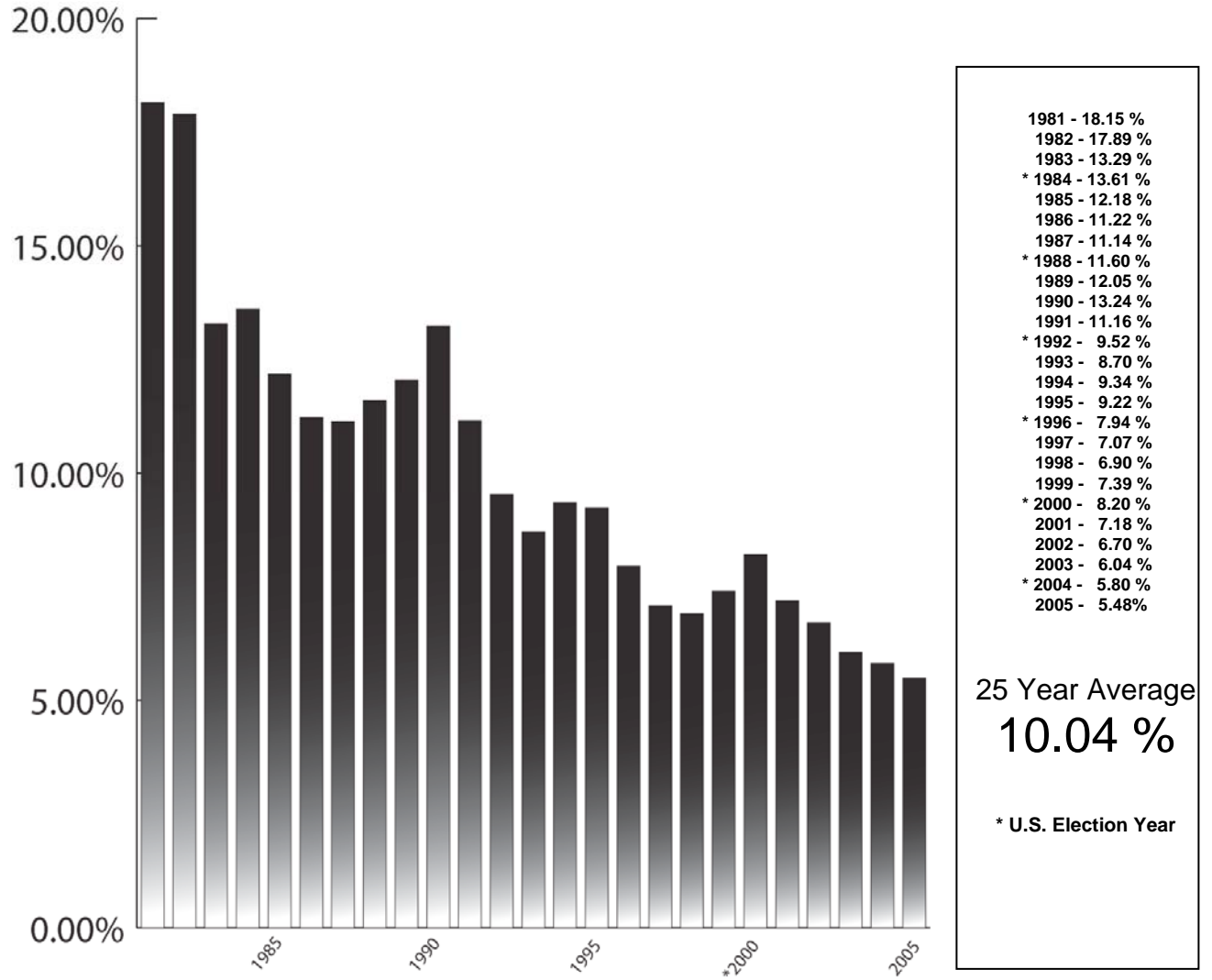
Various lenders offer mortgages for specific needs such as recreational or investment properties. You can realize your dream of vacation property ownership with as little 15% down. With the investment property mortgage, you can qualify for the funds with as little as 5% and rental offsets up to 80% without leveraging all the equity in your principal home.

### **Mortgages for impaired credit:**

Various lenders have mortgages that can help clients who are considered to have impaired credit because they have maximized their credit cards and other debt. Even though they may be able to make their payments each month, they may be considered a high risk borrower. These mortgages allow them to consolidate debts and restore their credit rating. They can also save on interest costs and have a more manageable monthly payment.

# 5-year rates comparison

How does the average 5-year posted mortgage rate compare since 1981?



Source: Bank of Canada

We are not just another mortgage company!  
We are here to assist you in the best possible way by providing "Hands on Service"!  
We are here because a qualified purchaser can demand the best!

## AMORTIZED PAYMENT TABLE

(per \$ thousand)

Annual Interest Rate	AMORTIZED FACTORS			Annual Interest Rate	AMORTIZED FACTORS		
	15 years	20 years	25 years		15 years	20 years	25 years
4.00%	7.38	6.04	5.26	8.00%	9.48	8.28	7.63
4.25%	7.50	6.17	5.40	8.25%	9.62	8.44	7.79
4.50%	7.63	6.30	5.33	8.50%	9.76	8.59	7.95
4.75%	7.75	6.44	5.67	8.75%	9.90	8.74	8.12
5.00%	7.88	6.57	5.82	9.00%	10.05	8.86	8.28
5.25%	8.01	6.74	5.96	9.25%	10.19	9.05	8.45
5.50%	8.14	6.85	6.10	9.50%	10.33	9.20	8.62
5.75%	8.27	6.98	6.25	9.75%	10.48	9.36	8.78
6.00%	8.40	7.12	6.40	10.00%	10.63	9.52	8.95
6.25%	8.53	7.26	6.55	10.25%	10.77	9.68	9.12
6.50%	8.66	7.41	6.70	10.50%	10.92	9.84	9.29
6.75%	8.80	7.55	6.85	10.75%	11.06	10.00	9.46
7.00%	8.93	7.69	7.00	11.00%	11.22	10.16	9.63
7.25%	9.07	7.84	7.16	11.25%	11.36	10.32	9.80
7.50%	9.21	7.99	7.32	11.50%	11.52	10.49	9.97
7.75%	9.34	8.14	7.47	11.75%	11.66	10.65	10.15

When you have any financing related questions, we are here to help!  
Universal Mortgage Architects puts the information you need in your hands.  
Call us today!

# Repayment Options

**Amortization: UP TO 40 YEARS AVAILABLE FROM SOME LENDERS WITH 20% DOWN PAYMENT. (Not available on insured mortgages).**

The gradual repayment of a debt by means of partial payments on the principal at regular intervals. The amortization period is the time required to repay the debt completely. If choosing a longer amortization you must commit to making extra payments over the term to reduce your interests costs as it is only a tool for qualification and not meant to be carried over 40 years.

The amortization period has a dramatic effect on the amount of interest paid over the length of the mortgage. Consider the following example\*:

### \$100,000 mortgage with an interest rate of 5.50%

*How you pay your mortgage has a dramatic effect on the amount of interest you pay...*

- ✓ With a 25-year amortization the monthly payments are \$610.
- ✓ With a 20-year amortization the monthly payments are only increased by \$75 to \$685. The savings in interest would be \$18,864\*.
- ✓ With a 15-year amortization the monthly payments are increased by only \$204 to \$814. The savings in interest would be \$36,635\*.
- ✓ With a 40 year amortization the monthly payments are decreased to \$511. The increase in balance at maturity from 25-40 years \$6,796

### Payment Schedules:

Most mortgages have very flexible payment alternatives. Weekly, bi-weekly, or monthly payments are most common. These choices also have a great effect on the overall interest payments. Consider the following example\*:

### \$100,000 mortgage at 5.50% interest over a 5-year term 25 year amort.

	<u>Payment</u>	<u>Balance</u> (at end of term)	<u>Potential Interest Savings</u> (over amortization)
Accelerated Weekly	\$152	\$85,609	\$14,583*
Accelerated Bi-weekly	\$305	\$85,633	\$14,418*
Monthly	\$610	\$89,188	-

\* The example assumes the interest rate will remain constant through the whole 25 year amortization period.

## Rule of Thumb: 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 payable by draft "In Trust" to your realtor with 24 hrs. of subject removals.

**Home Inspection:** Prepared by a qualified inspector to assess the property for defects and poor maintenance. – approx \$350 +gst

**Appraisal:** Prepared by an appraiser chosen by the lender, CMHC or GE (if applicable). If non-insured approx \$250 + gst

*There are costs involved in every real estate transaction...*

**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. New Survey approx \$350 or Title Insurance approx \$199 +gst

**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 unless townhouse or condo-contents only.

**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, AIG or GE (High Ratio Insurance):** If your mortgage is insured by CMHC, AIG or GE the insurance premium will usually be added to the mortgage so it is not a cash requirement on closing.

**Land Transfer Tax/Property Transfer Tax:** This tax is due on closing and reflected in the "Statement of Adjustments" which your lawyer prepares prior to closing day. 1% of 1<sup>st</sup> \$200k and 2% of the balance or purchase price. **First Time Home Buyers are exempt up to purchase of \$425,000 and pro-rated to \$450,000. \*\* YOU MUST BE A BC RESIDENT FOR 12 MONTHS**

*...be prepared for  
all the extras...*

**Prepaid Expenses:** If the Vendor has prepaid any other expenses to December 31<sup>st</sup> of current year, such as utilities, water and sewage taxes, oil in tank or property taxes, they must be refunded. 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 will be disclosed to you at the time the Disclosure Statement is issued to you.

**GST:** Is payable on all new homes, commercial properties and land. GST is NOT payable on un-renovated residential re-sales.

**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.

**Form 10:** Your broker will request your signature on a statement called Form 10, which discloses to you that they will be paid a fee by the lending institution for acting as an intermediary between you and the financial institution providing you with a mortgage.

# Closing Cost Worksheet

*Sale of Existing Property:*

**SELLING PRICE:** \$ \_\_\_\_\_

**EXPENSES:**

Real estate commission (    %):	\$	
GST on commission ( 7%):	\$	
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:	\$	
<b>TOTAL EXPENSES:</b>	<b>\$</b>	

**NET CASH AVAILABLE FROM SALE:** \$ \_\_\_\_\_

*Purchase of New Property:*

**PURCHASE PRICE** \$ \_\_\_\_\_

**EXPENSES:**

Down payment:	\$	
Home inspection:	\$	
Land transfer tax:	\$	
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:	\$	
<b>TOTAL EXPENSES:</b>	<b>\$</b>	
<i>Less: DEPOSIT MADE WITH OFFER</i>	(\$ _____)	

**CASH REQUIRED TO COMPLETE THE TRANSACTION:** \$ \_\_\_\_\_

**Agreement of Purchase and Sale:** A contract by which one party agrees to sell and another agrees to purchase.

**Amortization:** Period of time required to reduce debt to zero when payments are made regularly.

**Appraisal:** Process by which the mortgage lending value of a property is determined.

**Bridge Financing:** Interim financing to bridge between the closing date on the purchase of the new home and the closing date on the sale of the current home.

**Broker:** An intermediary between the buyer and seller who is licensed to carry out such activities.

**Building Permit:** A certificate that must be obtained from the municipality by the property owner or contractor before a building can be erected or renovated.

**Closing Date:** The date of which the sale of the property becomes final and the new owner takes possession.

**Commitment:** A notice from a mortgage lender to a prospective borrower that the lender will advance mortgage funds of a specified amount under certain conditions.

**Condition:** A condition in a contract that calls for the happening of some event or performance of some act before the agreement becomes binding.

**Conditional Offer:** An offer to purchase subject to specified conditions. These conditions could be the arranging of a mortgage, or the selling of a present home. Usually a time limit in which the specified conditions must be met is stipulated.

**Conventional Mortgage:** A mortgage loan of up to a maximum of 80% of the lending value of the property for which a lender does not require loan insurance. (75% may still be required by lenders on Revenue Property)

**Debt Service Ratio:** The percentage of the borrower's income that will be used for monthly payments.

**Default:** Non-payment of instalments due under the terms of the mortgage.

**Deposit:** Payment of money or other valuables in consideration as a pledge for fulfillment of the contract.

## *Glossary of Terms...continued*

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**Discharge:** The removal of all mortgages and financial encumbrances on the property.

**Easement:** The right acquired for access to or over another person's land for a specific purpose, such as for a driveway or public utilities.

**High Ratio Mortgage:** Loan that exceeds 80% of the property lending value, and which is insured through a mortgage insurance plan.

**Holdback:** An amount of money withheld by the lender during the progress of construction of a house to ensure that construction is satisfactory at every stage. The amount of the holdback is generally equivalent to the estimated cost to complete construction.

**Mortgage Insurance Premium:** A premium that is added to the mortgage and paid by the borrower over the life of the mortgage. The mortgage insurance insures the lender against loss in case of default on the part of the borrower.

**Mortgage Life Insurance:** A form of reducing term insurance available for all mortgagors. In the event of a death of the owner or one of the owners, the insurance pays the balance owing on the mortgage. The intent is to protect survivors from losing their home.

**Mortgagee:** The entity that lends the money.

**Mortgagor:** The entity that borrows the money.

**Offer to Purchase:** A written contract setting forth the terms under which a buyer agrees to purchase a property. Upon acceptance by the seller, it forms a contract, which will form the basis for the final document to be prepared by a lawyer or notary. It includes the legal and/or municipal description (this may consist of lot numbers as well as street address), purchase price, closing date, mortgage and terms of repayment, and lists specific items included as part of the sale.

**P & I & T:** Principal, interest and taxes due on a mortgage.

**P&I:** Principal and interest due on a mortgage.

**Penalty:** A sum of money paid to a lender for the privilege of prepaying a mortgage in part or in full.

## *Glossary of Terms...continued*

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**Power of Sale:** The right of a mortgagee to force the sale of the property without judicial proceedings should default occur.

**Prepayment Option:** The right to prepay a specified amount of the principal balance. Penalty interest may be incurred on prepayment options.

**Prepayment:** Full or partial payment of all or part of the principal, separate from the regular payments called for under a mortgage agreement.

**Principal:** The amount owing to the lender at any time.

**Purchaser:** Buyer of real property.

**Rate (interest):** The return the lender receives for lending you the money for the mortgage.

**Real Estate:** Includes real property, leasehold and business whether with or without premises, fixtures, stock in trade, good of chattels in connection with the operation of the business.

**Rollover Mortgage:** A mortgage loan where the interest rate is established for a specific term. At the end of this term, the mortgage is said to "roll-over" and the borrower and lender may agree to extend the loan. If satisfactory terms cannot be agreed upon, the lender is entitled to be repaid in full. In this case, the borrower may seek alternative financing.

**Sales Representative:** A licensed employee of a Real Estate Broker authorized to trade in real estate.

**Survey:** The accurate mathematical measurement of land and building there on.

**Term:** The length of time that you pay a specific interest rate on your mortgage loan. At the end of the term you may repay the balance of the loan or re-negotiate at current rates and conditions.

**Title:** Evidence of ownership.

**Vendor:** Seller of real property.

**Vendor Take Back:** Where the seller of a property provides some, or all of, the mortgage financing in order to sell the property.

**Zoning Laws:** Municipal laws restricting the use of land for special purposes.

# Moving Check List

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Planning is the most important part of your move. Scheduling your move wisely can make a lot of difference. We hope the outline below will be of assistance to you.

## Moving Out

### **Utilities & Services**

- Electric
- Gas
- Water
- Telephone
- Cable Service
- Fuel
- Appliance Service

### **Professional Services**

- Doctor
- Dentist
- Chiropractor
- Lawyer
- Broker
- Accountant

### **Business Accounts**

- Banks
- Finance Companies
- Credit Cards
- Charge Accounts
- Dry Cleaner
- Drug Store
- Service Station
- Diaper Service

## **Insurance Agencies**

- Life
- Accident
- Personal Property
- Business & Professional

## **Government Offices**

### **Local**

- Schools
- Library

### **Provincial**

- Health & Hospital Insurance
- Vehicle Registration
- Driver's License

### **Federal**

- Post Office
- Income Tax
- Child Tax Credit
- Old Age Security
- Canada Pension Plan
- Unemployment Insurance

## **Publications**

- Newspaper
- Record Club
- Magazines
- Mail Order Houses

## **People & Organizations**

- Friends
- Relatives (optional)
- Church
- Business Associates
- Athletic & Health Club

## **Pre-Closing Date**

- Send outstanding documents to:  
**Gale Tracey**
- All conditions of approval satisfied
- Appointment confirmed with Lawyer
- New telephone installation
- Arrange for moving day child care
- Arrange for moving day pet care

## **Moving Day**

- Drop off keys
- All meters read
- Telephone disconnected
- Windows & doors shut & locked
- Pick up new keys

## **Other**

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## **Notes:**



Co-Applicant's Signature:

\_\_\_\_\_  
\_\_\_\_\_

Date

:

\_\_\_\_\_  
\_\_\_\_\_

**Send to:**

Greg Nowik A.M.P.

**Direct Fax:**

- Nanaimo: 1-250-758-4181
- Port Coquitlam: 1-604-813-5115

**Enclosed:**

- Completed & signed Pre-Qualifier with sign Client Consent
- Employment letter and recent pay stub for all applicants
- Proof of down payment: 3 month history of RSP/Investments
- Offer to Purchase; MLS listing
- Tax returns/NOA's for self-employed
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**From:**