

# GETTING TO KNOW YOUR MORTGAGE

## Preparing for Additional Costs

There are some additional costs when purchasing/refinancing a property - many fly under the radar and cannot be included in your mortgage; so it's important you are prepared in advance for these additional costs.

It's recommended you look to budget 1.5% - 4% of the property's purchase price/value when looking to finance a property (talk to your mortgage agent for further details).



### Plan for...

#### Legal/Notary Fees



### What it is...

Check with your lawyer or notary for current rates; average purchase transaction runs between \$1,200-1,600.



### Estimated Cost

Professional representation protects your interests in the purchase of a property. Fees/disbursements vary. Ask for a breakdown of costs.

#### Default Mortgage Insurance (CMHC/Sagen/Canada Guaranty)

Any home where the downpayment is less than 20% is required to have mortgage default insurance. This protects the lender in case of default by the borrower

Premiums can be added to the mortgage loan; these are dependant amount the amount borrowed (principal amount) with standard premiums ranging from 0.60%-4%

#### Home Inspection

(optional but recommended)

Have a licensed professional give your desired property a once over - whether it's a clean bill of health or a list of what needs to be repaired; you will be in the know.

\$250-600+ (type/size of property, location and inspectors experience/service provided play a roll in pricing).

#### Appraisal

(as requested by lender/insurer)

A determination of the current market value; conducted by a licensed professional. The interior/exterior of the home will be assessed along with comparable sales in the area.

\$300-500+ (type/size of property, location play a role in pricing).

#### Provincial Property/Land Transfer Taxes

[Not Applicable in Alberta/Saskatchewan](#)

The Land Transfer Tax is a property transfer or welcome tax paid to the province or municipality. This is paid by the buyer of the property (seller does not pay this tax).

Varies from one province to another. It is usually calculated based on the sale price of the land and property. In certain cases, it can be based on the fair market value of the land. As a rule of thumb, you should budget 1-1.5% of your property value for Land Transfer Tax. This amount cannot be added to your mortgage payment.

#### Home Owner/Property Insurance

Mortgage lenders require borrowers/property owners to have property insurance in place at time of possession (minimum: fire coverage). Proof of insurance will be required at your closing appointment.

Varies based on the value of the property, location, and contents. Enlist the help of an insurance agent early in the process. Tip: a discount can often be had by having your auto/home policy with the same provider.

#### Utilities/Service

Services such as hydro, phone/internet/ cable, electricity etc.

\$100-500+ (if it's a new account hook up charges may apply. These vary by provider; check with your local service providers for confirmation of costs by service required).



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