

Closing Costs Summary

Closing costs and the remainder of your down payment are usually due a few days before the closing date. Payments are made directly to the solicitor so it's important to remember the following:

CMHC, Sagen, or Canada Guarantee Insurance Premium: If a purchaser has less than 20% down-payment, they will require Mortgage Loan Insurance. The cost of insuring the loan depends on the loan to value of the mortgage. The premium can be added to the mortgage and is included in the monthly payment or paid in a lump sum at the time of purchase.

Legal Fees: Legal representation is required for purchases and refinances. We recommend that you confirm your legal fees upfront with the lawyer/notary of your choice prior to your mortgage funding.

PTT (Property Transfer Tax): This tax is payable on all purchases of real property in B.C. The calculation is based on 1% of first \$200,000, 2% on remaining balance up to \$2 million, and 3% for anything above. Borrowers in BC may be exempt from PTT if they meet the following criteria:

- Borrower is a first-time buyer, and purchasing a primary residence of \$500,000, or under. Partial exemption of transfer tax is applied if a purchase price is between \$500,000 and \$525,000.
- Purchase price of a newly built home is under \$750,000, and property lot is under 0.5 hectares.
- Must be Canadian citizen or permanent resident and residing in BC for minimum 12 months.

GST (Goods and Services Tax): Properties purchase from the developer are subject to GST. A purchaser of the newly built home should be satisfied as to how the GST is treated before signing the contract. A GST rebate may apply, so please inquire whether the rebate is assignable at the lawyer's office or if it is the sole responsibility of the purchaser to collect the rebate after completion.

Property Tax Adjustment: Depending on the municipality of the property, and tax balance at the time of purchase, the home's yearly property taxes may result in either a tax credit or debit. The solicitor will account for a reimbursement to either the seller or purchaser, compounded per diem.



Title Insurance: Home title insurance may be applicable, depending on the lender and the property being purchased. It mitigates losses associated with any claims that may challenge your interest in the title, and protects against title fraud, as well as survey and title defects or issues. There are two policy types, one that covers only the lender, and one that covers the lender and you the owner. It is a good idea to always choose the one that protects you as well. Your solicitor will review these options with you.

Property Inspection: An inspection is a thorough evaluation of the structure and components of a home; providing a much more comprehensive report than an appraisal. The report comments on the condition of, but not limited to: foundations, electrical, plumbing, heating, appliances, drainage, roof, floors, etc. An inspection is highly recommended and could vary in costs so be sure to confirm with the company you select prior to your appointment.

Insurance Binder: This is a lender requirement ensuring that the borrower has arranged sufficient insurance to cover any losses that may be incurred on the property. Proof of coverage by way of an insurance binder supplied by an insurance agent and should be confirmed with them at time of your request.



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