



UNDERSTANDING CLOSING COSTS

Before you take possession of your new home, you need to consider all the additional costs of obtaining your home. These are called closing costs. Generally estimated around 1 - 1.5% of the price of the home, these unavoidable costs are the last hurdle between you and home ownership.

MORTGAGE DEFAULT INSURANCE

This is a necessary expense for buyers who make a down payment of less than 20%. The cost of this insurance depends on the amount of your down payment and also specific details of your application. The premium ranges from between 0.5% all the way up to 6%. This premium is charged on the amount of the mortgage and can be added on to the mortgage balance.

HOME INSPECTION

Real Estate agents frequently counsel buyers to make an offer on a home conditional on the outcome of an independent home inspection. A home inspector looks for items that could affect the price and desirability of a home. The fee depends on the home's size, age and the amount of time it takes to do a thorough inspection. Approximate cost \$300-\$500.

APPRAISAL

An appraisal may be required to determine the market value of the property you are buying. In most cases, it is paid by you and can cost from \$275 and higher, depending on the appraisal company, the size of the property and its location.

HOUSE INSURANCE

Canadian law states that a homeowner must have fire insurance on his or her new property effective when he or she takes possession.

LEGAL FEES

A lawyer is vital to any home deal. He or she is responsible for research, handling documents, mediating with the seller's attorney, transfer of land title and much more. Approximate cost \$800-\$1,300.

TITLE INSURANCE

This protects you from any unpleasant revelations about your property's history that might crop up in the future. This insurance is obtained through your lawyer and is approximately \$200-\$250.

PREPAID BILLS

The seller may be entitled to reimbursement, from you, if they have prepaid bills (water, gas or hydro) or property taxes.

MOVING EXPENSES

Whether you're hiring professional movers or conscripting friends and family to lug boxes, you can expect an outlay of cash on moving day.

SERVICE ACTIVATION FEES

Once you move into your new dwelling, you'll inevitably have to pay activation fees for utilities such as phone, cable, gas and electricity.

FORWARDING YOUR MAIL

You've made a point of notifying the important people in your life -- family, friends, employers, the bank, the utilities, your credit card company -- of your new address. However, you're bound to forget someone. For a fee, Canada Post will forward mail sent to your old address to your new residence.



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