Closing costs

Budget for these 10 additional homeownership costs

You've saved enough for a down payment, determined how much mortgage you can afford, allocated funds to DIY your fixer-upper into move-in condition. The costs don't end there. Avoid shortfalls by being prepared for these additional expenditures.

1. Home Inspection

Average cost: $200 to $500 per inspection

2. Legal Fees

Average cost: $1,500+, including both fee and disbursements for title search fees, couriers and administration

3. Provincial Land Transfer Tax*

Average cost: Varies by property value. For example: a $500,000 home purchased in Ontario would incur land transfer tax of $6,475. **TIP:** First-time buyers in Ontario, B.C. and P.E.I. can apply for a rebate of up to $2,000.

4. Provincial Land Title Transfer Fee**

Average cost: Varies by province and property value. For example, a $365,000 home purchased in Calgary would incur a land transfer fee of $123, in Saskatchewan it would be $1,095.

THREE SURPRISE HOUSE COSTS

1. Utility deposits
2. Home inspection-mandated upgrades
3. Home maintenance equipment (i.e., lawn mower, snowblower, etc.)

THREE SURPRISE CONDO COSTS

1. Special assessment charges
2. Rent due to condo-build delays
3. Occupancy fees due to building-registration delays

5. Provincial Mortgage Registration Fee***

Average cost: Varies by province and mortgage amount. For example: on a $300,000 mortgage, expect to pay $110 in Alberta, and in Saskatchewan, $150 (a flat rate that will cover you for up to four mortgage titles.)

6. Mortgage Insurance****

Average cost: The premium on the total loan varies from 0.60% to 3.15%, depending on your percentage of loan-to-value and other features of your mortgage (the greater your down payment in relation to your home's cost, the lower the mortgage loan insurance premium).

7. Title Insurance

Average cost: Varies between houses and condos, and by property value: on a $500,000 house, expect an average cost of $325; for a $500,000 condo, expect just $150.

8. Adjustments on Seller's Prepaid Taxes or Utilities

Average cost: $400 to $700

9. Moving Expenses

Average cost: $1,500 to $5,000

10. Home Insurance

Average cost: $1,000 to $2,000 per year

* Alberta and Saskatchewan excluded

** Alberta and Saskatchewan only

*** Alberta and Saskatchewan only

**** Mandatory on high ratio mortgages (borrower's down payment is less than 20% of the home's purchase price)

Are you ready for homeownership?

Take this simple quiz to find out if you're ready to start your #FirstHome journey

Read each question and answer it honestly. Then read the tip below it to get you on track for homeownership.

Q. Are you familiar with the real estate market in your preferred neighbourhood?

○ Yes ○ No

TIP: Start perusing Realtor.ca well before your house hunt. You don't want any surprises when meeting a real estate agent and finding out homes in your preferred community are way out of your price range.

Q. Do you know how much you can afford to spend on your first home?

○ Yes ○ No

TIP: Determine how much you can afford. Estimate your mortgage using Genworth Canada's What Can I Afford? Calculator, which factors your income, debt and other expenses into mortgage and monthly payment amounts.

Q. Have you saved enough for at least a 5% down payment towards your first home?

○ Yes ○ No

TIP: Conventional mortgages require a down payment of 20% of the purchase price. With Genworth Canada mortgage insurance products, you can buy with as little as 5% down.

Q. Do you have a regular income source, whether you are salaried or self-employed?

○ Yes ○ No

TIP: Genworth Canada's Business For Self Program is geared at self-employed borrowers. If you've got a two year history of managing your credit and finances responsibly, you can qualify without traditional income verification.

Q. Do you have a credit history?

○ Yes ○ No

TIP: Lenders look at credit history to determine if someone is a reliable borrower. If you don't have a credit card, establish good credit by acquiring a credit card. Use it for small purchases and pay off the full balance each month.

Q. Do you have a healthy credit score?

○ Yes ○ No

TIP: Poor credit makes it harder to get mortgage approval. Always meet your monthly minimum payments on time, but don't stop there. Be aggressive about clearing your credit card debt, or at least bringing each credit card balance to under 35% of its credit limit. If you're recovering from bankruptcy, apply for a secured card to help re-establish a pattern of responsible borrowing.

Q. Have you got a handle on your consumer debt?

○ Yes ○ No

TIP: A high debt load could hinder your ability to meet your financial obligations. Your monthly debt repayments (housing, car, credit cards, lines of credit, etc.) should not exceed 40% of your household's gross monthly income. If you're carrying more than that, be aggressive about paying it down so you're set up for success when you start your homeownership journey.

House hunting checklist

Stay focused on the hunt with our convenient score sheets

GENERAL INFORMATION

Home 1 ______

Address

Asking price | Offer | Lot size

Home type | Square Footage | Occupancy Date

Bedrooms | # Bathrooms | Parking

Home 2 ______

Address

Asking price | Offer | Lot size

Home type | Square Footage | Occupancy Date

Bedrooms | # Bathrooms | Parking

$ ANNUAL COSTS

Home 1

Property taxes | Other (school taxes, condo fees, etc.)

Heating | Electricity | Water

Home 2

Property taxes | Other (school taxes, condo fees, etc.)

Heating | Electricity | Water

NEIGHBOURHOOD

Home 1

Condition of other homes
Bad Avg. Good

Desirability
Bad Avg. Good

Traffic
Bad Avg. Good

Noise
Bad Avg. Good

Pollution
Bad Avg. Good

Plans for future construction / developments

Location - Distance to:

Work
Bad Avg. Good

Shopping
Bad Avg. Good

Schools
Bad Avg. Good

Playgrounds
Bad Avg. Good

Public Transportation
Bad Avg. Good

Highways
Bad Avg. Good

Place of Worship
Bad Avg. Good

Home 2

Condition of other homes
Bad Avg. Good

Desirability
Bad Avg. Good

Traffic
Bad Avg. Good

Noise
Bad Avg. Good

Pollution
Bad Avg. Good

Plans for future construction / developments

Location - Distance to:

Work
Bad Avg. Good

Shopping
Bad Avg. Good

Schools
Bad Avg. Good

Playgrounds
Bad Avg. Good

Public Transportation
Bad Avg. Good

Highways
Bad Avg. Good

Place of Worship
Bad Avg. Good

House hunting checklist | Page 2

LOT

Home 1 ____________________

Landscaping

Fencing

type / condition

Patio / Terrace / Deck

Special Features

e.g. pool, tennis

EXTERIOR

Finish

☐ Brick ☐ Siding
☐ Wood ☐ Stucco

Bad Avg. Good

Foundation

Bad Avg. Good

Roof

Bad Avg. Good

Windows

Bad Avg. Good

Doors

Bad Avg. Good

Driveway

type

Garage

INTERIOR

Impression

Bad Avg. Good

Floors

Bad Avg. Good

Walls & Ceilings

Bad Avg. Good

Lighting

Bad Avg. Good

Living Room

Dining Room

Kitchen

type / appliances / cupboard space

Master Bedroom

size / features

Other Bedrooms

/ sizes / storage

Bathrooms

/ type / locations

Basement

condition / status

Other Features

e.g. air conditioning, fireplace

Heating System

type

Electric System

amps / wiring

Home 2 ____________________

Landscaping

Fencing

type / condition

Patio / Terrace / Deck

Special Features

e.g. pool, tennis

Finish

☐ Brick ☐ Siding
☐ Wood ☐ Stucco

Bad Avg. Good

Foundation

Bad Avg. Good

Roof

Bad Avg. Good

Windows

Bad Avg. Good

Doors

Bad Avg. Good

Driveway

type

Garage

Impression

Bad Avg. Good

Floors

Bad Avg. Good

Walls & Ceilings

Bad Avg. Good

Lighting

Bad Avg. Good

Living Room

Dining Room

Kitchen

type / appliances / cupboard space

Master Bedroom

size / features

Other Bedrooms

/ sizes / storage

Bathrooms

/ type / locations

Basement

condition / status

Other Features

e.g. air conditioning, fireplace

Heating System

type

Electric System

amps / wiring

Team building

Meet the pros who'll help you buy your #FirstHome

Thinking about purchasing your first home? Now's the time to start assembling your real estate team. These are the professionals whose expert knowledge will help focus your house hunt, seal the deal and get you the keys to your first home.

PRO: REALTOR® or real estate agent

Pro skills: From background intel on neighbourhoods to the lowdown on brand-new listings, they will help you zero in on homes, set up viewings and walk you through each one. Once you're ready to make an offer, they'll negotiate for you and draft your offer to purchase.

Pro tip: Consider whether you want a one-on-one relationship with a specific REALTOR® or real estate agent or would prefer the efficiency of a multi-salesperson REALTOR® team.

PRO: Mortgage specialist or broker

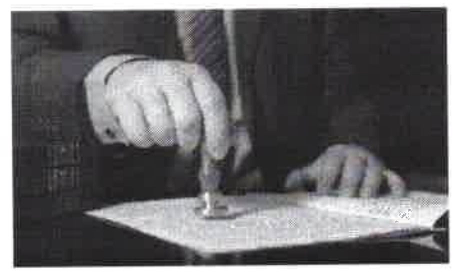
Pro skills: With their expertise in different mortgage options, these financial experts determine how much home you can afford and prepare your loan documents.

Pro tip: A mortgage specialist works for a lending institution, while an independent mortgage broker is unaffiliated with any one lender. Mortgage specialists can bundle your mortgage with other products (i.e.,car loan, line of credit) from their bank or credit union, while mortgage brokers focus solely on mortgages from a variety of different lenders.

PRO: Home inspector

Pro skills: These home experts can save you money and stress by identifying significant problems in a property. These issues may warrant revising your offer – or to rescind it altogether.

Pro tip: There is no national certification or accreditation organization for this profession, so ask local friends, colleagues or your REALTOR® or real estate agent for recommendations.



PRO: Real estate lawyer or notary

Pro skills: Real estate lawyers (or notaries, in Quebec) will review the purchase agreement, help negotiate any modifications, prepare the closing documents, do crucial research on the property and liens; fact-check legal descriptions of the building and lot; and collect, hold in trust and disburse fees associated with buying a property. Your lawyer ensures that everything from the down payment to the taxes to the mortgage funds gets paid out appropriately.

Pro tip: Find a real estate lawyer or notary with expertise in your home type, whether it's a condo, freehold property or detached house. Legal issues vary between each housing type.

Getting a Mortgage Pre-Approval

If you are looking for a new home, be sure you are pre-approved. With a mortgage pre-approval, a licensed mortgage professional can do a more complete verification prior to sending you shopping for a home, and with that done, the dollar figure you are going shopping with is actually what you can spend.

The mortgage professional that you work with to get pre-approved will let you know for certain what you can afford based on lender and insurer criteria, and what your payments on a specific mortgage will be.

Licensed mortgage professionals can lock-in an interest rate for you for anywhere from 60 – 120 days while you shop for your perfect home. By locking in an interest rate, you are guaranteed to get a mortgage for at least that rate or better. If interest rates drop, your locked-in rate will drop as well. However, if the interest rates go up, your locked-in interest rate will not, ensuring you get the best rate throughout the mortgage pre-approval process.

In order to get pre-approved for a mortgage, a mortgage professional requires a short list of information that will allow them to determine your buying power. A mortgage professional will explain to you the benefits of shorter or longer mortgage terms, the latest programs available, which mortgage products they believe will most likely meet your needs the best, plus they will review all of the other costs involved with purchasing a home.

Getting pre-approved for a mortgage is something every potential home buyer should do before going shopping for a new home. A pre-approval will give you the confidence of knowing that financing is available, and it can put you in a very positive negotiation position against other home buyers who aren't pre-approved.

How to Determine the Best Mortgage Term

Choosing the mortgage term that is right for you can be a challenging proposition for even the savviest of homebuyers. By understanding mortgage terms and what they mean in dollars and sense, you can save the most money and choose the term that is right for you.

The first consideration when comparing various mortgage terms is to understand that a longer term generally means a higher corresponding interest rate. And, a shorter term generally means a lower corresponding interest rate. While this generalization might lead you to believe that a shorter term is always the preferred option, this is not always the case. Sometimes there are other factors, either in the financial markets or in your own life, which you will also have to take into consideration when you select your mortgage term length.

If paying your mortgage each month places you close to the financial edge of your comfort zone, you may want to opt for a longer term mortgage, for instance ten years, so that you can ensure that you will be able to afford your mortgage payments should the interest rates increase. By the end of a ten year mortgage term, most buyers are in a better financial situation, have a lower principle balance due, and should interest rates have risen, will be able to afford higher mortgage payments.

If you are shopping for a mortgage for an investment property, you will likely want to consider choosing a longer mortgage term. This will allow you to know that the mortgage payments on the property will be steady for a long time and allow you to more accurately project your future income from the property.

Choosing the right mortgage term is a unique decision for each individual. By understanding your personal financial situation and your tolerance for risk, a mortgage professional can assist you in choosing the mortgage term which will work the best.

<HEADLINE>
Advice for credit challenged clients

<BODY>
In today's economic climate of tighter credit requirements and increased unemployment rates taking their toll on some Canadians, there's no doubt that many people may not fit into the traditional banks' financing boxes as easily as they may have just a year ago.

Your best solution is to consult your mortgage professional to determine whether your situation can be quickly repaired or if you face a longer road to credit recovery. Either way, there are solutions to every problem.

Mortgage professionals who are experts in the credit repair niche can help credit challenged clients improve their situations via a number of routes. And if the situation is beyond the expertise of a mortgage professional, they can help you get in touch with other professionals, including credit counsellors and bankruptcy trustees.

If you have some equity built up in your home and still have a manageable credit score, for instance, you can often refinance your mortgage and use that money to pay off high-interest credit card debt. By clearing up this debt, you are freeing up more cash flow each month.

In the current lending environment, with interest rates at an all-time low, now is an ideal time for you to refinance your mortgage and possibly save thousands of dollars per year, enabling you to pay more money per month towards the principal on your mortgage as opposed to the interest – which, in turn, can help build equity quicker.

Following are five steps you can use to help attain a speedy credit score boost:

1) Pay down credit cards. The number one way to increase your credit score is to pay down your credit cards so you're only using 30% of your limits. Revolving credit like credit cards seems to have a more significant impact on credit scores than car loans, lines of credit, and so on.

2) Limit the use of credit cards. Racking up a large amount and then paying it off in monthly instalments can hurt your credit score. If there is a balance at the end of the month, this affects your score – credit formulas don't take into account the fact that you may have paid the balance off the next month.

3) Check credit limits. If your lender is slower at reporting monthly transactions, this can have a significant impact on how other lenders may view your file. Ensure everything's up to date as old bills that have been paid can come back to haunt you.

Some financial institutions don't even report your maximum limits. As such, the credit bureau is left to only use the balance that's on hand. The problem is, if you consistently charge the same amount each month – say $1,000 to $1,500 – it may appear to the credit-scoring agencies that you're regularly maxing out your cards.

The best bet is to pay your balances down or off before your statement periods close.

4) Keep old cards. Older credit is better credit. If you stop using older credit cards, the issuers may stop updating your accounts. As such, the cards can lose their weight in the credit formula and, therefore, may not be as valuable – even though you have had the cards for a long time. You should use these cards periodically and then pay them off.

5) Don't let mistakes build up. You should always dispute any mistakes or situations that may harm your score. If, for instance, a cell phone bill is incorrect and the company will not amend it, you can dispute this by making the credit bureau aware of the situation.

If, however, you have repeatedly missed payments on your credit cards, you may not be in a situation where refinancing or quickly boosting your credit score will be possible. Depending on the severity of your situation – and the reasons behind the delinquencies, including job loss, divorce, illness, and so on – your Mortgage Centres Canada mortgage professional can help you address the concerns through a variety of means and even refer you to other professionals to help get your credit situation in check.

<HEADLINE>
Budgeting Towards Homeownership

<BODY>
Transitioning from renter to homeowner is one of the biggest decisions you'll make throughout your lifetime. It can also be a stressful experience if you don't plan ahead by building a budget and saving prior to embarking upon homeownership.

Budgeting is a core ingredient that helps alleviate the stress associated with money issues that can sometimes arise if you purchase a home without knowing all of the associated costs – including down payment, closing expenses, ongoing maintenance, taxes and utilities.

The trouble is, many first-time homeowners fail to carefully think about their finances, plan a budget or set savings aside. And in this society of instant gratification, money problems can quickly escalate.

The key is to create a realistic budget based on your goals. Track your spending and make your dollars go further by sticking to your budget once it's in place. Budgeting offers a step-by-step formula for figuring out how to best save your hard-earned money to invest in homeownership.

Start by listing your household income, then your household expenses, and review your spending habits. All of this can be done on a pad of paper or on a computer spreadsheet.

Keeping receipts for everything that you purchase will enable you to accurately keep track of where your money is going each month so that you can review and make necessary changes to your plan on an ongoing basis.

Examine all areas of your life from entertainment to the type of food you buy, where you buy your food and clothes, and how and where you travel. Also look at your spending personality and make necessary adjustments. Are you a saver, a splurger, a spontaneous shopper or a hoarder? Become smarter with your money and avoid impulse buying.

If you find you're spending a lot of money in one area, such as entertainment for instance, set aside a reasonable amount each month and prepare to stop spending money in this area once your budget has been exhausted.

Budgeting provides you with the opportunity to re-evaluate your needs and wants. Do you really need the magazine subscriptions, the gym membership and all the other things you may spend money on each month? Although everyone needs some "me time" to wind down, could you not get that by taking a walk or reading a good book you borrowed from the library?

If you can set your budget solidly in place before you head out home or mortgage shopping, you will be far more prepared to purchase your first home.

Following are three top tips to help you prepare for the purchase of your first home:

1. **Set up a savings account.** You can deposit a predetermined amount into this account each pay period that you will not touch unless it's absolutely necessary. This will enable you to put money aside for a down payment and cover closing costs, as well as address ongoing homeownership expenses such as maintenance, taxes and utilities.

2. **Save up for big-ticket items.** As you accumulate money in your savings account, you will be able to also save for specific purchases to help furnish your home – avoiding the buy now, pay later mentality, which can have a negative impact on your credit when you're seeking mortgage financing.

3. **Surround yourself with a team of professionals.** When you're getting ready to make your first home purchase, enlist the services of a licensed mortgage professional and a real estate agent. These experts are invaluable to you as you set out on the road to homeownership because they help first-time buyers through the home purchase and financing processes every day. They will be able to answer all of your questions and set your mind at ease. A mortgage professional has access to multiple lenders, and can help you get pre-approved for a mortgage so you know exactly what you can afford to spend on a home before you head out house hunting, while a real estate agent will be able to match your needs with a house you can afford. Both parties will negotiate on your behalf to ensure you get the best bang for your buck. And, best of all, these services are typically free. They will also be able to refer you to other reputable professionals you may need for your home purchase, including a real estate lawyer and home appraiser.

<HEADLINE>
Moving to Canada? Plan Ahead for Homeownership

<BODY>
If you have a job awaiting you on Canadian soil, it's possible to also secure the purchase of a home if you plan ahead and connect with professionals before you even begin packing.

The main reason you'll want to get in touch with the right professionals before you start to pack is to find out what important paperwork you'll need to set aside to ensure smooth sailing through the home financing and purchasing processes.

Your first step should be to get in touch with an experienced mortgage professional. In doing so, you can set the home financing process in motion by securing a mortgage rate guarantee and pre-approval, and figuring out what supporting paperwork you need to provide to purchase a home in Canada.

The services of mortgage professionals are typically free – they are paid by lenders for bringing in new business. Mortgage professionals have access to multiple lenders – including banks, credit unions and trust companies – where they can compare products and rates, and find the ideal mortgage to meet your unique needs.

In most cases, Canadian mortgage lenders and insurers want to see employment letters that prove your offer of employment and salary in Canada. You must also have at least a 5% down payment for the home from your own resources – which means it has to be your own money, not borrowed or gifted. So, for instance, if you're selling your home in another country and using some of the proceeds as a down payment on a home in Canada, you must be able to prove this.

Lenders and insurers also want to see that you have a solid credit history. Although requirements for this proof varies based on which insurer and lender your mortgage is funded through, your mortgage professional will be able to tell you exactly what documents you'll need to provide. Often, an international credit bureau is sufficient to prove your credit history. If this is not available, you can also provide 12 months' worth of bank statements, mortgage or rental payment receipts, utility or telephone bills, and so on. Again, there are several options from which to choose and your mortgage professional will be able to specifically tell you what a particular lender and insurer want to see.

You must also apply for landed immigrant status to get the ball rolling on securing your social insurance number (SIN), which is required before you begin working in Canada.

By securing mortgage financing prior to moving to Canada, all you have to do when you arrive is find a home. This will be an easier task when you already know exactly how much you can spend thanks to your pre-approval.

And since your mortgage professional can put you in touch with a trusted real estate agent prior to your move, you will also be able to research homes before you arrive in Canada. Again, real estate agents do not typically charge a fee to find you a home to purchase.

By planning ahead before making your move, you truly can save yourself a lot of hassle and stress when it comes to securing mortgage financing and purchasing a home.

And if you're already living in Canada, many of the available New to Canada mortgage products apply to new immigrants who have been in the country for up to 36 months.

<SIDEBAR>
Paperwork to gather/set aside before packing:

- Proof of employment and salary in Canada
- Proof of at least 5% down payment from your own sources
- Government proof of residency application
- Copy of your immigration papers
- Copy of your passport
- Credit report
- Mortgage or rental payment receipts for the past 12 months
- Bank statements for the past 12 months
- Utility and phone bill payments for the past 12 months