

# Mortgage Information

## What can a mortgage specialist do for you?

Buying a home is probably one of the largest investments you'll ever make. That's why a mortgage specialists will help you make your dreams a reality.

A mortgage specialists will guide you through your purchase - whether you are buying your first home, your second home or refinancing.

They'll look at your purchase from every angle to help you choose the best mortgage for your financial situation and your goals. A mortgage customized with the right combination of options and features.

Mortgage specialists are aware of ever-changing market conditions. They have extensive knowledge of the various options Banks offer.

They can help you find ways to pay down your mortgage as quickly as possible, and a full range of flexible prepayment options.

Mortgage specialists are committed to making your dreams a reality. They can offer you valuable assistance with things like home appraisals, realtors, lawyers and anything else that has to do with the purchase of your home.

When it's time to renew, they are there to guide you through the entire process. If you're refinancing, they'll help you determine what the best option is for you - exploring all the possibilities available, or your home as equity to purchase another property.

## Building Your Team

Take the stress out of buying your home by surrounding yourself with a team of experienced home-buying experts. In addition to the Mortgage Specialist, you'll want to add the following professionals.

- A realtor
- A lawyer or notary
- A home inspector (if you plan to buy a resale home)

## Your realtor

It is not mandatory to use the services of a realtor when buying or selling real estate, but it is generally advisable to do so. Having your own realtor ensures that you have someone on your team looking out for your best interests during negotiations. Keep these tips in mind when choosing your realtor -

- Ask friends and relatives for referrals
- Be sure that you feel comfortable with the individual you choose -- you may be spending a lot of time together
- Look for someone with experience locating homes in your desired neighbourhood and price range
- Make sure your realtor has a good understanding of your needs before you start house hunting

## **Your lawyer or notary**

When the time comes to make an offer on a home, you'll want to have your lawyer or notary review it. They will help to ensure that the offer includes all of the necessary information including, among other details, the following -

- The proposed purchase price
- A list of items (called chattels and fixtures) included in the sale
- Any conditions you may need to protect yourself, such as subject-to-financing and/or home inspection clauses
- The closing date for the sale of the property  
Your home inspector A clean bill of health from a qualified home inspector can provide a great deal of comfort when buying a resale home.

## **A home inspection provides**

- A detailed assessment of a home's current mechanical and structural strengths and weaknesses
- A list of potential repairs that may need to be made
- A reasonable prediction about when repairs should be made

A good home inspection report can help you purchase a better-quality home and lead to greater enjoyment and satisfaction.

## **Arranging your mortgage**

Congratulations. You've found your new home and it's time to finalize the deal.

### **Finalizing your mortgage**

Here's a list of the documentation you will need to bring with you when you meet with your Mortgage Specialist -

- Confirmation of income or employment earnings -- a signed letter from an employer for salaried employees or three years of tax assessments for commissioned or self-employed individuals
- Current banking information · Evidence of your down payment amount

- A list of assets, including property and vehicles
- List of liabilities, such as credit card balances, car loans, the total amount you owe and your monthly payments · Survey of property
- Address and contact information for your lawyer or notary · A copy of the agreement of purchase and sale
- A copy of the MLS listing, which contains property details and photo, if applicable
- Contract and building plans, if you are having a home built

## **Closing Costs**

Closing costs are the legal and administrative fees and disbursements associated with buying your home. Understanding each one will help you budget more accurately and lead to a more comfortable home-buying experience.

- CMHC or GEMICO insurance
- Land transfer taxes
- Legal/Notary fees
- Fire insurance

## **CMHC or GEMICO insurance**

A conventional mortgage is a loan for no more than 75% of the appraised value or purchase price of the property, whichever is less. The remaining amount required for a purchase (25%) comes from your resources and is referred to as the down payment. If you have to borrow more than 75% of the money you need, you'll be applying for what is called a high-ratio mortgage.

### **Here's how it works:**

You must have at least a 5% down payment when you buy a home (or you purchase with \$00 down payment at posted rate ( no rate discount) 5 year term only. Any purchase where the down payment is between 5% and 24% is considered a high-ratio mortgage, and the mortgage must be insured by the Canada Mortgage and Housing Corporation (CMHC) or GE Capital Mortgage Insurance Company (GEMICO). The insurer will charge a fee for this insurance. The amount of the fee will depend on the amount you are borrowing and the percentage of your own down payment. Typical fees range from 1.00% to 3.25% of the principal amount of your mortgage. This amount can be paid up front or added to the principal portion of your mortgage. A Mortgage Specialist can help you determine the exact amount.

## **Land transfer taxes**

Most provinces levy a one-time tax when you buy a home (subject to change). The tax is based on a percentage of the purchase price of the property, and varies from province to province. In Ontario, for example, the rate is ½% on the first \$55,000 of the purchase price, 1% on the next \$195,000, 1.5% on the next \$150,000 and 2% on the remainder.

## **Legal/notary fees**

You should be represented by a lawyer or notary during the purchase and mortgaging of the property, and you are responsible for paying the lawyer's or notary's fees and disbursements.

## **Fire insurance**

You are required by the mortgage lender to have fire insurance effective at the time you legally take possession of your new home. Some insurance companies may demand proof of a home inspection or may not insure certain types of dwellings. Make sure that you enlist your insurance agent early.

## **MIKE PALACIO**

### **MORTGAGE BROKER**

Definitve – Verico

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