

How much are your purchase costs?

It's easy to count your available cash, but remember that all of these cash savings cannot be used as your down payment. There are last-minute costs such as taxes, legal fees, appraisal fees, moving expenses and house insurance to pay before you are finally in your new home.

The time to budget for those "end" expenses is NOW. You must be prepared to pay most, and perhaps all, of the following closing costs. You may want to ask Terry which of the following may apply to you?

Taxes & Fees

Property Purchase Tax: The British Columbia Provincial Government imposes a property purchase tax, which must be paid before any property can be legally transferred to a new owner. The tax is 1% on the first \$200,000 of the property value and 2% on any value over \$200,000. Ask us about the special regulations for first time buyers in B.C.

Goods & Services Tax: If you purchase a newly constructed home, you may be subject to a 7% GST on the purchase price. However, if the home is under \$350,000, and this is your principal residence, a rebate will reduce the GST paid to 4.48% of the purchase price. If the price is over \$350,000 the net GST to be paid increases gradually until it is a full 7% at amounts over \$450,000.

Property Tax: If the current owners have already paid the full year's property taxes to the municipality, you will have to reimburse them for your share of the year's taxes. Property taxes are calculated from January to December and are paid at the end of June.

Appraisal Fee: When the lending institution requires an appraisal of the property before approving your loan, it may be your responsibility to pay the appraiser's fee.

Survey Fee: The lending institution may also require that a survey certificate be presented to them. The purpose of the survey is to formally establish the boundaries of the property and to ensure that all buildings are within those boundaries. If the current owner cannot provide a recent survey certificate, it will be your responsibility to pay the surveyor's fee. You may be able to obtain a copy from city hall for a small fee.

Mortgage Application Fee: Lending institutions may charge a mortgage application fee. This application fee may vary between lending institutions.

Mortgage Default Insurance (CMHC premium): This type of insurance is required on all mortgage loans in excess of 75% of the appraised property value. Its purpose is to insure that the **lender** will not lose any money if you cannot make your mortgage payments and the value of your property is not sufficient to repay your mortgage debt. The insurance premium is paid to the lender and ranges from ½% to 3.75% of the loan value; however, in most cases this premium is added to the loan amount, and paid for over the term of the loan.

Interest Adjustment: This is payable to the lending institution you get your mortgage from, and is an interest only charge, for the use of the full mortgage proceeds. This is calculated from the date of completion to the end of the month. Once you start your first full month, your regular mortgage payment starts, and is then payable at the beginning of the 2nd month if you are paying by the month.

Life & Disability Mortgage Insurance: At your option, you may purchase insurance that will ensure that your outstanding mortgage balance is paid if you die or become disabled.

Fire & Liability Insurance: The mortgage lender will insist that you purchase an insurance policy, which guarantees that, in the event of fire, the lender will receive the balance owing on the mortgage loan before you receive any insurance proceeds.

Legal Fees: The transfer of property ownership from the seller to the buyer must be recorded in the Land Title Office in order to protect the new owner's interests. You will probably want to engage a lawyer or notary public to act on your behalf during the completion of your purchase. The legal fees for this service will include payment of a registration fee. If you are financing your purchase with a new mortgage loan, there will be a further fee to prepare and register the mortgage documents.

Do you need a list of legal counsellors who specialize in real estate? Contact TerryMarion@telus.net

Other Last-Minute Costs- Don't forget to set some money aside for:

- Home inspection fees
- Moving expenses
- Deposits required by utility companies
- Household goods: kitchen appliances, garden equipment, garbage cans, tools, window coverings, etc.
- Redecorating or renovations

Searching For A Home With Terry: Now it's time to start searching for your next home. Together we will discuss and assess your needs so that we can create an action plan, which will lead you to your goal of obtaining the right home or property for your needs.

Each house is unique. Keep some notes to enable you to remember the details later! Terry will discuss these issues together once we have walked through the home. Contact Terry if there is a home that you are interested in walking through? Contact Terry now!

Other Things To Consider: Hire A Professional Home Inspector To Give You A Report. Please remember that it is ultimately YOUR responsibility to ensure all of your questions have been answered to your satisfaction since it could potentially be your future home.

Other questions you should ask?

Is A Property Condition Disclosure Statement Available?

In British Columbia, sellers may be asked to complete a Property Disclosure Statement in a prescribed form. This statement provides information about the state of the property to all potential purchasers. It is a good idea to peruse this document carefully as it may provide pertinent information about the condition of a potential home.

What is the zoning on this property?

The local government establishes the zoning of a property. Zoning sets the type of buildings, which may be built on any particular piece of property and how those buildings may be used: single-family residential, duplexes, multi-family residential, commercial, or industrial. You may also wish to ask about the zoning on the surrounding properties to determine if, for instance, a factory or a park could suddenly appear nearby. You should contact the municipality because they have this type of information.

Are there any restrictive covenants?

A restrictive covenant places a specific limitation on the owner's use or occupancy of property. Such things as a prohibited type of exterior finish, the minimum size of the structure, or the maximum height of the structure are only a few examples of the type of restrictive covenant you may encounter. The act of purchasing a property that has a restrictive covenant compels you to abide by it.

Are there any easements?

An easement is a right or privilege one party has to use the land of another for a special purpose. Examples are: easements given to telephone and electric companies to erect poles and run lines over private property, easements given to people to drive or walk across someone else's land and easements given to gas and water companies to run pipelines to serve their customers.

Is a copy of a Title search available?

A copy of the State of Title will allow you to see who is registered as the current owner of the property and if there are any registered mortgages, easements, restrictive covenants, right of ways, etc., which may affect the use or value of the property.

How much are the property taxes?

The amount of property taxes payable will figure in the calculation of how much money you can borrow to finance your purchase.

Fixtures or Chattels

Is the fireplace insert a fixture?

Things contained in a building or on the land are classified as either fixtures or chattels. The difference between a fixture and a chattel is very important to you because fixtures stay with the property when it is sold, but chattels depart with the owner. If you see an attractive fireplace insert, a "Murphy bed" in the spare bedroom closet, a vacuum canister in the utility or custom window blinds which you think should stay, but are not certain if the seller agrees, ASK Terry if it is included. NEVER ASSUME ANYTHING. Let's include it specifically on an offer to purchase.

For assistance in buying a home please contact:

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Realtor

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