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We have access to the widest variety of lenders - to find the right solution for you.

We are experts at helping you achieve your home ownership dreams. Access your best options! REFERRALS WELCOME!

10 Closing Costs for Homebuyers

The Journey to homeownership is an exciting one and being prepared for the costs that can arise, beyond just the down payment will help make it an easier, and less stressful journey. Like, did you know that ahead of taking possession of your home, you're responsible for covering the closing costs?

Closing costs include all legal and administrative expenses you'll be responsible for paying in order to finalize the sale of your home. It's important to include these costs in your budget because they often can't be rolled into your mortgage payments. Closing costs can range anywhere from one to four percent of the actual home's price, depending on the specific property you plan to purchase. As a safe bet, set aside five percent of the purchase price as a buffer to cover these expenses. Any extra funds can then be allocated to help furnish and decorate your new home!

Here are 10 common closing costs to help you calculate your expenses and better prepare for your purchase:

1 Land Transfer Tax

Whenever you buy property, you must pay a Land Transfer Tax (LTT). The LTT is a provincial tax that all provinces have, except Alberta and Saskatchewan, who instead levy a small fee. The amount you pay depends on the province you live in and the value of your new home. Rates typically range between 0.5% and 2% of the home's value. This can add thousands of dollars to your purchase price. As a first-time buyer you're eligible for rebates on your LTT in Ontario, British Columbia and PEI.

2 Appraisal Fee

Your lender may ask you to have the home appraised to confirm its market value. An appraisal is an unbiased estimate on the value of your home that certifies the property's resale value to the lender in case you default on your mortgage.

3 Legal Fees and Disbursements

A lawyer or notary will help protect your interests by reviewing your purchase agreement, searching the property title and ensuring that all documents are completed properly in order to help you close on your new home. The amount of the fee will depend on the individual that you use, as well as your location.

4 Home Insurance

Your lender will require proof that the property is insured in case of fire and other damage. Insurance costs vary widely, depending on the coverage needed and the chosen deductible. Be sure to get multiple quotes to find a competitive rate. You may also benefit from bundling policies together, including your automobile insurance.

5 Home Inspection

While not mandatory, a home inspection is a wise investment. A professional inspector will offer an objective visual examination of the physical structure and systems within a house, ensuring you're making a wise purchase by outlining recommended repairs based on urgency.

6 GST

Tax is only charged on new homes. But, if the home you're purchasing is less than \$450,000 and will be your primary residence, you may be eligible for a partial rebate. Contact your lawyer or notary for full details.

7 Statement of Adjustments

Your lawyer or notary will calculate and prepare a statement of adjustments for your portion owing on utilities, property taxes and other bills based on where your closing date falls within the month/ payment cycle.

8 Mortgage Default Insurance

When you make a down payment of less than 20%, it is a regulatory requirement that your mortgage be insured against default with a mortgage insurer. This insurance protects the lender in case of default, and the cost is passed on to the buyer. You can roll this insurance cost into your mortgage, but the tax is due at closing.

9 Title Insurance

Most lenders require title insurance to protect you against fraud and problems with your property title or survey. This is purchased through your lawyer or notary.

10 Moving Expenses

Finally, don't forget the cost of hiring professional movers. Vet your moving company carefully!



This quick reference guide is provided to the representing real estate brokerage on behalf of Integrity Tree Financial.

It is intended to provide first time home buyers with insight as to what monthly expense they can expect from a 5-year, \$500,000 mortgage, amortized over 25 years.

The rates shown do **not** reflect current available rates which can change daily. Please call or email Mortgage Agent Jon Williams for further information.

Rate	High Ratio *	Conventional
1.6%	\$2,082.66	\$2,022.00
2.0%	\$2,180.77	\$2,117.26
2.5%	\$2,307.03	\$2,239.83

*High Ratio – A mortgage in which the buyer places a deposit of less than 20% of the properties total value. This will lead to the buyer paying mortgage insurance, resulting in higher payments.

The following two documents list all the documentation that a lender will require, prior to approving financing. It is prudent to begin collating this documentation as early as possible.

Prepared by:

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PURCHASE Mortgage Document Checklist

Congratulations on buying a new home! Certain documents are required to complete the transaction. By taking a moment to ensure that you have all the documents on this list, you'll help us to finalize your mortgage faster.

Information that describes the property you are buying:

- Purchase and sale agreement
- Full MLS listing from realtor

Confirmation of your down payment:

- Savings or investments statement for the last 90 days
- Sale of an existing property — a copy of the sale agreement
- Gift letter
- Withdrawal from RRSP under Home Buyer's Plan, if applicable

Assets:

- Balances in saving and checking accounts
- RRSP and or investment balances
- Mutual funds and or stocks

Employment and income verification:

- Copy of latest pay slip
- Letter of employment. The job letter must contain the following:
 - The weekly average hours worked
 - The hourly rate
 - Year-to-date earnings
 - Employment tenure
 - Applicant's position
 - Must be on company letter head
 - Signed by Owner or Human Resources
- 2 Years recent T4(s)
- 2 Years recent T1 General(s)
- 2 Years recent Notice(s) of Assessment (NOA)
- Other income
 - Legal agreements to support a spousal or child support payment
 - Other compensation (disability pension, rental income, etc.)



Self-employed Income. *(For conventional mortgages, a minimum 2 year history of self-employed earnings is required):*

- 2 Years financial statements that were prepared by a professional, accredited accountant.
- 2 Years recent T1 Generals
- 2 Years Notice(s) of Assessment (NOA)
- 6 Months business bank statements
- Articles of Incorporation and or Master Business License

Commission Income. *(For conventional mortgages, an average of 2 years income is used to qualify.)*

- A letter from the employer that outlines the terms of the commission paid and the length of employment
- Year to date pay stub
- 2 years T4's

Small Businesses / Partnerships.

- 2 Years recent T1 Generals
- 2 Years Notice(s) of Assessment (NOA)
- 6 Months business bank statements
- Articles of Incorporation and or Master Business License

Rental Income.

- Verified by a signed lease agreement.
- T1 Generals and/or Bank Statements might be requested as an additional form of confirmation
- If the property is not yet rented, the appraisal report including the "schedule A", indicating market rents for the subject property, is acceptable.

Other information we may require

- Void cheque
- Name, address, telephone number of your solicitor/notary