

Home Financing Made Easy Part Three

By Bruce Smith



Buying a home could possibly be the biggest investment you'll ever make. Your ability to position yourself for the best mortgage will help you pay down this investment early and assist you in becoming mortgage free. In Part Three of "Home Financing Made Easy," we cover the topics of "Information Required at the time of Application" and "Additional Costs Associated with Buying a Home." If you missed [Part One click here](#) or [Part Two click here](#).

Information Required at the Time of Application

Good preparation means assembling all the documentation you may require to present to your mortgage broker at the time the application, or at some point subsequent to the initial meeting. In today's environment, many applications are done online so scanned or faxed documents are acceptable. The most commonly requested documents are as follows:

- Proof of person, photo ID, and social insurance number
- Proof of income, employment letter, recent pay stub, three years tax notice of assessment
- A list of assets and liabilities
- Statement of mortgage(s) on a current home
- Proof of down payment, three months of bank statements, gift letter
- A voided cheque
- Lawyer's information

Additional Costs Associated with Buying a Home

There are four different categories of home buying expenses outside of the mortgage.

1. **The down payment:** Paid at closing this amount will be whatever you agree to with the lender. There are \$0 down and "cash back" options available to those who qualify.

2. **Closing cost:** Paid at closing, these include land transfer tax, legal fees, interest or property tax adjustments, lender fees, and legal disbursements. Lenders typically require you set aside 1.5% of the purchase price of the home to cover these costs.
3. **Mortgage insurance premiums:** Purchases with a down payment less than 25% require mortgage insurance. This insurance cost is added directly to the mortgage amount so there is no immediate payout required.
4. **Pre-closing expenses:** Paid prior to the closing, some of these expenses may apply:
 - Appraisal \$250 to \$450 if required by the lender.
 - Home inspection, \$300 to \$500. Optional, but recommended, so you're aware of any potential problems with your home.
 - Deposit money at the time of offer; \$100 to \$10,000, held in trust and credited toward your down payment at close.
 - Other information that may be requested, such as surveys or water samples, etc., may have additional costs associated with them.

Bruce Smith is a consultant with Future Group Mortgages and brings more than 20 years of business enterprise development and funding solutions, through an innovative and effective results driven approach. Bruce holds a Bachelor of Business Management Degree, double majoring in accounting/finance and enterprise development. Future Group Mortgages arranges residential, commercial, and construction mortgages. Contact Bruce at 519.649.2502 ext 3 or bsmith@futuregroup.ca.