

HOMEBUYING STEP BY STEP

A Consumer Guide and Workbook





CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable housing solutions that will continue to create vibrant and healthy communities and cities across the country.

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A Consumer Guide and Workbook

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Introduction

So, you've finally decided to fulfill a lifelong dream and buy your own home... how exciting! You will finally have a place to call your own, and the power to make decisions about home improvement and renovations. A home may also be an important way for you to grow financially.

Buying a home can be a challenge. You'll have to deal with many different people along the way. And, you're sure to have lots of questions, such as:

- What should I ask my realtor?
- What kind of questions should I prepare for my lender?
- What is the difference between an appraisal and an inspection report?
- Can I add renovation costs to my mortgage?
- Where can I find information that I can trust?

CMHC's *Homebuying Step by Step* guide will make things easier for you by giving you the information and tools you need to make an informed and responsible homebuying decision. This hands-on workbook provides examples and worksheets to guide you through the entire homebuying process.

The information in this guide is clear and straightforward. It will help you know who to ask, what to ask, and what to do every step of the way. When preparing to buy a home you may read or hear words that are unfamiliar. At the end of this guide you will find definitions for many of the words you encounter during the process.

This guide will help make your homebuying experience exciting and rewarding – which it should be!



@ Home with CMHC

Our e-newsletter is your ultimate source for dependable home care advice.

Check out some of the past issues and sign up today at www.cmhc.ca/enewsletters.



STEP 1

Is homeownership
right for you?

Homebuying STEP BY STEP

Buying a home is one of the biggest emotional and financial decisions you'll ever make. Prepare by learning about the process of homebuying and the responsibilities of homeownership. The differences between renting and buying a home are vast, and there's a long list of pros and cons for both options. And, remember – there is no one best decision for everyone. Before moving forward, though, here are some questions to consider:

- Do you have the necessary financial management skills?
- How financially stable are you?
- Are you ready to take on the responsibility of all the costs involved in homeownership, including mortgage payments, repairs, and maintenance?
- Are you able to devote the time required for home maintenance?

There are pros and cons for both renting and buying. Everyone must make his or her own best decision. Buying a home is not for everyone. Take a moment to think through the advantages and disadvantages of both owning and renting. Use this worksheet to guide you.

Advantages of Renting	Disadvantages of Renting
Advantages of Owning	Disadvantages of Owning

Read over your completed worksheet and then think carefully. Are the advantages of owning your home really bigger than the advantages of renting? Are the disadvantages of owning your own home really smaller than the disadvantages of renting?

If homeownership is for you, you must be both financially and emotionally ready. Buying a home isn't only about money. You should listen to your heart... and take an honest look at your lifestyle.



STEP 2

Are you financially ready?

Online Calculators

Easy to use mortgage tools help you better understand your financial situation.

Determine how much house you can afford, and the maximum price that you should consider.

CMHC offers **on-line interactive tools** to calculate household budgets and monthly debt payments.

For these and other quick and easy calculations, visit **www.cmhc.ca** and follow these links:

- Buying a Home
- Homebuying Step by Step – Step 2: Are you Financially Ready?



How can you know if you are financially ready to become a homeowner?

This step guides you through some simple calculations to figure out your current financial situation, and the maximum home price that you should consider.

How Much are You Spending Now?

The first thing you need to figure out is how much you are spending now. To figure this out you'll need to calculate:

- Your monthly household expenses
- Your monthly debt payment

Calculate Your Household Expenses

What is your present household budget? How much are you now spending each month on household expenses?

The *Current Household Budget* worksheet on the next page helps you take a realistic look at your current monthly expenses. Fill in all the figures that apply to you, and add them up.

Calculate Your Monthly Debt Payments

Do you know how much debt you are carrying? You need this information to figure out whether you are financially ready for homeownership. If you decide to buy a home, mortgage lenders will ask for this information.

Use the form below to determine your current monthly debt payments. Fill in all the figures that apply to you.

MONTHLY DEBT PAYMENTS	AVERAGE MONTHLY AMOUNT
Loans for property you own	\$
Car loans or leases	\$
Personal loans or lines of credit	\$
Credit cards	\$
Student loans	\$
Other loans	\$
Total Monthly Debt Payments (Add up all of the above costs)	\$

Calculate Your Total Monthly Expenses

Your total monthly expenses are your household expenses plus your debt payments. To calculate your monthly expenses, add the total from the *Current Household Budget* form to the total from *Monthly Debt Payments* form, using the form below.

Total Monthly Expenses	Debt Payments (Total from Monthly Debt Payments form)	TOTAL

CURRENT HOUSEHOLD BUDGET	
Details	Average monthly payment
Current Housing Expenses	
Rent	\$
Electricity (if paid separately)	\$
Heating costs (if paid separately)	\$
Water (if paid separately)	\$
Maintenance/Repair	\$
Parking fees (if paid separately)	\$
Current Non-Housing Expenses	
Cable TV/Satellite/Video rental	\$
Car fuel	\$
Car insurance and license	\$
Car repairs and service	\$
Charitable donations	\$
Child care	\$
Child support/Alimony	\$
Clothes	\$
Contents insurance	\$
Dental expenses	\$
Entertainment, recreation, movies	\$
Furnishings	\$
Groceries	\$
Internet	\$
Life insurance	\$
Lunches/Eating out	\$
Medical expenses, prescriptions, eyewear	\$
Newspapers, magazines, books	\$
Personal items	\$
Public transportation	\$
Savings (bank account, RRSPs)	\$
Telephone/Cell phone	\$
Other expenses	\$
Total Monthly Expenses	\$
<i>Note: You may have other costs not shown on this worksheet.</i>	

Additional **Current Household Budget** worksheets are available at the end of this Guide.



How Much Can You Afford?

Before you begin shopping for a home, it's important to know how much you can afford to spend on homeownership. You will want to plan ahead for the various expenses related to homeownership. In addition to purchasing the home, other significant expenses will include heating, property taxes, home maintenance and renovation as required. Two simple rules can help you figure out how much you can realistically pay for a home. You must understand these rules to understand if you will be able to get a mortgage.

Affordability Rule 1

The first rule is that your monthly housing costs shouldn't be more than 32% of your average gross monthly income. Housing costs include your monthly mortgage payments (principal and interest), property taxes and heating expenses. This is known as "P.I.T.H" for short – Principal, Interest, Taxes and Heating.

If you are thinking of buying a condominium or leasehold tenure, you should know that:

- For a condominium, PITH also includes half of the monthly condominium fees.
- For leasehold tenure, PITH also includes the entire annual site lease.

Lenders add up your housing costs and figure out what percentage they are of your average gross monthly income. This figure is called your **Gross Debt Service (GDS)** ratio. To be considered for a mortgage, your GDS must be 32% or less of your gross household monthly income.

Use the table below to calculate your GDS ratio or use CMHC's online calculators at www.cmhc.ca.

GDS RATIO	
Your average gross monthly salary (before deductions)*	\$
Your spouse's average gross monthly salary (before deductions)	\$
Other monthly income (from investments or other non-employment sources)	\$
(A) Total average monthly income (add up all amounts)	\$
(B) Multiply amount (A) X 0.32 = GDS	\$

* Gross salary is income before taxes.

Affordability Rule 2

The second rule is that your entire monthly debt load should not be more than 40% of your average gross monthly income. Your entire monthly debt load includes your housing costs (P.I.T.H.) plus all your other debt payments (car loans or leases, credit card payments, lines of credit payments etc.). You have calculated these on the Monthly Debt Payments form. This figure is called your Total Debt Service (TDS) ratio.

Use the table below to calculate your TDS ratio and to determine the monthly housing costs you can afford after making other monthly debt payments.

TDS RATIO	
(A) Total average monthly income (A) from your GDS calculation	\$
(B) Multiply (A) X 0.40 = TDS	\$
Add up your monthly payments for loans, credit cards and other debts	
Monthly auto payment	\$
Monthly line of credit or personal loan payment	\$
Monthly credit card payment	\$
Monthly student loan payment	\$
Any other monthly payments	\$
(C) Add up the total monthly payments listed above	\$
(D) Subtract (C) from (B) to find the monthly housing costs you can afford	\$

Your Maximum Home Price

The maximum home price that you can realistically afford depends on a number of factors. The most important factors are your household's average gross monthly income, your down payment and the mortgage interest rate. For many people, the hardest part of buying a home – especially their first one – is saving the necessary down payment.

NOTE: For CMHC-insured mortgage loans, the maximum purchase price or as-improved property value must be below \$1,000,000, when the loan-to-value ratio is greater than 80%.

Mortgage Loan Insurance

Mortgage loan insurance helps protect lenders against mortgage default, and enables consumers to purchase homes with a minimum down payment of 5% – with interest rates comparable to those with a 20% down payment.

Online Calculators

Easy to use mortgage tools help you better understand your financial situation.

Determine how much house you can afford, and the maximum price that you should consider.

CMHC offers **on-line interactive tools** to calculate household budgets and monthly debt payments.

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- *Homebuying Step by Step – Step 2: Are you Financially Ready?*



Homebuying STEP BY STEP

The CMHC mortgage loan insurance premium is calculated as a percentage of the loan and is based on a number of factors such as the intended purpose of the property (owner occupied or rental), the type of loan (i.e. purchase/construction or refinance loan), the ability of a self-employed borrower to supply income verification, and the size of your down payment. The higher the percentage of the total house price/value that you borrow, the higher percentage you will pay in insurance premiums. The cost for mortgage loan insurance premiums is usually offset by the savings you get from lower interest rates.

FINANCING REQUIRED	PREMIUM % OF LOAN AMOUNT
Up to and including 65%	0.50
Up to and including 75%	0.65
Up to and including 80%	1.00
Up to and including 85%	1.75
Up to and including 90%	2.00
Up to and including 95%	
Traditional Down Payment	2.75
Non-traditional Down Payment	2.90
Extended Amortization Surcharges	
Add 0.20% for every 5 years of amortization beyond the 25 year mortgage amortization period. Note: The amortization cannot exceed 25 years for mortgage loan-to-value ratios > 80%.	
* Premiums in Ontario, Quebec and Manitoba are subject to provincial sales tax. The provincial sales tax cannot be added to the loan amount.	

This table gives you an idea of the maximum home price you can afford.

HOUSEHOLD INCOME	5% DOWN PAYMENT	MAXIMUM HOME PRICE	10% DOWN PAYMENT	MAXIMUM HOME PRICE	25% DOWN PAYMENT	MAXIMUM HOME PRICE
\$25,000	\$3,000	\$60,000	\$6,300	\$63,000	\$18,900	\$75,600
\$30,000	\$3,900	\$78,000	\$8,200	\$82,000	\$24,700	\$98,800
\$35,000	\$4,800	\$96,000	\$10,100	\$101,000	\$30,300	\$121,200
\$40,000	\$5,700	\$114,000	\$12,000	\$120,000	\$36,000	\$144,000
\$45,000	\$6,600	\$132,000	\$13,900	\$139,000	\$41,700	\$166,800
\$50,000	\$7,500	\$150,000	\$15,800	\$158,000	\$47,400	\$189,600
\$60,000	\$9,300	\$186,000	\$19,600	\$196,000	\$58,800	\$235,200
\$70,000	\$11,050	\$221,000	\$23,400	\$234,000	\$70,100	\$280,400
\$80,000	\$12,500	\$250,000	\$27,200	\$272,000	\$81,500	\$326,000
\$90,000	\$14,400	\$288,000	\$31,000	\$310,000	\$92,800	\$371,200
\$100,000	\$16,275	\$325,500	\$34,800	\$348,000	\$104,300	\$417,200

Figures are rounded to the nearest \$100.

Do Your Calculations Show You Are Ready?

After doing the calculations, do you feel fairly confident about beginning the homebuying process? You're ready to proceed with homeownership.

Do Your Calculations Show Adjustments Are Needed?

You may need to step back and make some adjustments. Did your calculations show that you might have trouble meeting monthly debt payment? If that's the case, you may find it difficult to get approved for a mortgage. Here are some things you can do to improve your situation:

- Pay off some loans first.
- Save for a larger down payment.
- Take another look at your current household budget to see where you can spend less. The money you save can go towards a larger down payment.
- Lower your home price – remember that your first home is not necessarily your dream home.

Here are some more helpful strategies:

- Meet with a credit counsellor. He or she can help you figure out how to minimize your debts.
- Buy your home through a rent-to-own program. These are sometimes provided by the builder or a non-profit sponsor.
- Find out about programs through which you can help build your own home.
- Ask the housing department of your municipality if any special programs exist.

What are Your Next Steps?

Get a Copy of Your Credit Report

Before approving a mortgage, lenders will want to see how well you have paid your debts and bills in the past. To do this, they consider your credit history (credit report) from a credit bureau. This tells them about your financial past and how you have used credit.

Before looking for a mortgage lender, get a copy of your own credit history. There are two main credit-reporting agencies: Equifax Canada Inc. and TransUnion of Canada. You can contact either one of them to get a copy of your credit report. There is often a fee for this service.

Once you receive your credit report, examine it to make sure the information is complete and accurate.

If You Have No Credit History

If you have no credit history, it is important to start building one by, for example, applying for a standard credit card with good interest rates and terms, making small purchases and paying them as soon as the bill comes in.





If You Have Poor Credit History

If you have poor credit, lenders might not be able to give you a mortgage loan. You will need to re-establish a good credit history by making debt payments regularly and on time. Most unfavourable credit information (including bankruptcy) drops off your credit file after seven years.

Consider getting some credit counselling if you have a history of poor credit or talk to your lender to discuss options.

Get a Mortgage Pre-Approval

It's a very good idea to get a pre-approved mortgage before you start shopping. Many realtors will ask if you've been approved. A lender will look at your finances and figure the amount of mortgage you can afford. Then the lender will give you a written confirmation, or certificate, for a fixed interest rate. This confirmation will be good for a specific period of time. A pre-approved mortgage is not a guarantee of being approved for the mortgage loan.

Even if you haven't found the home you want to buy, having a pre-approved mortgage amount will help keep a good price range in mind.

Bring these with you the first time you meet with a lender:

- Your personal information, including identification such as your driver's license
- Details on your job, including confirmation of salary in the form of a letter from your employer
- All your sources of income
- Information and details on all bank accounts, loans and other debts
- Proof of financial assets
- Source and amount of down payment and deposit
- Proof of source of funds for the closing costs (these are usually between 1.5% and 4% of the purchase price)

Make Your Mortgage Work for You

Your lender or broker will offer you several choices to help find you the mortgage that best matches your needs. Here are some of the most common:

Amortization Period

Amortization refers to the length of time you choose to pay off your mortgage. Mortgages typically come in 25 year amortization periods but can be as short as 15 years. Usually, the longer the amortization, the smaller the monthly payments. However, the longer the amortization, the higher the interest costs. Total interest costs can be reduced by making additional (lump sum) payments when possible.

Payment Schedule

You have the option of repaying your mortgage every month, twice a month every two weeks or every week. You can also choose to accelerate your payments. For example, for a \$250,000 mortgage (5% interest rate and 25 year amortization) choosing an accelerated bi-weekly payment over a bi-weekly regular payment (\$727 vs. \$670) allows you to pay down your mortgage more quickly. You could pay off the mortgage in just over 21 years and reduce your interest costs by almost \$30,000.

This usually means one extra monthly payment per year.

Interest Rate Type

You will have to choose between “fixed”, “variable” or “protected (or capped) variable”. A *fixed rate* will not change for the term of the mortgage. This type carries a slightly higher rate but provides the peace of mind associated with knowing that interest costs will remain the same.

With a *variable rate*, the interest rate you pay will fluctuate with the rate of the market. Usually, this will not modify the overall amount of your mortgage payment, but rather change the portion of your monthly payment that goes towards interest costs or paying your mortgage (principal repayment).

If interest rates go down, you end up repaying your mortgage faster. If they go up, more of the payment will go towards the interest and less towards repaying the mortgage. This option means you may have to be prepared to accept some risk and uncertainty.

A *protected (or capped) variable rate* is a mortgage with a variable interest rate that has a maximum rate determined in advance. Even if the market rate goes above the determined maximum rate, you will only have to pay up to that maximum.

Mortgage Term

The term of a mortgage is the length of time for which options are chosen and agreed upon, such as the interest rate. It can be as little as six months or as long as five years or more. When the term is up, you have the ability to renegotiate your mortgage at the interest rate of that time and choose the same or different options.

“Open” or “Closed” Mortgage

An *open mortgage* allows you to pay off your mortgage in part or in full at any time without any penalties. You may also choose, at any time, to renegotiate the mortgage. This option provides more flexibility but comes with a higher interest rate. An open mortgage can be a good choice if you plan to sell your home in the near future or to make large additional payments.

A *closed mortgage* usually carries a lower interest rate but doesn't offer the flexibility of an open mortgage. However, most lenders allow homeowners to make additional payments of a determined maximum amount without penalty. Typically, most people will select a closed mortgage.

Figure Out the Up-front Costs

There are many up-front costs when you buy a home. Early planning will help make sure things go smoothly.

Down Payment

A down payment is the part of the home price that does not come from the mortgage loan. The down payment comes from your own money. You can buy your home with a minimum down payment of 5%, if you have mortgage loan insurance from CMHC. You need a down payment of at least 20% for a conventional mortgage.

Blended Payment: A mortgage payment that includes principal and interest. It is paid regularly during the term of the mortgage. The payment total remains the same, although the principal portion increases over time and the interest portion decreases.

Lump Sum Prepayment: An extra payment, made in lump sum, to reduce the principal balance of your mortgage, with or without penalty. A closed mortgage typically restricts the amount and frequency of the prepayments you can make. With an open mortgage, however, you can make a lump sum prepayment at any time without penalty. Making prepayments can help you pay off your mortgage sooner and ultimately save on interest costs over the life of your mortgage.



Deposit

The deposit is paid when you make an Offer to Purchase to show that you are a serious buyer. The deposit will form part of your down payment with the remainder owing at time of closing. If for some reason you back out of the deal without having covered yourself with purchase conditions, such as financing, home inspection, etc., your deposit may not be refundable and you may be sued for damages. The size of the deposit varies. Your realtor or lawyer/notary can help you decide on the amount.

Appraisal Fee

Your mortgage lender may ask you to pay for a recognized appraisal in order to complete a mortgage loan. An appraisal is an estimate of the value of the home. The cost is usually between \$250 and \$350 and must be paid when you contract for those services.

Having an independent appraisal done on a property before you make an offer is a good idea. It will tell you what the property is worth and help ensure that you are not paying too much.

The appraisal should include:

- Assessment of the property's physical and functional characteristics
- Analysis of recent comparable sales
- Assessment of current market conditions affecting the property

Ask your realtor or other member of your team to help you find an appraiser.

Mortgage Loan Insurance Premium

If you make less than a 20% down payment, you have a high-ratio mortgage. With a high-ratio mortgage your lender will need mortgage loan insurance. Mortgage loan insurance lets you buy a home with a minimum down payment of 5%.

Most Canadian lending institutions require mortgage loan insurance because it protects the lender. If the borrower defaults (fails to pay) on the mortgage, the lender is paid back by the insurer. You pay a premium for mortgage loan insurance. Your lender will add the mortgage loan insurance premium to your monthly payments, or ask you to pay it in full upon closing.

Mortgage Broker's Fee

You may have decided to use a mortgage broker. The job of the mortgage broker is to find you a lender with the terms and rates that will best suit you.

Home Inspection Fee

CMHC recommends that you make a home inspection a condition of your Offer to Purchase. A home inspection is done by a qualified home inspector to provide you with information on the condition of the home. Costs range depending on the age, size and complexity of the house and the condition that it is in. For example, it may be more costly to inspect a large, older, home, or one in relatively poor condition or that has many pre-existing problems or concerns.

Survey or Certificate of Location Cost

The mortgage lender may ask for an up-to-date survey or certificate of location. If the seller has a survey, but it is more than five years old, it will probably need to be

updated. You should ask the seller to provide an updated survey, especially if there has been a new addition, deck or fence built close to the property line. If the seller does not have one, or does not agree to get one, you may have to pay for it yourself.

Remember, you must have permission from the property owner before hiring a surveyor to go onto the property. Ask your realtor to help co-ordinate this with the owner. A survey or certificate of location can cost \$1,000 to \$2,000.

Title Insurance

Your lender, lawyer, or notary may suggest that you get title insurance. This will cover loss caused by defects of title to the property.

Land Registration Fees

Land Registration fees are sometimes called Land Transfer Tax, Deed Registration Fee, Tariff or Property Purchases Tax. In some provinces and territories, you may have to pay this provincial or municipal charge when you close the sale. The cost is a percentage of the property's purchase price. Check on the internet or with your lawyer (or notary) or other team member to find out about the current rates. These fees can cost a few thousand dollars.

Water Tests

If the home has a well, you will want to have the quality of the water tested to ensure that the water supply is adequate and the water is drinkable. You can negotiate these costs with the vendor and list them in your Offer to Purchase.

Septic Tank

If the house has a septic tank, it should be professionally checked to make sure it is in good working order. You can negotiate the cost with the vendor and list it in your Offer to Purchase.

Estoppel Certificate Fee (does not apply in Quebec)

This applies if you are buying a condominium, or strata unit, and could cost up to \$100. Also called a Status Certificate it outlines a condominium corporation's financial and legal state.

Prepaid Property Taxes and/or Utility Bills

Property taxes are charged by the municipality where the home is located. They are based on the value of the home. The seller may have already paid property tax or other expenses that apply to the time after the house passes into your hands. You need to pay back the seller for taxes and other costs (including items like filling the oil tank).

Property Insurance

The mortgage lender requires you to have property insurance because your home is security for the mortgage. Property insurance covers the cost of replacing your home and its contents in case of loss. Property insurance must be in place on closing day.

Legal Fees

Legal fees and related costs must be paid on closing day. The minimum cost is \$500 (plus GST/HST). In addition, your lawyer or notary will charge you direct costs to check on the legal status of the property.

Ted and Shayla

Ted and Shayla have found a newly built home. The asking price is \$200,000 including the GST.

After adding together wedding gifts, a small inheritance and other savings Ted and Shayla found that they have \$28,900.

Ted and Shayla went to a lender and got a mortgage pre-approval of \$196,000.

They decided on a down payment of \$20,000. Because the down payment is less than 20% of the price, they need to get mortgage loan insurance.

At the bank, they are advised that the premium for their mortgage loan insurance is 2% of the total loan amount – they would have to pay \$3,600 for their mortgage loan insurance. They were happy to learn that the mortgage loan premium could be added to their monthly mortgage.

Ted and Shayla's Up-front Expenses

When Ted and Shayla made an offer on the bungalow, they provided a \$1,000 deposit. Since their down payment would be \$20,000, they need to pay a further \$19,000 at time of closing.

An appraisal was not requested by the Lender. They hired a professional Home Inspector for \$500 to visually inspect the home to identify potential problems.

They were required to obtain a land survey which cost them \$1,000.

Because their province requires land registration, they had to pay \$3,000.

Ted and Shayla's realtor advised that she had heard about water problems in the area so they decided to get a water test done for \$175.

In order to get a mortgage they had to pay \$50 for their first month of property insurance.

Property taxes will be added to their mortgage payments. But Ted and Shayla had to pay the taxes that were left for the first year which was \$1,250.

Their lawyer's fees were \$950.

They didn't need to buy appliances, or snow removal and gardening equipment.

Their moving costs were \$250.

For their cable, internet and telephone "package" they paid a small hook-up fee of \$75.

Down payment	\$20,000
Closing Costs	\$7,250
Total Up-Front Expenses	\$27,250



Other Costs

Depending on your situation, you may have some other initial expenses to consider:

- **Moving expenses**

Whether you'll be hiring a moving company or renting a truck and asking friends for help, there are likely to be moving expenses.

- **Renovations or repairs**

Can renovation or repair be delayed, or are some necessary to do immediately?

- **Condominium fees**

Do you have to make the initial payment for these monthly fees?

- **Service connection fees**

Telephone, gas, electricity, cable TV, satellite TV, Internet, and so on, may charge service connection fees. Some utilities may ask you to pay a deposit.

- **Appliances**

Does your new home come with appliances? Do you already have your own?

- **Gardening equipment**

Will you need to buy gardening equipment the first summer in your new home?

- **Snow-clearing equipment**

Will you need to buy snow-clearing equipment the first winter in your new home?

- **Window treatments**

Do blinds or curtains come with the house?

- **Decorating materials**

Do you want to re-paint or apply wallpaper? Do the floors need to be refinished or re-carpeted? Do you have all the tools you need for decorating?

- **Hand tools**

Do you have the basic hand tools you'll need for your new home?

- **Dehumidifier**

Will you need a dehumidifier to control moisture levels?

Use the *Home Purchase Cost Estimate* form on the next page to help figure out your estimated up-front costs.

HOME PURCHASE COST ESTIMATE	
Description of cost	Average monthly payment
Cost of Home	
Purchase price	\$
GST/HST (if applicable)	\$
Total Cost of Home (add the purchase price and GST if applicable)	\$
Up-front Costs	
Appraisal fee (if applicable)	\$
Deposit (to be paid when you sign the Offer to Purchase)	\$
Down payment	\$
Estoppel certificate fee (for condominium/strata unit)	\$
Home inspection fee	\$
Land registration fee	\$
Legal fees and disbursements	\$
Mortgage broker's fee (if applicable)	\$
Mortgage loan insurance premium (can be included in your mortgage)	\$
Prepaid property taxes and/or utility bills adjustment	\$
Property insurance	\$
Survey or certificate of location cost	\$
Title insurance	\$
Other	\$
Total Upfront Costs	\$
Other Costs	
Appliances	\$
Gardening equipment	\$
Snow-clearing equipment	\$
Window treatments	\$
Decorating materials	\$
Hand tools	\$
Dehumidifier	\$
Moving expenses	\$
Renovations or repairs	\$
Service hookup fees	\$
Condominium fees	\$
Total Other Costs	\$
Total Costs (add up Total Cost of Home, Total Up-front Costs and Total Other Costs)	\$

Additional **Home Purchase Cost Estimate** worksheets are available at the back of this Guide.



STEP 3

Which home is
right for you?



Once you have a good idea about your finances, you'll need to think clearly about the home you'd like to buy.

Your Needs – Now and in the Future

Try to buy a home that meets most of your needs for the next 5 to 10 years, or find a home that can grow and change with your needs.

Here are some things to consider:

Size

How many bedrooms do you need?

How many bathrooms do you need?

Do you need space for a home office?

What kind of parking facilities do you need? For how many cars?

Special features

Do you want air conditioning? If so, what type?

Do you want storage or hobby space?

Is a fireplace or a swimming pool high on your list?

Do you have family members with special needs?

Do you want special features to save energy, enhance indoor air quality, and reduce environmental impact?

Lifestyles and stages

No matter what type of housing you choose, you must have a clear idea of your needs today as well as your possible future needs. These are some examples of questions home buyers might ask:

Do I need a home office?

Do I plan to have children?

Do I have teenagers who will be moving away soon?

Am I close to retirement?

Will I need a home that can accommodate different stages of life?

Do I have an older relative who might come to live with me?

The CMHC worksheet *Home Features Checklist* on the next page can help you think about what you need today, and what you may need in the future.

Is FlexHousing™ for you?

FlexHousing™ is a housing concept that incorporates, at the design and construction stage, the ability to make future changes easily and with minimum expense to meet the evolving needs of its occupants.

FlexHousing™ allows homeowners to live in their home for a longer time – perhaps an entire lifetime. By adding or removing walls you can make the home suit your lifestyle.

HOME FEATURES CHECKLIST			
<input type="checkbox"/> Resale	<input type="checkbox"/> New		
Type of Home			
<input type="checkbox"/> Detached	<input type="checkbox"/> Semi-detached		
<input type="checkbox"/> Townhouse	<input type="checkbox"/> Duplex		
<input type="checkbox"/> Highrise	<input type="checkbox"/> Low-rise		
Type of ownership			
<input type="checkbox"/> Freehold	<input type="checkbox"/> Condominium		
Age of home			
Lot size	<input type="checkbox"/> Small	<input type="checkbox"/> Medium	<input type="checkbox"/> Large
Quiet street	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Type of exterior finish			
<input type="checkbox"/> Brick	<input type="checkbox"/> Wood		
<input type="checkbox"/> Aluminum siding	<input type="checkbox"/> Vinyl siding		
<input type="checkbox"/> Combination brick and siding			
Windows			
Glazing	<input type="checkbox"/> Single	<input type="checkbox"/> Double	<input type="checkbox"/> Triple
	<input type="checkbox"/> Low-E		
Construction	<input type="checkbox"/> Wood	<input type="checkbox"/> Vinyl	<input type="checkbox"/> Aluminum
	<input type="checkbox"/> Other		
Insulation values		Walls _____	
Basement _____		Ceiling _____	
Foundation construction			
<input type="checkbox"/> Concrete block		<input type="checkbox"/> Concrete	
		<input type="checkbox"/> Preserved wood	
Sewer	<input type="checkbox"/> Municipal	<input type="checkbox"/> Septic system	
Water	<input type="checkbox"/> Municipal	<input type="checkbox"/> Well	
Water heating	<input type="checkbox"/> Gas	<input type="checkbox"/> Electric	<input type="checkbox"/> Oil
Electrical system			
	<input type="checkbox"/> 100 amp	<input type="checkbox"/> 200 amp	
	<input type="checkbox"/> Other _____		
	<input type="checkbox"/> Fuses	<input type="checkbox"/> Circuit breakers	
Energy Rating	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Rating _____			
Type of heating fuel			
<input type="checkbox"/> Oil	<input type="checkbox"/> Gas	<input type="checkbox"/> Electric	<input type="checkbox"/> Wood
Heat recovery ventilator			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Air conditioning			
	<input type="checkbox"/> Central	<input type="checkbox"/> Window	
Bedrooms			
	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3 <input type="checkbox"/> 4
Bathrooms			
	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Master bedroom en suite			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Ground floor bathroom			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Eat-in kitchen			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Separate dining room			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Separate family room			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Fireplace			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Woodstove			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Spare room for den or home office			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Basement for storage or workshop			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Apartment for rental income			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Deck or patio			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Private driveway			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Garage			
	<input type="checkbox"/> Attached	<input type="checkbox"/> Detached	
Carpport			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Security features			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Barrier-free			
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Close to (approximate km)			
Work	Spouse's work _____		
Public transportation	Schools _____		
Shopping	Parks/playgrounds _____		
Recreation facilities	Restaurants _____		
Places of worship	Doctor/dentist _____		
Police station	Fire station _____		
Hospital _____			
Veterinarian _____			

Additional Home Features Checklists are available at the back of this Guide.

The Right Choice for Keith and Joy

Keith and Joy hoped to have two children, and room to invite one of their parents to live with them, if needed. After learning about FlexHousing™, they decided to buy a three-bedroom FlexHouse that could change with their needs.

After three years, Keith and Joy had a little boy, named Jake. He took the second bedroom, and their many overnight guests used the third one.

When Jake was three, Joy had the guest bedroom divided into a home office for herself, and a smaller guest bedroom. Each room had its own window, closet, wiring, and lighting.

Two years later, baby Ella was born and the small bedroom became hers. To create a guest bedroom, the attic was renovated to include a bathroom and closet. Because this was a FlexHouse, the space already had wiring and plumbing. The roof design allowed for useable attic space.

Sadly, a few years later, Keith's mother passed away and they invited his father, Robert, to come live with them. Their FlexHouse had pre-designed and pre-built features so that they could create an external addition. This gave Robert the independence of his own space.

When Jake had become a teenager, and Robert had passed away, Jake asked if he could move to the attic bedroom. Ella moved into Jake's larger bedroom. Her smaller bedroom became a reading room.

In an adaptable home, space can be arranged and re-arranged without expensive retrofits and renovations. Designing an adaptable home involves anticipating possible new uses for rooms, potential traffic flow, and future requirements at the design stage.

What Location Should You Choose?

Location is a critical factor. A home with everything you need but in the wrong location is probably not the right home for you. Here are some things to consider:

- Do you want to live in a city, a town or in the countryside?
- How easy will it be to get to where you work?
How much will the commuting cost?
- Where will your children go to school? How will they get there?
- Do you need a safe walking area or recreational facility, such as a park, nearby?
- How close would you like to be to family and friends?

What is a Sustainable Neighbourhood?

A sustainable neighbourhood meets your needs while protecting the environment. Homes in a sustainable neighbourhood are located near shops, schools, recreation, work and other daily destinations. This helps reduce driving costs and lets residents enjoy the health benefits of walking and cycling. Land and services, like roads, are used efficiently. Sustainable neighbourhoods also feature a choice of homes that are affordable.

In your search for a sustainable neighbourhood, here are some things to consider:

Easy transportation

- Are stores, schools, recreation facilities, restaurants, and health services within walking or cycling distance? Will your children need to take a bus to school? Can they walk to the park? Can you do most of your shopping without a car?
- Are there nearby bus stops and cycling lanes? How long is the bus ride to work, or school? Can you safely bike?

House size and features

- Are the homes compact with shared walls to reduce heating costs?
- Are homes reasonably sized with lots requiring less upkeep?
- Are there different dwelling types (such as single-detached, semi-detached, townhouse and apartments) in the neighbourhood?
- Are the lots modestly sized? Roadways narrow? Driveways/parking areas small? Do natural drain ways lead to streams or park lands? Is there native vegetation and streams with woodland edges?

“Look and feel”

- Do the buildings have a friendly face to the street? Are the community centres, shops and meeting places welcoming?
- Are there trees lining the street? Do you find the homes interesting to look at? Do the building sizes feel comfortable to you? Are the roads easy to walk along or cross?

Safety

- Do the homes have “eyes on the street”? In other words, are there people around who might watch out for you? Is there somewhere to go in an emergency?
- Is there adequate street lighting?
- Are there safe places for children to play?
- Are the streets safe for cyclists and pedestrians?
- Is traffic slow moving and light?

Do You Want a New Home or a Previously-Owned Home?

A new home is one that has just been built – no one else has lived in it yet. You might buy a new home from a contractor who has built it, or you might hire a contractor to build it for you. A previously-owned home (often called a resale) has already been lived in. Here are some characteristics of each type of home:

New Home**Up-to-date**

- A new home has up-to-date design that might reflect the latest trends, materials and features.

Choices

- You may be able to choose certain features such as style of siding, flooring, cabinets, plumbing and electrical fixtures.
- You may have to pay extra if you want to add certain features, such as a fireplace, trees and sod, or a paved driveway. Make sure you know exactly what’s included in the price of your home.

Costs

- Taxes such as the Goods and Services Tax (GST) (or, in certain provinces, the Harmonized Sales Tax (HST)) apply to a new home. However, you may qualify for a rebate of part of the GST or HST on homes that cost less than \$450,000. For more information about the GST New Housing Rebate program, visit the Canada Revenue Agency website at www.cra-arc.gc.ca.
- A new home will have lower maintenance costs because everything is new, and many items are covered by a warranty. You should set aside money every year for future maintenance costs.

Single-family Detached Home:

Free-standing home for one family, not attached to a house on either side.

Single-family Semi-detached Home:

Home for one family, attached to another building on one side.

Stacked Townhouse: Two two-story homes are stacked one on top of the other. The buildings are usually attached in groups of four or more. Each unit has direct access from the outside.

Strata (or Condominium): A unit, usually in a highrise or lowrise, or a townhouse that can be owned. You own the unit you live in and share ownership rights for the common space of the building. Common space includes areas such as corridors, the grounds around the building, and facilities such as a swimming pool and recreation rooms. Strata owners together control the common areas through an owners’ association. The association makes decisions about using and maintaining the common space.



Warranties

- A New Home Warranty may be provided by the builders of the home or the province. Be sure to check all the conditions of the warranty. It can be very important if a major system such as plumbing, or heating, breaks down.
- New Home Warranties may be provided by provincial governments. There are also private new home warranty programs. In some provinces a warranty may be provided by the builder of the home. Check with your realtor or lawyer/ notary to find out what the new home warranty program in your province covers – and the number of years it is in effect.
- Check the internet for Home Warranty Programs in your province.

Neighbourhood amenities

- Schools, shopping malls and other services may not be completed for years.

Building Your Own Home

Some people prefer the challenge and flexibility of building their own home. On one hand, you make all the decisions about size, design, location, quality of material, level of energy-efficiency and so on. On the other hand, expect to invest lots of time and energy.

Resale Home

- When the home already exists, you can see what you are buying. Since the neighbourhood is established, you can see how easy it is to access services such as schools, shopping malls, libraries, etc.
- Landscaping is usually done and fencing installed. Previously owned homes may have extras like fireplaces or finished basements or swimming pools.
- You don't have to pay the GST/HST unless the house has been renovated substantially, and then the taxes are applied as if it were a new house.
- You may need to decorate, renovate or do major repairs such as replacing the roof, windows and doors.

What Type of Home Should You Buy?

What types of homes will you be visiting with the idea of buying? Do you see yourself living in a detached single-family home? Or, perhaps a townhouse? Maybe, a duplex?

Single-family Detached

A single-family detached home is one dwelling unit. It stands alone, and sits on its own lot. This often gives the family a greater degree of privacy.

Single-family Semi-detached

A semi-detached home is a single-family home that is joined on one side to another home. It can offer many of the advantages of a single-family detached home. It is often less expensive to buy and maintain.

Duplex

A duplex is a building containing two single-family homes, located one above the other. Sometimes, the owner lives in one unit and rents the other.

Row House (Townhouse)

Row houses (also called townhouses) are several similar single-family homes, side-by-side, joined by common walls. They can be freehold or condominiums. They offer less privacy than a single-family detached home, although each has a separate outdoor space. These homes can cost less to buy and maintain, although some are large, luxury units.

Stacked Townhouse

Stacked townhouses are usually two-storey homes. Two two-storey homes are stacked one on top of the other. The buildings are usually attached in groups of four or more. Each unit has direct access from the outside.

Link or Carriage Home

A link, or carriage home, is joined by a garage or carport. The garage or carport gives access to the front and back yards. Builders sometimes join basement walls so that link houses appear to be single-family homes on small lots. These houses can be less expensive than single-family detached homes.

Manufactured Home

A manufactured home is a factory-built, single-family home. It is transported to a chosen location and placed onto a foundation.

Modular Home

A modular home is also a factory-built, single-family home. The home is typically shipped to a location in two or more sections (or modules).

Mobile Home

Mobile homes, like manufactured or modular homes, are built in factories and then taken to the place where they will be occupied. While these homes are usually placed in one location and left there permanently, they do retain the ability to be moved.

Apartment

A self-contained unit in part of a building consisting of a room or set of rooms including kitchen and bathroom facilities.



Forms of Ownership

People who do not rent their home, own it. There are two forms of ownership.

Freehold

Freehold means that one person (or two, such as joint ownership by spouses) owns the land and house outright. There is no space co-owned or co-managed with owners of other units.

Freehold owners can do what they want with their property – up to a point. They must obey municipal bylaws, subdivision agreements, building codes and federal and provincial laws, such as those protecting the environment.

Detached and semi-detached homes, duplexes and townhouses are usually owned freehold.

Condominium

Condominium ownership means you own the unit you live in and share ownership rights for the common space of the building. Common space includes areas such as corridors, the grounds around the building, and facilities such as a swimming pool and recreation rooms. Condominium owners together control the common areas through an owners' association. The association makes decisions about using and maintaining the common space.

What Professionals Should You Call On?

Even if this isn't your first homebuying experience, you'll want to get help from a team of professionals. Experienced and knowledgeable professionals can provide you with reliable information and answers to your questions. These are the people who can help you:

- Realtor
- Lender or mortgage broker
- Lawyer or notary
- Insurance broker
- Home inspector
- Appraiser
- Land surveyor
- Builder or contractor

Land Surveyor: A professional who can survey a property in order to provide a certificate of location.

Appraiser: Certified professional who carries out an appraisal.

Lender: A mortgage lender is an institution (bank, trust company, credit union, etc.) that lends money for a mortgage.

Mortgage Broker: The job of the mortgage broker is to find you a lender with the terms and rates that will best suit you.

You will be doing a lot of interviewing to establish your team. Use this handy CMHC worksheet on the next page to help you keep track of the people you interview and the ones you finally choose.

YOUR TEAM OF PROFESSIONALS	
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees

Additional **Your Team of Professionals** worksheets are available at the end of this Guide.

Homebuying STEP BY STEP

The Realtor

Your realtor's job is to:

- Help you find the ideal home
- Write an Offer of Purchase
- Negotiate to help you get the best possible deal
- Give you important information about the community
- Help you arrange a home inspection

Finding a Realtor

When looking for a realtor, don't be afraid to ask questions – especially about possible service charges. Normally, the seller pays a commission to the realtor but some realtors charge buyers a fee for their services. Use the CMHC worksheet *Checklist for Evaluating Realtors*, below, to help you.

If you would like to know more about a realtor's ethical obligations, go to the Canadian Real Estate Association's website at www.crea.ca, or call your local real estate association.

CHECKLIST FOR EVALUATING REALTORS	
Name of Realtor:	
Contact:	
Question	Answer
Which real estate company do you work for?	
How long have you been a realtor?	
Do you have a salesperson's license or a broker's license?	
Do you hold any professional designations?	
Do you work with other realtors or use assistants?	
What is the amount of commission that you charge?	
What areas of the city/town do you work in or are most familiar with?	
Do you understand what I am looking for in a home?	
Do you have experience working with first-time buyers? (only relevant if you are a first-time buyer)	
How many other buyers or sellers are you currently representing?	
Is there anything I haven't asked about you or your company that you think I should know?	
Can I have three references from other buyers you have worked with recently?	

The Lender or Mortgage Broker

Many different institutions lend money for mortgages – banks, trust companies, credit unions, caisses populaires (in Quebec), pension funds, insurance companies, and finance companies. Different institutions offer different terms and options – shop around!

Mortgage brokers don't work for any specific lending institution. Their role is to find the lender with the terms and rates that are best for the buyer.

Finding a Lender or Mortgage Broker

- Ask around. Your realtor, another professional, family members, or friends may give you helpful suggestions.
- Look in the Yellow Pages™ under “Banks,” “Credit Unions” or “Trust Companies” for a lender and under “Mortgage Brokers” for a broker.
- Contact the Canadian Association of Accredited Mortgage Professionals at 1-888-442-4625, or visit the Association's website at <http://www.caamp.org>.

The Lawyer/Notary

Having a lawyer/notary involved in the process will help ensure that things go as smoothly as possible. You need a lawyer (or a notary in Quebec) to perform these tasks:

- Protect your legal interests by making sure the property you want to buy does not have any building or statutory liens, charges, or work or clean-up orders.
- Review all contracts before you sign them, especially the Offer (or Agreement) to Purchase.

Finding a Lawyer

Law associations can refer you to lawyers who specialize in real estate law. In Quebec, contact the Chambre des notaires du Québec for the names of notaries specializing in real estate law.

Remember that a lawyer/notary should:

- Be a licensed full-time lawyer/notary
- Live/work in the area
- Understand real estate laws, regulations and restrictions
- Have realistic and acceptable fees
- Be able and willing to explain things in language you can easily understand
- Be experienced with condominiums, if that's what you are buying

Offer to Purchase: A written contract setting out the terms under which the buyer agrees to buy the home. If the Offer to Purchase is accepted by the seller, it forms a legally binding contract that binds the people who signed to certain terms and conditions.

Certificate of Location (or Land Survey): A document that shows property boundaries and measurements, specifies the location of buildings on the property and states easements or encroachments.

Estoppel Certificate: Also called a certificate of status, it outlines a condominium corporation's financial and legal state. Fees may vary and may be capped by law (does not apply in Quebec).

Lien: A claim against a property for money owing. A lien may be filed by a supplier or a subcontractor who has provided labour or materials but has not been paid.

Assumption Agreement: A legal document signed by a homebuyer that requires the buyer to assume responsibility for the obligations of a mortgage by the builder or the previous owner.

Homebuying STEP BY STEP

Lawyer/notary fees depend on the complexity of the transaction and the lawyer's expertise.

Shop around for rates when choosing your lawyer/notary. Use the worksheet Checklist for Selecting a Lawyer/Notary to guide you:

CHECKLIST FOR SELECTING A LAWYER/NOTARY	
Name of Lawyer/Notary:	
Contact:	
Question	Answer
Are you a full-time lawyer licensed to practice in this province/territory?	
Do you specialize in real estate law?	
How much do you charge?	
What services will you provide?	
Do you help clients when they are negotiating the price of a house?	
Can you give me the names and telephone numbers of three of your recent clients who have purchased homes?	
Do you have experience working with first-time buyers? (only relevant if you are a first-time home buyer)	
Is there anything I haven't asked about you or your firm that you think I should know?	

The Insurance Broker

An insurance broker can help you with your property insurance and mortgage life insurance.

Lenders insist on property insurance because your property is their security for your loan. Property insurance covers the replacement cost of your home, so the size of your premium depends on the value of the property.

Your lender may also suggest that you buy mortgage life insurance. Mortgage life insurance gives coverage for your family if you die before your mortgage is paid off. Your lender may offer this type of insurance. In this case, the lender adds the premium to your regular mortgage payments. However, you may want to compare rates offered by an insurance broker and by your lender.

Don't confuse property insurance, or mortgage life insurance, with mortgage loan insurance.

The Home Inspector

Whether you are buying a resale home, or a new home, consider having it inspected by a knowledgeable and professional home inspector.

The home inspector's role is to inform you about the property's condition observed at the time of the inspection. The home inspector will tell you if something is not working properly, needs to be changed, or is unsafe. He or she will also tell you if repairs are needed, and maybe even identify where there were problems in the past.

A home inspection is a visual inspection. It should include a visual assessment of at least the following:

- Foundation
- Doors and windows
- Roof and exterior walls (except winter)
- Attics
- Plumbing and electrical systems (where visible)
- Heating and air conditioning systems
- Ceilings, walls and floors
- Insulation (where visible)
- Ventilation
- The lot, including drainage away from buildings, slopes and natural vegetation
- Overall opinion of structural integrity of the buildings
- Common areas (in the case of a condominium/strata or co-operative)

Finding a Home Inspector

It's important to hire a knowledgeable, experienced and competent home inspector. In most areas of Canada, there are no licensing or certification requirements for home inspectors. Anyone can say that they are a home inspector without having taken any courses, passed tests or even inspected houses. So look for a home inspector who belongs to a provincial or industry association, holds an accreditation that demonstrates training and experience, provides inspection reports, carries insurance, provides references and has strong experience with the type of home to be inspected.

While CMHC does not recommend any individual home inspector or association, CMHC supports a common national occupational standard for home inspectors such as the home inspection industry's voluntary and independent national certification program.

Home inspector fees range, depending on the size and condition of the home.



The Appraiser

Before you make an offer, an independent appraisal can tell you what the property is worth. This will help ensure that you are not paying too much. In order to complete a mortgage loan, your lender may ask for a recognized appraisal.

The appraisal should include:

- Unbiased assessment of the property's physical and functional characteristics
- Analysis of recent comparable sales
- Assessment of current market conditions affecting the property

Finding an Appraiser

Ask your realtor to help you find an appraiser.

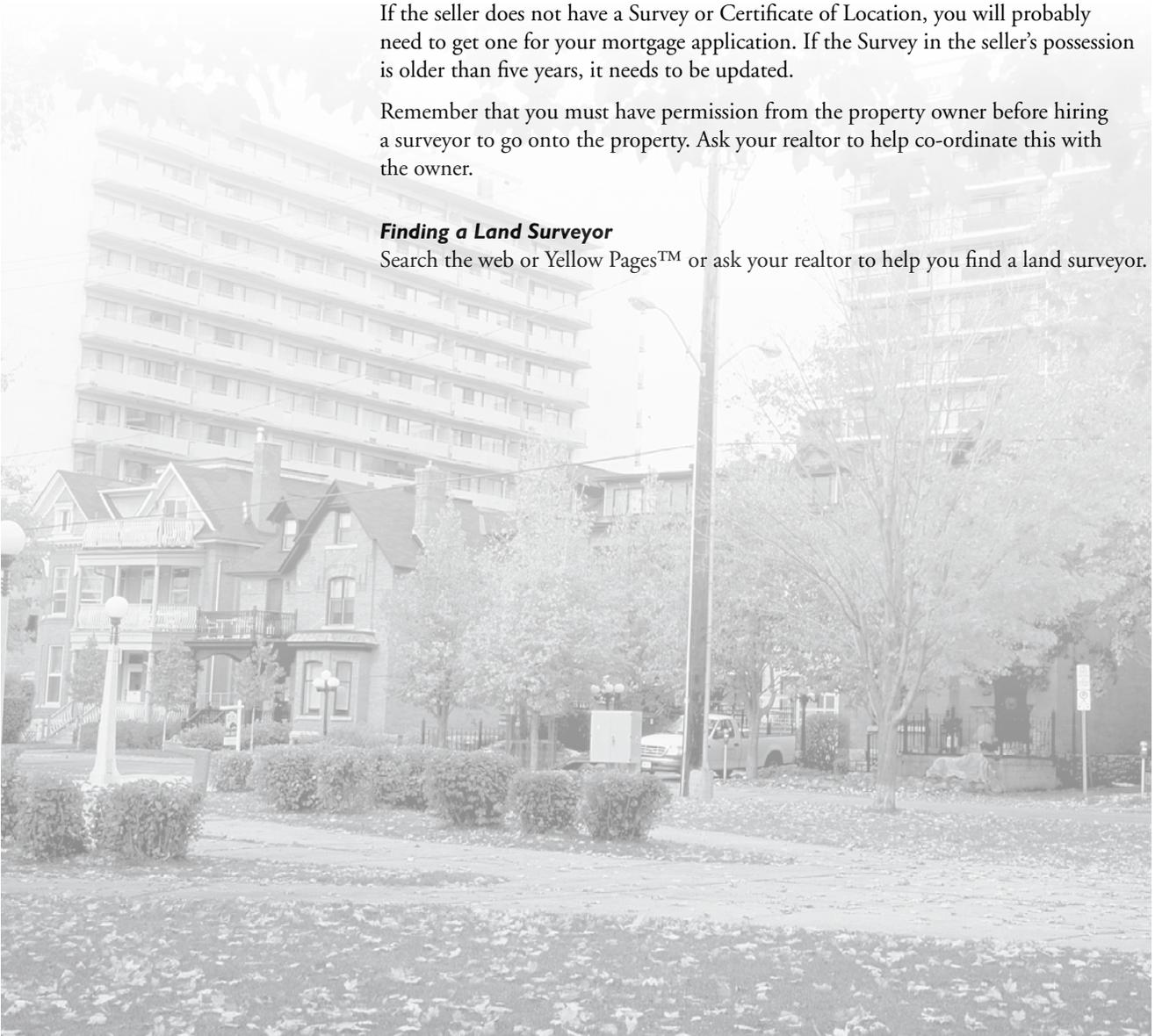
The Land Surveyor

If the seller does not have a Survey or Certificate of Location, you will probably need to get one for your mortgage application. If the Survey in the seller's possession is older than five years, it needs to be updated.

Remember that you must have permission from the property owner before hiring a surveyor to go onto the property. Ask your realtor to help co-ordinate this with the owner.

Finding a Land Surveyor

Search the web or Yellow Pages™ or ask your realtor to help you find a land surveyor.



The Builder/Contractor

If you are buying a newly constructed home, you will have to hire a builder or contractor. If you are buying a resale house that needs renovations, you may also require a builder or contractor.

Here are some things to keep in mind when choosing a builder or contractor:

- Ask for references. Talk to other customers about the builder's performance.
- Check with the New Home Warranty program in the area (if applicable).
- Visit other housing developments that the company has built.
- Ask builders or contractors if they are members of a local homebuilders' association. Ask them for their provincial license number.

If you are having a custom home built, remember that:

- You may want to hire an architect to design the house and supervise construction.
- Builders of custom homes usually work on either a fixed-price or a cost-plus basis. Authorize any changes to your contract by writing your name or initials beside the change.

Make sure your contract with the builder or contractor is very specific about construction details. You can even require that the brand names or model number of finishes be specified. If you agree to a change in the contract, write your initials next to the change.

Ravi and Amita's Experience

Ravi and Amita saved a substantial amount for a down payment and the up-front costs on their first home. After looking a little on their own, Ravi thought they should try to find a real estate agent. He was concerned that the agent might charge for her services. They interviewed a few agents and settled on Janine. She had sold many houses in their part of town and didn't charge the buyer.

After visiting a few lenders and mortgage brokers, they decided on Robert who offered the best terms and options and gave them a pre-approved mortgage certificate. They would meet with Robert again during the conditional offer period to get a final mortgage approval.

Ravi hired his family lawyer. Youssef understood property law and would ensure that no building or statutory liens or charges existed. Youssef would review all contracts before Ravi and Amita signed them. Their insurance broker, Jean-Paul, set up their new account.

After looking at a few houses and housing developments, they decided to buy an existing home. Now they could cross off builder or contractor from the list of professionals they would need.

They found a three-year-old house with some time left on the home warranty. The present owners agreed to give them the land survey that they had done when they built the house.

They'll need to find a professional home inspector and an appraiser. They won't need a land surveyor or a contractor.



STEP 4

The buying process



Starting Your Search

Here are some ways to begin looking for your new home:

- **Word-of-mouth**

Tell everyone you know that you are looking for a new home. Surprising things sometimes happen. For example, you might hear about a home that is just becoming available on the market.

- **Newspapers and real estate magazines**

Check the new homes section in daily newspapers. Look for the free real estate magazines available at newsstands, convenience stores and other outlets. These publications are free and give pictures and short descriptions of homes for sale.

- **The Internet**

Check out real estate websites, such as realtor.ca. These websites give information and pictures of a wide range of properties. Most sites let you search by location, price, number of bedrooms, and other features.

- **“For Sale” signs**

Drive, bike or walk around a neighbourhood that interests you and look for “For Sale” signs. This is a good way to find homes that are being sold by the owner and are not listed with an agent.

- **Visit new development sites**

If you are looking for a newly built home, you can see available models and get information from builders.

- **Work with a realtor**

For most buyers, a realtor is key to finding the right home.

Useful Tips for Your Search

- **Keep records**

Whether you have a realtor or are looking by yourself, visit lots of homes before choosing one. Some things to compare are the home’s energy rating, utility costs, property taxes and major repairs. These will affect your monthly housing expenses. You can ask to see copies of utility and other bills. Use the CMHC *Home Hunting Worksheet* at the end of this section to make sure you get all the information you need to compare homes.

- **Check out the property’s current financing**

If the existing mortgage on the home is favourable, it may be possible to take it over from the vendor. It may even be possible to get a vendor take back mortgage, to help close the deal.

- **Think twice**

Even if a home seems perfect, go back and take a closer, more critical look at it. Visit it on different days and different times of the day. Chat with the neighbours. Look deeper – don’t be distracted by attractive surface details.

- **Energy Rating**

Some houses and new homes in Canada have an Energy Rating that describes the energy efficiency of the home. An energy-rated home usually has a sticker with the rating on the electrical panel. The energy rating is on a 0 to 100 scale. The higher the rating, the more energy-efficient the home, and the less it costs to operate.

- **CMHC statistics and analysis**

CMHC has the latest statistical information and analysis of housing trends. Our Market Analysis Centre tracks information for local, provincial and national markets.

Use the CMHC *Home Hunting Worksheet* to make sure you get all the information you need to compare homes.

HOME HUNTING WORKSHEET	CHATEL WHICH REMAINS WITH HOUSE
Attach real estate listing information sheet or fill in below.	Make a comprehensive list (floor coverings, windowdrapes, appliances, etc.)
Address _____	_____
Real estate representative _____ Telephone _____	_____
Type of home _____ Square footage _____	_____
Number of bedrooms _____ Lot size _____	_____
Additional structures on property _____	
Occupancy date _____ Asking price \$ _____	
Air conditioning <input type="checkbox"/> Central <input type="checkbox"/> Window <input type="checkbox"/> Smoke detectors <input type="checkbox"/> Heat recovery ventilator (HRV)	
ANNUAL COSTS	
Property taxes _____ \$	NEIGHBOURHOOD
Garbage collection _____ \$	Distance to work _____ Distance to spouse's work _____
Other _____ \$	Public transportation <input type="checkbox"/> Yes <input type="checkbox"/> No
Utilities	Adequate proximity to:
Heating type <input type="checkbox"/> Oil <input type="checkbox"/> Natural gas <input type="checkbox"/> Electric <input type="checkbox"/> Wood \$	Schools <input type="checkbox"/> Yes <input type="checkbox"/> No
Electricity <input type="checkbox"/> 60 amp <input type="checkbox"/> 100 amp <input type="checkbox"/> 200 amp <input type="checkbox"/> Other \$	Shopping <input type="checkbox"/> Yes <input type="checkbox"/> No
Water <input type="checkbox"/> Municipal <input type="checkbox"/> Well \$	Playgrounds <input type="checkbox"/> Yes <input type="checkbox"/> No
Other _____ \$	Medical <input type="checkbox"/> Yes <input type="checkbox"/> No
Other _____ \$	Hospital <input type="checkbox"/> Yes <input type="checkbox"/> No
TOTAL ANNUAL COSTS _____ \$	Fire station <input type="checkbox"/> Yes <input type="checkbox"/> No
	Police <input type="checkbox"/> Yes <input type="checkbox"/> No
	Place of worship <input type="checkbox"/> Yes <input type="checkbox"/> No
	OTHER CONSIDERATIONS
	Existing environmental problems (noisy traffic, railway, flooding, etc.)
	Future neighbourhood development plans
	Energy Rated <input type="checkbox"/> Yes <input type="checkbox"/> No
	Rating _____

Additional **Home Hunting** worksheets are available at the back of this Guide.

Homebuying STEP BY STEP

EXTERIOR		
Finish <input type="checkbox"/> Brick <input type="checkbox"/> Siding <input type="checkbox"/> Wood	<input type="checkbox"/> Den <input type="checkbox"/> Study <input type="checkbox"/> Family room	Bathrooms
Condition <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Approximate size	#1 <input type="checkbox"/> Bath/shower <input type="checkbox"/> Sink <input type="checkbox"/> Toilet
Roofing <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	#2 <input type="checkbox"/> Bath/shower <input type="checkbox"/> Sink <input type="checkbox"/> Toilet
Other _____	Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	#3 <input type="checkbox"/> Bath/shower <input type="checkbox"/> Sink <input type="checkbox"/> Toilet
Windows <input type="checkbox"/> Wood <input type="checkbox"/> Vinyl clad	Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No	Special features _____
<input type="checkbox"/> Aluminum	Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	_____
Condition <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Special features _____	Basement
Number of entrances	Kitchen	Approximate size
<input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	Approximate size	Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
Driveway <input type="checkbox"/> Paved <input type="checkbox"/> Gravel <input type="checkbox"/> Other	Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
Garage <input type="checkbox"/> No <input type="checkbox"/> Yes	Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Heated <input type="checkbox"/> Not-heated	Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No	Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
Landscaping <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Separate entrance <input type="checkbox"/> Yes <input type="checkbox"/> No
Fencing <input type="checkbox"/> Wood <input type="checkbox"/> Chain link <input type="checkbox"/> Other	Cupboards and storage	Special features _____
Patio or deck <input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	_____
Special features (e.g. pool, barbecue) _____	Special features _____	Utility room
	Appliances included _____	Approximate size
	Master bedroom	Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
	Approximate size	Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
	Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No
	Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
	Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No	Special features _____
	Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	_____
	Special features (e.g. en suite bathroom, walk-in closet) _____	Furnace Age _____
		Condition <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
	Bedroom #2	Hot water tank Age _____
	Approximate size	Condition <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
	Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Additional for condominiums
	Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Parking <input type="checkbox"/> Underground <input type="checkbox"/> Above ground
	Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Balcony; size <input type="checkbox"/> Storage
	Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	<input type="checkbox"/> Recreation room <input type="checkbox"/> Exercise room
	Special features _____	Pool <input type="checkbox"/> No <input type="checkbox"/> Yes
	Bedroom #3	<input type="checkbox"/> Indoor <input type="checkbox"/> Outdoor
	Approximate size	Lobby <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent
	Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	Security and special features _____
	Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	_____
	Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No	General comments
	Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent	_____
	Special features _____	_____
	_____	_____
	_____	_____

Additional Home Hunting worksheets are available at the back of this Guide.

Making an Offer to Purchase

After you have found the home you want to buy, you need to give the vendor an Offer to Purchase (sometimes called an Agreement of Purchase and Sale). It is very helpful to work with a realtor (and/or a lawyer/notary) to prepare your offer. The Offer to Purchase is a legal document and should be carefully prepared.

These items are typically included:

- **Names**

Your legal name, the name of the vendor and the legal civic address of the property.

- **Price**

The price you are offering to pay.

- **Things included**

Any items in or around the home that you think are included in the sale should be specifically stated in your offer. Some examples might be window coverings and appliances.

- **Amount of your deposit**

- **The closing day**

The closing day is the date you take possession of the home. It is usually 30 to 60 days after the date of agreement. But, it can be 90 days, or even longer.

- **Request for a current land survey of the property**

- **Date the offer expires**

After this date the offer becomes null and void – that means it's no longer valid.

- **Other conditions**

Other conditions may include a satisfactory home inspection report, a property appraisal, and lender approval of mortgage financing. This means that the contract will become final only when the conditions are met.

What Happens After You Make an Offer to Purchase?

Imagine that your realtor has helped you prepare an Offer to Purchase. This offer includes all the details of the sale. To be extra cautious (since you know an Offer to Purchase is legally binding) ask your lawyer to look at it before showing it to the vendor. The realtor presents the offer to the vendor. What can you expect to happen next? There are three possible responses:

Response 1	Response 2	Response 3
The vendor accepts your offer. The deal is concluded and you move on to the next steps in the buying process.	The vendor makes a counter-offer. The counter-offer might ask for a higher price, or different terms. You can sign the offer back to the vendor, offering a higher price than your original offer, but lower than the vendor's counter-offer. If the vendor accepts this counter-offer, the deal is concluded.	The vendor makes a counter-offer, asking for a higher price or different terms. If a counter-offer is returned to you at a higher price, ensure that you know exactly how much you can afford before you start negotiating. You don't want to get caught up in the heat of the moment with costs you can't afford. You reject the counter-offer because the price is still too high, or you can't agree to the conditions. The sale doesn't go through, and your deposit is returned.

Rita:

A Homeowner's Experience

Rita made an Offer to Purchase on an older property. Her real estate agent, Nissa, suggested that a home inspection should be done and that approval of mortgage financing be a condition of the offer. The inspection showed repairs that would have cost more than Rita could afford.

Happily, within a couple of weeks, Nissa found another listing at \$115,000. Rita hoped the vendors would negotiate the price.

With Nissa's help, Rita filled out another Offer to Purchase for \$100,000. The vendors refused the offer.

Rita was a little discouraged. But, Nissa pointed out another neighbourhood that had similar features and that tended to be a little less expensive.

On the second visit, Rita found "it". Even her son got excited and quickly found "his" bedroom. Although the backyard was smaller than the first home on which Rita made an Offer, it was adequate. The asking price was \$99,900 – well below Rita's pre-approved mortgage amount. Because the square footage and lot were smaller, she offered \$90,000.

This time, the inspection was very positive. Rita couldn't have been happier – she was finally going to be a homeowner!

Getting a Mortgage

Once your Offer to Purchase has been accepted, go to see your lender. Your lender will verify (and update, if necessary) your financial information and put together what's needed to complete the mortgage application. Your lender may ask you to get a property appraisal, a land survey, or both. You may also be asked to get title insurance. Your lender will tell you about the various types of mortgages, terms, interest rates, amortization periods and, payment schedules available.

Depending on your down payment, you may have a conventional mortgage or a high-ratio mortgage.

Types of Mortgages

Conventional Mortgage

A conventional mortgage is a mortgage loan that is equal to, or less than, 80% of the lending value of the property. The lending value is the property's purchase price or market value – whichever is less. For a conventional mortgage, the down payment is at least 20% of the purchase price or market value.

High-ratio Mortgage

If your down payment is less than 20% of the home price, you will typically need a high-ratio mortgage. A high-ratio mortgage usually requires mortgage loan insurance. CMHC is a major provider of mortgage loan insurance. Your lender may add the mortgage loan insurance premium to your mortgage or ask you to pay it in full upon closing.

Mortgage Term

Your lender will tell you about the term options for the mortgage. The term is the length of time that the mortgage contract conditions, including interest rate, will be fixed. The term can be from six months up to ten years. A longer term (for example, five years) lets you plan ahead. It also protects you from interest rate increases. Think carefully about the term that you want, and don't be afraid to ask your lender to figure out the differences between a one, two, five-year (or longer) term mortgage.

Mortgage Interest Rates

Mortgage interest rates are fixed, variable or adjustable.

Fixed Mortgage Interest Rate

A fixed mortgage interest rate is a locked-in rate that will not increase for the term of the mortgage.

Variable Mortgage Interest Rate

A variable rate fluctuates based on market conditions. The mortgage payment remains unchanged.

Adjustable Mortgage Interest Rate

With an adjustable rate, both the interest rate and the mortgage payment vary, based on market conditions.

Open or Closed Mortgage

Closed Mortgage

A closed mortgage cannot be paid off, in whole or in part, before the end of its term. With a closed mortgage you must make only your monthly payments – you cannot pay more than the agreed payment. A closed mortgage is a good choice if you'd like to have a fixed monthly payment. With it you can carefully plan your monthly expenses. But, a closed mortgage is not flexible. There are often penalties, or restrictive conditions, if you want to pay an additional amount. A closed mortgage may be a poor choice if you decide to move before the end of the term, or if you want to benefit from a decrease in interest rates.

Open Mortgage

An open mortgage is flexible. That means that you can usually pay off part of it, or the entire amount, at any time without penalty. An open mortgage can be a good choice if you plan to sell your home in the near future. It can also be a good choice if you want to pay off a large sum of your mortgage loan. Most lenders let you convert an open mortgage to a closed mortgage at any time, although you may have to pay a small fee.



Amortization

Amortization is the length of time the entire mortgage debt will be repaid. Many mortgages are amortized over 25 years, but longer periods are available. The longer the amortization, the lower your scheduled mortgage payments, but the more interest you pay in the long run. If each mortgage term is five years, and the mortgage is amortized over 20 years, you will have to renegotiate the mortgage four times (every five years).

Payment Schedule

A mortgage loan is repaid in regular payments – monthly, biweekly or weekly. More frequent payment schedules (for example weekly) can save some interest costs by reducing the outstanding principal balance more quickly. The more payments you make in a year, the lower the overall interest you have to pay on your mortgage.

Closing Day

Closing day is the day when you finally take legal possession and get to call the house your home. The final signing usually happens at the lawyer or notary's office.

These are the things that happen on closing day:

- Your lender will give the mortgage money to your lawyer/notary.
- You must give the down payment (minus the deposit) to your lawyer/notary. You must also give the remaining closing costs.
- Your lawyer/notary
 - Pays the vendor
 - Registers the home in your name
 - Gives you the deed and the keys to your new home

Moving

Hiring a Mover

When planning your move, friends or relatives may be able to recommend a professional moving company. Don't forget to ask the mover for references. Ask the mover for an estimate and outline of fees (do they charge a flat rate or hourly fee?). Once you've chosen a mover, ask them to come to your home to see what will be moved and provide an estimate.

You'll want to ensure that your belongings are insured during the move. Your home or property insurance may cover goods in transit. Call your broker or insurance company to be sure. Ask if you are fully covered. Many moving companies offer additional insurance coverage. Be aware that professional movers are not responsible for items such as jewellery, money, or important papers. Move these yourself to keep them safe.

If you decide to do your own packing, keep in mind that you will need the proper materials, and that packing can take a lot of time.

Moving Day

On moving day, go through the house with the van supervisor and give him or her any special instructions. The supervisor will note the condition of your goods on an inventory list. Go through the house with the supervisor to make sure the list is complete and accurate. When the van arrives at your new home, mark off the items on the mover's list as they are unloaded. If you paid for the movers to unpack boxes and remove packing materials, remember that they will not put dishes or linens into cupboards.

Moving day is almost always tiring. But, planning ahead will make the transition as smooth as possible.

Moving Costs

The amount you spend depends on your decisions about many things. Here are some to think about:

- Do you want to hire professional movers?
- If so, will it be a large company or a smaller local moving company?
- Will you need to buy insurance to protect your items in transit?
- If you plan to move yourself, will you rent a vehicle?
- Will your current auto or home insurance policy cover your items during the move?
- Will you have to pay utility companies a fee to connect their services in your new home? Are there other utility charges (such as a deposit)?





Post-Closing Costs

Changing the Locks

When you move into your new home you'll want to change the exterior door locks for security. After all, you want only the people you choose to have the key to your new home. You can change the locks yourself or call a locksmith to do the job.

Cleaning

Both your old home and your new home should be given a thorough cleaning at moving time. Whether you're buying cleaning supplies and doing it yourself, or hiring someone to clean for you, the costs can really add up. Plan for this expense.

Decorating

You might want to re-paint, replace some light fixtures, refinish the floor, re-carpet, or do any number of other decorating tasks. Plan your budget and consider postponing some projects for a period of time.

Appliances

If your offer to purchase didn't include appliances, and if you don't have your own, you will have to buy them when you move into your new home. Some appliances might have installation charges.

Tools and Equipment

When you own your own home, you can no longer call the landlord to do repairs. You'll need to own some basic hand tools and possibly some gardening and snow clearing equipment.



STEP 5

Now that you're
a homeowner

Credit Bureau: A company that collects information from various sources and provides credit information on a person's borrowing and bill paying habits to help lenders assess whether or not to lend money to the person.

Default on Payment: Failure to make a mortgage payment.

Gross Monthly Income: Monthly income before taxes and deductions.

Household Budget: A plan that allocates income for household expenses.

Operating Costs: The expenses that a homeowner has each month to operate a home. These include property taxes, property insurance, utilities, telephone and communications charges, maintenance and repairs.

Reserve Fund: This amount is set aside by the homeowner on a regular basis so that funds are available for emergency or major repairs. Setting aside 5% of your monthly take-home pay will give you a well-funded reserve.

Your Financial Responsibility

Make Your Mortgage Payments on Time

You can make your mortgage payments monthly, biweekly or weekly. But, whichever timetable you've chosen, it's important to always make payments on time. Making late payments is called delinquency. Delinquency may result in late charges and negatively affect your credit rating. Failing to make payments can even lead to very serious consequences, like foreclosure.

A good way to prevent late payments is to have the amount automatically deducted from your account every month. It's also recommended that you keep at least three months' worth of mortgage payments in savings for emergency situations. If you are having trouble making payments, discuss the situation with your lender.

Plan for the Costs of Operating a Home

Besides your mortgage, property taxes and insurance, operating a home has many other ongoing costs. Maintenance and repair costs are at the top of the list. There may be other costs as well, for example a security alarm monitoring system, snow removal, or gardening. If you have a condominium or strata, some of these expenses may be included as part of your monthly maintenance fee.

Save for Emergencies

Even when you can do repairs yourself, there are costs. When you have to pay for repairs, the costs are higher. As your home ages, it will need major repairs or replacement – this happens to every building. For example, when you bought your home, you might already have known that the roof would need to be replaced in a few years because of its age. These are expected repairs and can be planned for. However, many repairs are unexpected, and can sometimes be costly.

Set aside an emergency fund to deal with unexpected problems ranging from major repairs to illness and job loss. A good guideline is to save 5% of your take-home pay, and to keep the money in a special account.

Live Within Your Budget

Prepare a monthly budget and stick to it. Take a few minutes every month to check your spending and see if you are meeting your financial goals. If you spend more than you earn, you must find new ways to save. If you are having trouble sticking to your budget, ask a professional money manager for help.

If you haven't already reviewed your budget, now is the perfect time. Use the helpful CMHC worksheet *Household Budget as a Homeowner*.

HOUSEHOLD BUDGET AS A HOMEOWNER	
Details	Average monthly payment
Housing Expenses	
Mortgage (principal and interest)	\$
Electricity	\$
Heating costs	\$
Water	\$
Maintenance/Repair	\$
Parking fees (if paid separately)	\$
Property insurance	\$
Property taxes	\$
Non-Housing Expenses	
Cable TV/Satellite/Video rental	\$
Car fuel	\$
Car insurance and license	\$
Car repairs and service	\$
Charitable donations	\$
Child care	\$
Child support/Alimony	\$
Clothes	\$
Dental expenses	\$
Entertainment, recreation, movies	\$
Furnishings	\$
Groceries	\$
Life insurance	\$
Lunches/Eating out	\$
Medical expenses, prescriptions, eyewear	\$
Newspapers, magazines, books	\$
Personal items	\$
Property and contents insurance	\$
Public transportation	\$
Savings (bank account, RRSPs)	\$
Telephone/Cell phone	\$
Internet	\$
Other expenses	\$
Total Monthly Expenses	\$
<i>Note: You may have other costs not shown on this worksheet. Make sure you add these other items when you fill out this form.</i>	

Additional **Household Budget as a Homeowner** worksheets are available at the end of this Guide.

Martin:

A Homeowner's Experience

Martin, a successful young professional, has recently purchased a new townhouse in an area that will improve in a couple of years.

Martin asks Sheila, a financial advisor, for planning help. Sheila asks Martin to bring information about his current financial situation and household budget to their first meeting. He admits that he has no idea how much he spends each month. Sheila tells him that this is unfortunately the case with many Canadians. Martin used the CMHC worksheet Household Budget as Homeowner (see page 49) to figure out his current financial situation.

Martin paid \$175,000 for his home, with a down payment of \$20,000. Since Martin's down payment is less than 20% his Lender advised that he will need mortgage loan insurance (\$3,100) which Martin chooses to add to his mortgage. For his \$158,100 mortgage, Martin obtains an interest rate of 5% which he selects to amortize over 25 years. This results in a monthly mortgage payment (including interest) of about \$920. In addition, his taxes are \$150 each month, and his electricity bill is \$200 (including heating). Martin has free parking in his driveway. His municipal water bill is \$60 a month.

Although Martin has a great benefits package at work, he has quite a few other monthly expenses. He was surprised to find how much he spent on his non-housing expenses (including car insurance, clothing, entertainment, restaurants, etc.). These totalled about \$3,750.

Home Maintenance

Maintenance, repair, and renovations are a normal part of homeownership. You will need to know about your home's basic components, and know the actions you will need to take to adjust these systems or turn them off in case of emergency.

You'll need to inspect your home regularly, and replace, or repair, parts and materials that wear out. And of course, since Canadian seasons can be so extreme, you'll need to do many maintenance tasks on a seasonal basis.

Get to Know Your Home

Your home is made up of components that work together. These include mechanical systems and the building envelope:

Mechanical Systems

- Heating
- Air conditioning and ventilation
- Plumbing
- Electricity

The Building Envelope

- Foundations
- Floors
- Walls
- Windows, doors
- Roof

Get to know your new home. You need to learn enough about the major mechanical systems of your home to be able to perform routine maintenance and handle various emergencies.

What Every Adult Should Know

Every adult member of your household should know where to find these:

- Main shutoff valves for water and fuel (oil or natural gas)
Know how to turn them off.
- Emergency switch for the furnace or burner
Know how to turn it off.
- Hot water heater thermostat and electrical breaker
Know how to adjust the thermostat and reset the electrical breaker.
- Main electrical switch
Know how to turn it off.
- Fuse box or circuit breaker box
Know how to reset the breakers or replace the fuses.

When Work Needs to Be Done

Homes, like people, get old. It's a good idea to inspect your home regularly, and replace or repair parts and materials that wear out. Remember that the components of your home work together and affect each other. So, minor repairs can quickly become major ones if you do not take care of them right away.

You might be able to do many repairs yourself. However, if you feel you cannot handle the job on your own, it is best to call an expert. No matter who carries out the repair, the work has to be well done. Bad materials and poor workmanship will end up costing you more in the end. Keep careful records of all the repairs and improvements you make.

Maintenance Calendar

Most home maintenance activities are seasonal. Fall is the time to get your home ready for the coming winter, which can be the most gruelling season for your home. During winter months, it is important to follow routine maintenance procedures by checking your home carefully for any problems that may arise and taking corrective action as soon as possible. Spring is the time to assess winter damage, start repairs and prepare for warmer months. Over the summer, there are a number of indoor and outdoor maintenance tasks to look after, such as repairing walkways and steps, painting and checking your chimney and roof.

While most maintenance is seasonal, there are some things you should do on a frequent basis year-round:

	Make sure air vents indoors and outdoors (intake, exhaust and forced air) are not blocked by snow or debris.
	Check and clean range hood filters on a monthly basis.
	Test ground fault circuit interrupter(s) on electrical outlets monthly by pushing the test button, which should then cause the reset button to pop up.
	If there are young children in the house, make sure electrical outlets are equipped with safety plugs.
	Regularly check the house for safety hazards, such as a loose handrail, lifting or buckling flooring, inoperative smoke detectors, and so on.

On the next page are suggested seasonal maintenance tasks. Review them to see what needs to be done for your home.

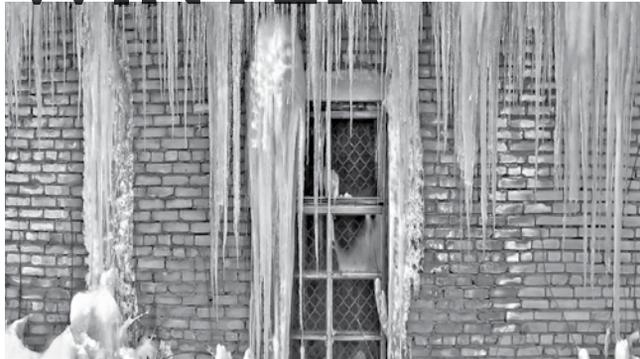


FALL



- ❑ Have furnace or heating system serviced by a qualified service company every two years for a gas furnace, and every year for an oil furnace, or as recommended by the manufacturer.
- ❑ If you have central air conditioning, make sure the drain pan under the cooling coil mounted in the furnace plenum is draining properly and is clean.
- ❑ Check chimneys for obstructions such as nests before turning on your furnace.
- ❑ Check and clean or replace furnace air filters each month during the heating season. Ventilation system, such as heat recovery ventilator, filters should be checked every two months.
- ❑ Check smoke, carbon monoxide and security alarms, and replace batteries.
- ❑ Remove interior insect screens from windows to allow air from the heating system to keep condensation off window glass and to allow more free solar energy into your home.
- ❑ Ensure windows and skylights close tightly; repair or replace weatherstripping, as needed.
- ❑ Ensure all doors to the outside shut tightly, and check other doors for ease of use. Replace door weatherstripping if required.
- ❑ Cover outside of air-conditioning units and shut off power.
- ❑ Clean leaves from eavestroughs and roof, and test downspouts to ensure proper drainage from the roof.
- ❑ Drain and store outdoor hoses. Close interior valve to outdoor hose connection and drain the hose bib (exterior faucet), unless your house has frost-proof hose bibs.

WINTER



- ❑ Clean humidifier two or three times during the winter season.
- ❑ Vacuum bathroom fan grille.
- ❑ Vacuum fire and smoke detectors, as dust or spider webs can prevent them from functioning.
- ❑ Vacuum radiator grilles on back of refrigerators and freezers, and empty and clean drip trays.
- ❑ Check pressure gauge on all fire extinguishers; recharge or replace if necessary.
- ❑ Check all faucets for signs of dripping and change washers as needed. Faucets requiring frequent replacement of washers may be in need of repair.
- ❑ If you have a plumbing fixture that is not used frequently, such as a laundry tub or spare bathroom sink, tub or shower stall, run some water briefly to keep water in the trap.
- ❑ Clean drains in dishwasher, sinks, bathtubs and shower stalls.
- ❑ Examine windows and doors for ice accumulation or cold air leaks. If found, make a note to repair or replace in the spring.
- ❑ Examine attic for frost accumulation. Check roof for ice dams or icicles. Check for excessive frost or staining of the underside of the roof, or ice dams on the roof surface.
- ❑ Keep snow clear of gas meters, gas appliance vents, exhaust vents and basement windows.
- ❑ Monitor outdoor vents, gas meters and chimneys for ice and snow buildup. Consult with an appropriate contractor or your gas utility for information on how to safely deal with any ice problems you may discover.

SPRING



- Have fireplace or wood stove and chimney cleaned and serviced as needed.
- Shut down, drain and clean furnace humidifier, and close the furnace humidifier damper on units with central air conditioning.
- Switch on power to air conditioning and check system. Have it serviced every two or three years.
- Check dehumidifier and drain – clean if necessary
- Have well water tested for quality. It is recommended that you test for bacteria every six months.
- Check smoke, carbon monoxide and security alarms, and replace batteries.
- Clean windows, screens and hardware. Check screens first and repair or replace if needed.
- Open valve to outside hose connection after all danger of frost has passed.
- Examine the foundation walls for cracks, leaks or signs of moisture, and repair as required.
- Ensure sump pump is operating properly before the spring thaw sets in. Ensure discharge pipe is connected and allows water to drain away from the foundation.
- Re-level any exterior steps or decks that moved as a result of frost or settling.
- Check for and seal off any holes in exterior cladding that could be an entry point for small pests, such as bats and squirrels.
- Check eavestroughs and downspouts for loose joints and secure attachment to your home, clear any obstructions, and ensure water flows away from your foundation.

SUMMER



- Monitor basement humidity and avoid relative humidity levels above 60 per cent. Use a dehumidifier to maintain relative humidity below 60 per cent.
- Clean or replace air-conditioning filter, and clean or replace ventilation system filters if necessary.
- Check the basement floor drain to ensure the trap contains water; refill with water if necessary.
- If you have a plumbing fixture that is not used frequently, for example, a laundry tub or spare bathroom sink, tub or shower stall, run some water briefly to keep water in the trap.
- Disconnect the duct connected to your clothes dryer, and vacuum lint from duct, the areas surrounding your dryer and your dryer's vent hood outside.
- Check smooth functioning of all windows, and lubricate as required.
- Lubricate garage door hardware, and ensure it is operating properly.
- Lubricate automatic garage door opener motor, chain and other moving parts, and ensure that the auto-reverse mechanism is properly adjusted.
- Check exterior wood siding and trim for signs of deterioration; clean, replace or refinish as needed.
- Remove any plants that contact – and roots that penetrate – the siding or brick.
- From the ground, check the general condition of the roof and note any sagging that could indicate structural problems requiring further investigation from inside the attic. Note the condition of shingles for possible repair or replacement, and examine roof flashings, such as at chimney and roof joints, for any signs of cracking or leakage.
- Check the chimney cap and the caulking between the cap and the chimney.
- Repair driveway and walkways as needed.

Is your Home Safe?

Fire Evacuation Plan

Do you have a fire evacuation plan? A plan means that you make sure everyone in your home knows how to get out from each room, in case of a fire. If your home has a second floor, you need a special escape plan to get to the ground. Check to see that windows have not been painted shut. Although doors and windows should always be securely locked, you have to be able to open them in an emergency.

Fire Extinguishers

Fire extinguishers must always be easy to reach. If you have a two storey home, there should be a fire extinguisher on each floor. Remember to check your fire extinguishers at least once a year. To help you remember, make a habit of doing it when you set your clocks to Daylight Saving Time. Replace a fire extinguisher that is 10 years or older.

Smoke Alarms

In some areas, it is a legal requirement to have smoke alarms in your home. Whether or not it is a legal requirement, having smoke alarms is an excellent precaution. Check smoke alarm batteries at least once a year.

Carbon Monoxide Detectors

Carbon monoxide is an invisible, odourless, poisonous gas. Carbon monoxide detectors are important to have. They will let you know if there are high levels of carbon monoxide in your home. This can save you from illness, or even death. Check them at least once a year. Make a habit of checking your fire extinguishers, smoke and carbon monoxide detectors all at the same time.

Fire Hazards

Paper, paint, chemicals and other clutter can be a fire hazard. Make sure these are stored in a safe place. When you no longer need the hazardous materials, you must dispose of them at a community toxic waste center. Never put hazardous materials into the garbage.

Valuables

Collect your papers and store them in a safe place – for example, a fireproof box, or a safety deposit box.

Emergency Numbers

Keep a list of emergency phone numbers (including 911, poison prevention line, doctors, relatives, neighbours and friends) close to the phone. Make sure your children are aware of the list.



Home Improvements

Besides doing regular maintenance and repairing your home, you might also want to consider renovating or making improvements. These changes will not only make the home more pleasant for you to live in, they may also increase its value.

How Much is Just Right?

When planning renovations, be careful not to go overboard unless you plan to stay in your home for many years. If you are planning to sell your house, make sure that your changes won't make your home worth a lot more than the other homes around you. The value of your home is closely related to the other homes in your area.

Over time, some renovations can practically pay for themselves, especially if they result in savings on utility bills, a higher selling price or years of greater comfort and enjoyment in your home.

Some Things to Keep in Mind

Here are some things to keep in mind when planning a change or renovation:

- Ask yourself, “How appealing will this change be to someone buying my home in the future?” You can make very personalized changes with paint. Paint is inexpensive and can easily be changed. But, flooring, cabinets and countertops have a longer life – make choices that will also appeal to others.
- Think about getting your home energy-rated. This will tell you how energy efficient your home is and what improvements are possible. Visit Natural Resources Canada at www.oee.nrcan.gc.ca to find information on current energy programs.
- Updating the bathrooms and kitchen in an older home can increase its resale value.
- Landscaping is important. The right planting can improve the appearance and value of your home.
- Updating your exterior paint, installing new roofing, resurfacing your walkways and driveway, and adding attractive mailboxes can help make your home more appealing.

CMHC Resources

Visit www.cmhc.ca to download free publications such as:

- Low-Maintenance Lawns
- Water-Saving Tips For Your Lawn And Garden
- Healthy Housing Practical Tips
- Household Guide to Water Efficiency

CMHC has a monthly e-newsletter filled with practical tips and helpful advice relating to a variety of homeownership interests. Sign-up today at www.cmhc.ca/enewsletters.



Words to Know When Buying a Home

Adjustable mortgage interest rate: With an adjustable rate, both the interest rate and the mortgage payment vary, based on market conditions.

Amortization: Length of time over which the debt will be repaid.

Appraisal: Process for estimating the market value of a property.

Appraiser: Certified professional who carries out an appraisal.

Appreciation: The increase in value of something because it is worth more now than when you bought it.

Approved lender: A lending institution designated as an approved lender by CMHC under the National Housing Act. Only Approved Lenders may qualify for CMHC Mortgage Loan Insurance.

Assumption agreement: A legal document signed by a homebuyer that requires them to assume responsibility for the obligations of a mortgage by the builder or the previous owner.

Blended payment: A mortgage payment that includes principal and interest. It is paid regularly during the term of the mortgage. The payment total remains the same, although the principal portion increases over time and the interest portion decreases.

Builder: A person or company that builds homes.

Carriage home: A carriage, or link home, is joined by a garage or carport.

Certificate of status: Also called an Estoppel Certificate, it outlines a condominium corporation's financial and legal state. Fees may vary and may be capped by law (does not apply in Quebec).

Closed mortgage: In some cases, a closed mortgage cannot be paid off, in whole or in part, before the end of its term. In other cases, the lender may allow for partial prepayment in the form of an increased mortgage payment or a lump sum prepayment. However, any prepayment made above stipulated allowances may incur penalty charges.

Closing costs: Costs in addition to the purchase price of the home, such as legal fees, transfer fees and disbursements, that are payable on closing day. They range from 1.5% to 4% of a home's selling price.

Closing day: Date on which the sale of the property becomes final and the new owner takes title to the home.

CMHC: Canada Mortgage and Housing Corporation. A Crown corporation that administers the National Housing Act for the federal government and encourages the improvement of housing and living conditions for all Canadians. CMHC also develops and sells mortgage loan insurance products.

CMHC insurance premiums: When a home buyer takes out a mortgage loan with less than a 20% down payment, an insurance premium is paid to a CMHC mortgage insurer, and a mortgage loan insurance policy is issued to the lender. The CMHC Mortgage Loan Insurance premium is calculated as a percentage of the loan and is based on a number of factors such as the purpose of the property (owner occupied or rental), the type of loan (i.e. purchase/construction or refinance loan), the ability of a self-employed borrower to supply income verification, and the size of your down payment (i.e. the higher the percentage of the total house price/value that you borrow, the higher percentage you will pay in insurance premiums).

Commitment letter (or Mortgage Approval): Written notification from the mortgage lender to the borrower that approves the advancement of a specified amount of mortgage funds and other terms under specified conditions.

Compound interest: Interest calculated on both the principal and the accrued interest.

Conditional offer: An Offer to Purchase that is subject to specified conditions, for example, the arrangement of a mortgage. There is usually a stipulated time limit within which the specified conditions must be met.

Condominium (or strata): You own the unit you live in (eg: highrise or lowrise, or a townhouse) and share ownership rights for the common areas of the building along with the development's other owners.

Contractor: A person responsible for overall construction of a home, including buying, scheduling, workmanship, and management of subcontractors and suppliers.

Conventional mortgage: A mortgage loan up to a maximum of 80% of the lending value of the property. Typically, the lending value is the lesser of the purchase price and market value of the property. Mortgage insurance is usually not required for this type of mortgage.

Counteroffer: If, for example, your original offer to the vendor is not accepted, the vendor may counteroffer. This means that the vendor has amended something from your original offer, such as the price or closing date. As this new offer varies the terms of the original offer, this rejects the original offer. If a counteroffer is presented, the individual has a specified amount of time to accept or reject.

Credit bureau: A company that collects information from various sources and provides credit information on a person's borrowing and bill paying habits to help lenders assess whether or not to lend money to the person.

Credit history or Credit Report: The main report a lender uses to determine your creditworthiness. It includes information about your ability to handle your debt obligations and your current outstanding obligations.

Curb appeal: How attractive the home looks from the street. A home with good curb appeal will have attractive landscaping and a well-maintained exterior.

Deed: A legal document that transfers ownership in the real property to the purchaser. This is often called a "Transfer". This document is registered as evidence of ownership.

Default on payment: Failure to make a mortgage payment in accordance with the mortgage document.

Delinquency: Failing to make a mortgage payment on time.

Deposit: Money placed in trust by the purchaser when an Offer to Purchase is made. The sum is held by the real estate representative or lawyer/notary until the sale is closed and then it is paid to the vendor.

Depreciation: The decrease in value of something because it is now worth less than when you bought it.

Down payment: The portion of the home price that is not financed by the mortgage loan. The buyer must pay the down payment from his/her own funds or other eligible sources before securing a mortgage.

Duplex: A duplex is a building containing two single-family homes, located one above the other.

Easement: An interest in land owned by another person that benefits the person who has the easement, for a specific limited purpose (i.e. right of way permitting passage over a particular strip of land) such as with public utilities.

Equity: The difference between the price for which a home could be sold and the total debts registered against it. Equity usually increases as the mortgage is reduced through regular payments. Market values and improvements to the property may also affect equity.

Estoppel certificate: Also called a certificate of status, it is a certificate that outlines a condominium corporation's financial and legal state. Fees may vary and may be capped by law (does not apply in Quebec).

Fixed mortgage interest rate: A locked-in rate that will not increase for the term of the mortgage.

FlexHousing™: A housing concept that incorporates, at the design and construction stage, the ability to make future changes easily and with minimum expense, to meet the evolving needs of its occupants.

Foreclosure: A legal process where the lender takes possession of your property and sells it to cover the unpaid debt

Freehold: A freehold title is an interest in land that gives the holder full and exclusive ownership of the land and building for an indefinite period. A leasehold title is an interest in land that gives the holder the right to use and occupy the land and building for a defined period.

Gross Debt Service Ratio (GDS): The percentage of gross income that will be used for payments of principal, interest, taxes and heat (P.I.T.H.) and 50% of any condominium maintenance fees or 100% of the annual site lease for leasehold tenure.

Gross monthly income: Monthly income before taxes and deductions.

High-ratio mortgage: A mortgage loan higher than 80% of the lending value of the property. This type of mortgage must be insured - by CMHC or a private company, for the benefit of the approved lender, against payment default.

Home inspector: A person who visually inspects a home to tell you if something is not working properly, or is unsafe. He or she will also tell you if repairs are needed, and maybe even where there were problems in the past.

Household budget: A plan that allocates income for household expenses.

Insurance: Insurance provides coverage to ensure a loan is paid. See also Mortgage Loan Insurance and Mortgage Life Insurance for more details.

Insurance premium: Payment for insurance.

Interest: The cost of borrowing money. Interest is usually paid to the lender in regular payments along with repayment of the principal (loan amount).

Interest rate: The price paid for the use of money borrowed from a lender.

Land registration: A system to record interests in land, including the ownership and disposition of land.

Land surveyor: A professional who can survey a property in order to provide a certificate of location.

Lawyer: A legal advisor who is licensed to practice law and who assists people by representing them on legal matters.

Lien: A claim against a property for money owing. A lien may be filed by a supplier or a subcontractor who has provided labour or materials but has not been paid.

Life insurance: See Mortgage life insurance.

Link home: A link, or carriage home, is joined by a garage or carport.

Lump sum prepayment: An extra payment, made in lump sum, to reduce the principal balance of your mortgage, with or without penalty.

Homebuying STEP BY STEP

Manufactured home: A factory-built, single-family home. It is transported to a chosen location, and placed onto a foundation.

Maturity date: The last day of the term of the mortgage. On this day, the mortgage loan must either be paid in full or the agreement renewed.

Mobile home: These are built in factories, and then taken to the place where they will be occupied. While these homes are usually placed in one location and left there permanently, they do retain the ability to be moved.

Modular home: A factory-built, single-family home. The home is typically shipped to a location in two, or more, sections (or modules).

Mortgage: A mortgage is a security interest given in the property you are purchasing which secures repayment of the loan related to the property. That security interest is discharged on payment of the principal and interest owing on the loan in accordance with the mortgage document. In Quebec, “mortgages” are called “hypothecs”.

Mortgage approval: Written notification from the mortgage lender to the borrower that approves the advancement of a specified amount of mortgage funds under specified conditions.

Mortgage broker: The job of the mortgage broker is to find you a lender with the terms and rates that will best suit you.

Mortgage life insurance: Mortgage life insurance gives coverage for your family, if you die before your mortgage is paid off.

Mortgage lender: A mortgage lender is an institution (bank, trust company, credit union, etc.) that lends money for a mortgage.

Mortgage loan insurance: Mortgage loan insurance is required for residential mortgage loans with a loan-to-value ratio of more than 80%, and is available from CMHC or a private company. Because mortgage loan insurance protects the lender against losses in the event that a borrower fails to pay his or her mortgage, it enables more Canadians to purchase their homes earlier, at competitive interest rates and benefit from the growth in home equity sooner.

Mortgage payment: A regular payment to the lender that includes both the interest and the principal.

Mortgage term: Length of time that the mortgage contract conditions, including interest rate, is fixed.

MLS – Multiple Listing Service: A multiple listing service that contains descriptions of most of the homes that are for sale. This computer-based service is used to keep up with properties that are listed for sale.

Net worth: Your financial worth, calculated by subtracting your total liabilities from your total assets.

New Home Warranty Program: Coverage in the event that an item under the warranty needs to be repaired within a specific warranty period. The repair will be made by the organization that provided the warranty.

Notary: In Quebec a notary handles the legal matters related to homebuying. In most other provinces, a notary only administers oaths, certifies documents and attests to authenticity of signatures and could not, in his/her capacity as notary, advise on legal matters.

Offer to purchase: A written contract setting out the terms under which the buyer agrees to buy the home. If the Offer to Purchase is accepted by the seller, it forms a legally binding contract that binds the people who signed to certain terms and conditions.

Open mortgage: A flexible mortgage that allows you to pay part before the end of its term.

Open-house: A period of time during which a house or apartment for sale or rent is held open for public viewing.

Operating Costs: The expenses that a homeowner has each month to operate a home. These include property taxes, property insurance, utilities, telephone and communications charges, maintenance and repairs.

Payment schedule: The monthly, biweekly, or weekly mortgage payments

Premium: See CMHC Insurance Premiums.

Principal: The amount that you borrow for a loan (not including interest).

P.I.T.H.: Principal, interest, taxes and heating – costs used in both the Gross Debt Service ratio (GDS) and Total Debt Service ratio (TDS) calculations.

Property insurance: Insurance that you buy for the building(s) on the land you own. This insurance should be high enough to pay for the building to be re-built if it is destroyed by fire or other hazards listed in the policy.

Property taxes: Taxes charged by the municipality where the home is located, usually based on the value of the home. In some cases the lender will collect an amount as part of the mortgage payment to cover your property taxes, which is then paid by the lender to the municipality on your behalf.

Real estate: Property consisting of buildings and land.

Realtor or real estate agent: A person who acts as an intermediary between the seller and the buyer of a property.

Reserve fund: A fund required to be set up by the condominium corporation for major repair and replacement of common elements and assets of a corporation. This amount is set aside by the homeowner on a regular basis so that funds are available for emergency or major repairs.

Row house: Also called a townhouse, a row house is one unit of several similar single-family homes, side-by-side, joined by common walls.

Security: Property that is pledged to guarantee the fulfillment of an obligation and that can be claimed by a creditor if a loan is not repaid.

Single-family detached home: Free-standing home for one family, not attached to a house on either side.

Single-family semi-detached home: Home for one family, attached to another building on one side.

Stacked townhouse: Two two-story homes are stacked one on top of the other. The buildings are usually attached in groups of four or more. Each unit has direct access from the outside.

Strata (or condominium): You own the unit you live in (e.g.: a highrise or lowrise, or a townhouse) and share ownership rights for the common areas of the building along with the development's other owners.

Survey or Certificate of location: A document that shows property boundaries and measurements, specifies the location of buildings, fences, and other improvements on the property and states easements or encroachments, at a specific point in time.

Sustainable neighbourhood: Neighbourhood that meets residents needs while protecting the environment.

Term: Mortgage term is the length of time that the mortgage contract conditions, including interest rate, are fixed.

Title: A freehold title is an interest in land that gives the holder full and exclusive ownership of the land and building for an indefinite period. A leasehold title is an interest in land that gives the holder the right to use and occupy the land and building for a defined period.

Title Insurance: Insurance against loss or damage arising from a matter affecting the title to real property (e.g.: by a defect in the title or by the existence of a lien, encumbrance or servitude).

Total Debt Service Ratio (TDS): The percentage of gross income that will be used for payments of principal, interest, taxes and heat (P.I.T.H.) and other debt obligations, such as car payments or payments of other loans.

Townhouse: Also called a row house, a townhouse is one unit of several similar single-family homes, side-by-side, joined by common walls.

Variable mortgage interest rate: Fluctuates based on market conditions but the mortgage payment remains unchanged.

Vendor: The seller of a property.

Vendor take-back mortgage (Sometimes called take-back mortgage): The vendor, not a financial institution, finances the mortgage. The title of the property is transferred to the buyer who makes mortgage payments directly to the seller.

Homebuying STEP BY STEP

CURRENT HOUSEHOLD BUDGET	
Details	Average monthly payment
Current Housing Expenses	
Rent	\$
Electricity (if paid separately)	\$
Heating costs (if paid separately)	\$
Water (if paid separately)	\$
Maintenance/Repair	\$
Parking fees (if paid separately)	\$
Current Non-Housing Expenses	
Cable TV/Satellite/Video rental	\$
Car fuel	\$
Car insurance and license	\$
Car repairs and service	\$
Charitable donations	\$
Child care	\$
Child support/Alimony	\$
Clothes	\$
Contents insurance	\$
Dental expenses	\$
Entertainment, recreation, movies	\$
Furnishings	\$
Groceries	\$
Internet	\$
Life insurance	\$
Lunches/Eating out	\$
Medical expenses, prescriptions, eyewear	\$
Newspapers, magazines, books	\$
Personal items	\$
Public transportation	\$
Savings (bank account, RRSPs)	\$
Telephone/Cell phone	\$
Other expenses	\$
Total Monthly Expenses	\$
<i>Note: You may have other costs not shown on this worksheet.</i>	

HOUSEHOLD BUDGET AS A HOMEOWNER	
Details	Average monthly payment
Housing Expenses	
Mortgage (principal and interest)	\$
Electricity	\$
Heating costs	\$
Water	\$
Maintenance/Repair	\$
Parking fees (if paid separately)	\$
Property insurance	\$
Property taxes	\$
Non-Housing Expenses	
Cable TV/Satellite/Video rental	\$
Car fuel	\$
Car insurance and license	\$
Car repairs and service	\$
Charitable donations	\$
Child care	\$
Child support/Alimony	\$
Clothes	\$
Dental expenses	\$
Entertainment, recreation, movies	\$
Furnishings	\$
Groceries	\$
Life insurance	\$
Lunches/Eating out	\$
Medical expenses, prescriptions, eyewear	\$
Newspapers, magazines, books	\$
Personal items	\$
Property and contents insurance	\$
Public transportation	\$
Savings (bank account, RRSPs)	\$
Telephone/Cell phone	\$
Internet	\$
Other expenses	\$
Total Monthly Expenses	\$
<i>Note: You may have other costs not shown on this worksheet. Make sure you add these other items when you fill out this form.</i>	

Homebuying STEP BY STEP

HOME PURCHASE COST ESTIMATE	
Description of cost	Average monthly payment
Cost of Home	
Purchase price	\$
GST/HST (if applicable)	\$
Total Cost of Home (add the purchase price and GST if applicable)	\$
Up-front Costs	
Appraisal fee (if applicable)	\$
Deposit (to be paid when you sign the Offer to Purchase)	\$
Down payment	\$
Estoppel certificate fee (for condominium/strata unit)	\$
Home inspection fee	\$
Land registration fee	\$
Legal fees and disbursements	\$
Mortgage broker's fee (if applicable)	\$
Mortgage loan insurance premium (can be included in your mortgage)	\$
Prepaid property taxes and/or utility bills adjustment	\$
Property insurance	\$
Survey or certificate of location cost	\$
Title insurance	\$
Other	\$
Total Upfront Costs	\$
Other Costs	
Appliances	\$
Gardening equipment	\$
Snow-clearing equipment	\$
Window treatments	\$
Decorating materials	\$
Hand tools	\$
Dehumidifier	\$
Moving expenses	\$
Renovations or repairs	\$
Service hookup fees	\$
Condominium fees	\$
Total Other Costs	\$
Total Costs (add up Total Cost of Home, Total Up-front Costs and Total Other Costs)	\$

HOME FEATURES CHECKLIST

Resale New

Type of Home
 Detached Semi-detached
 Townhouse Duplex
 Highrise Low-rise

Type of ownership
 Freehold Condominium

Age of home

Lot size Small Medium Large

Quiet street Yes No

Type of exterior finish
 Brick Wood
 Aluminum siding Vinyl siding
 Combination brick and siding

Windows
 Glazing Single Double Triple
 Low-E
 Construction Wood Vinyl Aluminum
 Other

Insulation values
 Basement _____ Walls _____
 Ceiling _____

Foundation construction Concrete
 Concrete block Preserved wood

Sewer Municipal Septic system

Water Municipal Well

Water heating Gas Electric Oil

Electrical system
 100 amp 200 amp
 Other _____
 Fuses Circuit breakers

Energy Rating Yes No
 Rating _____

Type of heating fuel
 Oil Gas Electric Wood

Heat recovery ventilator Yes No

Air conditioning Central Window

Bedrooms 1 2 3 4

Bathrooms 1 2 3

Master bedroom en suite Yes No

Ground floor bathroom Yes No

Eat-in kitchen Yes No

Separate dining room Yes No

Separate family room Yes No

Fireplace Yes No

Woodstove Yes No

Spare room for den or home office Yes No

Basement for storage or workshop Yes No

Apartment for rental income Yes No

Deck or patio Yes No

Private driveway Yes No

Garage Attached Detached

Carport Yes No

Security features Yes No

Barrier-free Yes No

Close to (approximate km)

Work _____ Spouse's work _____

Public transportation _____ Schools _____

Shopping _____ Parks/playgrounds _____

Recreation facilities _____ Restaurants _____

Places of worship _____ Doctor/dentist _____

Police station _____ Fire station _____

Hospital _____

Veterinarian _____

Homebuying STEP BY STEP

HOME PURCHASE COST ESTIMATE	
Description of cost	Average monthly payment
Cost of Home	
Purchase price	\$
GST/HST (if applicable)	\$
Total Cost of Home (add the purchase price and GST if applicable)	\$
Up-front Costs	
Appraisal fee (if applicable)	\$
Deposit (to be paid when you sign the Offer to Purchase)	\$
Down payment	\$
Estoppel certificate fee (for condominium/strata unit)	\$
Home inspection fee	\$
Land registration fee	\$
Legal fees and disbursements	\$
Mortgage broker's fee (if applicable)	\$
Mortgage loan insurance premium (can be included in your mortgage)	\$
Prepaid property taxes and/or utility bills adjustment	\$
Property insurance	\$
Survey or certificate of location cost	\$
Title insurance	\$
Other	\$
Total Upfront Costs	\$
Other Costs	
Appliances	\$
Gardening equipment	\$
Snow-clearing equipment	\$
Window treatments	\$
Decorating materials	\$
Hand tools	\$
Dehumidifier	\$
Moving expenses	\$
Renovations or repairs	\$
Service hookup fees	\$
Condominium fees	\$
Total Other Costs	\$
Total Costs (add up Total Cost of Home, Total Up-front Costs and Total Other Costs)	\$

HOME FEATURES CHECKLIST

Resale New

Type of Home

Detached Semi-detached

Townhouse Duplex

Highrise Low-rise

Type of ownership

Freehold Condominium

Age of home

Lot size Small Medium Large

Quiet street Yes No

Type of exterior finish

Brick Wood

Aluminum siding Vinyl siding

Combination brick and siding

Windows

Glazing Single Double Triple

Low-E

Construction Wood Vinyl Aluminum

Other

Insulation values

Basement _____ Walls _____

Ceiling _____

Foundation construction

Concrete block Preserved wood

Sewer Municipal Septic system

Water Municipal Well

Water heating Gas Electric Oil

Electrical system

100 amp 200 amp

Other _____

Fuses Circuit breakers

Energy Rating

Rating _____ Yes No

Type of heating fuel

Oil Gas Electric Wood

Heat recovery ventilator Yes No

Air conditioning Central Window

Bedrooms 1 2 3 4

Bathrooms 1 2 3

Master bedroom en suite Yes No

Ground floor bathroom Yes No

Eat-in kitchen Yes No

Separate dining room Yes No

Separate family room Yes No

Fireplace Yes No

Woodstove Yes No

Spare room for den or home office Yes No

Basement for storage or workshop Yes No

Apartment for rental income Yes No

Deck or patio Yes No

Private driveway Yes No

Garage Attached Detached

Carpport Yes No

Security features Yes No

Barrier-free Yes No

Close to (approximate km)

Work _____ Spouse's work _____

Public transportation _____ Schools _____

Shopping _____ Parks/playgrounds _____

Recreation facilities _____ Restaurants _____

Places of worship _____ Doctor/dentist _____

Police station _____ Fire station _____

Hospital _____

Veterinarian _____

Homebuying STEP BY STEP

YOUR TEAM OF PROFESSIONALS	
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees

YOUR TEAM OF PROFESSIONALS	
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees
Role	
Name	
Company name	
Address	Telephone
Strengths	
Weaknesses	
Referral	Fees

Homebuying STEP BY STEP

HOME HUNTING WORKSHEET	CHATTEL WHICH REMAINS WITH HOUSE
<p>Attach real estate listing information sheet or fill in below.</p> <p>Address _____</p> <p>Real estate representative _____ Telephone _____</p> <p>Type of home _____ Square footage _____</p> <p>Number of bedrooms _____ Lot size _____</p> <p>Additional structures on property _____</p> <p>Occupancy date _____ Asking price \$ _____</p> <p>Air conditioning <input type="checkbox"/> Central <input type="checkbox"/> Window <input type="checkbox"/> Smoke detectors <input type="checkbox"/></p> <p style="padding-left: 40px;"><input type="checkbox"/> Heat recovery ventilator (HRV)</p> <p>ANNUAL COSTS</p> <p>Property taxes _____ \$</p> <p>Garbage collection _____ \$</p> <p>Other _____ \$</p> <p>Utilities</p> <p>Heating type <input type="checkbox"/> Oil <input type="checkbox"/> Natural gas <input type="checkbox"/> Electric <input type="checkbox"/> Wood \$ _____</p> <p>Electricity <input type="checkbox"/> 60 amp <input type="checkbox"/> 100 amp <input type="checkbox"/> 200 amp <input type="checkbox"/> Other \$ _____</p> <p>Water <input type="checkbox"/> Municipal <input type="checkbox"/> Well \$ _____</p> <p>Other _____ \$</p> <p>Other _____ \$</p> <p>TOTAL ANNUAL COSTS _____ \$</p>	<p>Make a comprehensive list (floor coverings, windowdrapes, appliances, etc.)</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p style="text-align: center;">NEIGHBOURHOOD</p> <p>Distance to work _____ Distance to spouse's work _____</p> <p>Public transportation <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Adequate proximity to:</p> <p>Schools <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Shopping <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Playgrounds <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Medical <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Hospital <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Fire station <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Police <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Place of worship <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="text-align: center;">OTHER CONSIDERATIONS</p> <p>Existing environmental problems (noisy traffic, railway, flooding, etc.)</p> <p>Future neighbourhood development plans</p> <p>Energy Rated <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Rating _____</p>

EXTERIOR	<input type="checkbox"/> Den <input type="checkbox"/> Study <input type="checkbox"/> Family room Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Special features _____ Kitchen Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Cupboards and storage <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Special features _____ Appliances included _____ Master bedroom Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Special features (e.g. en suite bathroom, walk-in closet) _____ Bedroom #2 Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Special features _____ Bedroom #3 Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Special features _____	Bathrooms #1 <input type="checkbox"/> Bath/shower <input type="checkbox"/> Sink <input type="checkbox"/> Toilet #2 <input type="checkbox"/> Bath/shower <input type="checkbox"/> Sink <input type="checkbox"/> Toilet #3 <input type="checkbox"/> Bath/shower <input type="checkbox"/> Sink <input type="checkbox"/> Toilet Special features _____ Basement Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Separate entrance <input type="checkbox"/> Yes <input type="checkbox"/> No Special features _____ Utility room Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Special features _____ Furnace Age ____ Condition <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Hot water tank Age ____ Condition <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Additional for condominiums Parking <input type="checkbox"/> Underground <input type="checkbox"/> Above ground <input type="checkbox"/> Balcony; size <input type="checkbox"/> Storage <input type="checkbox"/> Recreation room <input type="checkbox"/> Exercise room Pool <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Indoor <input type="checkbox"/> Outdoor Lobby <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Security and special features _____ General comments _____ _____ _____
INTERIOR	Entrance area Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Special features _____ Living room Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Special features (e.g. fireplace) _____ Dining room Approximate size Walls <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Flooring <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Lighting fixtures <input type="checkbox"/> Yes <input type="checkbox"/> No Windows <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Special features _____ _____	Finish <input type="checkbox"/> Brick <input type="checkbox"/> Siding <input type="checkbox"/> Wood Condition <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Roofing <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Other _____ Windows <input type="checkbox"/> Wood <input type="checkbox"/> Vinyl clad <input type="checkbox"/> Aluminum Condition <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Number of entrances <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 Driveway <input type="checkbox"/> Paved <input type="checkbox"/> Gravel <input type="checkbox"/> Other Garage <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Heated <input type="checkbox"/> Not-heated Landscaping <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent Fencing <input type="checkbox"/> Wood <input type="checkbox"/> Chain link <input type="checkbox"/> Other Patio or deck <input type="checkbox"/> Yes <input type="checkbox"/> No Special features (e.g. pool, barbecue) _____

Homebuying STEP BY STEP

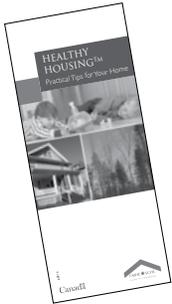
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Homebuying STEP BY STEP

MOVING TO YOUR NEW HOME - CHANGE OF ADDRESS NOTIFICATION	
Telephone	Telephone
Relatives and friends	Old Age Security:
■	Driver's license:
■	Car ownership:
■	
■	Credit cards
■	■
■	■
■	■
■	Clubs, associations and charities
■	■
■	■
Landlord (if necessary):	■
Insurance broker(s):	Subscriptions:
Schools:	Newspapers
Post office:	■
Phone company:	Magazines
Electricity/Hydro:	■
Natural gas:	■
Heating fuel company: <i>(ask if you receive a deposit refund)</i>	Book club:
Cable television:	CD or tape club:
Doctor:	Video club:
Dentist:	
Lawyer/Notary:	Other
Veterinarian:	■
Bank:	■
Employer:	■
Income tax:	■
Family allowance:	■
CPP/QPP:	■

CMHC CAN HELP YOU PROTECT YOUR BIGGEST INVESTMENT

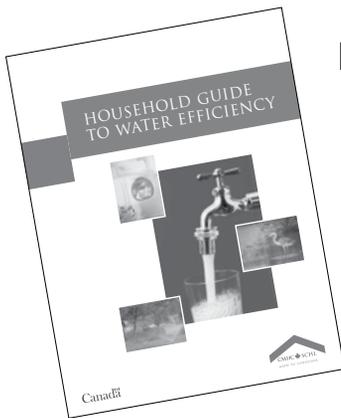


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FREE

Product #60916

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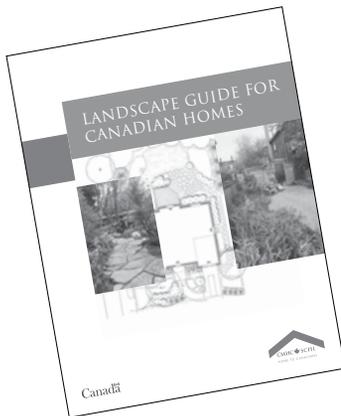


Household Guide to Water Efficiency

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A publication for residential consumers. Find options for water-efficient fixtures and appliances, and how to test for and repair leaks. Make the most efficient use of your water when doing daily chores and planning residential landscapes with water efficiency in mind.



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About Your House Factsheets

These fact sheets help you find appropriate solutions to housing-related problems.

Available on CMHC's website at www.cmhc.ca.

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