

H

OMEBUYING

STEP BY STEP

A CONSUMER GUIDE AND WORKBOOK



HOME TO CANADIANS
Canada

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CMHC—Your Housing Experts

Canadians are among the best-housed people in the world, and the majority own their homes. Part of this success is due to Canada Mortgage and Housing Corporation, (CMHC), the federal housing agency. Since 1946, CMHC has helped to house generations of Canadians. We've developed the standards and practices required by a growing housing industry and found new ways to help Canadians finance home purchases.

Today, more than one third of all mortgages are insured by CMHC—but there's more to CMHC than mortgage loan insurance. We're continually finding ways to build better, more efficient and affordable housing, and to make information about it available to you.

In fact, CMHC is Canada's most comprehensive and objective source of information on housing, whether you're a homeowner, a potential buyer, a renovator, or a builder, or if you have special housing needs.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1 800 668-2642.

You're on your way home.

Once upon a time, buying a home was relatively straight-forward. Today, however, buying a home is a journey with many twists and turns.

Homebuying Step by Step was created to provide you with everything you need to know about completing that journey successfully. In this book from Canada Mortgage and Housing Corporation, we take you through the entire process step by step, from the moment you decide to buy until the moment the movers carry the first box through the front door of your new home.

This isn't a fairytale. It's real life. That's why this book has been created as a hands-on workbook. It provides you with checklists and worksheets to assemble the right information to make the right decision for you.

Once upon a time, almost everyone shared a common homebuying experience. They bought the same kind of home in the same kind of neighbourhood. Now the options are more varied than they've ever been. Urban, suburban or rural? New home or resale? Condominium, townhouse, rowhouse, detached house or mobile home? Which is right for you? This book can help you decide.

Once upon a time, almost every home was bought by a married couple. Now homes are being bought by the widest possible range of

people in the widest possible range of situations. Yes, newly married couples still make many of the home purchases that take place every year. But so do single people with children, single people without children, people in second marriages, same-sex couples, common-law couples, even groups of friends. Whatever your situation, this book can help.

Once upon a time, buying a home was less complicated. Now there are more people to deal with and more points to discuss. What questions do you ask your real estate representative, lawyer (or notary in Quebec), mortgage lender, builder and housing inspector? Who are these people and what do they do? This book makes it all plain. (You'll find a Glossary of homebuying terms on page 42.)

Once upon a time, there weren't as many variables to consider when buying a home. But this book wasn't developed to be used "once upon a time." It's here to be used now. In the reality of today's housing market. Read it. Use it. And make your journey toward your new home that much easier.

Table of...

The 8 Steps **AHEAD**

This book will walk you through the exciting journey toward owning your new home.

GLOSSARY

Did they say what you think they said? Easy-to-understand explanations of all the jargon you'll run up against in the homebuying process. Look it up in the Glossary.

Page **42**

Additional Helpful Information

Call us. Write us.
Order our free catalogues.
Visit our Web site. CMHC has videos, books, reports and other information about every aspect of owning a home.
Check us out.

Page **41**



Housing Needs

Helps you figure out exactly what features you want and need in your home. Also, where you want that home to be. We give you information and handy worksheets to help you do that.

Page **4**



MARKET FORECASTS



Everything that happens in the larger housing market has an

impact on your home purchase. We help you track trends in mortgage rates and housing prices and other key indicators that tell you the best time to buy.

Page **10**



Affordability

So you know what kind of home you want, but can you afford it?

Practical information and practical worksheets help you calculate how you can be house proud without being house poor.

Page **12**



BUILDING YOUR TEAM

There are a lot of people involved when you buy a home. Here's a guide to who they are and what they do. We provide worksheets to help you choose the right people to meet your homebuying needs.

Page **19**

Contents

Home Hunting Worksheet

Take this handy checklist with you when you go home hunting. It will help you recall the features and drawbacks of each property you look at.

Take advantage of our handy

Subject Index

Pages **45-46**



ARRANGING YOUR MORTGAGE

There are more mortgage features available today than ever before. What are your options? How do you get the best mortgage for you? And, how can you save money on your mortgage? Page **24**



Don't let a down payment come between you and your home. Find out how you could qualify to buy your home with as little as 5% down with help from CMHC. Page **32**



Preparing an Offer

This is the moment you've waited for. You've found the right place, you just hope you're offering the right price. What to include in your Offer to Purchase and what to expect once your offer's been made. Page **34**



Closing and Moving

There are many small steps when it's time to close the deal. Here's information to help make sure nothing falls through the cracks. Also, tips to make moving day a smooth experience. Page **38**

Page **38**

Plus

Extra worksheets at the back of the Guide 



Housing Needs

Save TIME,
DISAPPOINTMENT *and*
maybe even MONEY. WORK
OUT *exactly what YOUR*
NEEDS ARE *before YOU*
start HOME HUNTING.

For most Canadians, owning their own home is a lifelong dream. It brings

LOCATION

STYLE

COST

with it pride of ownership, security and the feeling of control over which improvements are made and how much they cost. There's also the chance your home will increase in value, making it a sound financial as well as a lifestyle investment.

GETTING STARTED When buying a home, you have to juggle three important factors—your prospective home's location, style and cost. For example, your goal may be to buy a single family detached home in an urban neighbourhood for \$100,000. But you may have to settle for two out of three. An urban semi-detached home may be available for your price, or you may need to look in the suburbs for the price and style you want.

Location, Location, Location

Your choice of location depends primarily on where you work and whether you want to commute, and also on your family lifestyle.

Do you want to live near recreation facilities such as a golf course or skating rink? How close are your children's schools? Is public transportation available?

Urban living usually offers the largest range of home styles and often is closer to amenities such as restaurants and theatres. On the other hand, you may get more for your money in the suburbs.

Suburban homes often have larger lots and larger square footage than urban homes in the same price range.

While suburban homes can have the advantage of being newer, amenities like shopping or playgrounds may not be available yet in a new subdivision.

If you're considering moving to an unfamiliar neighbourhood, take time to drive or walk around it, both during the day and in the evening. Make some notes. It's also a good idea to travel the route

to and from your work. (See the *Home Hunting Worksheet* following page 6.)

There are many other factors you should consider when choosing the location of your home. For example, have property values risen or fallen in the neighbourhood?

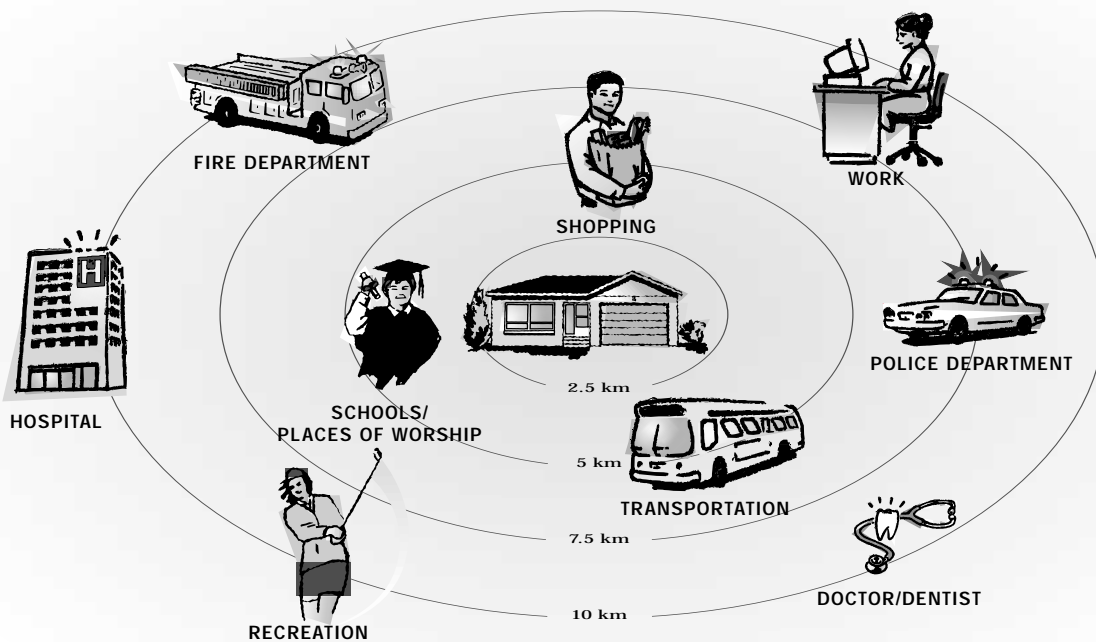
Future development can also affect property values and property taxes, so you'll want to consider whether there are any changes to zoning proposed or any major developments planned.

To do this, contact the local municipal office regarding planning and *zoning bylaws*. Is a highrise office tower going in next to your home? A new highway? Zoning bylaws may also affect your own plans, such as conducting a business from your home.

Some real estate representatives suggest that, if you're considering the future resale value of your home, it's wiser to buy a modest home in the best neighbourhood you can afford than the most expensive home in a modest neighbourhood.

**Location is
an investment
too.**

How close to home are the services you need?



Think about what kind of house you want...

Types of housing

Single family detached
A free-standing home which sits on its own lot and is occupied by only one family.



Semi-detached
A single family home that is joined to another one by a common wall.

Duplex
Two units, one above the other. The owner may live in one unit and rent the other.



Row- or townhouse
One of several single family homes joined by common walls. These can be condominium or freehold units.

Link or carriage
Houses, freehold or condominium, joined by garages or carports which provide access between the front and rear yards. Builders sometimes join basement walls so that link houses appear to be single family homes on small lots.



Highrise condominium
Multi-storey residential building containing condominium units. A condominium is not a type of house but a form of ownership.

Mobile or manufactured
A factory-built, single family dwelling that is transported to your chosen location and placed on a foundation.



New or Resale

There are advantages and disadvantages to both new and resale homes. Here are some of the characteristics of both that may help you make your choice.

New Home

ADVANTAGES

- ▶ You may be able to upgrade or choose certain items such as siding, finish materials, flooring, cabinets, plumbing and electrical fixtures.
- ▶ The latest building code, electrical and energy-efficiency standards will apply.
- ▶ A builder warranty is usually available in all provinces and the Yukon (but not the Northwest Territories). This can be important if a major system, such as plumbing or heating, breaks down.
- ▶ Unless you are a builder, warranties do not apply to homes you build yourself.
- ▶ There may also be incentives provided by the provinces and prospective borrowers should consult provincial or local authorities in this regard.



DISADVANTAGES

- ▶ Neighbourhood amenities, like schools or shopping, may not be complete if the house is in a new development.
- ▶ There may be construction noise and traffic.
- ▶ There may be little to no landscaping or trees.
- ▶ The 7% GST applies to new housing. However, there is a rebate, to a maximum of 2.5%, on homes which cost less than \$450,000. In some provinces, the GST has been replaced by a Harmonized Federal and Provincial Sales Tax known as the HST.

Resale Home

ADVANTAGES

- ▶ It will probably be in an established neighbourhood.
- ▶ Landscaping is usually done and fencing installed.
- ▶ It may have upgrades such as a built-in swimming pool or finished basement.
- ▶ There is no GST unless the house has been renovated substantially, and then the tax is applied as if it were a new house.



DISADVANTAGES

- ▶ Maintenance costs will likely be higher than for a new house.
- ▶ You may require a professional home inspector to check for structural or other problems, such as a leaky basement or faulty roof.
- ▶ You may need to redecorate, or even renovate.

Home Hunting Worksheet



Here's a *handy worksheet* to help you *evaluate the details* of the individual *homes that you view.*

When you look at more than a few houses in a day, the special features can get blurred together:

Did the tidy little green house have the skylights or did it have the fireplace in the family room?

Don't fill out a worksheet for every home you see—just those you're seriously considering. This Home Hunting Worksheet will assist your memory and keep home features distinct.

Here are

a ***few points***

to consider.

- ▶ Exterior condition
Look at the condition of the roof, eavestroughing, brick, mortar, paint, siding, decks and patios.
- ▶ Energy efficiency
What type of heating and insulation does the home have? Is the entire house insulated?
- ▶ Air quality
Does the house smell clean and fresh? Check for conditions and materials which will maintain a healthy indoor environment.
- ▶ Basement/crawlspace conditions
Is it moldy? Look for water stains, leaks or cracks.
- ▶ Structural problems
Doors and windows that stick and uneven floors can indicate problems.
- ▶ Test the water pressure
by turning on the taps or flushing the toilet.
- ▶ Is there parking?
Does the home have a private or shared driveway?

E X T E R I O R

Finish Brick Siding Wood

Condition Fair Good Excellent

Roofing Fair Good Excellent

Other _____

Windows Wood Vinyl clad
 Aluminum

Condition Fair Good Excellent

Number of entrances 2 3 4 5

Driveway Paved Gravel Other

Garage No Yes Heated
 Not heated

Landscaping Fair Good Excellent

Fencing Wood Chain link Other

Patio or deck Yes No

Special features (e.g. pool, barbecue) _____

I N T E R I O R

Entrance area

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Special features _____

Living room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. fireplace) _____

Dining room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Den Study Family room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Kitchen

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Cupboards & storage Fair Good
 Excellent

Special features _____

Appliances included _____

Master bedroom

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. en suite bathroom, walk-in closet) _____

Bedroom #2

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bedroom #3

Approx. size _____

Walls Fair Good
 Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bathrooms

#1 Bath/shower Sink Toilet

#2 Bath/shower Sink Toilet

#3 Bath/shower Sink Toilet

Special features _____

Basement

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Separate entrance to outside Yes No

Special features _____

Utility room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Additional for condominiums

Parking Underground Above ground

Balcony; size _____ Storage

Recreation room Exercise room

Pool No Yes Indoor
 Outdoor

Lobby Fair Good Excellent

Security and special features _____

General comments

PROS:

CONS:

Style

When trying to decide what style of home to buy, it's a good idea to draw up a master list of all the features you want your new home to have. The *Home Features Checklist* on page 8 can help you. Try to be honest about what you're looking for. Your vision will likely change based on what's available.

This may not be the dream home you'd buy if you won the lottery, but rather the home that you and your family can afford now and that will meet your needs for the next few years.

Consider such questions as: Are you starting a family or having more children? How many bedrooms will you need? Will a home office be required?

If you think you'll need more space, consider buying a larger home now or one with the potential for renovation or an addition.

Consider compiling this list with the help of your real estate representative or builder, who can help you decide which features are important and suggest ones you have overlooked. (For tips on choosing the right representative for you, see page 20.)

Make sure your real estate representative keeps a copy of your list to help pre-screen the houses you'll look at.

This list should be revised as you look at houses and see what is actually available in your price range and preferred locations. (You'll find extra copies of the Home Features Checklist at the back of the Guide.)

Cost

Cost is such a big step, it has its own chapter. (See Step 3 on page 12.)

Make a list of all the features you want in your new home. Be realistic and consider all the options.

Diane and Hugh were moving to Calgary and saw this as an opportunity to buy a home before they started their family. Their dream was a home with four bedrooms, a family room, a big yard and a preferred location.



The reality was that they couldn't balance that home and that location with their budget. Then a real estate representative helped them find a smaller house that they could afford in an ideal neighbourhood.

They accepted less home than they had hoped for, but stayed within an affordable budget. Those extra rooms could come later.

A note on buying condominiums

The word condominium refers to a type of property ownership rather than to a style of house.

► Condominiums can be townhouses, highrises or low-rises. They can be attractive to first-time home buyers because they are generally less expensive than single detached homes in the same neighbourhood. When comparing costs, make sure to include monthly condominium fees.

► When you buy a condominium, you're investing in something you own, but likely eliminating maintenance such as yard work and snow removal. Condominiums also can offer extras you won't get in a similarly priced detached home, such as security systems and recreation facilities.

► Be prepared to pay monthly condominium fees that contribute to the corporation's

reserve fund and go toward covering the collective cost of property maintenance, repairs, replacements and insurance.

► When buying a condominium, many of the same considerations as buying a detached home will apply. For example, the choice of location or the decision between new and resale.

► With a new condominium, you may be able to specify upgrades or finish materials, while a resale condominium is more likely to be in an established location and may have lower condominium fees.

► Before you buy a condominium, it's also important to consider some of their limitations. If a large yard is important to you, for example, a condominium is not a good choice.

Sarita and Albert wanted to buy a small home in Ottawa, as an investment and for the personal freedom it offered.

In order to maximize their resources, they made some hard decisions about which features were essential and which were negotiable.



A deck, for example, didn't have to be there. It could be easily built later. But proximity to public transportation was a must.

Being as practical and realistic as possible, Sarita and Albert managed to find a home with which they were very happy. And one that could expand should their needs change.

Home Features Checklist

Completing this list will help confirm in your mind exactly what you want and need in your new home.

Be realistic, but don't sell yourself short. If, as you look at homes, you find your dreams exceed your budget, you can always make revisions.

The list will also help you focus on potential future needs. Be sure to take into consideration any plans to start or expand your family. That could affect the number of bedrooms or location.

Determine which features are must-haves and which are negotiable, perhaps using a highlighting marker to indicate the difference.

And, of course, make sure your real estate representative has a copy of the list to prescreen homes before you see them.

<input type="checkbox"/> Resale	<input type="checkbox"/> New
<hr/>	
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
<hr/>	
Type of ownership	
<input type="checkbox"/> Freehold	<input type="checkbox"/> Condominium
<hr/>	
Age of home	
<hr/>	
Lot size	<input type="checkbox"/> Small <input type="checkbox"/> Medium <input type="checkbox"/> Large
<hr/>	
Quiet street	<input type="checkbox"/> Yes <input type="checkbox"/> No
<hr/>	
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	
<hr/>	
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"/> Metal
	<input type="checkbox"/> Other
<hr/>	
Insulation values	Walls _____
Basement _____	Ceiling _____
<hr/>	
Foundation construction	<input type="checkbox"/> Concrete
<input type="checkbox"/> Concrete block	<input type="checkbox"/> Preserved wood
<hr/>	
Sewer system	<input type="checkbox"/> Municipal <input type="checkbox"/> Septic
<hr/>	
Water	<input type="checkbox"/> Municipal <input type="checkbox"/> Well
<hr/>	
Water heating	<input type="checkbox"/> Gas <input type="checkbox"/> Electric <input type="checkbox"/> Oil
<hr/>	
Electrical system	<input type="checkbox"/> 100 amp <input type="checkbox"/> 200 amp
Other _____	<input type="checkbox"/> Fuses <input type="checkbox"/> Circuit breakers
<hr/>	
Type of heating fuel	
<input type="checkbox"/> Oil	<input type="checkbox"/> Gas <input type="checkbox"/> Electric <input type="checkbox"/> Wood
<hr/>	
Heat recovery ventilator	<input type="checkbox"/> Yes <input type="checkbox"/> No
<hr/>	
Air conditioning	<input type="checkbox"/> Central <input type="checkbox"/> Window
<hr/>	

Extra worksheets at the back of the Guide

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

Police station Fire station

Hospital Doctor/dentist

Veterinarian

When considering the right home for you, it's important to look beyond the walls. The environment surrounding your home can be almost as important as the environment inside it.

Ready for  **the next step?**



BY

understanding

THE HOUSING

MARKET,

YOU'LL *have*

MARKET FORECASTS



a better SENSE

OF WHAT,

WHERE AND

WHEN *to buy.*

Buying a home—an important lifestyle and investment decision

You want to buy at the best price possible. You want your monthly payments to be as affordable as possible. You want your home to increase in value as much as possible.

To make sure all that happens, it's important to look beyond your individual purchase before you buy. You need to look at larger market conditions. What's happening around you (house price trends, mortgage rate movements, new home construction) will have an influence on your purchase. The more you know, the more control you have.

How do you develop an understanding of how the housing market is evolving? The easiest answer is to take advantage of the information offered by CMHC's *Market Analysis Centre* through any regional CMHC Business Centre.

The Market Analysis Centre is there to give you a clear picture of the current housing market. Local market analysis reports are published on a regular basis. They provide information on recent trends in housing market conditions.

Your local CMHC market analyst can tell you if it's a buyer's, seller's or balanced housing market.

In a *buyer's market*, the number of homes available for sale exceeds the demand, so prices will either stabilize or drop.

With fewer buyers and more homes, you not only have more options to choose from, you also have greater negotiating leverage.

You have more time to look for the right home and you can evaluate the choices without feeling pressure to act too quickly.

Another major influence on your decision to buy is the *mortgage interest rate*. What rates are available now? Will they drop in the immediate future? Will they rise? If so, by how much?

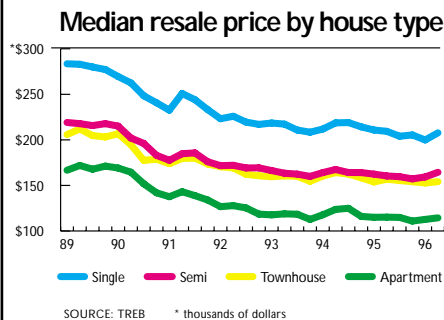
Trying to answer these questions can be difficult. Once again, CMHC's Market Analysis Centre can help. It can provide you with an analysis of the mortgage market and an outlook for future mortgage rates.

For those who need to see the big picture of Canadian housing, the Market Analysis Centre produces a series of national and local subscription reports to provide you with a comprehensive housing view across the country.

You can also use CMHC's CMHC's *AffordAbility* computer software. It can help first-time homebuyers, people renewing their mortgages and move-up buyers determine the home price and mortgage they can afford.

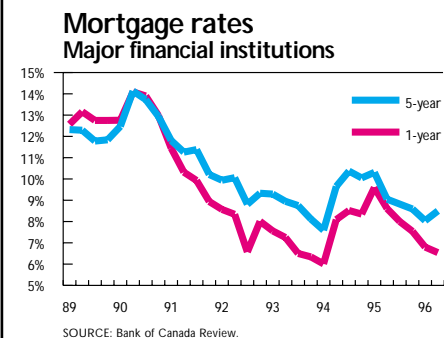
If you prefer to access the latest housing information directly from the web, visit our Electronic Marketplace at www.cmhc-schl.gc.ca. Order our most popular reports on-line, and we'll e-mail them to you in PDF, Lotus or Excel formats—usually on the same business day.

CMHC's Market Analysis Centre offers timely homebuying information.



At a glance, you can see how housing prices can fluctuate.

These figures apply in a single geographic market. Similar fluctuations appeared in other Canadian centres at different levels.



Mortgage rates are a critical factor in your decision to purchase. This chart illustrates how rates can change quickly.

For any of these products, or for other information on the housing market in your area, please call your regional CMHC business centre or visit our web site at www.cmhc-schl.gc.ca.

Hamid and Yvonne had saved \$15,000 for a down payment on a small older home in the Saint John neighbourhood where they had both grown up.

They wanted to save more, but they kept a careful eye on mortgage



interest rates, hoping they would drop lower. Instead, rates began to climb. Hamid and Yvonne called their CMHC market analyst.

They learned what the mortgage rate trends had been over the past few years. They also found out rates were expected to rise in the near future.

As a result, Hamid and Yvonne decided to buy soon.

Ready for  **the next step?**



HERE
ARE
SOME

basic calculations

YOU CAN DO THAT WILL

help you determine

exactly HOW MUCH

HOUSE YOU CAN *afford.*

Affordability

Buying a home involves many financial considerations. Some home buying expenses are one-time costs and others are ongoing commitments. In addition, there are other costs that you may not be aware of or that you may forget to factor into your calculations. Check out the list on page 15. And don't forget the extra costs, such as buying a lawn mower or new curtains for your new home.

Homebuying costs

The Down Payment

If you have a down payment of 25% or more, you may qualify for a *conventional mortgage loan* which does not require mortgage loan insurance.

A minimum down payment of 5% is required for a *high-ratio mortgage*. These types of mortgage loans — for any amount in excess of 75% of the value of the home — are required to be insured against default. (See Step 6 on page 32 for the details.)

The federal government and some provinces offer incentive programs for homebuyers. You should consult an investment or tax advisor regarding the value of these plans for your particular circumstances.

The Mortgage

A mortgage is security for a loan on the property you own. It is repaid in regular mortgage payments which are *blended payments*. This means that the payment includes the principal (amount borrowed) plus the interest (the charge for borrowing money). The payment may also include a portion of the property taxes.

Possible Extra Costs After You Move In

Maintenance costs You may want to start a separate maintenance fund — particularly if you're buying an older home — by setting aside \$500-\$1,000 and adding to it regularly. This reserve can be used to cover the costs of anticipated or unexpected repairs or replacement of such things as the roof or appliances.

Renovation costs You may find a “fixer-upper” -- an inexpensive home in need of repair. One general rule is that renovation always takes longer than, and costs more than, you think. CMHC publishes a lot of helpful information on renovation. Contact your local CMHC office to find out more or order our renovation catalogue. (See page 41.)

How Much Can You Afford?

The shortest and best answer to that question is: it depends -- on a number of factors. The most important are your gross household income, your down payment and the mortgage interest rate. Lenders also consider your assets and liabilities. Your own lifestyle and debt comfort zone also come into play.

If you understand these variables, you can examine all your options. You can make the best choice for you and even save money. *AffordAbility*, a new CMHC computer software program, can help you work out all your down payment and mortgage options. (To purchase call 1-800-668-2642.)

Meanwhile, use the table below and the *Affordability Guide* on the next page to get an idea of the maximum home price you can afford and the maximum you can afford to pay in monthly housing costs.

Lenders follow these two simple rules to determine how much you can afford in monthly housing costs:

The first affordability rule is that your monthly housing costs shouldn't be more than 32% of your gross monthly income. Housing costs include monthly mortgage principal and interest, taxes and heating expenses -- known as *P.I.T.H.* for short. If applicable, this sum also includes half of monthly condominium fees and all of the annual site lease in the case of leasehold tenure

Lenders add up these housing costs to determine what percentage they are of your gross monthly income. This figure is your *Gross Debt Service (GDS) ratio*.

The second affordability rule is that your entire monthly debt load shouldn't be more than 40% of your gross monthly income. This includes housing costs and other debts such as car loans and credit card payments. Lenders add up these debts to determine what percentage they are of your gross monthly income. This figure is your *Total Debt Service (TDS) ratio*.

Based on these ratios, lenders will advise you of the maximum home price they think you can afford.

Keep in mind that most homebuyers today keep their debt ratios comfortably below the maximums prescribed above. The lower your debt load, the more affordable your home and lifestyle will be.

Income, Home Price and Downpayment Guide

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	\$12,500	\$250,000	\$31,000	\$310,000	\$92,800	\$371,200
\$100,000	\$12,500	\$250,000	\$34,800	\$348,000	\$104,300	\$417,200

Figures are rounded to the nearest \$100.

This table gives you an idea of the maximum home price you can afford. These estimates take into account household income and the percentage down payment you have. They assume a mortgage interest rate of 8%, average tax and heating costs in Canada, and the mortgage an average Canadian would qualify for based on a 32% debt service ratio. Please note that for loans greater than 90% of the value of the home, a maximum house price of up to \$250,000 may apply, based upon the price levels in your community. Contact your lender for the maximum price in your area.

Affordability Guide

**Use these important formulas to determine how much you can afford to pay for housing.
This is how lenders determine the maximum monthly costs you can carry.
Review the examples to see how you can settle on the best home price for you.**

Maximum monthly housing costs you can afford

Gross Debt Service Ratio (GDS)

Your gross monthly salary*	\$		
+ Your spouse's gross monthly salary	\$		
+ Other monthly income	\$		
Total	A	\$	
			x 32%
= Maximum monthly housing costs you can afford	B	\$	

This maximum monthly payment includes principal, interest, taxes, heating (P.I.T.H.), and if applicable all of the annual site lease and 50% of the condominium fees.

* Gross salary is income before taxes

Example:
Jane's gross monthly income is \$2,500 and Deepak's is \$2,000 for a total of \$4,500 per month. They should pay no more than \$1,440 (\$4,500 x 32%) for their monthly housing expenses.

Maximum monthly debt load you can afford

Total Debt Service Ratio (TDS)

Total monthly income	A	\$	
			x 40%
= Maximum monthly debt service load you can afford	C	\$	
-			
Monthly auto payment		\$	
Monthly loan payment		\$	
Monthly credit card/line of credit payment		\$	
Other monthly payments		\$	
= Monthly income left for housing	D	\$	

If the home you want costs more per month than you can afford right now (D), consider these strategies: lower your expectations and buy a cheaper home; lower your non-housing debt obligations; and/or raise a larger down payment.

Example:
Jane and Deepak have a gross monthly income of \$4,500. Their total debt load should not exceed \$1,800 (\$4,500 x 40%). They have a monthly car payment of \$400, a student loan of \$200 and credit card payments of \$150, for a total of \$750 in non-housing debt payments each month. That means they would have no more than \$1,050 available for monthly housing payments (\$1,800 - \$750). That is lower than the \$1,440 suggested by their Gross Debt Service calculation (B).

Maximum home price you can afford

It depends on how much your down payment is and how much you can carry in monthly debt service. And that depends on variables such as mortgage rates, your debts and monthly expenses, and personal preferences. For a rough idea, take a look at the table on page 13.

Example:
Jane and Deepak have a down payment of \$30,000. They want a conventional mortgage with 25% down, so they estimate their maximum home price at \$120,000. That would leave them a mortgage of \$90,000. At 8% interest, amortized over 25 years, that means monthly mortgage payments of \$687.* Add monthly property tax instalments of \$200 and monthly heating costs of \$120. Their total monthly housing costs will be \$1,007. That is just below the maximum \$1,050 allowed according to their Total Debt Service ratio calculations.

That's too close for comfort for Jane and Deepak. What if mortgage rates go up when it's time to renew? They decide to look for a home priced at a maximum of \$100,000. That would leave them with a \$70,000 mortgage and monthly mortgage payments of \$535,* plus lower taxes of \$150 and heating costs of \$100. Now their total monthly housing costs will be \$785. That makes their Total Debt Service ratio 34% instead of the maximum 40%. And that gives Jane and Deepak a sense of financial comfort.

* Figures are rounded to the nearest dollar.
(AffordAbility, a new CMHC computer software program, can help you work out all your down payment and mortgage options. To purchase call 1-800-668-2642.)

Extra worksheets at the back of the Guide

Other costs to be aware of when you buy

This is a list of possible extra costs involved in buying a home. Some of them are one-time costs and others, such as condominium maintenance fees and property insurance, will be ongoing monthly expenses. The good news is that not all of these costs may apply in your circumstances.

Don't forget the tax
The 7% GST applies to new housing. However, there is a rebate, to a maximum of 2.5%, if your home costs less than \$450,000. There is no GST on resale housing unless the home has been substantially renovated, and then the tax is applied as if it were a new home. In some provinces, the GST has been replaced by a Harmonized Federal and Provincial Sales Tax known as the HST. Also in other provinces, provincial taxes may be applicable.

Appraisal fee
If your loan is not insured, your lender may require a property appraisal at your expense. A basic appraisal for mortgage purposes will probably cost between \$150-\$250. Actual cost should be confirmed as it may vary with the location and complexity.

Property taxes
Taxes are always a certainty. If you have a high-ratio mortgage, your lender may require that you have your property tax instalments added to your mortgage payments.

Survey fee
Your lender will require an up-to-date survey. Ask the vendor to provide one as a condition of your Offer to Purchase, or you will have to pay to have one done.

Property insurance
This insurance covers the replacement value of the structure of your home and its contents. Your lender will insist on this because your home is the security for your mortgage.

Prepaid taxes or utility bills
You will have to reimburse the vendor on a prorated basis if some bills have been prepaid beyond the closing date.

Land transfer tax
This applies in most provinces. It varies as a percentage of the property's purchase price. It is usually about 1%-4%.

Service charges
You'll be charged a fee to hook up new services and utilities, such as your telephone, at your new home.

Lawyer (notary) fees
Even a straightforward home purchase requires a lawyer to review the Offer to Purchase, search the title, draw up mortgage documents and tend to the closing details. Lawyers' fees for a mortgage range widely depending on the complexity of the deal but will probably be at least \$500.

Mortgage loan insurance premium and application fee
If you have a high-ratio mortgage, your lender will require mortgage loan insurance provided by CMHC or a private company. The insurance will cost between 0.5% and 3.75% of the amount of the total mortgage (additional charges may apply) and can be included in the mortgage. The application fee will range from \$75 to \$235 depending upon how the lender processes your application. (consult your local lender for further details)

Mortgage broker's fee
A broker may charge a fee to find you a lender.

Moving costs
The cost of a professional moving company or a rental truck if you move yourself. Fees for a professional mover can range from \$50-\$100 an hour for a van and three movers. These costs may be 10%-20% higher at the end of the month and in the summer.

Estoppel certificate
A certificate that outlines a condominium corporation's financial and legal state. The certificate and supporting documents will cost you up to \$50. (Does not apply in Quebec.)

Condominium fees
Condominiums charge monthly fees for common-area maintenance, such as groundskeeping and carpet cleaning. Fees range widely depending on the type of structure but will probably be at least a few hundred dollars.

Home inspection fee
Inspectors are unregulated in many provinces, so fees range widely, from about \$150-\$350 for a home priced under \$300,000. Larger, more expensive homes cost more to inspect. A two-hour inspection carried out by an engineer who provides a written report will cost closer to the upper limit. Municipalities can also supply any available inspection reports on the property for a fee.

Renovation and repairs
A home inspection may indicate that the home needs major structural repairs such as a new roof. Don't forget to factor these costs into the price of the home.

Water quantity and quality certification
If you're buying a home with well service, you'll have to pay a fee from \$50-\$100 to certify the quantity and quality of the water.

Now that ***you know***
your affordable ***price range,***
these ***worksheets*** ***will***
help you ***evaluate*** ***the***
 total cost ***of your*** ***new home.***

Since purchase prices affect other costs as well, use these worksheets to help you establish the exact cost of differently priced homes in your price range. This calculation includes closing costs. Some can be included in your mortgage loan. Most come out of your pocket.

Home Purchase Costs Estimate

1

Address _____

Purchase price	\$	_____
GST/HST (if applicable)	\$	_____
House insurance	\$	_____
Legal fees and disbursements	\$	_____
Land transfer tax	\$	_____
Appraisal fee	\$	_____
Estoppel certificate fee	\$	_____
Furniture, appliances, drapes, tools, carpeting, paint, etc.	\$	_____
Home inspection fee	\$	_____
Interest adjustments	\$	_____
Lawyer's fees	\$	_____
Condominium fee	\$	_____
Mortgage broker's fee	\$	_____
Mortgage loan insurance application fee	\$	_____
Mortgage loan insurance premium*	\$	_____
Moving expenses	\$	_____
Property taxes (adjustments)	\$	_____
Renovations/repairs	\$	_____
Service hook-up fees	\$	_____
Survey fee	\$	_____
Utility bills (adjustments)	\$	_____
Water quality and quantity certificate	\$	_____
Other	\$	_____
Total estimated cost	\$	_____

*Can be included in your mortgage

Home Purchase Costs Estimate

2

Address _____

Purchase price	\$	_____
GST/HST (if applicable)	\$	_____
House insurance	\$	_____
Legal fees and disbursements	\$	_____
Land transfer tax	\$	_____
Appraisal fee	\$	_____
Estoppel certificate fee	\$	_____
Furniture, appliances, drapes, tools, carpeting, paint, etc.	\$	_____
Home inspection fee	\$	_____
Interest adjustments	\$	_____
Lawyer's fees	\$	_____
Condominium fee	\$	_____
Mortgage broker's fee	\$	_____
Mortgage loan insurance application fee	\$	_____
Mortgage loan insurance premium*	\$	_____
Moving expenses	\$	_____
Property taxes (adjustments)	\$	_____
Renovations/repairs	\$	_____
Service hook-up fees	\$	_____
Survey fee	\$	_____
Utility bills (adjustments)	\$	_____
Water quality and quantity certificate	\$	_____
Other	\$	_____
Total estimated cost	\$	_____

*Can be included in your mortgage

Solomon wanted to invest his hard-earned money in a home rather than paying rent.

After looking at several suburban homes, he decided that buying an urban condominium would give him more of what he wanted for less money.



He found a condominium with a full fitness centre in a Montréal neighbourhood he liked—for a lot less than a home in the suburbs.

Solomon believes his new condominium will increase in value over time. And, he prefers not to worry about exterior maintenance and yard work.

Extra worksheets at the back of the Guide

Calculate the impact your monthly expenses will have on the maximum house price you should be considering.

Remember, it's only human nature to downplay how much things cost—but resist the impulse.

Be realistic.

Because if the final figure is underestimated, you could find yourself in a financial bind once house payments start up.

Monthly Expenses	
Child care	\$ _____
Groceries/lunches/eating out	\$ _____
Clothes/personal/sundry	\$ _____
Life insurance	\$ _____
Public transportation	\$ _____
Car: gas/oil	\$ _____
Car repairs and service	\$ _____
Car insurance and license	\$ _____
Electricity/hydro (non-heat)	\$ _____
Water	\$ _____
Telephone	\$ _____
Cable TV/video rental	\$ _____
Entertainment, recreation, movies, sports, etc	\$ _____
Beer, wine, liquor, cigarettes	\$ _____
Newspapers, magazines, books	\$ _____
Home maintenance and repairs	\$ _____
Home insurance	\$ _____
Furnishings/consumer goods	\$ _____
Savings (bank account, RRSPs)	\$ _____
Charitable donations	\$ _____
Car loan/lease	\$ _____
Line of credit	\$ _____
Charge accounts/credit cards	\$ _____
Other loans/payments	\$ _____
Total monthly lifestyle expenses	\$ _____
Payroll deductions:	
Income tax	\$ _____
Benefits/other	\$ _____
Total monthly expenses	\$ _____
Monthly income	\$ _____
Subtract: Total monthly expenses	-\$ _____
Amount left for housing costs (P.I.T.H.)*	\$ _____

* principal, interest, taxes, heat

Make sure you don't leave yourself house poor. It's important to structure your monthly expenses so that you can still afford simple luxuries, like the occasional vacation.

Extra worksheets at the back of the Guide

Ready for the next step?

4 STEP

Kim and Win found the home of their dreams—but they thought the asking price of \$125,000 was far too high. They made an offer of \$90,000, with a deposit of \$2,000.

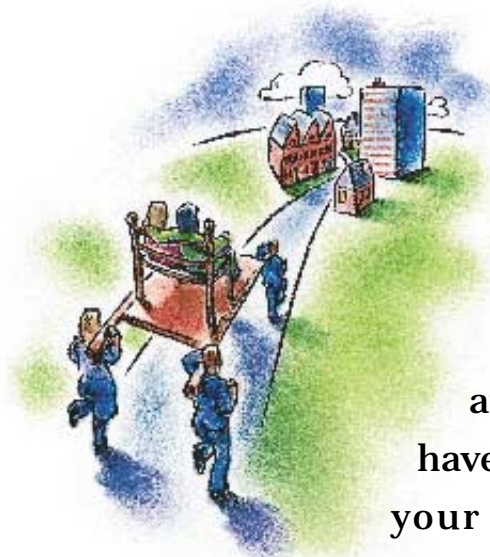
The vendor rejected the offer outright, making no counteroffer.

Determined to realize their dream, Kim and Win tried again, this time with a real estate representative.

They increased their offer to \$105,000 and their deposit to \$15,000 so that the vendor would know they were really serious.

This second time around they got the vendor's attention!

A counteroffer for \$110,000 was returned and they sealed the deal within a week.



You'll need input from your immediate family—"I want my own room!" You'll get the inevitable but often useful advice from relatives and friends. And you'll want to have a team of professionals at your service when buying your home. You decide exactly who is on your team, but there are a few professionals without whom buying a home is nearly impossible.

BUILDING YOUR TEAM

For example, just about every homebuyer needs a mortgage, so you'll have to find a lender. Also, it's a practical and useful idea to

have a lawyer (or notary in Quebec) to protect your interests.

Friends, family or other professionals may be able to refer names to you.

WHAT TO EXPECT FROM YOUR TEAM MEMBERS

Real Estate Representatives

A good real estate representative should be able to save you time and trouble.

You can deal with the vendor's real estate agent or you can enlist one to work on your behalf. There is no charge to you if the real estate representative takes his or her commission from the vendor. If, however, you wish a salesperson to act exclusively for you, there may be a cost involved. Make sure you are clear on who is paying the real estate representative and you

understand your obligations once you've signed an agreement.

When discussing your needs with a representative, be as

specific as possible about the kind of home you're looking for and your price range. If you're not certain, set aside some time for your representative to help you determine these.

If you're looking for a country home, an urban condominium specialist is not the right real estate representative.

He or she will know what is on the market, in which neighbourhoods and at what price, and can save you time by prescreening home listings—screening out the ones that don't meet your

needs or budget. Then he or she can make appointments for you to see the homes that suit you.

A real estate representative can also assist you in making an Offer to Purchase. Representatives are aware of current market conditions, what price offers are realistic and what conditions to include in any offers.

A good way to start looking for any professional is to ask for referrals from satisfied friends.

Builders/Contractors

You may deal with a builder or contractor if you buy a new home, have one custom built or require renovations to a resale home.

To ensure a builder's credibility and quality, ask for references, talk to other customers about the builder's work or check with the new home warranty program.

If you're buying a new home from a developer or builder, visit other housing developments that the company has built. You can also ask builders or contractors if they are a member of a local home builders' association, or ask for a provincial license number to ensure your contractor is registered.

If you're building a custom home, you may also want to hire an architect. Standard architect's fees are 10% of

the total project cost.

Builders of custom homes and renovators usually work on either a fixed-price or a cost-plus formula.

Your contract

should outline what the payment type is. All contracts with a builder should be as specific as possible about construction details, right down to the brand name or model number of any finishes. Any changes to your contract should be initialled by you.

For more information, ask for the CMHC publication *How To Hire A Contractor*.

Appraisers

You may wish to have an independent appraisal done of a property before you offer a price. It can keep you from paying more than the market value. You can still make an offer, conditional on completion of an independent appraisal. If the appraised value

is lower than the asking price, you may be able to negotiate a new price. If your lender requires a recognized appraisal to complete a mortgage loan, having one completed up front may save you time and money.

The appraisal should include an unbiased assessment of the property's physical and functional characteristics, an analysis of recent comparable sales and an assessment of current market conditions affecting the property. This information provides you with an expert second opinion as to the property's market value.

Real estate appraisal is an unregulated business in most provinces and a number of different appraisal organizations exist.

Lenders

The key to finding the right lender is to shop around. Many different institutions lend money for mortgages, including banks, trust companies, credit unions, caisses populaires, pension funds, insurance companies and finance companies.

You can even find private lenders listed in your local newspaper. It will save you money to speak with more than one lender in each category because the terms and options of each will vary.

Some lenders, such as credit unions, deal only with members. But don't be shy about approaching new institutions. For example, if you'd like to get your mortgage at a trust company, you don't need to have a savings account there.

Mortgage Brokers

Mortgage brokers don't usually lend money but rather put you in touch with others who do.

For example, brokers are aware of private lenders that you may not be able to find on your own.

Brokers are independent, which means that they are not affiliated with any specific lending institutions. Their role is to find the lender with the terms and rates that will best suit you.

In some cases, the mortgage broker will charge you a fee for services. This charge is more likely if you have a poor credit history and will probably be a small percentage of the value of the mortgage, for example, 1%-2%. But, in most instances, the broker's fees are paid by the lender.

Lawyers/Notaries

Ask to see a resume or portfolio, depending on the profession, and ask for references.

Hiring a lawyer (or notary in Quebec) is one way to ensure that your legal interests are being protected when you buy your home. Your lawyer will review any contracts you need to sign, especially the Offer to Purchase.

If you make an Offer to Purchase that is accepted, your lawyer will be responsible for many of the closing arrangements. (See Step 8 on page 38.)

Lawyers' fees range widely and depend on the complexity of the deal, but will probably cost a minimum of \$500 plus disbursements.

You can check for a lawyer referral service in your community or call the local law association for the names of lawyers who specialize in real estate law.

Home Inspectors

It is always a good idea to have the home inspected.

An inspector should supply a detailed written report on how well-built the home is, and whether any repairs are necessary and their estimated cost. The report should estimate the cost of repairs and the priorities—what should get fixed first and how soon.

You can find a home inspector through a local professional association of home inspectors or by asking your real estate representative.

Inspectors are unregulated in

most provinces, so you should inquire about the inspector's credentials and ask for references.

Ensure that the inspector has errors and omissions insurance. This means that if, for example, you buy a home that requires a costly repair that the inspector didn't report, then the inspector can be held financially responsible for the cost of the repair. Home inspectors' fees can range from \$150-\$350 for a home that costs \$300,000 or less.

If you have made a satisfactory home inspection a condition in an Offer to Purchase a home, the inspector's fees are paid by you.

With older homes, you may also ask an inspector to check for termites, lead paint, asbestos or other problems.

Insurance Brokers

An insurance broker can provide you with all your insurance needs, including property insurance and

Ask them to specify precisely what services you are getting and how much they will cost.

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 premiums vary depending on your home's worth.

Your lender may also suggest that you buy mortgage life insurance. This is often available through your lender, who then simply adds the premium to your regular mortgage payments.

But lender-supplied insurance can be more expensive than from a broker. Don't confuse property or life insurance with mortgage loan insurance which is mandatory for high-ratio mortgages. (See Step 6 on page 32.)

Use *these*

handy worksheets

when you

assemble *your*

team.

As you consider all the possibilities, keep track of what you consider to be the strengths and weaknesses of each candidate.

Name	Company name
Address	Telephone
Referral	Fees

Weaknesses	

Role	

Name	Company name
Address	Telephone
Referral	Fees

Strengths	
Weaknesses	

Role	

Name	Company name
Address	Telephone
Referral	Fees

Strengths	
Weaknesses	

Role

Name

Company name

Address

Telephone

Referral

Fees

Strengths

Weaknesses

Role

Name

Company name

Address

Telephone

Referral

Fees

Strengths

Weaknesses

Role

Name

Company name

Address

Telephone

Referral

Fees

Strengths

Weaknesses

Role

Name

Company name

Address

Telephone

Referral

Fees

Strengths

Almost no one buys a home without a mortgage. What does that mean? What does it cost? What are your options? Read on.

Extra worksheets at the back of the Guide 

Ready for  **the next step?**



BUYING
a home

USUALLY MEANS
taking out A
MORTGAGE.

ARRANGING **YOUR** MORTGAGE

THAT MEANS YOU
borrow MONEY
TO *buy* A HOME,
using THAT HOME AS
collateral
FOR THE LOAN.

Make sure you have a mortgage you can live with. There are lots of options available that let you customize your mortgage to suit your financial goals and needs.

Mortgage Basics

Mortgage payments are made up of a principal sum (the amount borrowed) and interest (the cost to you of borrowing money).

The best plan for any type of mortgage is to minimize the amount of interest you pay—and lenders offer several ways to help do this:

- A larger down payment means your home ultimately costs less because a smaller mortgage means less interest.
- A shorter amortization, the period over which a loan is repaid.
- A weekly or biweekly payment schedule, instead of monthly.
- Additional lump sum payments.

You don't have to get your mortgage from the same place you have your savings or chequing accounts. Also, at the end of each term, you may be able to change the options of your mortgage, such as the payment schedule, the term, the rate, even who holds the mortgage.

Mortgage Features

Prepayment

Ensure that you have some form of prepayment clause in your mortgage that will allow you to pay down your mortgage with a lump sum, or an extra payment, without penalty.

Portability

This means you can transfer the terms and conditions of your mortgage to your next home. For example, this may allow you to keep a low interest rate if you sell one house and buy another.

Assumability

This means you may be able to assume (take over) the existing mortgage on the property. It may have attractive features, such as a lower interest rate than the prevailing market.

In turn, an assumable mortgage may be a selling feature for you when you decide to move on in the housing market.

Expandability

This lets you expand the principal on a first mortgage at the lender's agreed-upon rate of interest. This can be a cost-effective way to finance a home renovation.

Types of Mortgages

Conventional Mortgage

This mortgage is for an amount which does not exceed 75% of either the appraised value of the property or the purchase price, whichever is

lower. Your down payment is a minimum 25% of the purchase price.

High-ratio Mortgage

With this type of mortgage, you contribute less than 25% of the cost of the home as a down payment and as little

as 5%.

A high-ratio mortgage requires mortgage loan insurance. CMHC offers it for a premium of between 0.5% and 3.75% of the mortgage amount (additional charges may apply). This premium can be added to your mortgage payments or paid in full on closing.

Second Mortgage

This usually has a higher interest rate and shorter amortization than a first mortgage. Secondary financing is often used to make renovations to a home.

Consider all the options to help customize a mortgage to fit your needs.

You can achieve mortgage freedom sooner by increasing the frequency of your payments.

By making payments every two weeks, instead of monthly, a 25-year mortgage can be reduced to 20 years.



OTHER IMPORTANT *options* AND *choices* THAT YOU'LL WANT TO *consider* TO HELP *customize* YOUR MORTGAGE.

Mortgage Options

Assuming an Existing Mortgage

You take over the vendor's mortgage as part of the price you pay for the house. Assuming an existing mortgage is quick and saves you money on the usual mortgage arrangement fees, such as appraisals and legal fees.

When you assume a mortgage, you don't have to arrange financing from another lender and the rate on an existing mortgage may be lower than the prevailing market rate.

Sometimes, if it is specified in the original mortgage agreement, a mortgage can be assumed automatically. If not, you may have to qualify with a lender first.

Vendor Take Back (VTB) Mortgage

This means the vendor lends you the money to purchase the home. It's basically a second mortgage.

For example, on a home that costs \$150,000, if the vendor has an existing mortgage of \$70,000 that you can assume and you have \$40,000 for a down payment, the vendor may lend you the outstanding \$40,000, which you pay back monthly.

The vendor may be able to offer this loan at less than bank rates. Some vendors will sell this mortgage to a mortgage broker instead of holding it themselves.

Interest Rate Buy Down

A vendor—usually a new-home builder—pays the lender a lump sum to lower the mortgage interest rate by up to 3% over a fixed term, usually one to two years.

A payment of \$2,000–\$3,000 reduces your mortgage rate by about 2%, increasing the mortgage amount for which you qualify.

New-home builders may offer buy downs or discounts on the mortgage rate to encourage sales. But vendor financing is usually not renewable, so you have to be prepared to pay the going market rate when the mortgage is renewed.

However, the builder may add the amount into the price of the home and you may end up paying a higher mortgage principal.

Rate of Interest

Interest is the cost of borrowing money and is paid to the lender. Mortgage interest rates are affected by the prevailing market interest rates. Mortgage rates are either fixed or variable.

A *fixed rate* is locked in so that it will not rise for the term of the mortgage.

A *variable rate* will fluctuate. The rate is set each month by the lender, based on the prevailing market rates. Your monthly payment is fixed to be the same each month for the term of the loan, but the percentage of each payment that goes toward the interest, and the percentage that pays down the principal, changes.

A variable rate can be a good choice if rates are high when you arrange your mortgage and then fall afterward. But if rates rise, you may want to convert to a fixed rate. Bear in mind that this can cost you a cash payment penalty.

If you select a variable rate, your lender may restrict the mortgage amount to 70% of the purchase price of the home and require a higher down payment on either a conventional or a high-ratio mortgage.

Also, some lenders offer a *protected* or “*capped*” variable rate. This means your interest rate will not rise above a predetermined limit. However, you usually pay a premium for this protection.

Term

The term of a mortgage is the length of time that certain factors, such as the interest rate you pay, are set at a negotiated level.

Terms usually last anywhere from six months to 10 years. At the end of the term you either pay off your mortgage or renew it, possibly renegotiating its terms and conditions.

Generally, the longer the term the higher the interest rate. Many experts suggest you select a long term if interest rates are rising. If rates are falling, you may want to select a short term and then lock in the rate when you think rates won't go any lower.

Note that the term is not the amortization period.

Corrado and Maria were pre-approved by their lender for a mortgage of \$100,000 and had saved \$30,000 for a down payment.

They found a “fixer-upper” and made an Offer to Purchase of \$110,000, conditional on a home inspection.



The inspection showed that the home needed a new furnace, updated wiring and plumbing, and other substantial interior and exterior repairs that would cost \$60,000.

Corrado and Maria withdrew their offer and kept on looking.

Amortization

This is the amount of time over which the entire debt will be repaid. Most mortgages are amortized over 15-, 20- or 25-year periods. The longer the amortization, the lower your scheduled mortgage payments, but the more interest you pay in the long run.

Payment comparison over various amortization periods*

A shorter amortization means savings on interest payments.
This example is based on a \$100,000 mortgage at a 10% interest rate.

Amortization period	Monthly payment	Total payments	Total interest paid	Interest savings**
25 years	\$ 895.00	\$268,500	\$168,500	n/a
20 years	\$ 952.00	\$228,480	\$128,480	\$ 40,020
15 years	\$1,063.00	\$191,340	\$ 91,340	\$ 77,160
10 years	\$1,311.00	\$157,320	\$ 57,240	\$111,260

*These are rounded numbers for illustrative purposes only.

**Assumes a constant interest rate for the entire amortization period.

Monthly payment per \$1,000 borrowed*

Interest rate (%)	Cost per \$1,000	Interest rate (%)	Cost per \$1,000	Interest rate (%)	Cost per \$1,000
6.0	\$ 6.40	8.5	\$ 7.95	11.0	\$ 9.63
6.5	\$ 6.70	9.0	\$ 8.28	11.5	\$ 9.98
7.0	\$ 7.01	9.5	\$ 8.62	12.0	\$10.32
7.5	\$ 7.32	10.0	\$ 8.95	12.5	\$10.68
8.0	\$ 7.64	10.5	\$ 9.29	13.0	\$11.03

*Amortized over 25 years based on 10% down payment.

Example:

Oliver and Janet can afford \$800 per month for a mortgage payment. If the prevailing mortgage interest rate is 6%, they will qualify for a mortgage of \$125,000 amortized over 25 years. If the prevailing mortgage rate is 13%, they will qualify for a mortgage of \$72,600. The lower the interest rate, the higher the mortgage for which they qualify.

Schedule of Payments

A mortgage loan is repaid in regular payments, either monthly, biweekly or weekly. The more frequent payment schedules can save you money by increasing the amount paid toward the total mortgage each year.

The more frequent your payments in a year, the lower the overall interest you pay on your mortgage.

Payment frequency*				
<i>This example is based on a \$100,000 mortgage, 25-year amortization and a 10% interest rate.</i>				
	Payment	Total interest paid	Interest savings**	Mortgage-free
Monthly payment (12 per year)	\$895.00	\$168,500	n/a	25 years
Biweekly payment (26 per year)	\$447.50 ***	\$118,927	\$49,573	18 years 10 months
Weekly payment (52 per year)	\$223.75 ***	\$118,111	\$50,389	18 years 9 months
<small>*These are rounded numbers for illustrative purposes only. **Assumes an interest rate of 10% for the entire 25 years. *** \$895.00 extra paid annually</small>				

Open Mortgage

This means you can repay the loan, in part or in full, at any time without penalty. Interest rates are usually higher on this type of loan.

An open mortgage can be a good choice if you plan to sell your home in the near future. Most lenders will allow you to convert to a closed mortgage at any time.

Many experts suggest taking an open mortgage for a short term in times of high rates and converting to a longer term when rates fall.

Closed Mortgage

A closed mortgage usually offers the lowest interest rate available. It's a good choice if you'd like to have a fixed rate to work your budget around for a few years. However, closed mortgages are not flexible and there are often penalties or restrictive conditions attached to prepayments or additional lump sum payments. It may not be the best choice if you might move before the end of the term.

Rohinton and Rosemary are careful spenders and careful savers with stable jobs, though they don't have large incomes. With a total mortgage of \$100,000, the couple decided to "split" their mortgage. They locked in \$75,000 of it for seven years at 10%, assuring them of no increase in payments for that period of time.

Split or Multiple-rate Mortgage

With this mortgage, you negotiate a portion of your total mortgage loan at one rate and term, and another portion at a different rate and term. In this way you can split your mortgage into two, three or more terms.

There are many more mortgage options available, such as a convertible mortgage. To find out more, talk to your lender.

Where to get a mortgage

Many institutions and individuals lend money for mortgages

These include insurance companies, banks, trust companies, caisses populaires, credit unions, finance companies and pension funds. You can also check your local newspaper classified advertisements for a listing of private lenders. If you have a Self-directed RRSP, you may wish to investigate with your lender the possibility of borrowing some or all of your mortgage from your Self-directed RRSP.

Mortgage brokers don't usually lend money but can find a lender for you.

New-house and new-condominium builders may offer lower-than-current market rates by buying down the interest rate charged by the lenders so that they can sell their homes faster. (See Interest Rate Buy Down on page 27.)

A buy down is usually only for a short term, and is usually not renewable at the end of the term..

What a lender wants from you

Lenders want plenty of financial information about you and your co-buyers to assess your ability to repay the loan. This ability is based on your GDS and TDS ratios (see worksheets on page 14) and also on your assets, liabilities, earnings, employment history and your past record of repaying loans. Specifically, your lender may want the following:

- personal information—age, marital status, dependents
- details of employment, including proof of income (T-4 slips, personal income tax returns or a letter from your employer stating your position)
- other sources of income, for instance, pensions or rental income
- current banking information
- verification of your down payment
- consent to run a credit investigation
- a list of assets, including property and vehicles
- a list of liabilities, for example, credit card balances, car loans—the total amount you owe and your monthly payment amounts
- fees for an appraisal or for a copy of a valid appraisal report if one was recently done
- mortgage insurance fees if a high-ratio mortgage is required
- a copy of the property listing
- a copy of the Agreement of Purchase and Sale on a resale home
- plans and cost estimates on a new home
- the condominium financial statements, if applicable
- a certificate for well and septic, if applicable



For the remaining \$25,000 of their mortgage, they negotiated a one-year term at a rate of 7%—expecting that rates would remain the same or possibly drop.

This split mortgage means they can anticipate paying off \$25,000 of their mortgage as soon as possible—and celebrate a mini-mortgage goal all the sooner.

Approval Process

A mortgage approval should take only a few days, but it's probably best to allow up to two weeks. During this process, the lender will do a credit check and spot check other information you have provided. In addition, an appraisal of the value of your home may be obtained.

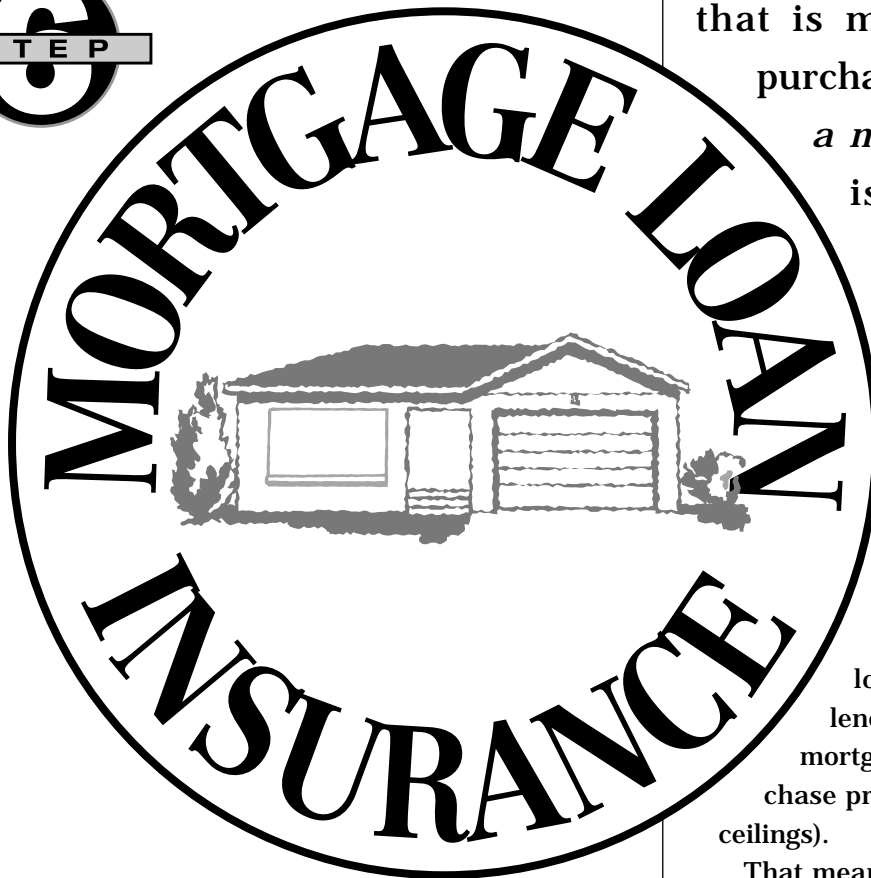
If required, a request for mortgage loan insurance is submitted to CMHC or a private insurer. The lender then approves or rejects your mortgage loan.

Pre-approval A pre-approved mortgage is very common. With pre-approval, your lender approves the amount of your mortgage and gives you a written confirmation or certificate for a fixed time period before you start looking for a home. The pre-approval term, usually lasting from 60 to 90 days, also sets the mortgage rate the lender will offer to you. If rates go down in that period, the lender should offer you the new lower rate.

Pre-approval gives you a head start on house hunting, but your final approval is still subject to a review of the property and a credit review of your finances.

*With the right mortgage—
one that's flexible and tailored to your
financial situation—
you have the luxury of owning your home.
You also have the luxury of being able to
relax.*

Ready for  **the next step?**



**GET *into* YOUR
HOME *sooner*.
MORTGAGE
LOAN
INSURANCE
helps YOU do it.
PUT *as little as*
5% DOWN.**

When you need a mortgage loan that is more than 75% of the purchase price of your home, *a mortgage loan insurance* is required. It protects the lender and, by law, most Canadian lending institutions require it.

Having mortgage loan insurance means that if you, the borrower, default on your mortgage, the lender is paid back by the insurer—CMHC or a private company¹. With the risk of losing their money removed, lenders have the confidence to make mortgage loans of up to 95% of the purchase price of the home (subject to price ceilings).

That means your down payment can be as little as 5% of the house price. With mortgage loan insurance, many Canadians who might be unable to obtain a 25% down payment can still buy a home.

What does mortgage loan insurance cost? There are two components an application fee and an insurance premium. The application fee typically ranges from \$75.00 to \$235.00 and mortgage loan insurance premiums range from 0.5%-3.75% of the amount of your loan (additional charges may apply), depending on the size of the loan and the value of your home. The premium can be added to your mortgage loan and paid off as part of your regular mortgage payments, or paid off in a lump sum at the time of purchase to save interest charges on the premium itself.

¹ It should be noted that the protection provided to the lender by the insurer does not relieve the borrower(s) of the obligations under his/her mortgage contract.

Where can mortgage loan insurance be obtained? See your lender, who can obtain mortgage loan insurance from CMHC or a private insurer.

CMHC will insure mortgages of up to 95% of the home's purchase price or the market value of the property, whichever is less. (Restrictions may apply. Contact your local lender.)

Both new and resale homes are eligible. Here are some of the criteria that must be met:

- The home must be in Canada and must be your principal residence.

Right now, over 3 million Canadians own homes with insured mortgages.

- Housing payments, including principal, interest, property taxes, heating (P.I.T.H.), the annual site lease in the case of leasehold tenure and 50% of applicable condominium fees, can't be more than 32% of your gross household income (GDS ratio).

- Your total debt load can't be more than 40% of your gross household income (TDS ratio).

Other criteria apply and are subject to change. For details, please contact CMHC or your local lender.

Ruth and Sidney lived in a rented Revelstoke home for seven years.

When the landlord decided to sell the home, he offered the couple the first opportunity to buy it.

While his price was fair, Ruth and Sidney



didn't have a 25% down payment saved, so they couldn't qualify for a conventional mortgage.

While looking for other options, they found they could be eligible for mortgage loan insurance that would allow them to buy with as little as 5% down.

Ready for the next step?

Home, Affordable Home



Let's face it, the sweetest home is one you can comfortably afford.

Whether you're buying, renovating or simply renewing a mortgage, making the most of your money is a challenge. Wouldn't it be nice to have a personal financial guide at your side to help analyze your home-financing options? Well, now you can—with **AffordAbility**®, a new software program from CMHC, Canada's housing expert.

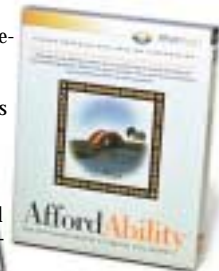
AffordAbility lets you examine as many home-financing scenarios as you can imagine, in private and at your own pace. Just plug in your personal financial information, change as many variables as often as you like and **AffordAbility** figures out the impact instantly. It's so easy...

For a demonstration of this Windows™-based program, visit CMHC's web site at www.cmhc-schl.gc.ca/afford

Call 1 800 668-2642 to order AffordAbility directly for \$29.95

(+ taxes, shipping and handling)

Also available at leading software retailers across Canada.





AN

OFFER *is more than* A LEGAL DOCUMENT. IT'S *an emotional* EVENT.

Preparing an Offer

before the deal

is completed. Whenever an offer is made, you have to be prepared for it to be rejected.

Once you've found a home that meets both your needs and your price range, you can present the vendor with an *Offer to Purchase* or an Agreement of Purchase and Sale.

This offer or agreement is legally binding. It should not be made casually. You may want to have a lawyer (or notary in Quebec) look it over to ensure that your interests are protected.

HERE'S *how* TO HELP *make sure* ALL THE DECISIONS YOU MAKE ARE *good* ONES.

Your offer or agreement will include:

- **Basic details**, such as your legal name, the name of the vendor, and the legal and civic address of the property.
- **The purchase price**. In a first offer, price is negotiable, so you may want to start lower than your maximum affordable cost.
- **The chattel** or items in the home which will be included in the purchase price. These may include window coverings, appliances or satellite dish. Whatever items are in or around the home that you think are included in the sale should be specifically stated in writing in your offer.

- **All financial details**. The amount of deposit, any interest to be paid on it and details of mortgage financing.
- **The closing date**. The day you take possession of the home. Usually 30 or 60 days from the date of agreement, but with some home sales, it's often 90 days or longer.
- Request for a current land survey of the property.
- **Expiration date and time** indicates when the offer becomes null and void.

In addition, it is common to make a **conditional offer**. For example, you may make an offer that is good only on the condition that you obtain mortgage financing or that the house passes a home inspection.

Offer to Purchase
AGREEMENT OF PURCHASE AND SALE

I/We Joseph P. Homebuyer & Marion J. Homebuyer (as Purchaser), having inspected the property, hereby agree to and with Peter John Seller & Greta Seller (as Vendor) through Gordon David Agent/Hometown Realty Inc. Agent for Vendor to purchase All and Singular the premises on the East side of Prairie Drive in the City of Regina, Saskatchewan having a frontage of 47 feet more or less, by a depth of 134 feet according to plan No. 728 registered in the Land Registry Office for the Registry/Lot No. 149 (herein called the "real property") Land Titles Division of Regina, Saskatchewan Dollars (\$) 124,000.00 at the price of One hundred and twenty-four thousand Dollars (\$) 10,000.00 of lawful money of Canada, payable cash cheque

The balance of the purchase price on closing.
Vendor agrees to discharge any mortgages, liens and/or other encumbrances registered against the property on or before closing at his/her expense.

The Vendor represents that as at the date of acceptance hereof the Vendor has not received from any municipal or other governmental authority any deficiency notice or work order affecting the real property pursuant to which any deficiencies are required to be remedied or any demolition, repairs or replacements are required to be carried out. If the Vendor receives any such deficiency notice or work order after the date of acceptance hereof, the Vendor shall forthwith produce same to the Purchaser for inspection. If by the date of closing the Vendor has not either (a) complied with such deficiency notice or work order, or (b) settled with the Purchaser any question of an abatement of the purchase price arising out of such deficiency notice or work order, the Purchaser may at his option either (a) accept the real property subject to such deficiency notice or work order or (b) terminate this Agreement. In the event of termination as aforesaid, all moneys paid hereunder shall be returned to the Purchaser without interest or deductions.

The spouse of the Vendor shall consent to this Agreement, and shall agree to consent to the transaction evidenced by the deed or transfer. Tenancy, if any

The purchase price herein shall include the following, free and clear of encumbrances:
All fixtures, which shall remain affixed to the real property, except the following fixtures which may be removed by the Vendor prior to closing: Dining room chandelier, master bedroom drapes

The following chattels all of which are owned by the Vendor:
Patio furniture, garden shed

This Offer shall be irrevocable by the Purchaser until 5:00 p.m. on the fifteenth day after which time, if not accepted, this Offer shall be null and void and the deposit returned to the Purchaser

and the title is good and free from all encumbrances, except as aforesaid, and except local rates and taxes that run with the land provided that such are complied with, and except for any other information on file pertaining to such requirements.

Offer to Purchase
Page 2

deed, abstract, survey or other evidence of title except such as are in the will deliver any existing survey to the Purchaser so soon as possible and prior to the date of closing.

fifteenth day of December, 1996, on which date vacant less otherwise provided for herein.

real property shall be and remain at the risk of the Vendor, and the Vendor shall deliver the proceeds thereof in trust for the parties hereto, as their interests may appear before the completion of this transaction. The Purchaser shall have the right to cancel this Agreement, whereupon the Purchaser shall be entitled to the purchase price paid on account of this purchase. Vendor agrees to furnish Purchaser with a copy of the deed of acceptance hereof.

and all local improvement and water rates and other charges for the date of completion of sale (the day itself to be apportioned to the Purchaser), less the amount of any advance payment made by the Purchaser, and the amount of any insurance in which case no adjustment for insurance premiums.

prepared at the expense of the Vendor in a form acceptable to the Purchaser and the expense of the Purchaser in a form acceptable to the Vendor.

revisions of Section 49 of the Planning Act, as amended, are complied with.

and the Vendor's solicitor referred to in section 49 (21a) of the Planning Act.

at the buildings on the property have not been, and will not be at the date of closing. This warranty shall survive the completion of this transaction.

This transaction is required pursuant to section 21(1) of the Family Law Act to consent thereto, and that the Transfer/Deed shall contain a provision to the effect that the Vendor shall execute the Transfer/Deed to the Vendor or the spouse of the Vendor.

and that on closing he will not be a non-resident of Canada within the meaning of the provisions of said Section 116 regarding disposition of real property.

of purchase and sale, and time in all respect shall be of the essence of this Agreement or condition affecting this Agreement or the real property or supported by the Vendor or Purchaser or upon the solicitor acting for the party on whose behalf the deed for transfer is certified by a chartered bank or trust company be tendered instead of cash.

documents.

er or number required by the context.

day of September, 1996 and seal.

hand Joseph P. Homebuyer (Affix Seal)
Purchaser Marion J. Homebuyer (Affix Seal)

Affix Seal

named Purchaser to duly carry out the requirements of the deed for transfer.

STEP 7 • PREPARING AN OFFER **35**

day of September, 1996

This is the front and back of a standard Offer to Purchase (also known as an Agreement of Purchase and Sale). This document has to be filled out before the purchase of a home can be transacted.

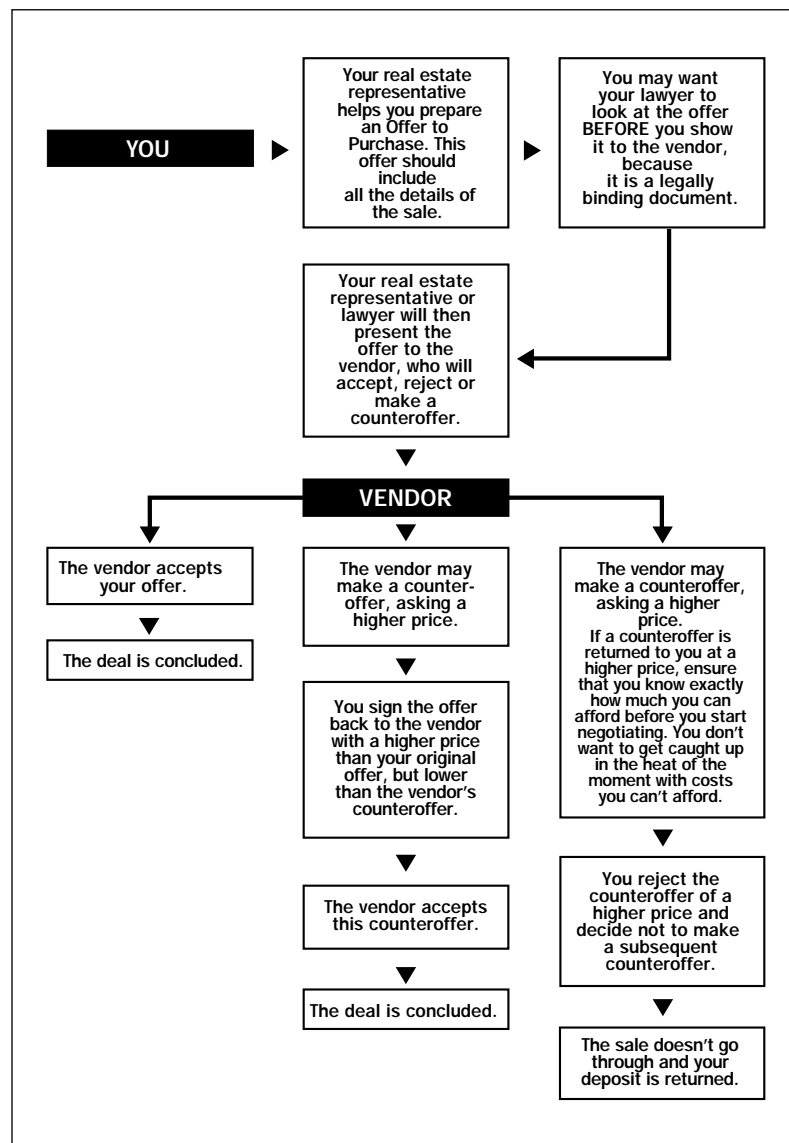
The process of presenting an Offer to Purchase

The process of making an offer, receiving a counteroffer and then revising it again is not uncommon. However, it can seem like a bit of a roller coaster ride—exciting but tense too. Still, it's all part of making the deal work best for the individuals and circumstances involved.

Your offer must be made with a deposit to the vendor or the vendor's agent. This

deposit will go toward the purchase price on the closing date. Deposits are usually no more than 10% of the purchase price. But a larger deposit may tell the vendor that you're very serious about your offer.

A deposit on an unaccepted offer will be returned. If you cancel an accepted offer, you may lose your deposit.



Tips on making an offer

- You may want to submit a conditional offer, a standard contract with your own conditions. However, a clean offer with no conditions attached is often more attractive to the vendor because it is most straightforward.
- Often the vendor will make changes and return your offer. This is called a *counteroffer*. You may accept, reject or even revise a counteroffer. Offers and counteroffers often make changes to closing dates or chattel—but most often they hinge on money.
- It's best to know what your absolute upper limit is before you start negotiating or you may get caught up in the action and offer more than you really can afford.

Buying a condominium

Resale condominiums You may wish to hire an independent inspector to check the condominium's structure and its major systems or ask to see the building's own recent inspection audit and make your offer conditional on a satisfactory report.

Ensure that the condominium is well maintained and managed and that security systems are effective. Tour the common areas and grounds and speak with other residents.

Consider the age of the building, what improvements and repairs have been done and when. Make sure to check that there is adequate money in the condominium's reserve fund. In addition, you may wish to review the condominium's declaration and bylaws.

Make your offer conditional on receiving an *estoppel certificate*. (Does not apply in Quebec.) There may be a fee for this document but it will provide information including the development's finances and insurance, and give you an overview of the condominium corporation's affairs. (In Quebec, the

purchaser is entitled to request a *statement of common expenses*.)

You'll want to know if there are restrictions on whether your unit can be renovated or leased.

New condominiums If you've made an offer to purchase a condominium before the development is registered, you should ensure that the bylaws and other regulations you were shown at the time are the same ones that are registered.

Any major differences may give you legal grounds to terminate the agreement.

Ensure that any special upgrades or finishes you've specified to complete your unit are outlined in the Offer to Purchase.

New home warranties are available in most provinces, but check with your home warranty program to see if they cover condominiums.

These warranties guarantee deposits and down payments to a specified maximum, in the event a developer is unable to complete a condominium project. They also insure units and common elements against defects for a given time period.

Building your own home

If you are hiring a contractor or builder to construct your home, there are some special considerations. Custom-built homes are usually contracted at a predetermined fixed cost or on a cost-plus contract, which means you pay the builder the cost price of labour and materials and an agreed-upon overhead charge. That charge is either a fixed fee or a percentage of the cost of the job.

It is important to detail all trades used in construction of the home if you want to claim a rebate on the

GST charged.

Always use a written contract with a builder. This contract should outline the payment schedule and other details of the construction process, such as who is responsible for dealing with public authorities, getting *building permits* and arranging wiring inspections.

Know your financial limits before you start negotiating.

Specify materials as precisely as possible. Be specific about finishes, the type of tile or broadloom. Provide brand names and model numbers,

if possible.

A typical payment schedule begins with a deposit of 10% of the agreed-upon total cost of the home when work starts.

Payments are then made in scheduled instalments, in accordance with the percentage of work completed.

Don't make the final payment until the entire job is finished, inspected and approved by the building inspector.

In some provinces, *construction lien legislation* requires that you hold back 10% of the total cost of each payment to the builder until 45 days after the building is completed. This protects you from any liens against the property by subcontractors. Check for details of this legislation in your province.

Finally, check for provincial and private programs that offer *warranties for new homes*.

The process of buying a home has its ups and downs. As long as you're prepared for them, the ride can be exciting and rewarding. Especially on the day the deal is done!

Ready for



the last step?



Closing and....

MAKE A *smooth transition* TO YOUR *new* HOME

BY *taking care* OF ALL THE *small details* AHEAD OF TIME.

Closing is a process during which all the legal and financial obligations stated in your Offer to Purchase will be met. Your real estate representative or lawyer should keep you informed of the steps involved, but here's an outline of what to expect.

2 All conditions of your offer are met. During closing, all conditions in the Offer to Purchase must be satisfied by the stated dates. For example, you may have made the sale conditional upon a home inspection. This inspection should be completed before you continue closing.

3 A land survey is done. You'll have to arrange for an up-to-date land survey on the property. Your lender will insist on this survey. So, if you did not receive one from the vendor, you'll have to pay to have one done.

1 Show your lawyer (notary) the agreement. A copy of the signed Offer to Purchase is sent to your lawyer, who will examine any conditions of sale and note the closing date. You'll also tell your lawyer how you, and any other co-buyers of the house, will be registered on the title to the property.

6 Mortgage details are finalized. Your lawyer or lender will also draw up and finalize your mortgage documents. If you are using financing options, such as a vendor take back mortgage, you'll need your lawyer to prepare this document too.

5 Check into taxes and liens. Your lawyer will also be checking into government regulations and other legalities. These include ensuring that the property taxes on the house are up to date and that there are no liens on the chattel, that is the personal property the vendor has agreed to sell with the house.

4 Your lawyer (notary) searches the title. Once all specified conditions have been met, your lawyer will search the title to the property. This ensures that the vendor does have a clear title to the home and that you can purchase it without any legal problems.



7 Arrange your utilities. It's up to you to make arrangements for final payments of utilities at your old home and to begin service at your new home. Now is also the time to make arrangements for moving.



8 It's all over but the signing of the cheque. Your lawyer will prepare a Statement of Adjustment, which will confirm the selling price, the amount you have to pay the vendor, the balance of the down payment and adjustments. A certified cheque for this total should be made payable to your lawyer in trust. You'll also owe your lawyer for legal fees, which include closing costs and disbursements.

.....Moving



Closing day

The day you finally succeed in realizing your goal! It's the day you can actually call your new home yours. Closing is the day you get the keys and legally take possession.

It's a day for feeling great satisfaction at reaching your goal. But the process isn't quite over yet. There are a lot of other things that also happen on closing day.

- ✓ Your lender will provide the mortgage money to your lawyer (or notary in Quebec).
- ✓ You must provide the balance of the purchase price to your lawyer.
- ✓ You will also be responsible for paying legal fees, disbursements and land transfer taxes.
- ✓ Your lawyer pays the vendor, registers the home in your name and provides you with a deed and the keys.

Saying goodbye to one home and neighbourhood and discovering a new one is an exciting process. But it can also be hectic and, if it's not well planned, it may seem to get more frenzied as the big day approaches. To help make moving a smooth transition for everyone, plan ahead! Hiring a mover Friends or relatives

may be able to recommend a mover, but you can also ask the mover for references. You'll also want the mover to give you an estimate and outline of fees. Is there a flat rate or hourly charge?

During the move, you'll want to ensure that your belongings are insured. Your home or property insurance may cover goods in transit but call your broker to make sure and to see what the limits are. Many moving companies offer additional insurance coverage.

Once you've selected a mover, have a representative come to your home to see what will be moved. Tell the mover how much of the packing you will do yourself.

If you decide to do your own packing to save money, keep in mind that you need the proper materials and the time. Experts estimate that it takes two people approximately two

to three days to prepare and pack the contents of an average three-bedroom home—that's a full-time job!

Professional movers have special crates and wooden cases for mirrors and dishware. But they are not responsible for items such as jewelry, currency or important papers. You will have to move these personally.

On moving day, go through the house with the van supervisor and give any special instructions. For example, if you want a certain item, such as a crib, to be the first out of the van at your new home, it should be packed last.

The movers will also make note of the condition of your goods on an inventory list.

Accompany the supervisor through the house as the list is made to make sure it is complete and accurate. Then, when the van arrives at your new home, mark off the items on the mover's list as they are unloaded.

You'll sign for the receipt of goods, subject to complete unpacking and inspection.

Most movers will unload and unpack boxes and remove packing materials, but movers do not put dishes or linens into cupboards.

Packing for yourself will save money but could take up to three days.

There are *a variety of* people and companies to inform when you're moving into your new home.

You need to call the phone company and other utilities to discontinue service at your old address and start it at your new home.

You may want to notify them as soon as possible and then confirm with them closer to your actual moving day.

It's also a good idea to send written notifications of change of address to friends, family, and various other interested parties.

Your real estate representative or moving company may also be able to provide you with a handy moving-day checklist.

Telephone	Telephone
Relatives and friends	
<input type="checkbox"/> _____	<input type="checkbox"/> Old Age Security _____
<input type="checkbox"/> _____	<input type="checkbox"/> Driver's license _____
<input type="checkbox"/> _____	<input type="checkbox"/> Car ownership _____
<input type="checkbox"/> _____	Credit cards
<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> Landlord, if necessary _____	<input type="checkbox"/> _____
<input type="checkbox"/> Insurance broker(s) _____	<input type="checkbox"/> _____
<input type="checkbox"/> Schools _____	Clubs, associations and charities
<input type="checkbox"/> Post office _____	<input type="checkbox"/> _____
<input type="checkbox"/> Phone company _____	<input type="checkbox"/> _____
<input type="checkbox"/> Electricity/hydro _____	<input type="checkbox"/> _____
<input type="checkbox"/> Natural gas _____	Subscriptions
<input type="checkbox"/> Heating fuel company (ask if you receive a deposit refund) _____	<input type="checkbox"/> Newspapers _____
<input type="checkbox"/> Cable television _____	<input type="checkbox"/> _____
<input type="checkbox"/> Doctor _____	<input type="checkbox"/> Magazines _____
<input type="checkbox"/> Dentist _____	<input type="checkbox"/> _____
<input type="checkbox"/> Lawyer/notary _____	<input type="checkbox"/> Book club _____
<input type="checkbox"/> Veterinarian _____	<input type="checkbox"/> CD or tape club _____
<input type="checkbox"/> Bank _____	<input type="checkbox"/> Video club _____
<input type="checkbox"/> Employer _____	Others
<input type="checkbox"/> Income tax _____	<input type="checkbox"/> _____
<input type="checkbox"/> Family allowance _____	<input type="checkbox"/> _____
<input type="checkbox"/> CPP/QPP _____	

Extra worksheets at the back of the Guide 

Now step into  **your new home!**

Additional Helpful Information from CMHC

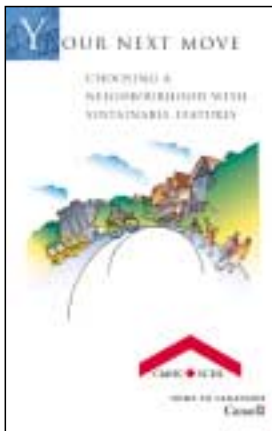


◀ **Home Care: A Guide to Repair and Maintenance**
 If your home came with an owner's manual, this would be it! A complete well-illustrated guide to operating a home—from housekeeping tips to putting together a basic tool kit, from replacing a light switch to painting and controlling condensation. Ideal for anyone moving into their first home. (1985, 116 pages, 143 illustrations)
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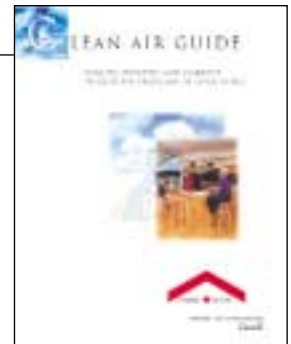


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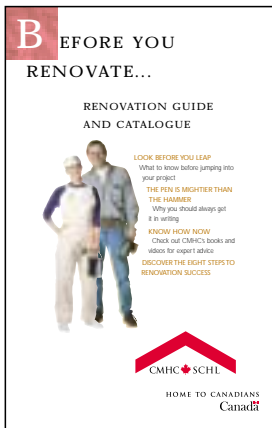


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 Thinking of renovating? Get advice from Canada's renovation experts... whether you're planning to do it yourself or to hire a professional—we have the information to help make your renovation a success. Make CMHC your first stop.
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 FlexHouses? They're houses to last you a lifetime, adaptable to your changing needs, attractive yet practical, and one of the smartest investments on the market. The FlexHousing movement is changing the way Canadians build their homes. Here's your chance to get in on the ground floor!
 Order # 60945 \$9.95



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GLOSSARY

THESE SIMPLE JARGON-FREE *definitions* AND *examples* WILL help YOU ON YOUR WAY HOME.

Amortization

The period of time, most often 15, 20 or 25 years, required to reduce a debt to zero when payments are made regularly.

Appraisal

A process for estimating the market value of a particular property.

Approved Lender

A lending institution authorized by the Government of Canada through CMHC to make loans under the terms of the National Housing Act. Only Approved Lenders can negotiate mortgages which require mortgage loan insurance.

Assumption Agreement

A legal document signed by a home buyer that requires the buyer to assume responsibility for the obligations of a mortgage by the builder or the original 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.

Building Permit

A certificate that must be obtained from the municipality by the property owner or contractor before a building can be erected or repaired. It must be posted in a conspicuous place until the job is completed and passed as satisfactory by a municipal building inspector.

Closing Costs

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

Closing Date

The date on which the sale of a property becomes final and the new owner takes possession.

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 creates and sells mortgage loan insurance products.

Conditional Offer/ Conditions of Sale

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

Collateral Mortgage

A mortgage which secures a loan by way of a promissory note. The money which is borrowed can be used to buy a property or for another purpose such as home renovation or for a vacation.

Commitment Letter/ 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.

Conventional Mortgage Loan

A mortgage loan up to a maximum of 75% of the lending value of the property. Mortgage loan insurance is not required for this type of mortgage.

Covenant

A clause in a legal document which, in the case of a mortgage, gives the parties to the mortgage a right or an obligation.

For example, a covenant can impose the obligation on a borrower to make mortgage payments in certain amounts on certain dates. A mortgage document consists of covenants agreed to by the borrower and the lender.

Deed

A legal document which is signed by both the vendor and purchaser, transferring ownership. This document is registered as evidence of ownership.

Default

Failure to abide by the terms of a mortgage loan agreement. A failure to make mortgage payments (defaulting on the loan) may give cause to the mortgage holder to take legal action to possess (foreclose) the mortgaged property.

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 until the sale is closed, and then paid to the vendor.

Discharge of Mortgage

A document signed by the lender and given to the borrower when a mortgage loan has been repaid in full.

Down Payment

The portion of the house price the buyer must pay up front from personal resources, before securing a mortgage. It generally ranges from 5%-25% of the purchase price.

Easement

A right acquired for access to or over, or for use of, another person's land for a specific purpose, such as a driveway or public utilities.

Encumbrance

A registered claim for debt against a property, such as a mortgage.

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 outstanding principal of the mortgage is reduced through regular payments. Market values and improvements to the property also affect equity.

Foreclosure

A legal procedure in which the lender gets ownership of the property if the borrower defaults on the mortgage loan.

Gross Debt Service Ratio (GDS)

The percentage of the borrower's gross monthly income that will be used for monthly payments of principal, interest, taxes, heating costs and half of any condominium maintenance fees.

High-ratio Mortgage

A mortgage loan in excess of 75% of the lending value of the property. This type of mortgage must be insured—for example, by CMHC—against payment default.

Holdback

An amount of money withheld by the lender during the progress of construction of a house to ensure that construction is satisfactory at every stage. A standard holdback amount is 10% of the total cost of the building project.

Interest

The cost of borrowing money. Interest is usually paid to the lender in instalments along with repayment of the principal loan amount.

Interest Adjustment Date (IAD)

A date from which interest on the mortgage advanced is calculated for your regular payments. This date is usually one payment period before regular mortgage payments begin. Interest due from the date your mortgage is advanced to the IAD is due on closing.

Lending Value

The purchase price or market value of a property, whichever is less.

Lien (Mechanic's)

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. A lien must be properly filed by a claimant. It has a limited life, prescribed by statute that varies from province to province.

If the lienholder takes action within the prescribed time, the homeowner may be obliged to pay the amount claimed by the lienholder.

Alternatively, the lienholder may force a sale of the property to pay off the debt.

Loan-to-value Ratio

The ratio of the loan to the lending value of a property expressed as a percentage. For example, the loan-to-value ratio of a loan for \$90,000 on a home which costs \$100,000 is 90%.

Maturity Date

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

Mortgage

A mortgage is security for a loan on the property that you own. It is your personal guarantee to repay the loan as well as a pledge of the property as security for the loan.

Mortgage Loan Insurance

If you have a high-ratio mortgage (more than 75% of the purchase price), your lender will require mortgage loan insurance—available from CMHC or a private insurer. The insurance premium will cost between 0.5% and 3.75% of the amount of the mortgage (additional charges may apply).



The Deed

Mortgage Life Insurance

This insurance guarantees that if you die your mortgage will be paid in full. This insurance can be conveniently purchased through your lender and the premium added to your mortgage payments. However, you may want to compare rates for equivalent products from an insurance broker.

Mortgage Payment

A regularly scheduled payment that is blended to include both principal and interest.

Mortgagee

The lender who provides the mortgage loan.

Mortgagor

The borrower who pledges the property as security for the loan.

Net Worth

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

Offer To Purchase

A written contract setting out the terms under which the buyer agrees to buy. If accepted by the seller, it forms a legally binding contract subject to the terms and conditions stated in the document.

Option Agreement

A document stipulating that, in exchange for a deposit, a specified individual is to be given the first chance of buying a property at or within a specified period of time.

An option holder who does not buy at or within the specified period loses the deposit and the agreement is cancelled.

P.I.T.

Principal, interest and taxes — payments due on a regular basis under the terms of the mortgage agreement.

Generally, payments are made monthly and include one-twelfth of the estimated annual municipal and school taxes. Since these taxes change from year to year, this section of the mortgage will change accordingly.

P.I.T.H.

Principal, interest, taxes and heating—costs used to calculate the Gross Debt Service ratio (GDS).

Principal

The amount of money actually borrowed.

Realtor

A real estate representative who is a member of an organization of persons engaged in the business of buying and selling real estate, such

as the Canadian Real Estate Association.

Refinance

To pay off a mortgage or other registered encumbrance and arrange for a new mortgage, sometimes with a different lender.

Second Mortgage

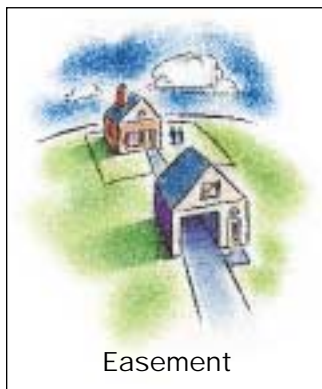
An additional mortgage on a property that already has a mortgage.

Statement of Adjustment

A balance sheet statement that indicates credits to the vendor, such as the purchase price and any prepaid taxes, and credits to the buyer, such as the deposit and the balance due on closing.

Survey

A document that illustrates the property boundaries and measurements, specifies the location of buildings on the property, and indicates any easements or encroachments.



Term

The length of time during which a mortgagor pays a specific interest rate on the mortgage loan.

The entire mortgage principal is usually not paid off at the end of the term because the amortization period is normally longer than the term.

Title

A freehold title gives the holder full and exclusive ownership of land and buildings for an indefinite period of time.

In condominium ownership, land and common elements of buildings are owned collectively by all unit owners, while the residential units belong exclusively to the individual owners.

A leasehold title gives the holder a right to use and occupy land and buildings for a defined period of time.

Total Debt Service Ratio (TDS)

The percentage of gross monthly income required to cover all monthly payments for housing and all other debts, such as car payments.

Vendor Take Back Mortgage

Mortgage financing arranged between the seller of the property and the buyer. The title is transferred to the buyer.

Often this type of loan is a second mortgage which the seller is willing to arrange at below market rates to ensure the buyer can purchase the house. Most of these arrangements are not renewable or transferable to the next owner of the house.

Zoning Bylaws

Municipal or regional laws that specify or restrict land use.

Index

Note: * indicates Glossary term

- Agreement of Purchase and Sale, see Offer to Purchase*
- Amortization*24, 27, 28, 42, 44
- Appraisal* (property) 15, 20, 26, 30-32, 42
- Approved Lender*, also see Lender 42
- Assumption agreement*42
- Blended payment*, also see Mortgage payment*12, 42
- Builder, also see Holdback, Lien and Warranty6, 20, 27, 30, 37
- Building code6
- Building inspector.....37, 42
- Building permit*37, 42
- Canada Mortgage and Housing Corporation, see CMHC*
- Chattel35, 36, 38
- Closing15, 21, 25, 38, 39, 43, 44
- Closing costs *16, 38, 42
- Closing date*15, 35, 36, 38, 39, 42
- CMHC*10, 11, 13, 15, 20, 25, 30-33, 41-43
- Conditional Offer*, see Conditions of Sale*
- Conditions of Sale*15, 20, 21, 35, 36, 38, 42, 44
- Condominium6, 7, 15, 30, 36, 37
- Condominium fees7, 13-15, 33, 43
- Collateral mortgage*42
- Commitment letter*42
- Contractor20, 37, 42
- Conventional mortgage loan* ...12, 42
- Counteroffer36
- Covenant*42
- Custom-built home, see Housing types
- Deed*39, 42
- Default*32, 43
- Deposit*35-37, 43, 44
- Disbursements.....21, 38, 39, 42
- Discharge of mortgage*43
- Down payment* ...12-14, 24-27, 30, 32, 33, 37, 38, 43
- Easement*43, 44
- Encumbrance*43, 44
- Equity*43
- Estoppel certificate15, 36
- Fees, also see Condominium fees and Legal fees.....15, 20, 21, 25, 26, 30, 32, 37, 39, 42
- Foreclosure*43
- Freehold, see Title*
- Gross Debt Service ratio (GDS)* ...13, 14, 30, 33, 43, 44
- Heating, see P.I.T.H.*
- Holdback*37, 43
- Home inspection15, 21, 35-38
- Housing market10, 11, 20
- Housing types6, 8
- carriage home6
- condominium (highrise, low-rise, row and townhouse), also see Condominium.....6, 7
- custom-built home, also see Builder20, 37
- duplex6
- healthy41
- link home6
- manufactured housing6
- mobile home6
- new housing, also see Builder and Warranty6, 10, 15, 20, 27, 30, 33, 37
- resale housing 6, 7, 15, 20, 30, 33, 36
- rowhouse6
- semi-detached6
- single family detached6
- townhouse6
- Inspection, see Home inspection
- Insurance
- errors and omissions insurance 21
- mortgage life insurance*21, 44
- mortgage loan insurance*, also see Mortgage*, high-ratio..... 12, 15, 21, 25, 31-33, 42, 43
- property/home insurance 15, 21, 39
- Insurance broker21
- Interest,* also see P.I.T* and P.I.T.H.* 11- 14, 24-31, 35, 43, 44
- Interest Adjustment Date (IAD)*43
- Interest rate11, 13, 25-31, 44
- fixed27
- protected ("capped") variable ...27
- variable.....27
- Interest rate buy down27, 30
- Lawyer/legal fees15, 19, 21, 34, 38, 39, 42, 43
- Leasehold, see Title*
- Legal fees, see Lawyer
- Lenders13-15, 19, 21, 24-33, 38, 39, 42-44
- Lending Value*42, 43
- Lien37, 38, 43
- Lien (Mechanic's)*37, 43
- Loan-to-value ratio*43
- Location5-9
- Maintenance costs, also see Condominium fees6, 12, 15, 41
- Market Analysis Service (CMHC)10, 11
- Maturity date*43
- Mechanic's lien, see Lien*
- Mortgage*12-15, 21, 24-35, 38, 39, 42-44
- assumable mortgage25, 26
- closed mortgage29
- conventional mortgage loan*12, 25-27, 29, 42
- expandable mortgage25
- high-ratio mortgage*12, 15, 21, 25-27, 43
- multi-rate (split) mortgage30
- open mortgage29
- portable mortgage25
- pre-approved mortgage31
- prepayment option25
- second mortgage*25, 26, 44
- split (multi-rate) mortgage30
- vendor take back mortgage* (VTB)26, 38, 44
- Mortgage approval*31, 35, 42
- Mortgage broker.....15, 21, 26, 30
- Mortgage market analysis10, 11
- Mortgage payment*12, 14, 24-30, 42, 44
- Mortgage rate, see Interest rate
- Mortgage Rate Protection Program (CMHC)31
- Mortgagee*44

Mortgagor*.....	44	Property tax, see P.I.T.* , P.I.T.H.* and Tax	Title*	6, 44
Moving	38-40	Real estate representative, see also	Total Debt Service ratio (TDS)*	13, 14, 30, 33, 44
Net worth*	44	Realtor*	Utilities	15, 38, 40
New housing, see Builder, Housing types and Warranty		Realtor*	Utility bills (prepaid)	15
Notary, see Lawyer		Refinance*	Vendor,	15, 20, 26, 34-36, 38, 39, 42-44
Offer to Purchase*	15, 20, 21, 34-38, 42-44	Renovation/repair costs	Vendor take back mortgage* (VTB), see Mortgage*	
Option agreement*	44	25, 41, 42	Warranty	6, 37
P.I.T.* (principal, interest and taxes)	44	Resale housing, see Housing types	builder warranty	6
P.I.T.H.* (principal, interest, taxes and heating)	13, 14, 33, 44	Service charges, also see Fees	Water quality/quantity	15
Prepaid taxes and utility bills ...	15, 44	Statement of Adjustment*	Zoning/zoning bylaws*	5, 7, 37, 44
Principal*, also see P.I.T.* and P.I.T.H.*	12, 24, 25, 27, 30, 42-44	Survey*		
Property appraisal, see Appraisal*		Survey fee		
Property value	5, 21	Tax, also see P.I.T.* and P.I.T.H.*		
		GST		
		property tax		
		land transfer tax		
		prepaid tax		
		Term*		

Home Hunting Worksheet

Attach real estate listing information sheet or fill in below.

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 Central Window Smoke detectors

Heat recovery ventilator (HRV)

ANNUAL COSTS

Property taxes _____ \$

Garbage pickup _____ \$

Other _____ \$

Utilities

Heating type Oil Natural gas Electric Wood \$

Electricity 60 amp 100 amp 200 amp Other \$

Water Municipal Well \$

Other _____ \$

Other _____ \$

TOTAL ANNUAL COSTS _____ \$

Chattel which remains with house

Make a comprehensive list (floor coverings, window drapes, appliances, etc.)

Neighbourhood

Distance to work _____ Distance to spouse's work _____

Public transportation Yes No

Adequate proximity to Schools Yes No

Shopping Yes No Playgrounds Yes No

Medical Yes No Hospital Yes No

Fire station Yes No Police Yes No

Place of worship Yes No

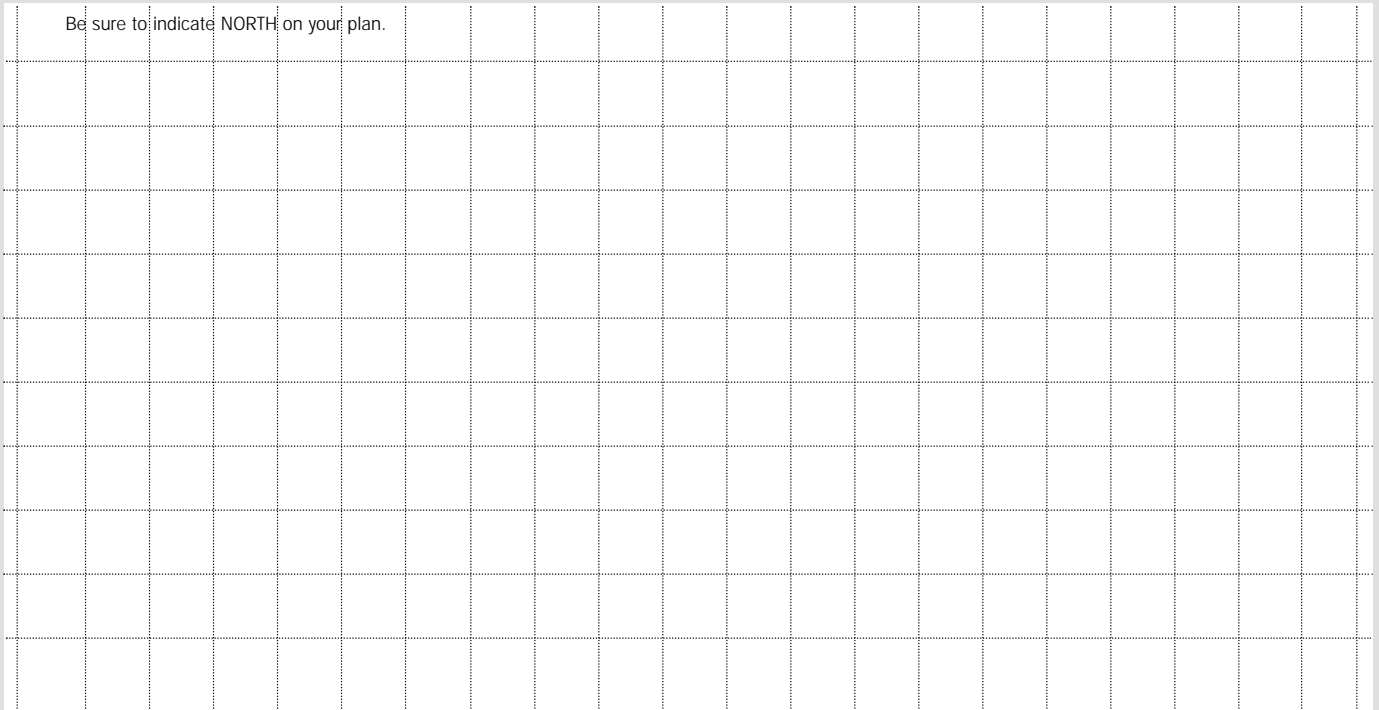
Other neighbourhood considerations

Existing environmental problems (noisy traffic, railway, flooding, etc.) _____

Future development plans _____

Use the area below to draw floor plans.

Be sure to indicate NORTH on your plan.



EXTERIOR

Finish Brick Siding Wood

Condition Fair Good Excellent

Roofing Fair Good Excellent

Other _____

Windows Wood Vinyl clad
 Aluminum

Condition Fair Good Excellent

Number of entrances 2 3 4 5

Driveway Paved Gravel Other

Garage No Yes Heated
 Not heated

Landscaping Fair Good Excellent

Fencing Wood Chain link Other

Patio or deck Yes No

Special features (e.g. pool, barbecue) _____

INTERIOR

Entrance area

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Special features _____

Living room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. fireplace) _____

Dining room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

■ Den ■ Study ■ Family room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Kitchen

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Cupboards & storage Fair Good
 Excellent

Special features _____

Appliances included _____

Master bedroom

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. en suite bathroom, walk-in closet) _____

Bedroom #2

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bedroom #3

Approx. size _____

Walls Fair Good
 Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bathrooms

#1 Bath/shower Sink Toilet

#2 Bath/shower Sink Toilet

#3 Bath/shower Sink Toilet

Special features _____

Basement

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Separate entrance to outside Yes No

Special features _____

Utility room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Additional for condominiums

Parking Underground Above ground

Balcony; size _____ Storage

Recreation room Exercise room

Pool No Yes Indoor
 Outdoor

Lobby Fair Good Excellent

Security and special features _____

General comments

PROS:

CONS:

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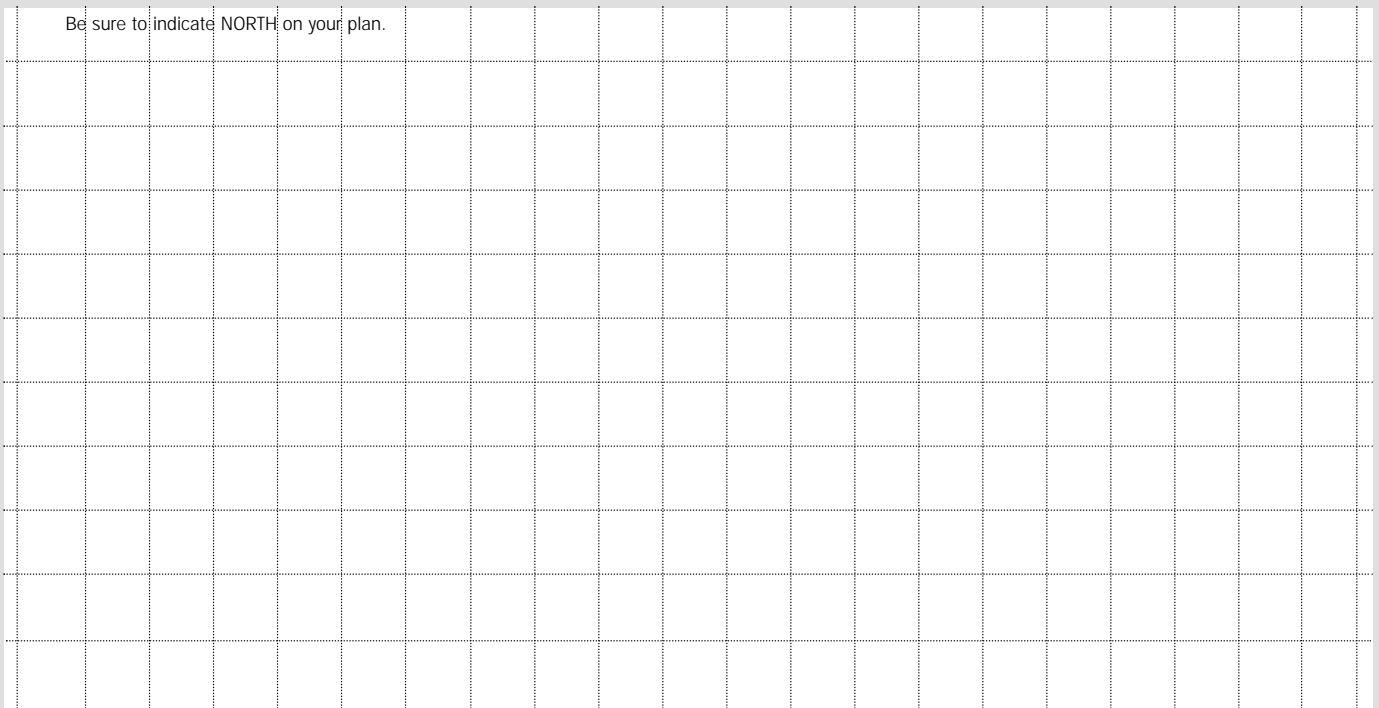
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Special features _____

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Windows Fair Good Excellent

Special features _____

Den Study Family room

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Flooring TYPE Fair Good
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Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

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Cupboards & storage Fair Good
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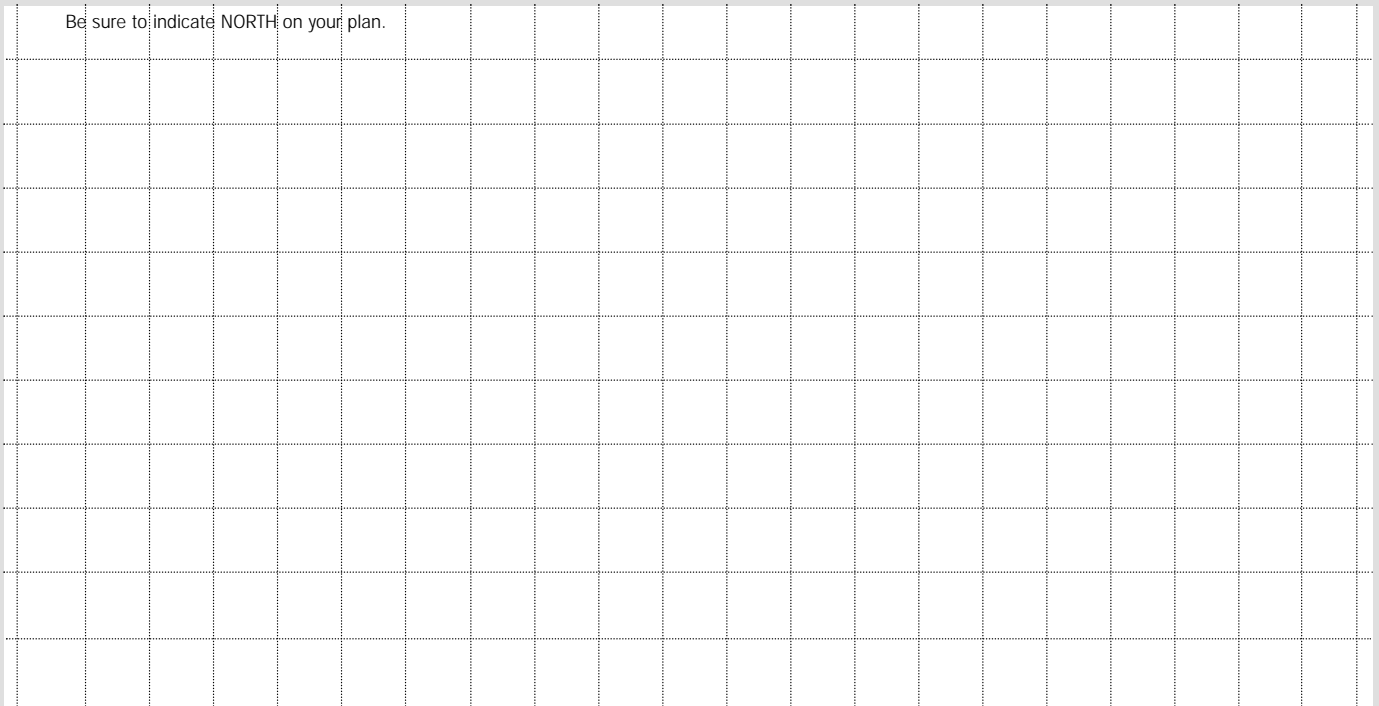
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Special features _____

Kitchen

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Cupboards & storage Fair Good
 Excellent

Special features _____

Appliances included _____

Master bedroom

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. en suite bathroom, walk-in closet) _____

Bedroom #2

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bedroom #3

Approx. size _____

Walls Fair Good
 Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bathrooms

#1 Bath/shower Sink Toilet

#2 Bath/shower Sink Toilet

#3 Bath/shower Sink Toilet

Special features _____

Basement

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Separate entrance to outside Yes No

Special features _____

Utility room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Additional for condominiums

Parking Underground Above ground

Balcony; size _____ Storage

Recreation room Exercise room

Pool No Yes Indoor
 Outdoor

Lobby Fair Good Excellent

Security and special features _____

General comments

PROS:

CONS:

Home Hunting Worksheet

Attach real estate listing information sheet or fill in below.

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 Central Window Smoke detectors

Heat recovery ventilator (HRV)

ANNUAL COSTS

Property taxes _____ \$

Garbage pickup _____ \$

Other _____ \$

Utilities

Heating type Oil Natural gas Electric Wood \$

Electricity 60 amp 100 amp 200 amp Other \$

Water Municipal Well \$

Other _____ \$

Other _____ \$

TOTAL ANNUAL COSTS _____ \$

Chattel which remains with house

Make a comprehensive list (floor coverings, window drapes, appliances, etc.)

Neighbourhood

Distance to work _____ Distance to spouse's work _____

Public transportation Yes No

Adequate proximity to Schools Yes No

Shopping Yes No Playgrounds Yes No

Medical Yes No Hospital Yes No

Fire station Yes No Police Yes No

Place of worship Yes No

Other neighbourhood considerations

Existing environmental problems (noisy traffic, railway, flooding, etc.) _____

Future development plans _____

Use the area below to draw floor plans.

Be sure to indicate NORTH on your plan.

EXTERIOR

Finish Brick Siding Wood

Condition Fair Good Excellent

Roofing Fair Good Excellent

Other _____

Windows Wood Vinyl clad
 Aluminum

Condition Fair Good Excellent

Number of entrances 2 3 4 5

Driveway Paved Gravel Other

Garage No Yes Heated
 Not heated

Landscaping Fair Good Excellent

Fencing Wood Chain link Other

Patio or deck Yes No

Special features (e.g. pool, barbecue) _____

INTERIOR

Entrance area

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Special features _____

Living room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. fireplace) _____

Dining room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Den Study Family room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Kitchen

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Cupboards & storage Fair Good
 Excellent

Special features _____

Appliances included _____

Master bedroom

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. en suite bathroom, walk-in closet) _____

Bedroom #2

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bedroom #3

Approx. size _____

Walls Fair Good
 Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bathrooms

#1 Bath/shower Sink Toilet

#2 Bath/shower Sink Toilet

#3 Bath/shower Sink Toilet

Special features _____

Basement

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Separate entrance to outside Yes No

Special features _____

Utility room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Additional for condominiums

Parking Underground Above ground

Balcony; size _____ Storage

Recreation room Exercise room

Pool No Yes Indoor
 Outdoor

Lobby Fair Good Excellent

Security and special features _____

General comments

PROS:

CONS:

Home Hunting Worksheet

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Type of home _____ Square footage _____

Number of bedrooms _____ Lot size _____

Additional structures on property _____

Occupancy date _____ Asking price \$ _____

Air conditioning Central Window Smoke detectors

Heat recovery ventilator (HRV)

ANNUAL COSTS

Property taxes _____ \$

Garbage pickup _____ \$

Other _____ \$

Utilities

Heating type Oil Natural gas Electric Wood \$

Electricity 60 amp 100 amp 200 amp Other \$

Water Municipal Well \$

Other _____ \$

Other _____ \$

TOTAL ANNUAL COSTS _____ \$

Chattel which remains with house

Make a comprehensive list (floor coverings, window drapes, appliances, etc.)

Neighbourhood

Distance to work _____ Distance to spouse's work _____

Public transportation Yes No

Adequate proximity to Schools Yes No

Shopping Yes No Playgrounds Yes No

Medical Yes No Hospital Yes No

Fire station Yes No Police Yes No

Place of worship Yes No

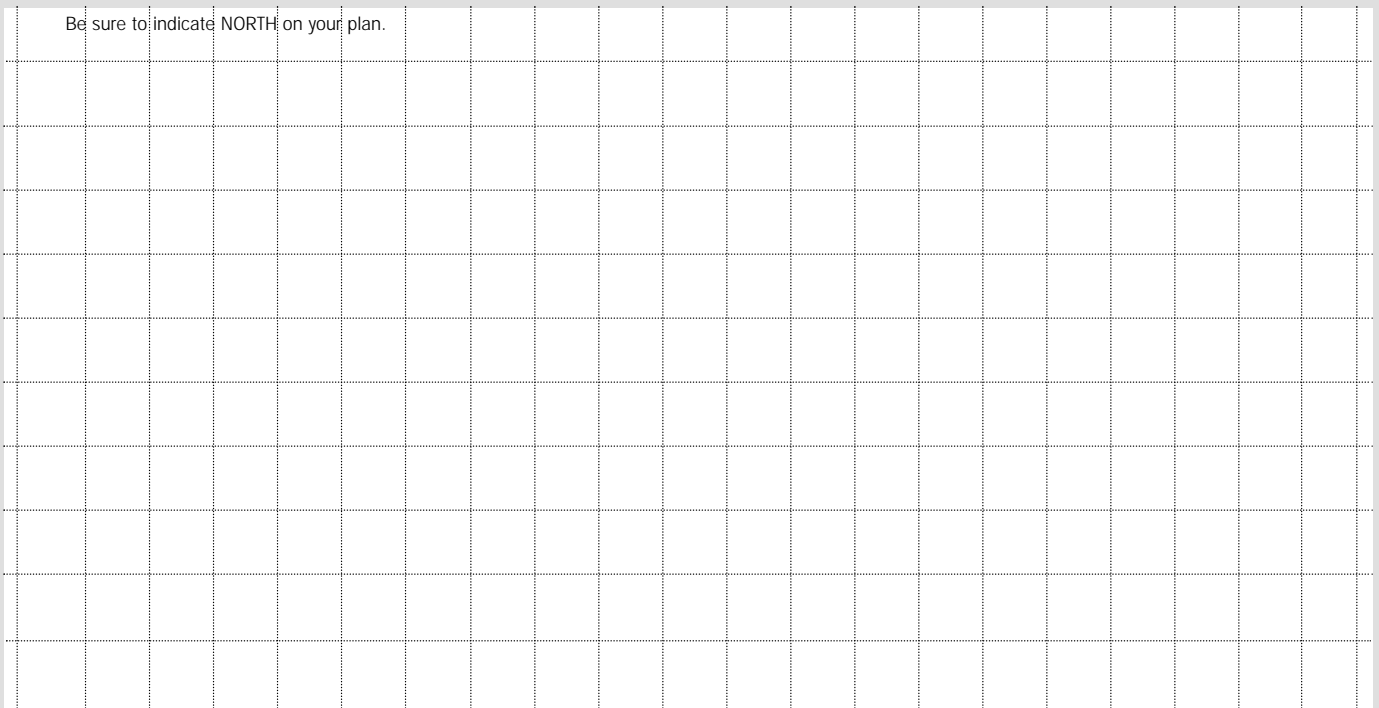
Other neighbourhood considerations

Existing environmental problems (noisy traffic, railway, flooding, etc.) _____

Future development plans _____

Use the area below to draw floor plans.

Be sure to indicate NORTH on your plan.



EXTERIOR

Finish Brick Siding Wood

Condition Fair Good Excellent

Roofing Fair Good Excellent

Other _____

Windows Wood Vinyl clad
 Aluminum

Condition Fair Good Excellent

Number of entrances 2 3 4 5

Driveway Paved Gravel Other

Garage No Yes Heated
 Not heated

Landscaping Fair Good Excellent

Fencing Wood Chain link Other

Patio or deck Yes No

Special features (e.g. pool, barbecue) _____

INTERIOR

Entrance area

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Special features _____

Living room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. fireplace) _____

Dining room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Den Study Family room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Kitchen

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Cupboards & storage Fair Good
 Excellent

Special features _____

Appliances included _____

Master bedroom

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. en suite bathroom, walk-in closet) _____

Bedroom #2

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bedroom #3

Approx. size _____

Walls Fair Good
 Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bathrooms

#1 Bath/shower Sink Toilet

#2 Bath/shower Sink Toilet

#3 Bath/shower Sink Toilet

Special features _____

Basement

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Separate entrance to outside Yes No

Special features _____

Utility room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Additional for condominiums

Parking Underground Above ground

Balcony; size _____ Storage

Recreation room Exercise room

Pool No Yes Indoor
 Outdoor

Lobby Fair Good Excellent

Security and special features _____

General comments

PROS:

CONS:

Home Hunting Worksheet

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Number of bedrooms _____ Lot size _____

Additional structures on property _____

Occupancy date _____ Asking price \$ _____

Air conditioning Central Window Smoke detectors

Heat recovery ventilator (HRV)

ANNUAL COSTS

Property taxes _____ \$

Garbage pickup _____ \$

Other _____ \$

Utilities

Heating type Oil Natural gas Electric Wood \$

Electricity 60 amp 100 amp 200 amp Other \$

Water Municipal Well \$

Other _____ \$

Other _____ \$

TOTAL ANNUAL COSTS _____ \$

Chattel which remains with house

Make a comprehensive list (floor coverings, window drapes, appliances, etc.)

Neighbourhood

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Public transportation Yes No

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Medical Yes No Hospital Yes No

Fire station Yes No Police Yes No

Place of worship Yes No

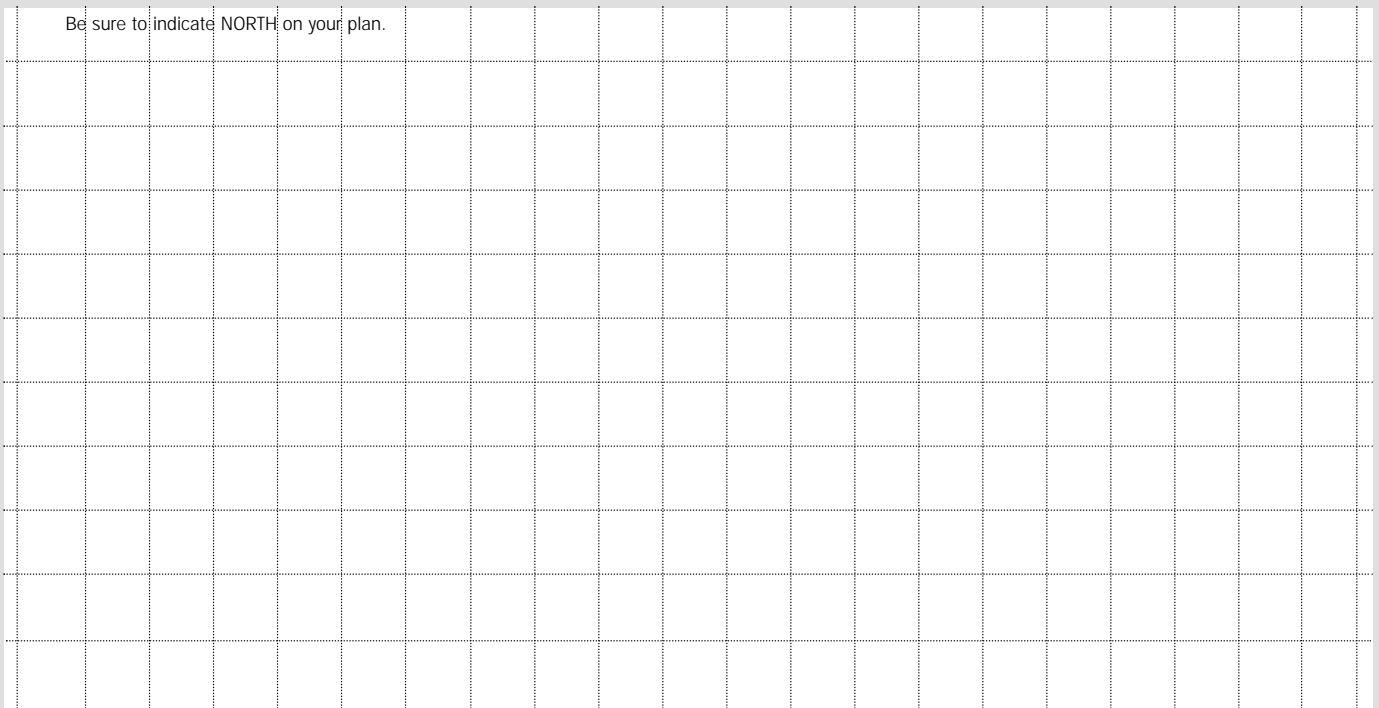
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Special features (e.g. pool, barbecue) _____

INTERIOR

Entrance area

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Special features _____

Living room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. fireplace) _____

Dining room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Den Study Family room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Kitchen

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Cupboards & storage Fair Good
 Excellent

Special features _____

Appliances included _____

Master bedroom

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features (e.g. en suite bathroom, walk-in closet) _____

Bedroom #2

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bedroom #3

Approx. size _____

Walls Fair Good
 Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Bathrooms

#1 Bath/shower Sink Toilet

#2 Bath/shower Sink Toilet

#3 Bath/shower Sink Toilet

Special features _____

Basement

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Separate entrance to outside Yes No

Special features _____

Utility room

Approx. size _____

Walls Fair Good Excellent

Flooring TYPE Fair Good
 Excellent

Lighting fixtures Yes No

Windows Fair Good Excellent

Special features _____

Additional for condominiums

Parking Underground Above ground

Balcony; size _____ Storage

Recreation room Exercise room

Pool No Yes Indoor
 Outdoor

Lobby Fair Good Excellent

Security and special features _____

General comments

PROS:

CONS:

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 Metal
 Other

Insulation values Walls _____
 Basement _____ Ceiling _____

Foundation construction Concrete
 Concrete block Preserved wood

Sewer system Municipal Septic

Water Municipal Well

Water heating Gas Electric Oil

Electrical system 100 amp 200 amp
 Other _____
 Fuses Circuit breakers

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

Police station Fire station

Hospital Doctor / dentist

Veterinarian

Home Features Checklist

Resale New

Type of Home

Detached Semi-detached
 Townhouse Duplex
 Highrise Low-rise

Type of ownership

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Age of home

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Quiet street Yes No

Type of exterior finish

Brick Wood
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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)

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Public transportation Schools

Shopping Parks/playgrounds

Recreation facilities Restaurants

Places of worship

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Home Features Checklist

Resale New

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Quiet street Yes No

Type of exterior finish

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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

Police station Fire station

Hospital Doctor/dentist

Veterinarian

Home Features Checklist

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 Highrise Low-rise

Type of ownership

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Age of home

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 Combination brick and siding

Windows

Glazing Single Double Triple
 Low-E

Construction Wood Vinyl Metal
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Foundation construction Concrete
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Eat-in kitchen Yes No

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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

Police station Fire station

Hospital Doctor/dentist

Veterinarian

Home Features Checklist

Resale New

Type of Home

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Bedrooms 1 2 3 4

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Master bedroom en suite Yes No

Ground floor bathroom Yes No

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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

Police station Fire station

Hospital Doctor/dentist

Veterinarian

Affordability Calculations

Maximum monthly housing costs you can afford

Gross Debt Service Ratio (GDS)

Your gross monthly salary*	\$	
+ Your spouse's gross monthly salary	\$	
+ Other monthly income	\$	
Total	A \$	
		x 32%
= Maximum monthly housing costs you can afford	B \$	

This maximum monthly payment includes principal, interest, taxes, heating (P.I.T.H.) and 50% of condominium fees, if applicable.

* Gross salary is income before taxes

Example:

Jane's gross monthly income is \$2,500 and Deepak's is \$2,000 for a total of \$4,500 per month. They should pay no more than \$1,440 (\$4,500 x 32%) for their monthly housing expenses.

Maximum monthly debt load you can afford

Total Debt Service Ratio (TDS)

Total monthly income	A \$	
		x 40%
= Maximum monthly debt service load you can afford	C \$	
- Monthly auto payment	\$	
- Monthly loan payment	\$	
- Monthly credit card/line of credit payment	\$	
- Other monthly payments	\$	
= Monthly income left for housing	D \$	

If the home you want costs more per month than you can afford right now (D), consider these strategies: lower your expectations and buy a cheaper home; lower your non-housing debt obligations; and/or raise a larger down payment.

Example:

Jane and Deepak have a gross monthly income of \$4,500. Their total debt load should not exceed \$1,800 (\$4,500 x 40%). They have a monthly car payment of \$400, a student loan of \$200 and credit card payments of \$150, for a total of \$750 in non-housing debt payments each month. That means they would have no more than \$1,050 available for monthly housing payments (\$1,800 - \$750). That is lower than the \$1,440 suggested by their Gross Debt Service calculation (B).

Maximum home price you can afford

It depends on how much your down payment is and how much you can carry in monthly debt service. And that depends on variables such as mortgage rates, your debts and monthly expenses, and personal preferences. For a rough idea, take a look at the table on page 13.

Example:

Jane and Deepak have a down payment of \$30,000. They want a conventional mortgage with 25% down, so they estimate their maximum home price at \$120,000.

That would leave them a mortgage of \$90,000. At 10% interest, amortized over 25 years, that means monthly mortgage payments of \$805.* Add monthly property tax instalments of \$160 and monthly heating costs of \$60. Their total monthly housing costs will be \$1,025. That is just below the maximum \$1,050 allowed according to their Total Debt Service ratio calculations.

That's too close for comfort for Jane and Deepak. What if mortgage rates go up when it's time to renew? They decide to look for a home priced at a maximum of \$100,000.

That would leave them with a \$70,000 mortgage and monthly mortgage payments of \$626,* plus lower taxes of \$135 and heating costs of \$60. Now their total monthly housing costs will be \$821. That makes their Total Debt Service ratio 35% instead of the maximum 40%. And that gives Jane and Deepak a sense of financial comfort.

* Figures are rounded to the nearest dollar.

(AffordAbility, a new CMHC computer software program, can help you work out all your down payment and mortgage options. To purchase call 1-800-668-2642.)

Home Purchase Costs Estimate

Address _____

Purchase price	\$	_____
GST (if applicable)	\$	_____
House insurance	\$	_____
Legal fees and disbursements	\$	_____
Land transfer tax	\$	_____
Appraisal fee	\$	_____
Estoppel certificate fee	\$	_____
Furniture, appliances, drapes, tools, carpeting, paint, etc.	\$	_____
Home inspection fee	\$	_____
Interest adjustments	\$	_____
Lawyer's fees	\$	_____
Condominium fee	\$	_____
Mortgage broker's fee	\$	_____
Mortgage loan insurance application fee	\$	_____
Mortgage loan insurance premium*	\$	_____
Moving expenses	\$	_____
Property taxes (adjustments)	\$	_____
Renovations/repairs	\$	_____
Service hook-up fees	\$	_____
Survey fee	\$	_____
Utility bills (adjustments)	\$	_____
Water quality and quantity certificate	\$	_____
Other	\$	_____
Total estimated cost	\$	_____

*Can be included in your mortgage

Home Purchase Costs Estimate

Address _____

Purchase price	\$	_____
GST (if applicable)	\$	_____
House insurance	\$	_____
Legal fees and disbursements	\$	_____
Land transfer tax	\$	_____
Appraisal fee	\$	_____
Estoppel certificate fee	\$	_____
Furniture, appliances, drapes, tools, carpeting, paint, etc.	\$	_____
Home inspection fee	\$	_____
Interest adjustments	\$	_____
Lawyer's fees	\$	_____
Condominium fee	\$	_____
Mortgage broker's fee	\$	_____
Mortgage loan insurance application fee	\$	_____
Mortgage loan insurance premium*	\$	_____
Moving expenses	\$	_____
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Renovations/repairs	\$	_____
Service hook-up fees	\$	_____
Survey fee	\$	_____
Utility bills (adjustments)	\$	_____
Water quality and quantity certificate	\$	_____
Other	\$	_____
Total estimated cost	\$	_____

*Can be included in your mortgage

Home Purchase Costs Estimate

Address _____

Purchase price	\$	_____
GST (if applicable)	\$	_____
House insurance	\$	_____
Legal fees and disbursements	\$	_____
Land transfer tax	\$	_____
Appraisal fee	\$	_____
Estoppel certificate fee	\$	_____
Furniture, appliances, drapes, tools, carpeting, paint, etc.	\$	_____
Home inspection fee	\$	_____
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Utility bills (adjustments)	\$	_____
Water quality and quantity certificate	\$	_____
Other	\$	_____
Total estimated cost	\$	_____

*Can be included in your mortgage

Home Purchase Costs Estimate

Address _____

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House insurance	\$	_____
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Renovations/repairs	\$	_____
Service hook-up fees	\$	_____
Survey fee	\$	_____
Utility bills (adjustments)	\$	_____
Water quality and quantity certificate	\$	_____
Other	\$	_____
Total estimated cost	\$	_____

*Can be included in your mortgage

Monthly Expenses

Child care	\$	_____
Groceries/lunches/eating out	\$	_____
Clothes/personal/sundry	\$	_____
Life insurance	\$	_____
Public transportation	\$	_____
Car: gas/oil	\$	_____
Car repairs and service	\$	_____
Car insurance and license	\$	_____
Electricity/hydro (non-heat)	\$	_____
Water	\$	_____
Telephone	\$	_____
Cable TV/video rental	\$	_____
Entertainment, recreation, movies, sports, etc	\$	_____
Beer, wine, liquor, cigarettes	\$	_____
Newspapers, magazines, books	\$	_____
Home maintenance and repairs	\$	_____
Home insurance	\$	_____
Furnishings/consumer goods	\$	_____
Savings (bank account, RRSPs)	\$	_____
Charitable donations	\$	_____
Car loan/lease	\$	_____
Line of credit	\$	_____
Charge accounts/credit cards	\$	_____
Other loans/payments	\$	_____
Total monthly lifestyle expenses	\$	_____
Payroll deductions:		
Income tax	\$	_____
Benefits/other	\$	_____
Total monthly expenses	\$	_____
Monthly income	\$	_____
Subtract: Total monthly expenses	-\$	_____
Amount left for housing costs (P.I.T.H.)*	\$	_____
* principal, interest, taxes, heat		

Monthly Expenses

Child care	\$	_____
Groceries/lunches/eating out	\$	_____
Clothes/personal/sundry	\$	_____
Life insurance	\$	_____
Public transportation	\$	_____
Car: gas/oil	\$	_____
Car repairs and service	\$	_____
Car insurance and license	\$	_____
Electricity/hydro (non-heat)	\$	_____
Water	\$	_____
Telephone	\$	_____
Cable TV/video rental	\$	_____
Entertainment, recreation, movies, sports, etc	\$	_____
Beer, wine, liquor, cigarettes	\$	_____
Newspapers, magazines, books	\$	_____
Home maintenance and repairs	\$	_____
Home insurance	\$	_____
Furnishings/consumer goods	\$	_____
Savings (bank account, RRSPs)	\$	_____
Charitable donations	\$	_____
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Subtract: Total monthly expenses	-\$	_____
Amount left for housing costs (P.I.T.H.)*	\$	_____
* principal, interest, taxes, heat		

Your Team of Professionals

Team Members

Role

Name	Company name
Address	Telephone
Referral	Fees

Strengths

Weaknesses

Role

Name	Company name
Address	Telephone
Referral	Fees

Strengths

Weaknesses

Role

Name	Company name
Address	Telephone
Referral	Fees

Strengths

Weaknesses

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Name	Company name
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Strengths

Weaknesses

Your Team of Professionals

Team Members

Role

Name Company name

Address Telephone

Referral Fees

Strengths

Weaknesses

Role

Name Company name

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Referral Fees

Strengths

Weaknesses

Role

Name Company name

Address Telephone

Referral Fees

Strengths

Weaknesses

Role

Name Company name

Address Telephone

Referral Fees

Strengths

Weaknesses

Moving to Your New Home

Change of address notification

Telephone _____

Relatives and friends

- _____
- _____
- _____
- _____
- _____
- Landlord, if necessary _____
- Insurance broker(s) _____
- Schools _____
- Post office _____
- Phone company _____
- Electricity/hydro _____
- Natural gas _____
- Heating fuel company
(ask if you receive a deposit refund) _____
- Cable television _____
- Doctor _____
- Dentist _____
- Lawyer/notary _____
- Veterinarian _____
- Bank _____
- Employer _____
- Income tax _____
- Family allowance _____
- CPP/QPP _____

Telephone _____

- Old Age Security _____
- Driver's license _____
- Car ownership _____

Credit cards

- _____
- _____
- _____

Clubs, associations and charities

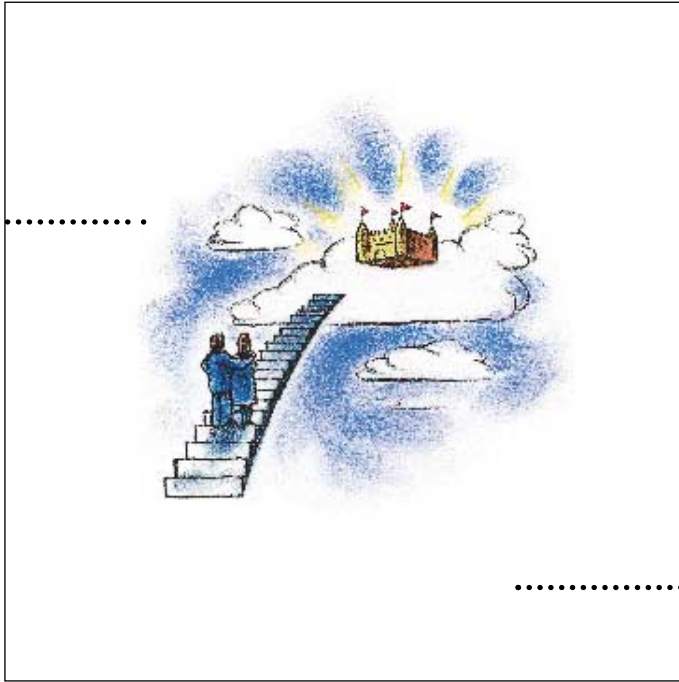
- _____
- _____
- _____
- _____

Subscriptions

- Newspapers _____
- _____
- Magazines _____
- _____
- _____
- Book club _____
- CD or tape club _____
- Video club _____

Others

- _____
- _____



**With
this information,
you're
on your way
*home.***

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