

Buying a Home

Here's who can help

Here are some of the professionals who will help you through the process when you buy a home.

Realtor

Although a realtor isn't required, it is helpful to have one and it won't cost you; realtor commissions are paid by the seller. The realtor can advise on things to look for and what to avoid. When you find a house you want, the realtor will prepare a contract offer and guide you through the purchase process.

**Are you selling a home?
Please see Info Sheet #15:
Selling a home.**

Banker

You'll likely need a mortgage for some of the purchase price; you are the "mortgagor," and the bank is the "mortgagee."

Contact your bank before you start looking for a home; the process for a mortgage approval can take a month or more. All applicants need to collect a lot of information about their financial position for the bank.

Several banks have an application process that you can begin online.

Your banker will advise about loan options, such as interest rates, amortization periods, and payment frequency.

Mortgage broker

Typically, mortgage brokers work with several banks. They can be helpful for borrowers with poor credit histories. A broker can save you time by applying to lenders on your behalf.

Mortgage brokers earn a commission when they link a borrower with a lender. Sometimes the lender pays the commission, sometimes the borrower does; be sure to ask up front who pays this cost.

Home inspector

A home inspector checks the home and then prepares a detailed report of what was found. You might be able to use an inspection report showing problems with the house to negotiate a price reduction with the seller.

Appraiser

Appraisers view a property, then prepare a report on its characteristics and estimated value. Appraisers mainly work for banks, who want assurance that the property is worth the sale price, but the buyer pays the cost.

Lawyer

If you are getting a mortgage, you must use a lawyer. Your bank will pay the mortgage money only to a lawyer, on conditions that the lawyer must meet. Even if you don't need a mortgage, it is strongly recommended that you use a lawyer.



These are some of the things your lawyer will do:

- prepare or review the contract of purchase and sale and any amendments;
- provide information and advice to you as needed;
- order a copy of the current title, property tax information and title insurance, if needed
- receive instructions from your bank and prepare the mortgage;
- meet with you to go through and sign the purchase and mortgage documents;
- request and receive mortgage funds in trust;
- prepare statements of adjustments;
- register the transfer and mortgage at the land titles office;
- on the closing date, pay the seller, seller's mortgagee, realtor and taxing authority;
- report on the mortgage to your bank; and
- report to the buyer.

Costs

There are various costs you may have to pay in addition to the purchase price. Not all these costs will apply in every situation. Costs may be higher outside Whitehorse:

- **appraisal fee** (approximately \$300);
- **home inspector's fee** (approximately \$500);
- **mortgage loan insurance** (Canada Mortgage and Housing Corporation, or CMHC; 2–4% of the total mortgage); if you borrow more than 80% of the purchase price, your bank requires default insurance—you pay this one-time fee;
- **legal fees** and disbursements (\$2,000–\$2,500 or more) — some of the costs are paid by your lawyer and then charged back to you as a disbursement;
- **property taxes** — if the seller has paid the property taxes for the year, as part of the closing adjustments you will reimburse the seller for your share. If the seller has not paid the current year's property taxes, you will pay the full amount of the property tax and get a credit from the seller for his or her share;
- **local improvement charges** for municipal improvements such as water services or sidewalks;
- **fees from the Land Titles Office** (to register transfers, mortgages and other documents); fees are based on the purchase price, on any increase in the property's value since its last transfer, and on the mortgage amount;
- **fuel cost** — if the house is heated with oil or propane, as part of the closing adjustments you will reimburse the seller for the cost of fuel in the tank (approximately \$1,200–\$1,500);
- most banks require a **property survey** (approximately \$600) as a condition of your mortgage, but will accept **title insurance** (approximately \$150–\$500) in place of a survey;
- **property insurance** covers the replacement value of your home (structure and contents); this is required by the bank if you are borrowing money to buy your new home; and
- **monthly fee** from a condominium corporation (for common expenses such as insurance and maintenance) — if you purchase a condo partway through the month, the closing adjustments will include reimbursing the seller for a prorated share of that month's condominium fee.