



Find your  
home with us.

**ZOOCASA**  
Intelligent Real Estate

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zoocasa.com



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# Buying With Zoocasa: Intelligent Real Estate Service

## How We Offer Intelligent Real Estate Service

**At Zoocasa, our agents are trusted advisors who use technology to set a new standard for full-service real estate. From beginning to end, we're here to empower our clients to find their ideal home, on their terms, and to make their move with confidence.**

As a team, we give your purchase the attention it deserves; whether you are buying your first home, going through the process again, or have your sights set on finding the best investment to suit your future.

It all starts here. This Buyer's Guide is your in-depth look at the entire process.

After all, it's not just buying any home—it's about finding yours.

Come find your home with us.





# Your Timeline For Buying

# Your Ideal Buying Timeline

Here, we have outlined what the home buying process looks like from start to finish.

We'll go through each step in detail and how your Zoocasa agent will guide you along the journey so you know exactly what to expect.

## WORKING WITH AN AGENT

Find a reputable market expert can trust



## SEARCHING FOR A HOME

Tour neighbourhoods, developments, and homes



## FINANCING YOUR PURCHASE

Understand your affordability:  
down payments, mortgages



## NEGOTIATING AN OFFER

Review price, closing date,  
and conditions

**FINANCIAL  
DUE DILIGENCE**

Provide your offer deposit, succeed in a multiple offer situation



**PREPARING FOR CLOSING**

Arrange mortgage, insurance, lawyer, and more



**PROPERTY  
DUE DILIGENCE**

Review home inspection report, status certificate



**CLOSING DAY!**

Finalize your purchase, funds, and title transfer



**YOUR TIMELINE  
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**STEP ONE**

# Working With An Agent

## It All Starts Online

**From your very first search on zoocasa.com, you're likely to uncover a world of options; we've got you covered for houses, condos, townhouses, and more.**

As you plan your purchase, you may be looking for certain home styles, neighbourhoods, and amenities. We'll help you navigate your wish list and empower you with information on everything from trends to sold price history.

From what you want to what you absolutely need, our market insights and dynamic tools ensure you have the most relevant data—right at your fingertips.

Once you've found that dream property online, you're ready to take the next step. What you need is someone to help make a world of difference for your purchase.

### **NAVIGATING THE HOME BUYING JOURNEY**

**When you choose to work with a Zoocasa agent, you're choosing to begin a relationship grounded in market knowledge and propelled by data and expertise.**

Effectively, you need an agent who will take pride in helping you find the best property that meets your needs at the best price.

Our agents are backed by the entire Zoocasa Team; they can focus solely on finding and securing the right home for you, while the team takes care of everything else.





# How Do You Find the Right Agent?

**Every city is filled with thousands of agents, but not all are equal. We believe it is important to choose an agent that you feel confident with.**

Before you commit to working with an agent, make sure you have a good understanding of the knowledge and experience they offer. Here are some questions we'd recommend asking them.

## QUESTIONS TO ASK A PROSPECTIVE AGENT

1

### **How well do you know this area?**

Real estate is a local business, so work with someone who knows the trends, schools, parks, and zoning of that neighbourhood.

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2

### **How much of your business comes from referrals?**

Satisfied homebuyers often recommend their agent, so this is a measure of service quality.

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3

### **Are you a full-time agent in the business?**

A full-time agent will have better knowledge of market trends and more negotiation experience.

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4

### **How many homes have you helped sell or purchase in the past year?**

A track record of success is good news for your future purchase.



### WHY WORK WITH US?

**Zoocasa agents sell homes 7 days faster than the regional average<sup>†</sup> and consistently for higher values. We are experienced, full-time professionals, and our results show it.**

Our agents are always up-to-date on market trends and data from local real estate boards. Zoocasa is regularly cited and featured in major Canadian news and industry media for our market expertise; you'll find us in The Globe and Mail, BNN Bloomberg, and the Toronto Star to name a few!

We'll provide you with home search tools, knowledge on market activity, plus insights, trends, and forecasts to help you make the right purchase decision.

**We'll bring the market expertise and collaborate with you from first click to closing day. You'll always be a step ahead when you choose to find your home with us.**

<sup>†</sup> 2019/2020 Zoocasa team average compared to the Toronto Regional Real Estate Board (TRREB).

**When you work with Zoocasa, we'll make sure you have answers to your most pressing questions, like:**

- How much do I need to save for a down payment?
- How much money do I need to have on closing day?
- Which neighbourhoods make the most sense for my needs?
- Would a house or a condo better suit my lifestyle?
- How do I best protect myself throughout negotiations?

Your agent will help manage and guide your search, and work with you through every step of the process. We will be with you from the start of your home search to making arrangements for a successful closing.

**We're your guide.**

**We want you to start your journey with all the relevant facts and data so you feel empowered to make the best decisions.**



## Buying With a Zoocasa Agent

**When you decide to work with a Zoocasa agent, you're gaining access to a suite of services to assist you in your purchase. Here is what our full-service agents will provide.**

### **FULL-TIME SUPPORT**

The help you need, when you need it. Buying a home is complex process, especially if you're a first-time buyer—let our expertise guide you, so you feel confident in your decisions.

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### **DEDICATED REPRESENTATION**

One of the first steps to working with an agent is signing a Buyer's Representation Agreement (BRA). This ensures that your Zoocasa agent will work exclusively in your best interests and to serve you.

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### **DATA ANALYSIS**

Your agent will be able to highlight trends in your city and desired neighbourhoods, why homes go over (or under) asking, and what that means for your home search.

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### **NEGOTIATIONS**

Zoocasa agents are trained and equipped to negotiate on your behalf. In a tough bidding war or drawn-out discussion, you're well-positioned to come out on top.

**Make your decision with confidence! Zoocasa agents have years of industry experience and perspective to help assess your situation, and ensure all details are covered.**





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**STEP TWO**

# Financing Your Purchase



# The Finances Behind Buying Your Home

As you get ready to buy your home, one of the first things you will need to focus on—beyond finding an agent—is understanding your finances.

## THE MAJOR COSTS

Payment types	Amount	Payable date
Deposits (page 68)	5% of offer price	At time of accepted offer, included as part of down payment due at closing
Down payments (page 27)	5% to 20% of purchase price	Due at closing, less deposit paid
Mortgage insurance (page 39)	2.8% to 4.0% of mortgage amount	Insurance premium added to mortgage principal, tax on insurance premium due at closing
Closing costs (page 82)	1.5% to 4.0% of purchase price	Due at closing

## HOW YOUR DOWN PAYMENT WORKS

Your down payment plays a big role toward your home purchase and it influences your mortgage amount in two key ways.

1

### Determines How Much Home You Can Afford

A larger down payment will generally help you afford a home at a higher price point.

2

### It Changes The Amount Of Your Monthly Mortgage Payment

A higher down payment results in a lower mortgage principal, which means lower ongoing monthly payments.

### UNDERSTANDING DOWN PAYMENTS

A down payment is the lump sum of money that you pay, upfront, when you buy a home. You can source a down payment from personal savings, or gifts from family. It's typically shown as a percentage of your home's purchase price.

- For homes priced under \$1,000,000, the minimum is 5% on the first \$500,000 and 10% on every dollar above \$500,000
- For homes priced at \$1,000,000 or over, a full 20% down payment is required

**Your minimum down payment can range from 5% to 20%, depending on the price of your home.**

### CALCULATE YOUR MINIMUM DOWN PAYMENT

Sample calculation for a \$700,000 home:

Calculation	Calculation	Amount (\$)
5% of the first \$500,000	$5\% \times \$500,000$	\$25,000
10% of (total cost - \$500,000)	$10\% \times \$200,000$	\$20,000
<b>Minimum down payment</b>		<b>\$45,000</b>

### DOWN PAYMENT FOR AN INVESTMENT PROPERTY

Investment properties including residential rentals, secondary homes such as cottages, and any other non-principal residence purchases require a minimum down payment of 20%.



## Factors Determining Your Mortgage

**The mortgage is the money you'll borrow from a lender to fund the portion of your home purchase that your down payment doesn't cover.**

The mortgage amount you can qualify for is determined by a number of factors, including:

- Household income
- Household monthly expenses
- Projected expenses and closing costs
- Property price

### PRE-APPROVAL PROCESS

**Getting pre-approved for a mortgage is an important early step of your home search. It will help you understand how much home you can afford, what your monthly payments might look like and lock in current mortgage rates available on the market.**

**Getting pre-approved is both free and recommended if you're getting serious about your home search.**

## FACTORS INFLUENCING PRE-APPROVALS

Lenders use a number of factors to assess the amount and rate of the mortgage you qualify for.

Once pre-approved, you'll have the rate offered to you for up to 120 days. Even if rates go up, your rate won't change—and, if they go down, your lender will honour the lower rate.

1

### Down Payment

The lump sum of money that you pay upfront on closing day for the property.

---

2

### Credit Score

This is an indicator of your overall financial health and credit-worthiness.

---

3

### Debt Service Ratios

These calculations are based on projected housing costs and debt repayments as a proportion of your annual income.

---

4

### Current Employment

Your income, employment status, and job stability are considered as part of your mortgage approval.

## DOCUMENTS NEEDED FOR MORTGAGE PRE-APPROVAL

A potential lender will likely require:

- ID (driver's license/passport)
- Employment letter (proof of type and length of employment)
- Pay stub (proof of income level)
- Financial statements (bank account summaries going back 90 days)
- Proof of assets (like car, boat, other property ownership)
- Proof of spousal/child support payments

**A pre-approval is your lender's stamp of approval that they are prepared to loan you the funds. However, before you officially get a mortgage for a property, your lender must also approve of the property, and appraise it at the price you agreed to pay.**

## UNDERSTANDING MORTGAGE RATES

**In Canada, there are two predominant mortgage rate options.**

1

### **Variable-rate mortgages**

This is a mortgage rate that changes with the prime lending rate (set by your lender, influenced by the Bank of Canada's overnight rate). Variable mortgages are proven to be less expensive over time, but if interest rates increase, so do your monthly payments—this risk is something the homebuyer needs to be comfortable with.

2

### **Fixed-rate mortgages**

Alternatively, a fixed-rate is where your rate and monthly payment will stay the same for the entire term of your mortgage. This type of mortgage is typically easier to manage as your monthly payments are consistent. The stability of the fixed rate is why most buyers choose this option.

### HOW DO YOU CHOOSE A MORTGAGE RATE TYPE?

This really depends on your personal situation and comfort level. If you can adapt to an increase in monthly payments if rates rise, then a variable-rate mortgage may help you capitalize on lower monthly payments when rates are low. If you prefer the stability of making the same payment every month, a fixed-rate mortgage is likely the better choice for you.

### WHY DO RATES CHANGE?

Mortgage rates are usually based on the state of the economy and the Bank of Canada's overnight rate.

When inflation is high, the overnight rate will likely increase. When inflation is low, the overnight rate is lowered to make borrowing money more attractive to stimulate the economy.



## **MORTGAGE TERM VS. AMORTIZATION PERIOD**

A mortgage term is the length of time you're committed to a mortgage rate and lender. The most common mortgage term is 5 years.

The amortization period is how long it would take to pay off the entire mortgage at your current mortgage rate. The longer the period, the smaller your monthly payments will be.

For down payments under 20%, the maximum amortization period is 25 years; for down payments of 20% or over, it can be up to 30 years.

When choosing between a shorter and longer mortgage, you need to keep your risk tolerance and future plans in mind.

### **Short-mortgage term**

1, 2, 3, 4 Years

This locks in your mortgage rate and conditions rate for a short period of time, which means you'll need to renew your mortgage sooner. These rates are often the lowest available, so you may be vulnerable to a higher interest rate at the end of your term.

---

### **Long-mortgage term**

5, 7, 10 Years

This tends to have a higher interest rate compared to a mortgage with a shorter term. A mortgage with a longer term may be a good fit if you're aren't planning to move during the term or would rather not renegotiate your mortgage in the near future.

Ultimately, the length of your term directly affects the interest rate. For long-term rates, you pay a premium, while short-term rates tend to be lower.

## WHAT ARE DEBT SERVICE RATIOS?

These are ratios that lenders use to calculate your credit eligibility. Most lenders follow the Canada Mortgage and Housing Corporation (CMHC) guidelines.

There are two main ratios that lenders consider:

1

**Gross Debt Service Ratio (GDS)**

2

**Total Debt Service Ratio (TDS)**

### GDS CALCULATION

$$\left( \text{Mortgage Payments} + \text{Property Taxes} + \text{Heating Costs} + \text{50\% of Condo Fees} \right) \div \text{Annual Income}$$

(CMHC standard requirement is 35% or lower; other mortgage insurers only require 39%)

### TDS CALCULATION

$$\left( \text{Total GDS Expenses} + \text{Credit Card Interest} + \text{Car Payments} + \text{Loan Expenses} \right) \div \text{Annual Income}$$

(CMHC standard requirement is 42% or lower; other mortgage insurers only require 44%)





## Understanding Mortgage Insurance

**Mortgage default insurance (often known as CMHC insurance) is mandatory on home purchases with a down payment between 5% to 19.99%. This protects lenders in the event borrowers fail to pay their mortgage.**

The insurance premium is calculated on the mortgage amount (i.e. the amount not covered by the down payment), not the purchase price. The insurance premium is added to the mortgage principal balance.

### MORTGAGE INSURANCE RATES

Down payment (%)	Insurance premium rate (%)
5% – 9.99%	4.0% of mortgage amount
10% – 14.99%	3.1% of mortgage amount
15% – 19.99%	2.8% of mortgage amount
20% or higher	Not required

### SAMPLE MORTGAGE INSURANCE CALCULATION

**Home Price: \$500,000**

Mortgage calculation	5% down payment	10% down payment	15% down payment	20% down payment
Home price	\$500,000	\$500,000	\$500,000	\$500,000
Less: down payment	\$25,000	\$50,000	\$75,000	\$100,000
Mortgage amount	\$475,000	\$450,000	\$425,000	\$400,000
Insurance premium rate	4.0%	3.1%	2.8%	n/a
<b>Insurance premium</b>	<b>\$19,000</b>	<b>\$13,950</b>	<b>\$11,900</b>	<b>\$0</b>



# Choosing A Mortgage Advisor

**Deciding where to get a mortgage is an essential part of the home buying process. Most commonly, buyers use a mortgage broker or go to their bank. What's the difference?**

Like with other major financial decisions, we recommend you do your research before making a choice.

## MORTGAGE BROKERS

Brokers are specialists who have access to a variety of lenders such as big banks, credit unions, and more. This allows them to offer more options when it comes to lenders, mortgage terms and conditions, and interest rates. Larger brokers can have access to volume pricing, which leads to even lower rates that can be passed on to clients.

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## BANKS

Home buyers often begin their mortgage search at the bank where they have chequing and savings accounts. While working with your bank may offer a sense of ease, mortgage specialists at your bank cannot offer products from other lenders. Since options are limited, buyers often end up with a higher interest rate and less flexible conditions compared to using a broker.

Your Zoocasa agent has worked with a variety of mortgage brokers and lenders over the years. They will be able to recommend an approach that meets your needs.



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**STEP THREE**

# Searching For A Home

## Starting Your Home Search

### How do you find the home that's right for you?

You can start by viewing available listings on [zoocasa.com](https://zoocasa.com) or on Zoocasa's iOS or Android app. Our agents can help you assess your needs and offer options on property types, neighbourhoods, price points and more.

### TYPES OF HOME OWNERSHIP

**There are three main types of ownership, each with specific benefits and implications for your lifestyle.**

1

#### Freehold Ownership

This applies to most detached, semi-detached, and many townhouses. You purchase the home and directly own the lot of land it sits on.

---

2

#### Condominium Ownership

For condos, you own specific parts of one building: titled ownership of your unit, along with shared ownership in the condo corporation that owns the common spaces and amenities.

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3

#### Co-Op Ownership

You also own an exact portion of the building as a whole and have exclusive use of your unit; unlike condo ownership you don't have title to your unit.





## TYPES OF PROPERTIES

**In addition to the type of ownership, it's important to consider what type of property best fits your lifestyle, budget and other needs.**

1

### **Detached houses**

A detached house is a freestanding structure that may include a yard, driveway or garage.

---

2

### **Semi-detached houses**

A semi-detached house shares one "party wall" with a neighbour. It may also share a pathway with that neighbourhood.

---

3

### **Condos and apartments**

Within a building, there could be just a few or as many as hundreds of units. Floor plans and amenities can vary across buildings. Condo apartments are most common in cities, and there are even options for condo townhouses.

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4

### **Attached houses**

Also known as rowhouses, these are multiple houses attached in a row. Attached houses are popular in higher-density areas.

---

5

### **Multi-unit**

Duplexes, triplexes, and similar investment-style houses are examples of a multi-unit property. You can purchase the whole building and rent out the individual units.

## ASSESSING YOUR NEEDS AND WANTS

**Now that you know more about property and ownership types, the next step is to distinguish between your needs and wants.**

This means determining what you deem as essential to your home purchase versus items on your wish list.

Every additional home feature—from an extra bedroom to a garage, or an amazing view—comes with its own cost. How much is that feature worth to you?

## Examples of features:



**An enclosed,  
large backyard**



**Access to  
nearby transit**



**Private parking**

Depending on your budget and desired location, you may need to be flexible to find a home that meets your needs. By being willing to trade some features for others, you'll have more options to choose from.

It all starts at the first meeting with your Zoocasa agent. We will help you discover your priorities and even rank them so that we can help you find the best home for your lifestyle and budget.





## Assessing the Value of a Home

**Your Zoocasa agent and Zoocasa's online tools can help you estimate the value of a property.**

In addition to your agent's assessment, you can access our Zoopraisal tool and get an estimate based on a home's characteristics, such as the location, size, and features.

## DETERMINING PROPERTY VALUE

Here are key factors that influence property value.

### Bedrooms and bathrooms

The more bedrooms and bathrooms, the higher the value of your prospective home. It really is as simple as that.

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### Square footage

In addition to size, the amount of usable space matters. Small increases can make a world of difference, especially in condos and apartments.

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### Type of property

Detached, semi-detached, townhouses, lofts, and condos are priced relative to one another. Generally, the rarer a property type is in an area, the more valuable. Lot size and outdoor access also adds value.

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### Parking

Suburban and rural homes usually come with driveways, while garages are a value-add. For urban homes, parking can be a bigger contributor to a property's price.

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### Finishings

Recent renovations add value to homes—especially for kitchens and bathrooms. Quality of craftsmanship also plays a role.

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### Noise

Whether from traffic, restaurants, or nearby attractions, noise generally reduces the value of a property.



### FOR DETACHED/SEMI-DETACHED HOUSES

Here's what's important for these property types:

- **Garages**  
A sought-after addition to any house, a garage not only provides shelter for your vehicle against snow and other elements, but it provides extra storage space for your home.
- **Corner lots**  
Many buyers don't want corner lots—usually due to more yardwork, and sometimes a lack of a traditional backyard.
- **Finished basements**  
A finished basement can add more value to a home than an unfinished one, as it provides more usable space.
- **Attic/other space**  
If an attic has been maintained well and converted to a functional space, there's a big jump in value!
- **Lot size**  
A larger lot will command a higher price, and provide future renovation flexibility for home improvements or extensions.

### FOR CONDO APARTMENTS AND CONDO TOWNHOUSES

Here's what's important for these property types:

- **Layout**  
Every square foot matters in condos. However, for two condos of the same size, the property with a more functional floor plan will generally sell faster and at a higher price.
- **Amenities**  
Buildings have different perks to offer—gyms, pools, concierges, kids zones and libraries can all add value. However, more amenities may result in higher maintenance fees.
- **Maintenance fees**  
Every condo corporation will have maintenance fees. The lower they are per square foot, the better for resale value.
- **View and floor**  
A view of a park, the water or the skyline can add value. Units that are on higher floors will typically be priced higher.

## LOCATION IS EVERYTHING

**Beyond the property itself, it is important to consider the location, such as the neighbourhood and proximity to amenities:**

- **School Districts**  
Education quality is a critical factor for many families, and if your desired home is in a good school district you may have to pay a premium.
- **Nature**  
Green spaces, like parks and ravines, near a home will bolster a property's value.
- **Proximity to Neighbours/Privacy**  
Having more privacy from your neighbours or street traffic generally boost the value of a home, especially in high-density areas.
- **Transit**  
Closer proximity to public transit or major roadways generally adds value because it reduces commute time and provides better travel access.



## What About a Fixer-Upper?

**Renovating a home is not as simple as television makes it seem. However, buying a fixer-upper can be a great way to enter the market on a lower budget or get a bigger return on your investment.**

Here are specific considerations to keep in mind before you commit to purchasing your own diamond in the rough.

## HAVING THE CASH

Before you purchase a fixer-upper, you should have a sense of how much cash you have on hand, how much additional funds you can access, and how much the renovation may cost you.

Fixer-uppers generally require more up-front cash than move-in ready homes. Depending on the state of the property, a mortgage lender may require that you make a higher down payment than the required minimum.

Next, you have to consider the cost of the renovation itself. While there are some financing options like the purchase-plus mortgages, be prepared to use cash to fund your renovations. Since every home is different, there isn't a standard rule or percentage for how much you should budget. You will have to do your own research, such as consult with home professionals, to get estimates.

Once the renovation is complete, you may be able to refinance your mortgage based on the higher home value to free up the capital you invested.

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## HAVING THE TIME

Beyond the financial investment, a fixer-upper is also an investment of your time. Remodeling projects can take anywhere from a few weeks or months to a full year depending on what needs to be accomplished and who is doing the work.

If you need a place to live now, or in the coming months, renovations may not be feasible.

## MANAGING PROJECTS

In addition to needing funds and time, renovations require project management skills. Depending on the scope of work, you will have to oversee everything from small fixes to organizing permits, managing contractors, and much more.

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## LIVING THROUGH IT

Last, but not least, living through a large renovation can take an emotional toll on you and your family. As you plan, manage and complete a remodelling project, there may be unexpected surprises along the way, which can be stressful.

If you're willing to invest the time, money, and effort, a fixer-upper can become a home that is customized to your needs, while serving as a great investment.

## Buying a New Build or Pre-Construction

**There's been a development boom across Canada, leading to the availability of pre-construction projects for buyers and investors.**

Buying a pre-construction home means entering a contract with a developer to purchase the property (condo, townhouse or house) from them once it is complete.

This transaction is often made before construction begins, allowing the buyer to personalize selections such as flooring and finishes, and even make minor layout choices.

However, buying pre-construction can come with risks, such as surprises in the building quality and changes to completion timelines.

These are the risks, benefits and considerations of buying pre-construction.

## **RENDERINGS AND FINAL PRODUCTS**

As part of any pre-construction project, a developer will often provide renderings of what the floor plans, finishings, building, the amenities, and surrounding area will look like.

Consider these renderings to be a guideline and not a promise. Developers have a lot of leeway when it comes to the final product, and renderings are often best-case scenarios in terms of what will be delivered.

Developers have the discretion to make a number of changes. To avoid unexpected surprises, it's important to do your research and find a developer with a good track record for construction quality and reliability.

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## **PREDICTING TIMELINES AND VALUE AT COMPLETION**

A big piece of the puzzle when it comes to purchasing pre-construction, is understanding when the project will be complete and what the value of the property you're purchasing may look like at that time.

Your Zoocasa agent can help you assess all aspects of a developer: their reputation, whether their past projects were completed on time and within scope, how close completed projects were compared to renderings, and general client satisfaction.

## THE DEPOSIT STRUCTURE

Deposits for pre-construction projects are different from your typical resale home. Developers will often ask for 5% to 20% of the purchase price upfront, which is often months to years before your unit is completed.

The deposit essentially serves as your "hold" on the unit, as you cannot get a mortgage until the building is completed and registered. The remainder of the purchase price is payable at this time).

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## OCCUPANCY FEES

A general rule for pre-construction projects is that you may live in or rent out your unit, until that unit is completed.

Your unit may be ready even though the building has not been completed yet. Once the unit is ready, you will need to pay occupancy fees regardless of whether or not you choose to occupy the unit or not. At this stage, you can also lease the unit to a tenant.

## ASSIGNMENTS: SELLING YOUR UNIT PRIOR TO CLOSE

Once you have invested in a pre-construction project, you are allowed to sell your unit even before the unit or the building is completed. Technically, your contract with the developer is what you're selling, rather than the unit itself.

The challenge of an assignment sale is that there's no market price history yet, which makes harder to arrive at a listing price.

When selling your pre-construction unit, you, as the assignor, are still on the hook for the original purchase agreement should the buyer (assignee) not close as expected.

There may be tax implications associated with an assignment sale, so it's best to consult an accounting or finance professional as part of your planning process.

An assignment is a potential way to realize the return on an investment; however, there is also uncertainty and risk involved.

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## NEW HOME WARRANTY ENROLMENT FEE

In most provinces, special insurance providers offer warranties on new homes. This protects buyers for a variety of potential construction issues over a period of 7 years.

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## HOOK-UP FEES

In pre-construction purchases, there will be an amount paid at closing for utilities hook-ups. These amounts should be capped and agreed to when you're negotiating your purchase.





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**STEP FOUR**

# Negotiating An Offer



## Making An Offer

**You've found the home of your dreams!  
Now's your chance to make an offer on it.  
This can be a stressful time for many buyers,  
so allow us to guide you through it.**

### **ESSENTIAL ELEMENTS OF AN OFFER**

It all begins with the purchase agreement. This is what we often refer to as the "buyer's offer" and typically involves the following components.

- **Buyer and Seller**

The full legal names of all buyers and sellers involved.

- **Address**

The address of the property.

- **Purchase Price**

The amount proposed for the property purchase.

- **Deposit**

An amount of money offered by the buyer to be held in trust by the seller's brokerage, to secure the offer. The deposit can be submitted at the same time as the buyer's offer, or within 24 hours of the offer's acceptance. The deposit forms part of the down payment on closing day.

- **Irrevocability**

This gives the seller a certain period of time to consider the offer. During this time, the buyer is legally bound by the terms until the seller accepts, sends a counter offer or declines the offer.

- **Completion Date**

Otherwise known as the "Closing Date," the completion date is when the transaction is planned to be completed by transferring funds and changing the title of ownership.

- **Chattels Included**

This includes all the items that could be moved, but are included as part of the sale. Typical examples of chattels include the fridge, and washer and dryers. Unless stated as included, the seller will remove them before closing.

- **Fixtures Excluded**

While chattels are objects that can be moved, fixtures are typically "nailed down." For example, door knobs or built-in shelving units. It is assumed that the seller leaves these items, unless expressly called out as excluded.

- **Rental Items**

Water heaters and furnace contracts are examples of items which may currently be rented by the seller; these contracts should be understood by the buyer as they may be transferred after.

- **Conditions**

An unlimited number of conditions may be included on an offer. Flip to our section on "Conditions" on the next page for more details.

When you are making an offer to purchase a home, the agreement should include all these components. Your trusted Zoocasa agent can help put together an offer that is compelling, while safeguarding your interests and puts you in a competitive position to secure your new home.

## Common Conditions and Clauses When Buying

When putting together your offer to buy a home, you get to choose the conditions you want to include in your offer. Here are some of the most common conditions and clauses that your Zoocasa agent can guide you through.

## CONDITIONS

- **Home inspection**  
While it is possible to have one done before submitting an offer, home inspections are a typical condition. At the buyer's expense and conducted within a certain timeframe, a negative result can render an offer to become null and void.
- **Financing**  
This is a condition that can protect a buyer if they are not approved for a mortgage based on the particular property they are seeking to buy.
- **Status certificate review**  
Applicable to condos only, a status certificate is a document that covers all the essential information about the unit and the financial condition of the condo corporation. This is extremely important and lengthy document for the lawyer to review, so as a condition it may have a longer period of time allocated to it.
- **Sale of home**  
If one of your main concerns is not selling your current home before purchasing the next one, you may want to include a condition that the deal can only go through contingent on the sale of your current residence (within an agreed-upon period).

## CLAUSES

- **Repairs**  
There could be repairs that you'd like to see made to the property before you move in. The clause could include the seller making these repairs before closing and whether the repairs will be paid for by the seller.
- **Cleaning**  
The most common clause is that the home is cleaned. This means that the seller agrees to remove general debris like paint cans, garbage, lumber, furniture and more. Unfortunately, this is also a clause that is difficult to hold sellers accountable to.
- **Visiting the home**  
A common clause is the buyer being able to revisit the home prior to closing day. Commonly, two one-hour visits are included in the agreement.
- **Vacant possession**  
Another clause is related to existing tenants: whether to keep them on after closing, or for the seller to evict them and provide the buyer with vacant possession.



**YOUR TIMELINE  
FOR BUYING**

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- Property Due Diligence
- Preparing For Closing
- Closing Day!



**STEP FIVE**

# Financial Due Diligence

# Deposits During An Offer

**Whenever you make an offer on a house, you need to provide a deposit to secure the offer. The deposit is in the form of a certified cheque, bank draft, or wire transfer; it's held in trust by the selling brokerage and is applied towards your down payment if your offer is successful.**

## HOW MUCH IS REQUIRED?

Deposit guidelines vary by market. In bigger cities, a minimum deposit of 5% is expected. In other areas, a deposit between 1% to 2%, or even a flat amount (e.g. \$1,000) may be acceptable. Your Zoocasa agent will tell you what's typical in your area and for the property type.

## TWO TYPES OF DEPOSITS

**There are essential two key types of deposits you can offer:**

1

### Upon acceptance

The deposit is provided within 24 hours of the seller choosing your offer.

Providing your deposit upon acceptance is typical. It's best to have the cash in an immediately accessible bank account before you submit your offer, so that there are no delays once your offer is accepted. Providing the deposit late may put your offer at risk.

2

### Herewith

The deposit is provided when the offer is made.

In a competitive market or multiple offer scenario, a herewith deposit can bolster your chances of securing the home. A herewith deposit shows your intent, your ability to provide funds, and makes the offer firm.

## MUTUAL RELEASE

**If your offer had conditions that were not met, both parties should agree to a mutual release of the contract. As long as the mutual release was included in your offer, your deposit should be returned in full and both parties walk away.**

This may happen in cases where you are not able to secure the financing you were expecting, or if the home inspection or status certificate reveals issues you are not comfortable with.

# Bidding Wars

**Many buyers worry about the prospect of a multiple offer scenario, also known as a bidding war, on their dream home. While this situation is more common in competitive markets, it can happen anywhere or anytime a desirable home is put on the market at a good price.**

When a seller is expecting multiple offers on their property, they'll often include a specific date and time when buyers can submit offers. This is what we call "offer night."

The two biggest differences between a bidding war and a traditional offer include:

1

## **HEREWITH DEPOSIT**

The buyer has the deposit available immediately after the offer is accepted, as opposed to within 24 hours of acceptance.

---

2

## **NO CONDITIONS**

Typically, offers are made with conditions. During a bidding war, the winner has usually completed their financial and property due diligence prior to making an offer, allowing them to make a condition-free "firm" offer.

## HOW DO YOU WIN A BIDDING WAR?

**Your agent will guide and advise you throughout the process. They can provide insights on the likely outcome, ensuring you only proceed if the likely selling price aligns with your budget.**

That said, there are things you can do to increase your chances of securing the property.

### **Uncover a home's true value**

The list price may not be the real indicator of a home's market value. Your agent will review sales of comparable properties to determine a range in the expected sale price (and what you should offer).

---

### **Consider a preemptive offer**

Often referred to as a "bully offer," a preemptive offer is submitted before the day and time the seller will officially started considering them, i.e. "offer night". You can beat the rush this way, but it is an aggressive tactic that requires preparation between you and your agent.

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### **View a home ASAP**

In a competitive market, you'll want to see homes the day they are listed. This allows you to do your due diligence and determine if making a preemptive offer is the right approach.

---

### **Have an "offer night" strategy**

Your agent should have a play-by-play strategy in mind for offer night that takes into account your offer, fair market value range of the home, and conditions/closing date as leverage.



**YOUR TIMELINE  
FOR BUYING**

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- Closing Day!



**STEP SIX**

# Property Due Diligence

## Your Home Inspection Checklist

**The home inspection is a thorough, but non-invasive examination of a home's condition. Typically, buyers have an inspection to firm up a deal or to educate themselves on the state of the property.**

Sellers may also hire a home inspector to clear up any issues before they decide to sell, or to share the results with potential buyers.

### HOW DOES A HOME INSPECTOR ASSESS A HOME?

Inspectors will use a checklist to ensure they cover all the structures and mechanical components. They will determine which elements exist in the home, and their status based on the following common condition descriptors:

- **Functional/Good/Ideal**  
Working order and no issues
- **Monitor/Vulnerable/Average/Relative to**  
Less efficient than functional
- **Minor/Major Repair**  
Requires a repair of some kind
- **N/A**  
Doesn't exist in the home

The home inspector will provide a summary of suggested work along with a minimum budget estimate for the repairs needed.

Finally, they'll recommend when you should have these repairs completed: immediately or within the next few years.

**A home inspection looks to uncover any hidden issues in the home of your dreams. It can help you make an offer—or complete an offer—with confidence.**

## WHAT DOES A HOME INSPECTOR LOOK FOR?

While there are hundreds of elements an inspector reviews, here are some of the most common.

- **Walls, ceilings, floors**  
The condition of the visible finishes, water stains and other clues reveal what's going on underneath.
- **Windows and doors**  
Thermal insulation, quality of installation and insect screens all play their own role here.
- **Interior plumbing**  
If any concerns exist here, an inspector may recommend a camera inspection performed by a licensed plumber.  
Special note: watch for KITEC plumbing, a faulty system that was commonly used in the early 2000s.
- **Heating, ventilation, air conditioning (HVAC)**  
This is a major mechanical component of a home, so inspecting it for any flow issues and general effectiveness is crucial.
- **Electrical system**  
Electrical issues are a major source of home fires. The inspector should carefully review the home's rating voltage, wiring type (copper, knob and tube, or aluminum), and workmanship quality.
- **Foundation**  
This covers construction and material type, columns, basement condition and ventilation.
- **Exterior general condition**  
This could include the foundation wall condition, outward-facing doors, porches, holes, chimneys and anything else outside of a home.
- **Roof**  
An inspector will consider material, drainage, skylights, vents and nearby trees when recording its quality.

## A Review Of Status Certificates

**Before you buy a condo, work with your Zoocasa agent to obtain a status certificate from the condo board or management for your lawyer's review.**

The document will include valuable information on the condo's budget, legal issues, reserve fund, maintenance fees, and future fee increases.

**A status certificate provides valuable information about the condo corporation and its financial situation.**

### **COMMON STATUS CERTIFICATE CONSIDERATIONS**

Some of the most common things to look for in a status certificate include:

- Common expenses
- Capital and operating budget
- Reserve fund
- Legal proceedings and claims
- Agreements on common elements
- Leasing of units
- Changes to common elements, assets, or services
- Insurance status





## REVIEWING A STATUS CERTIFICATE

To help you understand the nuances of a condo building, here are some questions that reviewing the status certificate will help you answer before you purchase a unit.

1

What number of units are currently rented versus owner-occupied?

---

2

Does the condo corporation have any pending litigation against it?

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3

When it comes to hydro, water, and gas, are the units separately metered?

---

4

Is the reserve fund sufficient? Are there any special assessments being considered in the near future?

---

5

What is the financial situation of the condo corporation? What are the maintenance fees per square foot?

**Your Zoocasa agent can help you understand the findings of the status certificate review and identify potential issues.**



**YOUR TIMELINE  
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- Closing Day!



**STEP SEVEN**

# Preparing For Closing

# Pre-Closing Day Checklist

**Here are recommendations for what to do ahead of closing day to ensure a smooth closing process. Issues on closing day can put the completion of your home purchase at risk, so it's essential you get these affairs in order ahead of time.**

## **Review your contract**

Review the contract prior to closing day, so you know what the seller should be leaving behind with the home (such as, the chattels and fixtures), as well as any additional terms that were agreed to for closing.

---

## **Complete a final walkthrough**

Arranging a pre-closing visit of the home lets you verify that any appliances and fixtures that will be part of the transaction are in working order, or that arrangements have been made to fix anything broken.

---

## **Meet with your lawyer**

Meet with your lawyer in advance to understand what documents will need to be signed on closing day. They can also walk you through the exact calculations behind the amount of funds you'll need to provide.

---

## **Purchase home insurance**

Research and purchase your home insurance policy, as your mortgage lender will require proof of home insurance before they advance the mortgage on closing day.

### **Know how much cash is required at closing**

It is important to know exactly how much funds you have left owing to ensure a successful closing. The statement of adjustments from the lawyer will include an itemized breakdown of this information.

---

### **Secure cash required for closing**

Whether you're paying for the down payment and closing costs with your own savings, gifts from family members, and/or the Home Buyers' Plan (HBP), ensure you have the funds available in time for closing day.

If you are using the HBP and withdrawing from your RRSP accounts in order to complete your purchase, you should complete the required paperwork with your financial institution in advance so you have access to the funds on time.



## Cash Required At Closing

Here is an overview of how to calculate the funds needed on closing day to complete your home purchase.

Understanding closing costs, even before you even begin your home search can help you budget and be fully prepared for these significant outlays.

The sample calculation below lists the largest cash outlay categories. Your Zoocasa agent can guide you through the specific details for each category.

### SAMPLE CALCULATION OF CASH REQUIRED AT CLOSING

Home price: \$500,000, 10% down payment

Calculation	Ontario home purchase (excl. Toronto)	Toronto home purchase
<b>Down payment</b> (10% of home price)	\$50,000	\$50,000
<b>Less: offer deposit</b> (5% of home price, see page 68)	(\$25,000)	(\$25,000)
<b>PST on mortgage insurance</b> (see page 39)	\$1,116	\$1,116
<b>Legal fees</b> (approx.)	\$1,200	\$1,200
<b>Title insurance</b> (approx.)	\$400	\$400
<b>Ontario land transfer tax</b> (see page 100)	\$6,475	\$6,475
<b>Less: Ontario LTT rebate</b> (for first-time buyers)	(\$4,000)	(\$4,000)
<b>Toronto land transfer tax</b> (see page 100)	n/a	\$6,475
<b>Less: Toronto LTT rebate</b> (for first-time buyers)	n/a	(\$4,475)
<b>Total cash required at closing</b>	<b>\$30,191</b>	<b>\$32,191</b>

## STATEMENT OF ADJUSTMENTS

Your statement of adjustments displays any credits to both the buyer or seller, as well as the final amount payable by the buyer on closing day.

Both the buyer and seller's lawyers will prepare their own statement, finally combining them to create one final statement of adjustments.

Typically listed in the statement of adjustments is:

- **Purchase price**
- **Your deposit**
- **Prepaid property taxes, utilities, or fuel**
- **Prepaid rents from any tenants staying on the property after closing**
- **Appraisal fee**

Sometimes, an appraisal is required—which is of a property is a third party valuation of your property completed so that your lender will be comfortable loaning you the money for your mortgage. This is to ensure that the lender agrees with the amount you paid for the home. Lenders will often pay this fee for buyers—be sure to ask!
- **Land survey fee**

In extremely rare circumstances, you may need to provide your lender with an up-to-date land survey of the property.

The final cost to you, as a buyer, may vary depending on the date of closing, the home in question and an additional host of factors.



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**STEP EIGHT**

# Closing Day!

## What Happens On Closing Day

**Closing day is when you officially become the owner of the property and get the keys to the home. Expect today to be busy – it's essential to have your documents and funds prepared in advance to ensure you can successfully complete your purchase.**

In addition to providing the required funds, as calculated by your lawyer, you should expect to sign a number of documents to successfully transfer title.

Paperwork you will have to review and/or sign will include documents such as:

- Mortgage loan
- Title transfer
- Statement of adjustments
- Tax certificates
- And more

There are a lot of parties involved during the closing process. Your Zoocasa agent can walk you through what to expect on closing day and how to ensure everything goes smoothly.

Once funds are transferred and documents are completed, the property title ownership is officially transferred from the seller to you. Your lawyer will work with you to get you the keys to your new home before the end of the business day, usually before 6 pm.





HP/ 10

# First-Time Buyer Programs And Rebates



## RRSP Home Buyers' Plan

The Home Buyers' Plan (HBP) allows qualified first-time buyers to withdraw up to \$35,000 each, tax-free, from their RRSPs.

**If two partners buy together, they can access up to \$70,000 of RRSP savings, tax-free.**



## HOME BUYERS' PLAN (HBP) ELIGIBILITY

### In order to be eligible for the HBP, you must:

- Be a Canadian resident
- Be considered a first-time homebuyer (not have owned a home nor have lived in a home that you or your spouse owned, in the past four years)
- Sign a written agreement to buy or build a home
- Intend on living in that home within one year of buying or building
- RRSP contributions must be in the RRSP account(s) for at least 90 days before you can withdraw them under the HBP
- Purchased or built before October 1 of the year after you made the withdrawal

## BUYING AFTER A MARRIAGE OR COMMON-LAW PARTNERSHIP BREAKS DOWN

You may be able to participate in the HBP even if you do not meet the first-time home buyer requirement, if you live separately from your spouse or common-law partner for at least 90 days due to a breakdown in your marriage or common-law partnership.

## BUYING WITH SPECIAL NEEDS

For those who have special needs or need a home that is more accessible, they may be eligible to utilize the HBP (even when other eligibility requirements may not have been met).

## WITHDRAWING FUNDS FOR THE HBP

Once the seller has accepted your offer, fill out Form T1036 for each financial institution you plan to withdraw RRSP funds from. Keep in mind that it may take a few days for your withdrawal request to be processed.

After the withdrawal has been made, your financial institution will send you a T4RSP form, which confirms how much you withdrew. You'll need to reference this form in your income tax return when filing taxes for the year you made your withdrawal.

## REPAYING THE HBP

Essentially, the money you withdraw—even though it is yours—is considered a loan from your RRSP. Eventually, you must repay that money to your RRSP.

Repayment begins the second year after you make your withdrawal. The annual payment required is 1/15th of the original withdrawal amount and the full balance must be repaid within 15 years.

If you don't make the annual payment, it will be included as taxable income on that year's tax return.

## First Time Home Buyer Incentive (FTHBI)

**Launched in 2019, the First-Time Home Buyer Incentive (FTHBI) offers a 5% or 10% contribution towards your down payment in the form of a shared equity loan from the Government of Canada.**

There is no interest charged, nor an ongoing repayment schedule; instead, the government participates in both the upside or the downside of your property's future value. The program aims to reduce monthly mortgage payments for buyers.

Incentive amount for first-time buyers:

- 5% for a purchase of a resale home
- 5% or 10% for a purchase of a newly constructed home
- 5% for a new or resale mobile/manufactured home

### CALCULATING FTHBI INCENTIVE AMOUNT

**Sample calculations at various home purchase prices:**

Purchase price	5% incentive	10% ncentive (new construction only)
\$300,000	\$15,000	\$30,000
\$400,000	\$20,000	\$40,000
\$500,000	\$25,000	\$50,000

### TIMELINES

**The closing date for a resale home must be within 6 months of the application approval. The closing date for a new construction home must be within 18 months from the application approval.**

### REPAYING THE FTHBI

**The Incentive must be repaid after 25 years, or when the property is sold, whichever comes first. Before then, the homebuyer is allowed to repay the full amount without a pre-payment penalty; partial payments are not permitted.**

The amount due is based on the market value of the property at the time of repayment. If the buyer received a 5% Incentive they would repay 5% of the home's value at the time of the repayment.

### CALCULATING FTHBI REPAYMENT AMOUNT

**Sample calculation for a home purchase of \$400,000 and a FTHBI incentive of 5%:**

Calculation	Amount (\$)
Property purchase price	\$400,000
FTHBI incentive (5% of \$400,000)	\$20,000
Market value of home at time of repayment	\$600,000
<b>FTHBI repayment amount (5% of updated market value)</b>	<b>\$30,000</b>



## First-Time Home Buyers' Tax Credit

**The First-Time Home Buyers' tax credit is a tax claim against employment earnings made available to first-time homebuyers purchasing qualified homes. At current taxation rates, this rebate amounts to \$750.**

In order to be eligible, you must meet the following criteria:

- Be a Canadian resident
- Be considered a first-time homebuyer
- Not have owned a home within the past 4 years
- Not have lived in a home that your spouse owned, if you are buying together
- Present documents supporting the purchase of your home
- Intend on living in the home within one year of purchasing

Then, your home needs to meet the following criteria:

- Be a new or resale home in Canada
- Be registered in your name or in your spouse's name
- Be a detached, semi-detached, townhouse, mobile home, condo, or apartment

To receive your credit, you must claim it in your personal income tax return. The claim must also be made in the same year that you purchase your home, and is not non-refundable.

## Land Transfer Tax (LTT) Rebate

When you buy a house, condominium or land in Ontario, that purchase is subject to provincial land transfer tax (LTT), which is due on closing day. If you're buying a home in the City of Toronto, you are also subject to a municipal land transfer tax.

LTT rates are tiered, marginal tax rates based on the home's purchase price.

### ONTARIO AND TORONTO LTT MARGINAL RATES (BEFORE REBATES)

Home Price	Ontario LTT rate	Toronto LTT rate
First \$55,000	0.5%	0.5%
\$55,000 to \$250,000	1.0%	1.0%
\$250,000 to \$400,000	1.5%	1.5%
\$400,000 to \$2,000,000	2.0%	2.0%
\$2,000,000+	2.5%	2.5%

### LAND TRANSFER TAX REBATE ELIGIBILITY

As a first-time homebuyer in Ontario you may be eligible to receive a LTT rebate for your purchase. Buyers in the City of Toronto may also qualify for a rebate on the municipal LTT.

You are eligible for the Ontario and City of Toronto LTT rebate(s) if you:

- Are at least 18 years old
- Occupy the home within 9 months of closing
- Have never owned a home before anywhere, at any time
- Your spouse never owned a home (during the time you've been spouses)

## The maximum Ontario LTT rebate is \$4,000 per purchase and is \$4,475 in the City of Toronto.

### CALCULATING LTT WITH REBATES

Sample calculation for a home purchase of \$350,000 in Ontario (not City of Toronto):

Calculation	Ontario LTT rate	Ontario LTT
LTT on first \$55,000	0.5%	\$275
LTT on \$55,000 to \$250,000	1.0%	\$1,950
LTT on \$250,000 to \$350,000	1.5%	\$1,500
<b>LTT due (before rebate)</b>		<b>\$3,725</b>
Less: Ontario rebate		(\$3,725)
<b>Total LTT due (after rebate)</b>		<b>\$0</b>

Sample calculation for a home purchase of \$700,000 in the City of Toronto:

Calculation	Ontario LTT rate	Ontario LTT	Toronto LTT rate	Toronto LTT
LTT on first \$55,000	0.5%	\$275	0.5%	\$275
LTT on \$55,000 to \$250,000	1.0%	\$1,950	1.0%	\$1,950
LTT on \$250,000 to \$400,000	1.5%	\$2,250	1.5%	\$2,250
LTT on \$400,000 to \$700,000	2.0%	\$6,000	2.0%	\$6,000
<b>LTT due (before rebates)</b>		<b>\$10,475</b>		<b>\$10,475</b>
Less: rebates		(\$4,000)		(\$4,475)
<b>LTT due (after rebates)</b>		<b>\$6,475</b>		<b>\$6,000</b>
<b>Total Ontario and Toronto LTT</b>				<b>\$12,475</b>



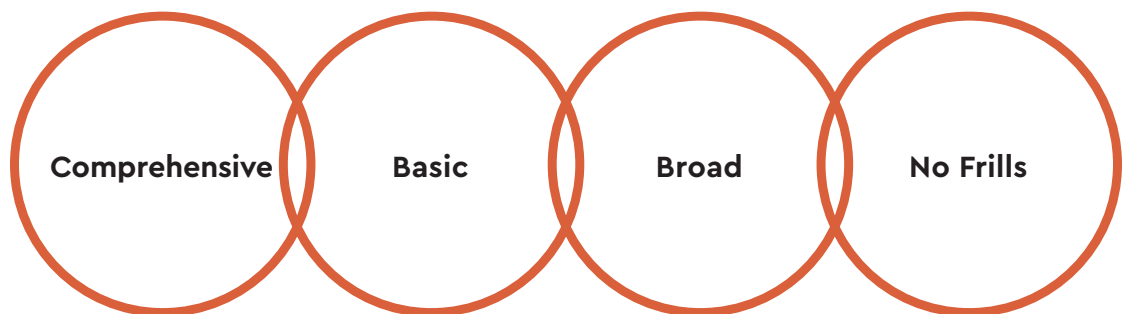
# Home Ownership Costs To Consider

## What Is Home Insurance?

**Home insurance policies help protect against serious damage and destruction like fires, leaks, floods, or break-ins. It also protects a homeowner from personal liability.**

Most banks and mortgage lenders require home buyers to show proof of home insurance before advancing the mortgage on closing day.

You can purchase a home insurance policy through a home insurance agent or broker; your bank may also offer home insurance products. The insurance provider will likely have products that offer different levels of coverage that correspond to the categories below. You may get better rates if you use a broker or agent; keep in mind that policies typically renew annually.



After you move into your home, be sure to notify your home insurance provider if you make material changes or upgrades to your property.



## What Are Condo Fees?

**Condo fees, also known as maintenance fees, are a mandatory monthly expense that every condo owner pays directly to the condo corporation.**

The cost of maintenance fees should be taken into account when you're buying a condo. This recurring cost is in addition to your mortgage and impacts how much home you can afford.

This mandatory monthly fee typically covers:

- Utilities (such as water and garbage collection)
- Building insurance
- Maintenance of common areas (such as the gym, pool, front desk, hallways, landscaping)
- Building reserve fund (covers emergencies and long-term maintenance projects such as a new roof or elevators repairs)

Condo fees can change each year, usually increasing as the building ages due to the upkeep needed to maintain the building structure and the common areas.

## HOW ARE CONDO FEES DETERMINED?

The condo fees will vary by building and even across condo units within a building. Here are the factors used to determine the amount you'll pay.

- **Square footage**

Fees are calculated by the condo corporation on a per square foot basis, thus each owner pays their proportionate amount towards the total building maintenance costs.

- **Size**

Larger buildings with more units typically have lower per square foot maintenance fees—this is as a result of sharing the expenses across more people.

- **Building age**

Sometimes older buildings require more maintenance, or have had special assessments levied which can increase the monthly costs. However, be wary of brand new buildings with maintenance fees that appear low; sometimes these are not adequately filling their reserve funds and you will see an increase later.

- **Amenities**

Typically buildings with more amenities will have higher maintenance fees per square foot. Examples of amenities include gyms, pools, steam rooms, and concierges.

## CONDO BOARD

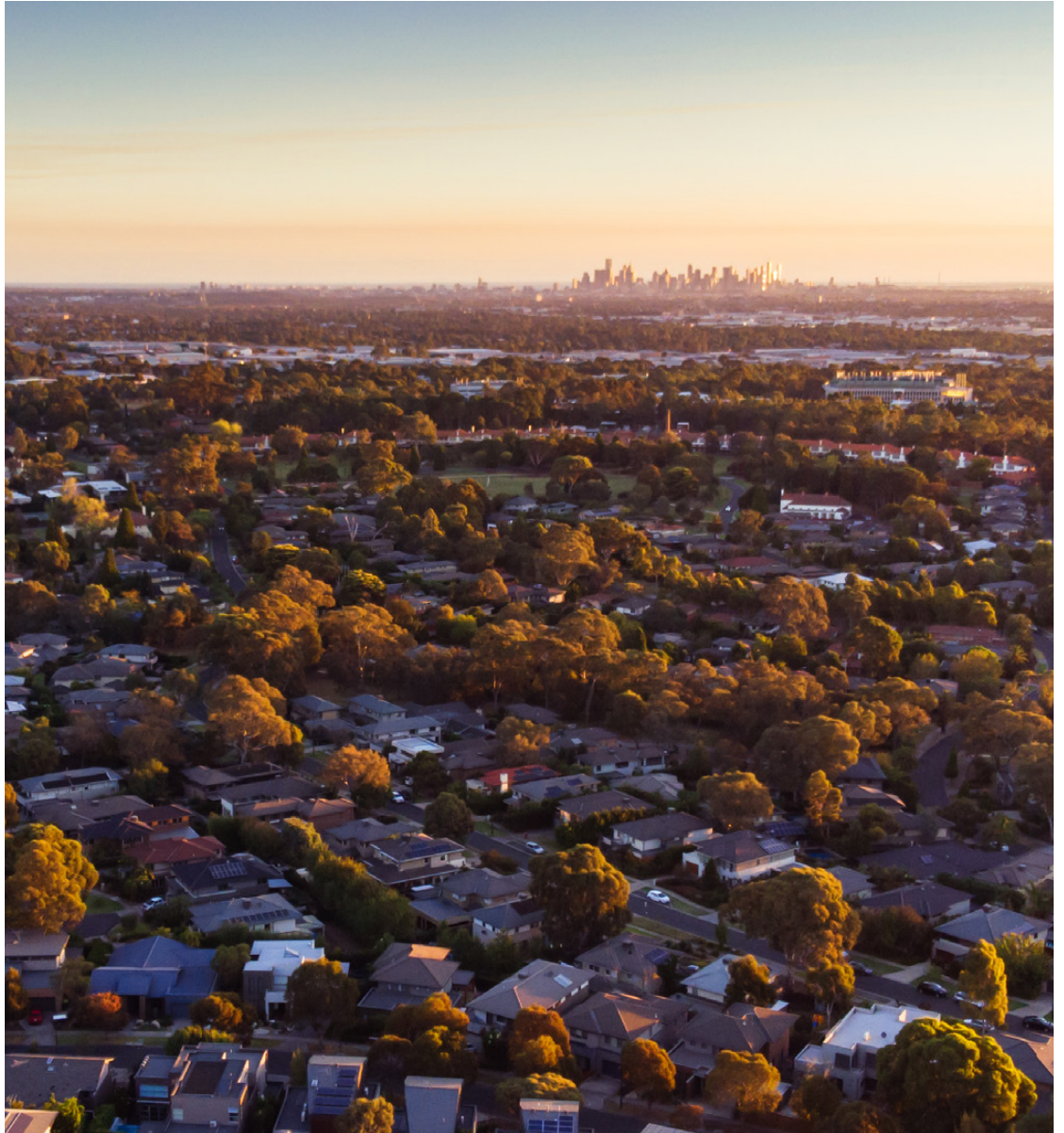
This is volunteer group, typically made up of condo owners who are elected to oversee the fiscal health of the corporation, and are responsible for hiring a management team to carry out day-to-day work.

The board also has the ability to raise condo fees, as needed, to manage the building's budget.

## WHAT ARE STATUS CERTIFICATES?

A status certificate provides valuable information about the condo corporation and its financial situation. It includes details on the budget, legal issues, the reserve fund, maintenance fees, and any fee increases expected in the future.

As part of the due diligence process when buying a condo, work with your Zoocasa agent to obtain a status certificate from the condo board or management for your lawyer's review.



## Property Tax

**Property taxes are paid annually by homeowners to their municipality. These taxes are ongoing and are separate from your mortgage.**

Property taxes can be a significant carrying cost, often amounting to thousands of dollars every year, and should be taken into consideration as you plan your home purchase.

**Your annual property tax can often be paid in installments. It's important to remember that this cost is not due at closing, but is a recurring cost.**

#### **HOW ARE PROPERTY TAXES CALCULATED?**

Property tax rates usually fall in the 0.5% to 2.5% range. The property tax rate is multiplied by the value of the property as determined by your provincial assessment authority.

For example, if the assessed value of your home is \$860,000 and your property tax rate is 1%, you would pay  $\$860,000 \times 1\% = \$8,600$ .

#### **HOW DO YOU PAY PROPERTY TAXES?**

You can pay your taxes in one of two ways:

- Through your mortgage provider
- Directly to your municipality

#### **WHAT IF A SELLER HAS ALREADY PAID?**

When you buy a home, your lawyer will confirm whether the property taxes on your future home have been paid and are up to date.

If they are not, the local municipality will require that the seller pay them. However, if the property taxes for future months have been prepaid by the seller, you will reimburse the seller at closing via the statement of adjustments.

## Your Utility Bills

Utility bills covers services such as electricity, natural gas, water, waste and cable. These are usually payable on a monthly basis; if you live in a condo, some of these utilities may be included your monthly maintenance fee already.

When you move to your new home, you'll have to set up or transfer these utility bills to your new address. Here are examples of common utility bills.

### **HYDRO**

This covers your home's electricity and varies by month based on your usage.

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### **HEAT**

There are two main sources of in-home heat: gas and electric. In older, or rural homes you may still find oil and wood.

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### **WATER AND GARBAGE**

In condos, your monthly fee may cover these costs already. In freehold homes, you'll likely receive a monthly, bimonthly or quarterly bill for water usage and garbage removal.

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### **INTERNET, PHONE, CABLE**

When you move to your new home, don't forget to transfer or set up your internet, cell phone, home phone and cable.





# Find Your Home With Us.

At Zoocasa, we are here to guide you through every step of your home purchase, from your first online search to closing day. When you're ready to take the next step, we're here for you.

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