

### Fire Insurance

- > Xceed requires that you provide proof of Replacement Value fire insurance, which must be in place at the time you legally take possession of your new home.
- > Some insurance companies may require proof of a home inspection before issuing a policy so it's best to look into this ahead of time.

### Moving Expenses and Planning

- > Moving costs will vary, but depending on the time of month and time of year, it can be difficult to reserve a moving truck or hire movers. Again, it is best to plan ahead and make your arrangements early.

**By planning ahead for the closing costs listed above you will greatly reduce the chance for any last minute pitfalls. We hope that this information helps you ensure a stress free purchase closing.**

**Thank you for choosing Xceed Mortgage. We look forward to having you as a customer!**

## Keep in touch

You can learn more about Xceed by visiting our website at [www.xceedmortgage.com](http://www.xceedmortgage.com)

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Helping Canadians Make It Home

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# Tips for a Stress Free Purchase Closing

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### **Congratulations, you have successfully completed the application process for your Xceed mortgage!**

We strive to provide our customers with outstanding customer service and we want to ensure that you enjoy a stress free closing day.

One of the most common problems new home buyers face is “closing costs”, and not planning for some of the normal expenses that accompany the purchase of any home. This brochure will outline what closing costs you can expect, and should plan for, as part of our effort to eliminate any last minute surprises when the big day finally arrives.

A good rule of thumb is that closing costs usually total approximately 2% - 2.5% of your purchase price, depending on the cost of your home. For example, on a home purchased for \$200,000, closing costs can be expected to range from \$4,000 to \$5,000. This estimate does not include incidental costs such as connection fees (telephone/television/computer), the cost of new items such as furniture and appliances, as well as any expenses you might incur as part of the moving process.

Closing costs include but are not limited to the following:

#### **Provincial Tax (often referred to as the Land Transfer Tax)**

- > Most provinces charge a one-time ‘transfer’ tax for purchase transactions on existing residential properties.
- > Some provinces may also charge a tax on new construction homes.
- > This tax is calculated as a percentage of the purchase price of the property and will vary by province. Example: in Ontario, the land transfer tax rate is ½% on the first \$55,000 of the purchase price, 1% on the next \$195,000, 1.5% on the next \$150,000 and 2% on the remainder.

- > You can either speak to your lawyer or contact your Provincial Property Tax Office to determine the cost of the Land Transfer Tax in your specific province and the amount for your specific property.

#### **Legal/Notary Fees and ‘Disbursements’**

Purchasers are responsible for paying the lawyer’s (or notary’s) fees and any disbursements needed to complete the transaction.

- > These fees can be anywhere from \$500 to \$3,000+ depending on the complexity of the transaction. The costs are always higher if you are selling one home and purchasing another, as opposed to simply purchasing a home. Most solicitors will provide you with an estimate when you initially approach them about facilitating your transaction.

#### **Prepaid Expenses**

- > The seller may have prepaid some bills such as property tax and utility bills before the closing date, and you will have to reimburse them for your share of these costs. Your lawyer will provide you with a Statement of Adjustments close to, or on the closing date which will outline these costs in detail.
- > All taxes, utility bills and other charges incurred after the closing date become your responsibility – you may want to pay particular attention to the due date of property tax installments. If an installment payment is due shortly after closing, it may make sense to pay this as part of the purchase closing. Because Xceed manages the payment of your property taxes, if you choose not to pay the upcoming property tax installment upfront, you may experience higher monthly mortgage payments during the first year (so we can recover the deficit in your tax account that is created when we pay the property tax on your behalf).