

# HOMEBUYERS CHECKLIST

A Newcomers' Guide and Workbook



## Newcomers' Micro Site

Most newcomers to Canada turn to the internet to find information on housing. To offer new Canadians a one-stop online source for housing-related information, CMHC has developed a new micro site: **Housing for Newcomers**

The information is divided into three areas:

- Renting an Apartment
- Buying a Home
- Looking after your Home

Information is offered in these eight languages:

- English
- French
- Mandarin/Simplified Chinese
- Punjabi
- Tagalog
- Urdu
- Arabic
- Spanish

More about CMHC's resources for new Canadians, visit [www.cmhc.ca/newcomers](http://www.cmhc.ca/newcomers).

The screenshot displays the homepage of the 'Housing for Newcomers' website. At the top, the CMHC SCHL logo is on the left, and navigation links for 'Sign Up', 'Français', and 'CMHC website' are on the right. The main header features the title 'HOUSING FOR NEWCOMERS' in a blue bar, with a language selection menu below it containing options for 中文, বাংলা, Tagalog, اردو, Español, and العربية. A 'Home' link is also present. The main content area includes a 'Welcome' message stating that Canada's National Housing Agency is the best place for housing information. Below this are three icons representing 'Renting an Apartment', 'Buying a Home', and 'Looking After Your Home'. To the right, there is a 'Free E-Newsletter' sign-up section with a 'Sign Up Today' button. A survey section asks 'How Did You Hear About This Web Site?' with radio button options for TV, Newspaper/Ad, Internet, and Other, and a 'Submit' button. At the bottom, there are banners for 'Canada's Economic Action Plan' and 'ARE YOU A SETTLEMENT WORKER?' with a 'Learn more...' link. The footer contains the Canada logo, copyright information (©2008 - 2009 CMHC SCHL), and links for 'Web site Terms and Conditions of Use', 'Privacy Policy', 'Français', and 'Home'.

# HOMEBUYERS CHECKLIST

## A Newcomers' Guide and Workbook

The following checklists were created by Canada Mortgage and Housing Corporation (CMHC) to walk you through each step in buying a home. Just fill in each worksheet as you go along. Don't forget to visit CMHC's Newcomers micro site at [www.cmhc.ca/newcomers](http://www.cmhc.ca/newcomers). This micro site offers housing related information in 8 languages: English, French, Mandarin/Simplified Chinese, Punjabi, Urdu, Tagalog, Arabic and Spanish.

### Quick Checklist in Buying a Home

This checklist gives you a summary of each step in the homebuying process. As you complete each step, put a **check mark** (✓) in the boxes provided.

<b>STEP 1:</b>	<b>Decide what kind of home you want</b>
<input type="checkbox"/>	Choose the neighbourhood(s) where you want to live
<input type="checkbox"/>	Consider which features are important to you (size, number of bedrooms/bathrooms, type of house, etc.)
<b>STEP 2:</b>	<b>Calculate how much you can afford</b>
<input type="checkbox"/>	Calculate how much money you have saved for a down payment
<input type="checkbox"/>	Calculate how much your closing costs will be (ask your realtor or lender for advice)
<input type="checkbox"/>	Calculate how large a mortgage payment you can afford each month
<input type="checkbox"/>	Calculate the other monthly costs you will be responsible for as a homeowner (maintenance and repairs, property insurance, taxes, etc.)
<b>STEP 3:</b>	<b>Get the help and advice you need</b>
<input type="checkbox"/>	Find a realtor to help you find a home
<input type="checkbox"/>	Get pre-approved for a mortgage so you know how much home you can afford
<input type="checkbox"/>	Hire a lawyer to look after your legal interests and review any contracts
<input type="checkbox"/>	Get an appraisal and home inspection for any property you are thinking about buying
<input type="checkbox"/>	Make arrangements to get property insurance after you purchase your home

## Home Purchase Cost Estimate

The purchase price is the biggest expense in buying a home. But there are many other costs you must be prepared to pay as well. Fill in this worksheet to calculate how much your home will really cost.

<b>Cost of the Home</b>	
Purchase price	\$
+ GST (newly built homes only)	\$
<b>Total cost of the home</b>	\$
<b>Up-Front Costs</b>	
Appraisal fee (if applicable)	\$
Deposit (to be paid when you sign the Offer to Purchase)	\$
Down payment	\$
Estoppel certificate fee (for condominium/strata unit)	\$
Home inspection fee	\$
Land registration fee	\$
Legal fees and disbursements	\$
Mortgage broker's fee (if applicable)	\$
Mortgage loan insurance premium (can be included in your mortgage)	\$
Adjustment for prepaid property taxes and/or utility bills	\$
Property insurance	\$
Survey or Certificate of Location fee	\$
Title insurance	\$
Other up-front costs	\$
<b>Total up-front costs</b>	\$

<b>Other Costs</b>	
New appliances	\$
Gardening equipment	\$
Equipment for clearing snow	\$
Window coverings (curtains, blinds, etc)	\$
Decorations	\$
Hand tools	\$
Dehumidifier	\$
Moving expenses	\$
Renovations or repairs	\$
Fees to set up utilities and other services	\$
Condominium fees	\$
<b>Total other costs</b>	\$
<b>Total costs (cost of home + up-front costs + other costs):</b>	<b>\$</b>

## Home Features Checklist

Before you start looking for a home, make a list of all the features you and your family want or need. Every time you visit a home, fill in the following checklist by putting a check mark (✓) beside the chosen feature. Compare each home you visit to the list of features you are looking for, to find out which one best meets your needs.

Home Features Checklist	
Is the home new or resale?	<input type="checkbox"/> Resale <input type="checkbox"/> New
What kind of home is it?	<input type="checkbox"/> Detached <input type="checkbox"/> Semi-detached <input type="checkbox"/> Townhouse <input type="checkbox"/> Duplex <input type="checkbox"/> High-rise <input type="checkbox"/> Low-rise <input type="checkbox"/> Freehold <input type="checkbox"/> Condominium
How old is the home?	# years:
How large is the lot?	<input type="checkbox"/> Small <input type="checkbox"/> Medium <input type="checkbox"/> Large
Is it on a quiet street?	<input type="checkbox"/> Yes <input type="checkbox"/> No
What is the exterior finish?	<input type="checkbox"/> Brick <input type="checkbox"/> Aluminum siding <input type="checkbox"/> Wood <input type="checkbox"/> Vinyl siding <input type="checkbox"/> Combination brick and siding
What is the foundation made of?	<input type="checkbox"/> Concrete block <input type="checkbox"/> Concrete <input type="checkbox"/> Preserved Wood
How many bedrooms are there?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4+
How many bathrooms?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3+
How is the home heated?	<input type="checkbox"/> Gas <input type="checkbox"/> Oil <input type="checkbox"/> Electric <input type="checkbox"/> Wood
Does it have air conditioning?	<input type="checkbox"/> Central <input type="checkbox"/> Window
Does the master bedroom have its own bathroom?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is there a bathroom on the ground floor?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is there an eat-in kitchen?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A separate dining room?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A separate family room?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A fireplace or woodstove?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A spare room for an office?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the basement have enough space for storage or a workshop?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is there a deck or patio?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A private driveway?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A garage or carport?	<input type="checkbox"/> Garage	<input type="checkbox"/> Carport <input type="checkbox"/> Neither
Does the home have a security system?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the home accessible (for seniors or people with a disability)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
How close is the home (in kms) to:	Your work	Your spouse's work
	Public transportation	Schools
	Shopping	Parks/playgrounds
	Recreational facilities	Restaurants
	Place of worship	Veterinarian
	Police station	Fire station
	Hospital	Doctor/dentist

## Home Hunting Comparison Worksheet

Use this worksheet to compare the different homes you visit during your search. Fill in as much information as you can, then compare the results later.

HOME #1	HOME #2	HOME #3
Real estate rep: Tel:	Real estate rep: Tel:	Real estate rep: Tel:
Type of home: Sq. ft.:	Type of home: Sq. ft.:	Type of home: Sq. ft.:
# bedrooms:	# bedrooms:	# bedrooms:
Year built:	Year built:	Year built:
Occupancy date:	Occupancy date:	Occupancy date:
Asking price: \$	Asking price: \$	Asking price: \$
Annual Costs	Annual Costs	Annual Costs
Property taxes \$	Property taxes \$	Property taxes \$
Utilities \$	Utilities \$	Utilities \$
Insurance \$	Insurance \$	Insurance \$
Condo fees \$	Condo fees \$	Condo fees \$
Other \$	Other \$	Other \$
TOTAL \$	TOTAL \$	TOTAL \$
Neighbourhood	Neighbourhood	Neighbourhood
Distance to work:	Distance to work:	Distance to work:
To spouse's work:	To spouse's work:	To spouse's work:
To schools:	To schools:	To schools:
To shopping:	To shopping:	To shopping:
To playgrounds:	To playgrounds:	To playgrounds:
To hospital:	To hospital:	To hospital:
To police station:	To police station:	To police station:
To fire station:	To fire station:	To fire station:
To place of worship:	To place of worship:	To place of worship:
Other notes:	Other notes:	Other notes:



<b>Items included in the purchase price</b>	<b>Items included in the purchase price</b>	<b>Items included in the purchase price</b>
(make a list – e.g. appliances, window coverings, etc.):	(make a list – e.g. appliances, window coverings, etc.):	(make a list – e.g. appliances, window coverings, etc.):
<b>Exterior</b>	<b>Exterior</b>	<b>Exterior</b>
Exterior finish:	Exterior finish:	Exterior finish:
Exterior condition:	Exterior condition:	Exterior condition:
Condition of roof:	Condition of roof:	Condition of roof:
Windows:	Windows:	Windows:
# entrances:	# entrances:	# entrances:
Parking (garage, carport, driveway):	Parking (garage, carport, driveway):	Parking (garage, carport, driveway):
Condition of landscaping and fencing:	Condition of landscaping and fencing:	Condition of landscaping and fencing:
Patio or deck:	Patio or deck:	Patio or deck:
Special features:	Special features:	Special features:
<b>Interior</b>	<b>Interior</b>	<b>Interior</b>
Condition of walls:	Condition of walls:	Condition of walls:
Flooring:	Flooring:	Flooring:
Lighting:	Lighting:	Lighting:
Windows:	Windows:	Windows:
Size of living room:	Size of living room:	Size of living room:
Dining room:	Dining room:	Dining room:
Family room:	Family room:	Family room:
Bedrooms:	Bedrooms:	Bedrooms:
Kitchen:	Kitchen:	Kitchen:
Basement:	Basement:	Basement:
Special features (e.g. fireplace, walk-in closet, ensuite bathroom, finished basement):	Special features (e.g. fireplace, walk-in closet, ensuite bathroom, finished basement):	Special features (e.g. fireplace, walk-in closet, ensuite bathroom, finished basement):

## Checklist for Evaluating Homebuying Professionals

Buying a home is a big step. So you need a team of qualified professionals who can give you advice and information. These can include a realtor, lender, mortgage broker, lawyer or notary, home inspector, insurance broker, appraiser, land surveyor and others. Use the following checklist to evaluate the experience and credentials of each professional you meet with.

<b>Name:</b>
<b>Occupation:</b>
<b>Contact information:</b>
<b>Questions:</b>
Which company do you work for?
How long have you been in business?
Is this your full-time career?
Do you work with other people or assistants?
How much do you charge?
What areas of the city/town are you most familiar with?
Do you understand what I am looking for in a home?
Do you have experience working with first-time buyers?
Is there anything I haven't asked about you or your company that you think I should know?
Can I have three references from other home buyers you have worked with recently?
<b>Notes:</b>

## Monthly Homeowner Budget

Owning a home can come with many unexpected costs. Use the following worksheet to calculate how much money you spend each month, so you can make sure you are living within your family's budget.

<b>Monthly Budget</b>	
<b>Housing Expenses</b>	<b>Average Cost Each Month</b>
Mortgage payment (principal and interest)	\$
Electricity	\$
Heating costs	\$
Maintenance and repairs	\$
Parking (if paid separately)	\$
Property insurance	\$
Property taxes	\$
Water	\$
<b>Other Expenses</b>	
Cable TV/Satellite/Video rental	\$
Car fuel	\$
Car insurance and license	\$
Car repairs and service	\$
Charitable donations	\$
Child care (if applicable)	\$
Child support/Alimony (if applicable)	\$
Clothing	\$
Dental expenses	\$
Entertainment and recreation	\$
Groceries/food	\$
Home furnishings	\$
Internet	\$
Life and property insurance	\$
Medical expenses, prescriptions, eyewear	\$
Newspapers, magazines, books	\$
Personal items	\$
Public transportation	\$
Restaurants	\$
Savings (bank account, retirement or education savings)	\$
Telephone/Cell phone	\$
Other expenses	\$
<b>Total Monthly Expenses</b>	<b>\$</b>

## Preparing to Move

Moving can be a very busy and hectic time especially if you've been renting for a few years and will now be moving into your new home. Use the following checklist to make sure you don't forget anything during your move to your new home.

<b>CHECKLIST: Planning Your Move</b>	
<b>2 to 3 weeks before you move:</b>	
<input type="checkbox"/> Buy boxes and other moving supplies <input type="checkbox"/> Donate or throw away unwanted items <input type="checkbox"/> Take toxic household cleaners, old paint and other chemicals to your local Toxic Waste Centre (search website for location) <input type="checkbox"/> Make any necessary travel arrangements or reservations <input type="checkbox"/> Notify your children's' old school and register at their new school	<input type="checkbox"/> Contact Canada Post to forward your mail to your new address <input type="checkbox"/> Arrange for telephone service at your new home <input type="checkbox"/> Arrange to return any Cable TV equipment to your cable company <input type="checkbox"/> Transfer your car insurance and license plates if needed <input type="checkbox"/> Get copies of all medical, dental and veterinary records
Contact or send change of address cards to:	
<input type="checkbox"/> Driver's license, Health cards, Insurance <input type="checkbox"/> Magazines and other subscriptions <input type="checkbox"/> Canada Customs and Revenue Agency	<input type="checkbox"/> Employer(s), doctor, dentist <input type="checkbox"/> Memberships <input type="checkbox"/> Bank accounts and credit cards
<b>1 to 2 weeks before you move:</b>	
<input type="checkbox"/> Return anything you have borrowed <input type="checkbox"/> Arrange for your major appliances to be moved (if you will be taking them with you)	<input type="checkbox"/> Safely dispose of any flammable materials <input type="checkbox"/> Arrange to disconnect utilities at your old home and connect utilities at your new home
<b>2 to 7 days before you move:</b>	
<input type="checkbox"/> Find out what you can bring with you if you are traveling by car, bus, train or plane	<input type="checkbox"/> Pack a suitcase or small box with the clothes and other things you will need for the first few days in your new home
<b>The day before you move:</b>	
<input type="checkbox"/> Take down your curtains and curtain rods <input type="checkbox"/> Empty and defrost the refrigerator and clean the stove	<input type="checkbox"/> Pack all of your personal items except for anything you will need tonight and tomorrow <input type="checkbox"/> Collect all your keys and keep them in a safe place
<b>Moving day:</b>	
<input type="checkbox"/> Keep your paperwork where you can find it <input type="checkbox"/> Pack all your bedding linens, toiletries, etc <input type="checkbox"/> Do a final "walk through" to check every room, closet and cabinet to be sure you aren't forgetting anything <input type="checkbox"/> If you hired a moving company, walk through your home with the supervisor to make a list of all your boxes and belongings	<input type="checkbox"/> Clean your old home or apartment and inspect it with the landlord <input type="checkbox"/> Confirm your new address with the moving company, and ask what time they will be arriving <input type="checkbox"/> Make sure you know how to contact your new landlord or superintendent

## Maintenance Calendar

Your home is probably the biggest investment you will ever make. This checklist can help you protect your investment with a few simple home maintenance and repairs you can carry out each month, to avoid more costly problems later.

Seasonal Maintenance Calendar	
Month	Maintenance Tasks or Repairs
January/February	<ul style="list-style-type: none"> <li><input type="checkbox"/> Clean or replace furnace filter</li> <li><input type="checkbox"/> Check heat recovery ventilator (HRV) and wash or replace filter</li> <li><input type="checkbox"/> Make sure all air intakes, exhausts and meters are clear of snow</li> <li><input type="checkbox"/> Clean humidifier</li> <li><input type="checkbox"/> Clean filter on oven range hood</li> <li><input type="checkbox"/> Check and fill basement floor drain</li> </ul>
March/April	<ul style="list-style-type: none"> <li><input type="checkbox"/> Clean or replace furnace filter</li> <li><input type="checkbox"/> Check/clean HRV; wash or replace filter</li> <li><input type="checkbox"/> Clean humidifier and turn it off</li> <li><input type="checkbox"/> Check sump pump</li> <li><input type="checkbox"/> Check gutters and downspouts and clean if needed</li> <li><input type="checkbox"/> Inspect air conditioner and service it if needed</li> <li><input type="checkbox"/> Inspect basement or crawl space for signs of leaks or water</li> <li><input type="checkbox"/> Open vents to outdoor crawlspaces</li> <li><input type="checkbox"/> Make sure the ground in your yard slopes away from foundation wall</li> </ul>
May/June	<ul style="list-style-type: none"> <li><input type="checkbox"/> Open hose connection outside</li> <li><input type="checkbox"/> Clean windows, screens and hardware; and install screens</li> <li><input type="checkbox"/> Check that all air intakes and exhausts are clear of debris</li> <li><input type="checkbox"/> Clean oven range hood filter</li> <li><input type="checkbox"/> Turn off your HRV if you keep your windows open in the summer (leave it running if you mostly keep your windows closed)</li> <li><input type="checkbox"/> Start spring landscaping in your yard</li> </ul>
July/August	<ul style="list-style-type: none"> <li><input type="checkbox"/> Use dehumidifier if your basement is damp</li> <li><input type="checkbox"/> Clean filter in the air handling unit if you have central air conditioning</li> <li><input type="checkbox"/> Check exterior finishes and wood for deterioration</li> <li><input type="checkbox"/> Check caulking and weather-stripping around windows and the door to your garage</li> <li><input type="checkbox"/> Check the drainage trap in your basement floor and fill it with water if needed</li> <li><input type="checkbox"/> Have your furnace or heating system serviced</li> </ul>

September/October	<ul style="list-style-type: none"> <li><input type="checkbox"/> Check and clean fireplace and chimney if needed</li> <li><input type="checkbox"/> Clean oven range hood filter</li> <li><input type="checkbox"/> Clean leaves out of all eavestroughs</li> <li><input type="checkbox"/> Check roof for signs of wear or damage</li> <li><input type="checkbox"/> Close outside hose connection</li> <li><input type="checkbox"/> Close windows, skylights</li> <li><input type="checkbox"/> Clean and reactivate the HRV if it was turned off</li> <li><input type="checkbox"/> Prepare your outdoor plants and trees for winter</li> </ul>
November/December	<ul style="list-style-type: none"> <li><input type="checkbox"/> Check and clean furnace; and clean or replace furnace filter</li> <li><input type="checkbox"/> Check/clean HRV; and wash or replace the filter</li> <li><input type="checkbox"/> Clean humidifier and turn it on (if needed)</li> <li><input type="checkbox"/> Check exhaust fans</li> <li><input type="checkbox"/> Make sure the gas valve is clear of ice and snow</li> <li><input type="checkbox"/> Test space heating system</li> <li><input type="checkbox"/> Close vents to crawl spaces</li> </ul>
Every year	<ul style="list-style-type: none"> <li><input type="checkbox"/> Dust or vacuum electric baseboards</li> <li><input type="checkbox"/> Vacuum ducts behind warm air and return air grilles</li> <li><input type="checkbox"/> Test plumbing shut-off valves to make sure they are working</li> <li><input type="checkbox"/> Test pressure relief valve on the hot water tank; and drain water from the tank</li> <li><input type="checkbox"/> Check all smoke alarms, fire escape routes, fire extinguishers, and window and door locks</li> <li><input type="checkbox"/> Check and oil door hinges if needed</li> <li><input type="checkbox"/> Lubricate garage door motor, chain, etc.</li> <li><input type="checkbox"/> Check attic for signs of moisture in summer or fall</li> <li><input type="checkbox"/> Check septic system and clean it if needed (usually about once every three years)</li> </ul>
Every 2-5 years	<ul style="list-style-type: none"> <li><input type="checkbox"/> Check and repair any cracks in your driveway</li> <li><input type="checkbox"/> Check and repair the chimney cap and the caulking between the cap and chimney</li> <li><input type="checkbox"/> Refinish wood surfaces, including window frames and doors</li> </ul>

## Glossary

**Amortization:** The period of time required to completely pay off a mortgage debt, if all payments are made on time and the terms of the mortgage stay the same.

**Appraisal:** An estimate of the current market value of a home.

**Appraiser:** An appraiser can tell you exactly how much a home is worth, so you don't pay too much.

**Approved Lender:** A lending institution, such as a bank, which is authorized by the Government of Canada to make loans under the terms of the National Housing Act. Only Approved Lenders can offer CMHC-insured mortgages.

**Assumption Agreement:** A legal document that requires a person buying a home to take over responsibility for the mortgage of the home builder or previous owner.

**Blended Payment:** A mortgage payment that includes both the principal loan amount and the interest. The payment remains the same throughout the life of the mortgage, but the percentages of the payment that go towards the principal or interest change over time.

**Closed Mortgage:** A mortgage that cannot be prepaid or renegotiated before the end of the term without the lender's permission and an interest penalty.

**Closing Costs:** The costs you will have to pay in addition to the purchase price of a home on the day you officially own the home. These costs include legal fees, transfer fees and disbursements. They usually range from 1.5% to 4% of the purchase price.

**Closing Date:** The date at which the sale of a property becomes final and the new owner takes possession of the home.

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

**Conditional Offer:** An Offer to Purchase a home that includes one or more conditions that must be met before the sale is official (for example, getting a mortgage or home inspection).

**Conventional Mortgage:** A mortgage loan for up to 80% of the value of a property. Mortgage loan insurance is usually not needed for this type of mortgage.

**Counteroffer:** If your original offer to the vendor is not accepted, the vendor may counteroffer. A counteroffer usually changes something from your original offer, such as the price or closing date.

**Credit Report:** The report a lender uses to determine your creditworthiness for getting a mortgage.

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

**Deed:** A legal document signed by both the vendor and purchaser to transfer ownership of a home.

**Default:** Failing to abide by the terms of a mortgage loan agreement. If you default on (fail to make) your mortgage payments, your lender can take legal action to take possession of your home.

**Delinquency:** Failing to make a mortgage payment on time.

**Deposit:** Money placed in trust by a home buyer when he or she makes an Offer to Purchase a home. The deposit is held by the real estate representative or lawyer/notary until the sale is complete.

**Down Payment:** The portion of the price of a home that is not financed by the mortgage loan, and which you must pay out of your own savings or other eligible sources before you can get a mortgage.

**Estoppel Certificate (or certificate of status):** A certificate that outlines a condominium corporation's financial and legal status.

**Foreclosure:** A legal process where a lender takes possession of your property if you default on a loan, and sells it to cover the debts you have failed to pay.

**High-Ratio Mortgage:** A mortgage loan for higher than 80% of the value of a property. This type of mortgage usually requires mortgage loan insurance.

**Home inspector:** A home inspector will examine a home to tell you if anything is broken, unsafe or needs to be replaced. They may also be able to tell you if there have been any major problems in the past.

**Insurance broker:** An insurance broker can help you choose and buy insurance, including property insurance and mortgage loan insurance.

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

**Land surveyor:** If the seller of the home does not have a Survey or Certificate of Location, or if their Survey is more than five years old, you will probably need to hire a surveyor (with the seller's permission) before you can get a mortgage. Your real estate agent can help you coordinate the survey with the current owner of the home.

**Lawyer or notary:** A lawyer (or notary in Quebec) will protect your legal interests and review any contracts.



**Lender or mortgage broker:** Lenders will loan you money (a “mortgage”) to help you buy a home. Lenders include banks, trust companies, credit unions, caisses populaires, pension funds, insurance companies and finance companies. A mortgage broker can work with many different lenders to get you a mortgage that meets your needs.

**Lump Sum Prepayment:** An extra payment made to reduce the principal balance of your mortgage, with or without a penalty. Lump sum payments can help you pay off your mortgage sooner and save on interest costs.

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

**MLS (Multiple Listing Service):** A service offered by Canada’s realtors with descriptions of most of the homes that are for sale across the country.

**Mortgage:** A loan to help you buy a home or other property. The mortgage loan is usually repaid in regular monthly payments, which generally include both principal and interest.

**Mortgage Life Insurance:** Insurance which can protect your family by paying off your mortgage if you die.

**Mortgage Loan Insurance:** Insurance that protects your lender against default. If your mortgage is for more than 80% of the lending value of the property, your lender will probably require mortgage loan insurance from CMHC or a private company.

**Mortgage Payment:** A regularly scheduled payment that is often blended to include both principal and interest.

**Net Worth:** Your financial worth, calculated by subtracting your total liabilities (everything you owe) from your total assets (everything you own).

**New Home Warranty Program:** A program in every province and the Yukon Territory which guarantees that any defects in a new home will be repaired, if the builder fails to repair them. There are currently no such programs in Nunavut or the Northwest Territories.

**Offer to Purchase:** A written offer that sets out the terms under which a buyer agrees to buy a home. If the offer is accepted by the seller, it becomes a legally binding contract.

**Open Mortgage:** A mortgage that can be prepaid, paid off or renegotiated at any time without an interest penalty. The interest rate on an open mortgage is usually higher than on a closed mortgage with an equivalent term.

**Operating Costs:** The monthly expenses that come with owning a home. These include property taxes, property insurance, utilities, and maintenance and repairs.

**Principal:** The amount that you borrow for a loan.

**Property Insurance:** Insurance that protects you in case your home or building is destroyed or damaged by fire or other hazards listed in the policy.

**Property Taxes:** Taxes charged by the municipality where a home is located based on the value of home.

**Real estate agent (or “realtor”):** A real estate agent can help you find a home, make an offer and negotiate the best price.

**Reserve Fund:** An amount of money you set aside on a regular basis for emergencies or major repairs. It is usually a good idea to save around 5% of your monthly income for emergencies.

**Survey or Certificate of Location:** A document that shows the legal boundaries and measurements of a property, specifies the location of any buildings, and states whether anyone else has the right to cross over your land for a specific purpose.

**Term:** The length of time that the conditions of a mortgage, such as the interest rate you will pay, are carried out. Terms are usually between six months and ten years. At the end of the term, you can either pay off the mortgage or renew it, usually with new terms and conditions.



Canada Mortgage and Housing Corporation (CMHC) is Canada's national housing agency. CMHC is your trusted source of information and advice on housing in Canada.

For more information on buying, owning or maintaining a home in Canada, visit CMHC's Housing for Newcomers website at [www.cmhc.ca/newcomers](http://www.cmhc.ca/newcomers)

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