



## PURCHASES

### Tips and Costs:

The Real Estate Purchase Contract will govern all key aspects of the sale. Therefore:

### Don't:

1. Set the completion and possession date on a weekend. This is convenient for moving but not for the advance of mortgage funds. Most lenders are closed. Late release of funds will result in an interest penalty.
2. Set the completion and possession date less than 6 weeks from signing or from the Condition Day. This time is required for the sellers to attend at their lawyer's office to sign the Land Transfer, for your lender to send mortgage instructions to your lawyer, and for you to attend at your lawyer's office to sign all documents, register the land transfer and new mortgage at the Land Titles Office and obtain the advance of funds from the lender. A shorter time frame may result in you paying for "Title Insurance" to allow for use of mortgage funds before registration is completed. Some lenders allow for release without title insurance but only for certain types of residential purchases.
3. Agree to accept the existing Real Property Report or Survey, unless you are certain your bank will accept it as is. A new Real Property Report plus a City Compliance Stamp will cost about \$520 and should be the seller's responsibility, unless you agree otherwise.
4. Agree to accept tenants if your mortgage is to be CMHC insured (required if less than 25% down payment). CMHC will generally not insure mortgages on revenue property.

### Do:

1. Set out all conditions such as mortgage approval and a home inspection.
2. Specifically list all items such as lights, curtains and appliances that the sellers will be taking and are not included in the sale.
3. Specifically refer to items and appliances that are being sold "as is".
4. Obtain a clear understanding from your bank of all charges that will be deducted from the mortgage advance such as the CMHC insurance fee, appraisal fee, tax account adjustment etc.
5. Inquire as to all adjustments such as property tax and condominium fees, and as to all other costs such as fire insurance, utility deposits for new customers and legal fees that will add to the monies required to complete the purchase.
6. Determine if interim financing is required. Remember that the cash portion of the purchase over and above the deposit is required at least a week before the closing and possession date. A sale of your present home closing on the same date will not provide monies in time to avoid interim financing.

### Property Taxes

In Calgary, property taxes are due by the end of June but cover the calendar year. The tax adjustment to the purchase price will depend on the time of year (i.e. Have the taxes been paid by the sellers?), whether the sellers were on the City Tax Instalment Payment Program (TIPPS) and on whether you will be enrolling in TIPPS, paying taxes annually, or paying the taxes through your mortgage. If your mortgage includes a tax payment portion, you may have to pay a lump sum to the bank to ensure that come next June there will be 12 month's worth of tax payments available to be paid to the City. Since the tax adjustment affects how much money you must bring in to your lawyer to complete the purchase, ask your realtor or lawyer if you have any concerns.

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## Condominiums

When purchasing a condominium, the standard Real Estate Purchase Contract stipulates that you must be provided with the registered condominium plan, the Condominium corporation's bylaws and amendments, the Corporation's most current annual financial statement and annual budget, an insurance certificate, any lease or exclusive use agreement under which the Seller has possession of a portion of the Common Property including any parking stall or storage unit, any management agreement, and any recreation agreement. These are important documents that can affect your rights as to use of the property and your liability regarding the property. These must be reviewed prior to the Condition Day.

## Legal Costs

Our flat fee of \$875 for completing a residential purchase and the mortgage funding includes all usual services from reviewing the Real Estate Purchase Contract to searching title, preparing the mortgage documentation, attending upon you, registering the Transfer and Mortgage at the Land Titles Office, reporting to your bank, receiving and paying out the mortgage advance, and reporting to you. Non-standard services such as handling draw or construction mortgages with multiple funding advances, or correcting problems involving zoning, encroachments, or other problems with the Real Property Report (survey) will be subject to additional fees. Should your purchase involve any such problem, we will contact you and discuss what is involved before proceeding. Rush closings or other complications may also result in higher fees. (See our Additional Services Schedule)

The largest disbursements (expenses we pay on your behalf) on a purchase are usually the Land Titles Office fees for registration of a Land Transfer and a Mortgage. The transfer fee is \$35 plus \$1 per \$5000 of the purchase price. The mortgage fee is \$15 plus \$1 per \$5000 of the mortgage value. Thus on a purchase of \$350,000 with a \$200,000 mortgage these registration fees would total \$160. Other expenses such as land titles and tax searches, courier, and photocopying total about \$100 on the average purchase. (Condominium purchases require some additional searches, averaging an additional \$40)

In this example, the total cost is approximately \$1,195 including GST.

For a close estimate take  $\$1,035 + \$35 + \$15 + (\text{purchase price}/5000) + (\text{mortgage amount}/5000)$ .

For a cash purchase our flat fee is \$650.

For a close estimate of the total cost take  $\$770 + \$35 + (\text{purchase price}/5000)$ .

For a cash with mortgage assumption purchase our flat fee is \$750.

For a close estimate of the total cost take  $\$900 + \$35 + (\text{purchase price}/5000)$

The charges and disbursements referred to are standard and required to protect you, meet all of the lender's requirements, and complete the purchase properly. If these costs are not quoted when comparison shopping, ask why!

When attending at our office you will meet with an experienced real estate lawyer, not a legal assistant or secretary.

If you have any questions or require any further information, please contact Shel Laven at 263-2444 -- or e-mail to [shel@lavenco.com](mailto:shel@lavenco.com).