

## Mortgage Closing Costs

When the seller and you agree on the price you should pay for the property, a deposit must be provided. The deposit is actually paid when signing the Agreement of Purchase of Sale. The deposit is really an advance payment of part of your down payment.

The legal documentation the buyer and seller approve that details the price and term of the transaction is referred to as the "Agreement of Sale."

It is vital to note when negotiating the cost of the house you wish to buy that you will also be required to pay property tax. Property tax is often paid monthly or annually or semi-annually and this tax is paid by the homeowner on privately owned property. The amount of the property tax is based on local tax rates and assessed value of the property.

Other than the downpayment and the deposit, another cost that is incurred is the home inspection. This is an assessment of the overall structure and mechanical systems in order to know the safety of the house and points out whichever upkeep which might be required so that the potential homebuyer has a clear picture of their future investment.

With a mortgage, it is likewise suggested to consider insurance. The alternatives for mortgage insurance are fairly large. The majority of lending institutions and banks require that there is some kind of mortgage insurance in place to provide protection in case of accident, death or illness. Talk to your mortgage expert to be able to find out what option is best.

### Closing Costs

#### Legal Fees

To be able to finalized the property transfer between buyer and seller, legal fees are the costs that are paid for the services of a lawyer.

#### Appraisal Fee

The process of assessing a homes value is the appraisal fee. Typically this appraisal is completed to be able to determine a selling price and the subsequent value might or might not be the same as the home's purchase price.

#### Deposit

The deposit refers to money that is put towards purchasing a home in order to prove that the buyer is committed to fulfilling the purchase contract. The deposit amount is based on the purchase price and varies accordingly.

#### Home Inspection Fee

A home inspection fee is the expense paid to a building inspector who performs an assessment of the home before purchase. Usually the buyer orders the inspection and often they may be required by the lending institution or bank.

#### Down Payment

The down payment is a partial payment that is made at the time of purchase. In some locations, first-time homebuyers may be permitted to put as little as zero down when buying a property, although, it is standard to put down 5% to 10 percent and some people choose to even put down as much as 20 percent.

#### Land or Property Transfer Tax

On property which is changing hands, there is Land or Property Transfer Tax which must be paid. In some provinces, first time homebuyers may be eligible for a rebate.

#### Mortgage Loan Insurance

Mortgage Loan Insurance allows homebuyers to purchase a house with as little as zero down payment. The insurance premium amount will depend on the amount which is borrowed from the lender.

#### Title Insurance -which is optional

Title Insurance provides the purchaser with coverage against title risks like title fraud and whatever risks inherent in real estate contacts for as long as you own your home.