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# BUYING

## A HOME IN MANITOBA

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# BUYING A HOME IN MANITOBA

A Literacy Partners of Manitoba Publication

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# BUYING YOUR FIRST HOME

Everyone needs a place to live. You can rent a home from a landlord or you can buy a home of your own. Buying a home can be the answer to a dream and an important investment if you are ready.



## Can I buy a home?

Canadian citizens, permanent or non-permanent residents can buy a home in Manitoba. People of all ages, cultures and lifestyles buy homes every day. People like you!

## Should I buy a home?

Thinking about your lifestyle and plans for the future will help you decide if renting or buying is best for you.

Renting may be best if:

- your income is not secure
- you move often
- you want to save time and money on maintenance

Buying may be best if:

- your income is secure
- you want to invest your money
- you want a secure family home



# GETTING STARTED

Buying a home is a big decision. It can be stressful and may take a long time. There are many things to think about and questions to ask before you decide. You should:

- expect to be employed in the long-term
- be prepared to take care of a home
- be able to afford a home

## How do I take care of a home?

You must maintain and repair your home and property.

A home that is not in good repair will lose value over time and may not meet city safety and maintenance by-laws.

Maintenance that needs to be done regularly:

- shovelling snow and mowing grass
- cleaning windows and eavestroughs
- testing the smoke and carbon monoxide detectors
- replacing the furnace air filter

Repairs may be required for:

- the foundation, structure and roof
- windows and doors
- plumbing and electrical systems

Find out more:

[Canadian Residential](#)

Home Maintenance Tips

[www.canadianresidential.com](http://www.canadianresidential.com)

[MoneySense](#)

The Ultimate Home Maintenance Guide

[www.moneysense.ca](http://www.moneysense.ca)

## Can I afford to buy a home?

Homes are expensive to buy and own. Looking at housing costs is a good way to find out if you have enough money.



# HOUSING COSTS

You need money before you can buy a home and after as a homeowner. Use the asking price of a home you like to get an idea of costs.

## Before buying costs

### A down payment

You need at least 5 % of the asking price of a single family or two-unit home for a cash down payment. If the price of the home is \$250,000, you need \$12,500 cash savings. You need 10% of the asking price if you are a non-permanent resident or if you are buying a 3-4 unit home.

It is a good idea to pay more than the minimum. A larger down payment can help you qualify for a **mortgage** and reduce the amount of:

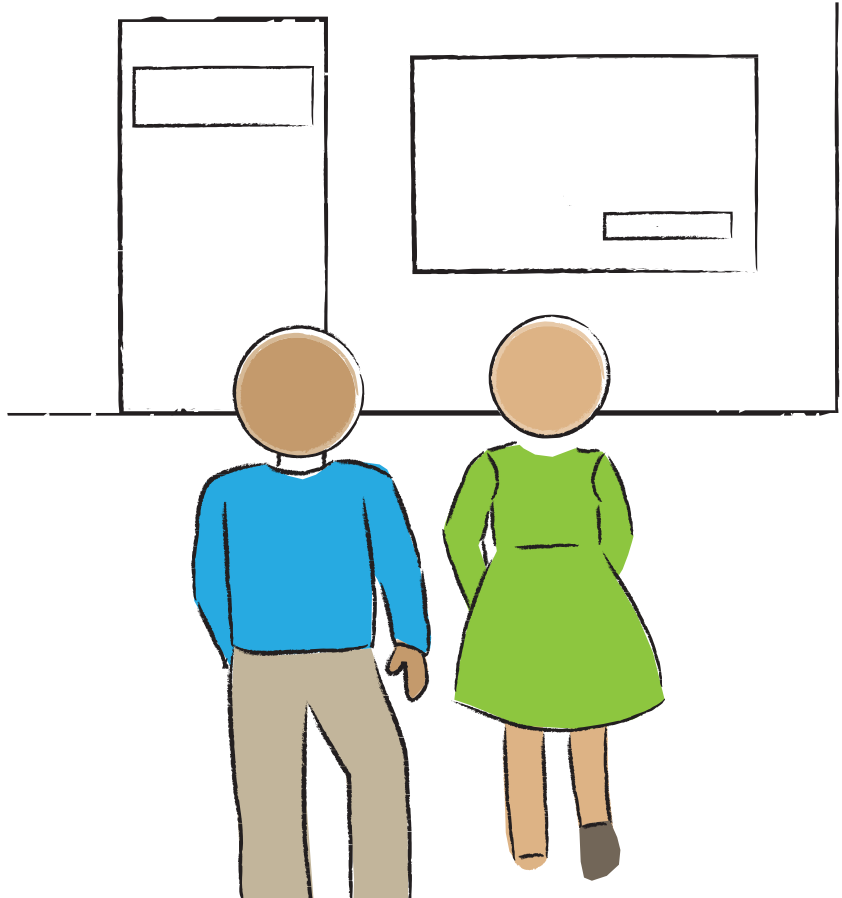
- your mortgage loan
- **interest** on your loan
- your repayment time

## What if I can't afford a larger down payment?

If your down payment is less than 20% of the asking price you must buy **mortgage loan insurance**.

## What is mortgage loan insurance?

Mortgage loan insurance protects your lender if you don't pay your mortgage. The cost is based on the **value** of the home and the amount of your down payment. Mortgage loan insurance can be paid all at once or added to your mortgage loan and paid monthly.



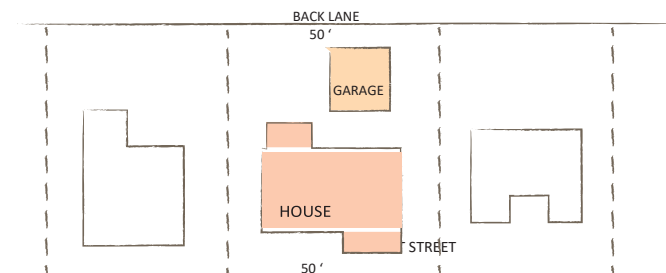
Ask your lender about mortgage loan insurance when you apply for a mortgage!

## Closing costs

You need about 2 % of the asking price of the home when you finalize your mortgage. For a \$250,000 home, you will need up to \$5,000 in cash savings. These costs include:

- legal fees
- property title search
- property survey
- land transfer tax
- your share of property taxes for the year of

purchase A property survey might look like this...



## Home Insurance

You must insure your home and contents before you finalize a mortgage loan. Home insurance protects you in case of theft, fire, damage and most accidents. Buy your home insurance policy from an insurance broker and renew it each year. The cost is based on the value of your home, its contents and the amount of protection you choose.

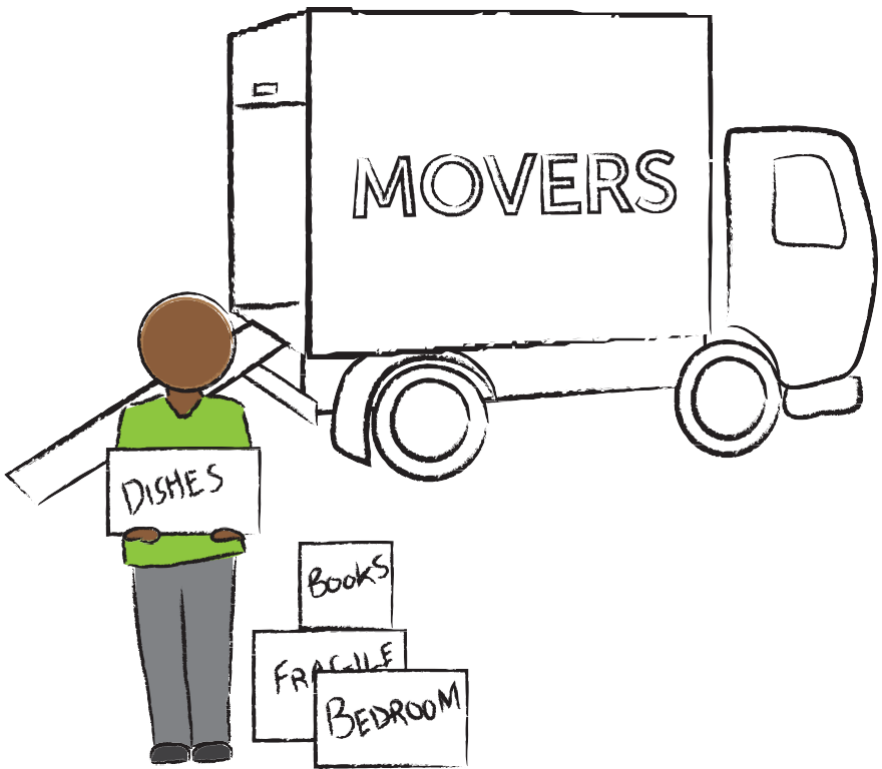
Payments can be made monthly or once a year.

Find out more:

Insurance Brokers Association of Manitoba  
[www.ibam.mb.ca](http://www.ibam.mb.ca)

## Moving Costs

Moving is a cost even if you do it yourself and only buy gasoline and supplies. Professional movers' fees are based on what you want to have moved and the number of hours it will take.



## Do I need a home buying budget?

A home buying budget will show if you can afford the **upfront costs**. It can also help keep you on track if you are saving to buy a home.

A home buying budget might look like this...

A. Savings (what I have)	
• savings account	\$ 4,000
• registered retirement savings plan	\$ 15,000
• other savings	\$ 1,500
Total Savings:	\$20,500
B. Home Buying Costs (what I need based on a \$250,000 home)	
• down payment	\$ 12,500
• closing costs	\$ 5,000
• home insurance (for the year)	\$ 1,000
• moving costs	\$ 800
• other (supplies)	\$ 300
Total Costs:	\$19,600
C. Savings balance (what I have left)	
A - B =	\$ 900

# Does the government help first time home buyers?

Canada has programs for first time home buyers:

## Canada Revenue Agency Home Buyers' Plan (HBP)

First time buyers can use up to \$35,000 from a Registered Retirement Savings Plan (RRSP) to help buy or build some homes. Your lender can help you set this up.

Find out more:

[www.cra-arc.gc.ca/hbp/](http://www.cra-arc.gc.ca/hbp/)

## First-time home buyers incentive

Through a form of shared equity with the Government of Canada, first time buyers may be eligible to receive incentive amounts of 5% or 10% to help reduce monthly mortgage payments.

[www.cmhc-schl.gc.ca/en/consumers/home-buying](http://www.cmhc-schl.gc.ca/en/consumers/home-buying)

## Canada Revenue Agency Home Buyers' Tax Credit (HBTC)

First time home buyers and people with disabilities can qualify to get \$750 back on their personal income tax return if claimed in the year of purchase.

Find out more:

[www.cra-arc.gc.ca/hbtc/](http://www.cra-arc.gc.ca/hbtc/)

# What are the costs of owning a home?

Homeowner costs are included in your regular monthly household budget. They are in addition to basic expenses like food, clothing, transportation, health care and entertainment.

## Monthly housing costs

### Mortgage payments

Payments usually include part of the mortgage loan, interest on the loan and property tax (**PIT**). Mortgage loan insurance may also be included. The amount of your payment depends on the mortgage loan, your down payment and the kind of mortgage you choose.

Payments are usually made monthly, bi-weekly or weekly.

Your **lender** can show you how much of each payment goes to the loan and interest and how this changes over time!

### Property taxes

Property taxes are paid to the city, town or rural municipality where you live. Taxes help pay for services like road repairs, snow clearing, street lighting and public schools. Your tax bill is based on the value and size of your home and property. Taxes are reviewed by the municipality or city every few years.

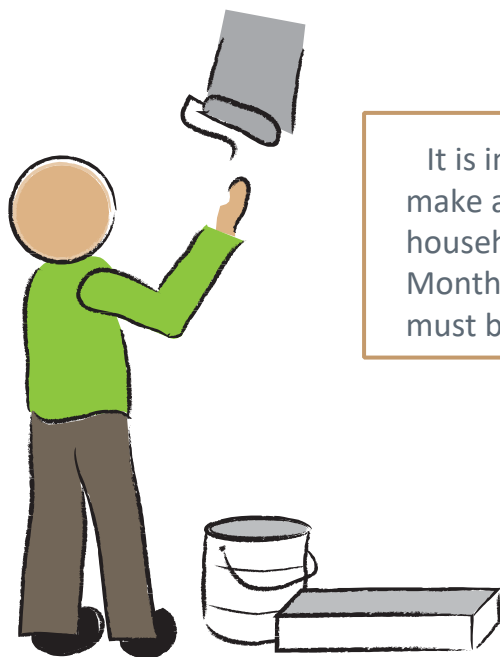
You can pay your taxes once a year or choose the monthly payment option available in select municipalities (**TIPP**).

## Utility costs

Services for heat, electricity, water, telephone, cable and internet are all monthly costs. Costs depend on the size and condition of the home and the number of people using the service.

## Maintenance and repairs

Homes in good repair save money on utility costs and usually get a higher price if you sell. Costs depend on the age, condition and size of the home.



It is important to make and follow a household budget. Monthly payments must be made on

Find out more:

Canada Mortgage and Housing Corporation (CMHC)

Household Budget Calculation

[www.cmhc.ca](http://www.cmhc.ca)

# LOOKING AT MORTGAGES

There are many steps to buying a home. Most people need a mortgage loan to buy a home.

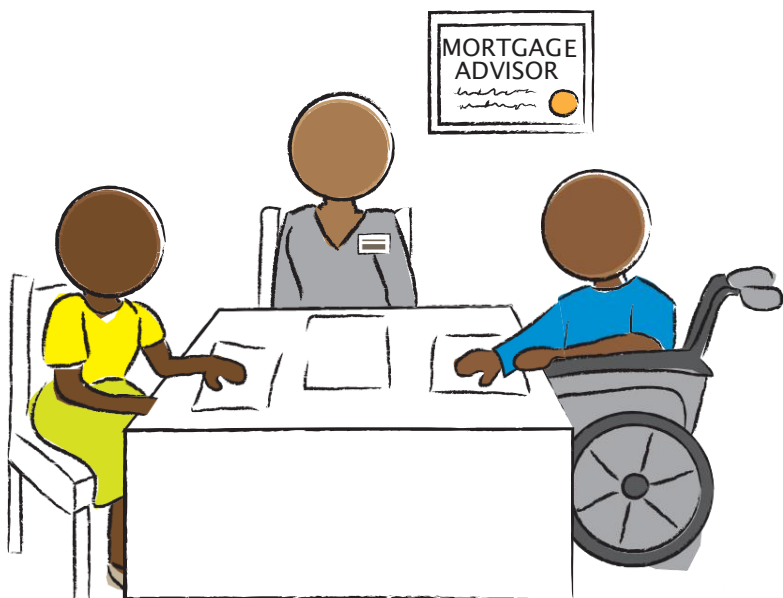
## What is a mortgage?

A mortgage is a home buying loan. It is a legal contract between you and the lender. You repay the loan over a set period of time. The lender uses the home as security for the loan until you have repaid the whole amount.

There are different kinds of mortgages. It's a good idea to look at how different mortgages work before you apply to a lender.

## What makes mortgages different?

Mortgages have important details that can vary. The details change the amount of the loan and how it is repaid.



# Mortgage details

## Amortization Period

This is the time it takes to repay your total loan amount. Mortgages are usually repaid over 25 years.

## Interest Rate

Lenders charge interest that is added to the total amount of your mortgage loan. Interest rates change over time but are usually set for fixed terms.

## Fixed Term

The length of time the interest rate stays the same. Interest rates are set for terms of between six months and five years. Interest rates are reviewed at the end of a term and reset for the next term. The new rate could be higher, lower or stay the same.

The amortization period, interest rate, length of term and how you repay your mortgage depends on the type of mortgage you choose.

# Types of mortgage loans

## Open Mortgage

You can make extra payments and repay your total mortgage more quickly. This will reduce the total amount of interest you pay but the interest rates will be higher.

## Closed Mortgage

Payments and interest stay the same for the length of term. You will be able to make extra payments with a **prepayment plan**.

## Variable Mortgage

The interest rate is not fixed. The interest portion of your payment can change depending on the lender interest rate at the time of each payment for the length of the term

## Where can I get a mortgage?

You can go to a lending organization that offers mortgage loans or you can ask a mortgage broker to help you find a mortgage.

Many lenders offer mortgage loans:

- chartered banks
- credit unions
- caisse populaire
- trust companies
- insurance companies

## How do I choose a lender?

Start by talking with a loans manager at a bank or credit union where you have a chequing or savings account. Lenders can give you financial advice at all stages of the home buying process.

You can ask many lenders about mortgages but you should only apply to one lender at a time.

Loan

applications affect your credit history and can reduce your chance of getting a mortgage.

## What is a mortgage broker?

A mortgage broker is an independent licensed agent who looks at different mortgages to find the best one for you. Their services are free. Mortgage brokers are paid a fee from the lender.

Find out more:

**Mortgage Professionals Canada**

[www.morgageproscan.ca/homebuyers](http://www.morgageproscan.ca/homebuyers)

Look for a mortgage that fits your budget and lifestyle before you apply!



# APPLYING FOR A MORTGAGE

You must qualify to get a mortgage. Find out if you qualify before you start looking for a home.

## How do I qualify?

In addition to home buying costs, you need:

- income from a secure job you have had for at least one year
- a good credit history

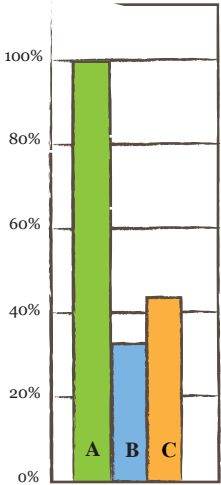
Lenders want to be sure you can repay a mortgage. They use standard percentages to compare housing costs and other loan payments with your monthly income:

- housing costs should be less than 32%
- housing costs and any other debt payments should be less than 40%

If housing costs are more than 32% of your income you may not have enough money for basic expenses, savings for emergencies or things you want to do or buy. You would be “house poor”!

A qualifying graph should look like this...

<b>A. Total monthly income</b> (you or you and your partner)	\$4,300/month	100%
<b>B. Housing Costs</b> (mortgage loan and interest, property taxes and heat)	\$1,376/month (maximum)	32%
<b>C. Total debt costs</b> (housing costs plus all other debt payments including credit cards, lines of credit, car and furniture loans)	\$1,806	40%



## What is a credit history?

A credit history is a record of your credit applications, debts and payments. Lenders that give you a loan or credit card send the information to a credit-reporting agency. In Canada, this information goes to Equifax or TransUnion. These agencies use your credit history to make a credit report and set a credit risk score.

Your credit risk score is very important. Lenders check your score when you apply for a loan. They use your score to decide:

- if they will lend you money
- how much they will lend
- how much interest to charge

Everyone can get their credit report and credit risk score from Equifax and TransUnion.

Find out more:

**Equifax Canada**

1-800-465-7166

[www.equifax.ca](http://www.equifax.ca)

Ask how to get  
your credit  
report for free!

**TransUnion Canada**

1-800-508-2597

[www.transunion.ca](http://www.transunion.ca)

## What if I don't have a credit history?

You may not have a credit history if you are new to Canada or have never had a loan. A financial advisor at a lending organization can tell you how to build a credit history. Some lenders can look at credit reports from outside of Canada, but because credit scores are regulated differently around the world, banks are not always able to use previous credit history. If you have credit from outside of Canada, talk with your lender about this and ask what verification you will need to prove your out-of-Canada credit rating.

## What if I have a poor credit score?

If you have trouble paying bills you may need help managing your money. This service is often free.

Find out more:

**Community Financial Counselling Services**

1-888-573-2383

[www.debthelpmanitoba.com](http://www.debthelpmanitoba.com)

**Credit Counselling Society**

1-888-527-8999

[www.nomoredebts.org](http://www.nomoredebts.org)

## Are there other ways to buy a home?

You may qualify for housing help from:

### Aboriginal Affairs and Northern Development Canada Housing Services

**Find out more:**

1-800-567-9604

[www.aadnc-aandc.gc.ca](http://www.aadnc-aandc.gc.ca)

### Assiniboine Credit Union Manitoba Islamic Mortgage

**Find out more:**

204-958-8588

[www.assiniboine.mb.ca](http://www.assiniboine.mb.ca)

### Habitat for Humanity

A mortgage and home building program based on:

- level of need
- ability to repay an interest-free mortgage geared to income
- willingness to volunteer in the program

**Find out more:**

204-233-5160

[www.habitat.ca](http://www.habitat.ca)



# FINDING A HOME

Looking for a home is easier if you apply for mortgage pre-approval from a lender. Pre-approval lets you:

- look for a home you can afford
- make an offer on a home quickly

## What is mortgage pre-approval?

When you qualify for a mortgage loan, your lender can give you a letter stating:

- the amount of money they agree to lend you
- the terms and interest rate of the loan

A letter of pre-approval is usually valid for 60 – 90 days. It can become invalid if:

- your debt increases
- your credit risk score changes

Pre-approval does not apply to all homes. You still need to qualify for final mortgage approval when you find a home you wish to buy.

Pre-approval gives you time to look for a home in a price range you can afford. Try to find a home priced under your pre-approval amount. You will have more money for living expenses.

You do not have to buy a home or finalize a mortgage just because you have been pre-approved!

## How can I find a home?

Finding the right home can take weeks, months or even years. Making a list of what you need and want will help when you are ready to make an offer.

Think about:

### Size

This depends on:

- the number of people living in the home
- how many bedrooms and bathrooms you need

### Lifestyle

You may want a home with:

- a large kitchen and dining room
- a yard and garage

### Location

You may want to live in the city, a smaller town or in a rural area. Safety, appearance and nearby services are things to think about when choosing where you want to live. You may want to be close to:

- schools and daycare
- bus routes and shopping

Find out more:

List of Manitoba Municipalities  
(p.27):

[www.gov.mb.ca/mr/contactus/pubs/mod.pdf](http://www.gov.mb.ca/mr/contactus/pubs/mod.pdf)

[www.navut.com](http://www.navut.com)

[www.walkscore.com](http://www.walkscore.com)



## Style

New or previously-owned homes have many styles. Usually you buy the home and property.

### Single-family detached

Stand-alone **bungalow** or a two or three storey home

### Semi-detached or linked

Shares a wall with another home

### Duplex

Separate living areas for two families

### Townhouse

Attached to other units in a row or on top of one another

### Condominium (condo)

Condos are homes where you buy the living unit but not the building or property. Condo units are grouped together. They can be an apartment or any style of home. All unit owners pay taxes on their unit and a monthly fee to a condo corporation for maintenance and repairs of jointly owned common property.

All condo corporations have their own rules and regulations. It is important to read and understand them before you make an offer to buy a condo.

Find out more:

**Manitoba real estate and home shopping tips**

[www.realtor.ca](http://www.realtor.ca)

## Where should I look?

Look for “for sale” signs in neighbourhoods you like and contact the real estate agent. You can also check real estate listings in guides, newspapers, online or you can download an [app](#).

Some of the resources below have “Winnipeg” in the name, but each website provides information about housing all across Manitoba.

### Guides and newspapers

[www.realtor.ca](http://www.realtor.ca)

[www.winnipegrealestatenews.com](http://www.winnipegrealestatenews.com)

[www.homes.winnipegfreepress.com](http://www.homes.winnipegfreepress.com)

### Online listings

[marketplace.winnipegfreepress.com](http://marketplace.winnipegfreepress.com)

[www.remax.ca](http://www.remax.ca)

[www.point2homes.com](http://www.point2homes.com)

### Mobile app for iPhone, iPad or Android

[REALTOR.ca](http://REALTOR.ca)

## Open house tours

Homeowners may hold an open house when they want to sell a home. You can visit the home and speak with the owner or their **agent**. It is important to look carefully at the home and ask questions about:

- costs for heat, electricity and water
- property taxes

You should also check the age and condition of the home including:

- foundation, structure, insulation, roof, windows and doors
- furnace, air conditioner and water heater
- plumbing and electrical systems

## How do I know the asking price is fair?

Look at the asking and selling prices of similar homes in the neighbourhood or ask a real estate professional for help.

Remember to stay within your pre-approval amount. You may not get everything you want in a home you can afford!

## Can I get help finding a home?

Finding a home that fits your needs and budget can be stressful and confusing. A real estate professional can guide you through the process.

## What is a real estate professional?

Real estate professionals are agents licensed to sell homes in Manitoba. They are home buying and selling specialists.

Agent titles include:

### Real estate agent or salesperson

All agents complete a course of study and pass an exam. They are licensed by the Manitoba Securities Commission and may work for an agency or broker. Not all agents are REALTORS®.

### REALTOR®

A REALTOR® is an agent and member of The Canadian Real Estate Association (CREA), and in Manitoba are members of the Manitoba Real Estate Association and their local board.

REALTORS® uphold the association's code of ethics and accepted standards for professional conduct. They are required to complete ongoing education and professional development studies. REALTORS® are [real estate market](#) experts and the only agent with the right to list property on the Multiple Listing Service® (MLS®) systems of local real estate boards. All REALTORS® must work in association with a real estate brokerage company.

## Real estate broker

Brokers are agents who complete additional education and pass an exam to earn a broker's license. Brokers can work alone or hire agents and REALTORS® to work for them.

## Real estate associate broker

An agent who has earned a broker's license and works under the management of a broker.

## How are agents paid?

Agent fees are included in the selling price of a home. They are usually paid by the seller when the home is sold. Home buyers do not usually pay the agent. If a seller is not paying the agent fees, your real estate professional will tell you about any fees you need to pay before you make an offer to purchase.

The seller's agent helps set the asking price of the home and advertises the property. The buyer's agent helps find a home. When a home is sold the **commission** is shared between agents. If the seller and buyer have the same agent that person is paid the whole commission.

# WORKING WITH A REAL ESTATE PROFESSIONAL

## How can an agent help?

Agents can help with all the steps of buying a home including:

- make appointments to view as many homes as you wish
- find recent selling prices of similar homes
- help you decide on a fair offer price when you find a home you want to buy
- fill out the legal **offer to purchase** and list your **conditions**
- negotiate the best price and **terms of possession** with the seller's agent
- help you find a real estate lawyer to review your offer to purchase

## How do I choose a real estate professional?

Talk to many agents before you choose one to work for you. Ask about qualifications and be sure your agent will do everything they can to help you find a home.

Find out more:

Manitoba Real Estate Association (MREA)

[www.realestatemanitoba.com](http://www.realestatemanitoba.com)

Canadian Real Estate Association (CREA)

[www.crea.ca](http://www.crea.ca)

## Can I buy a home on my own?

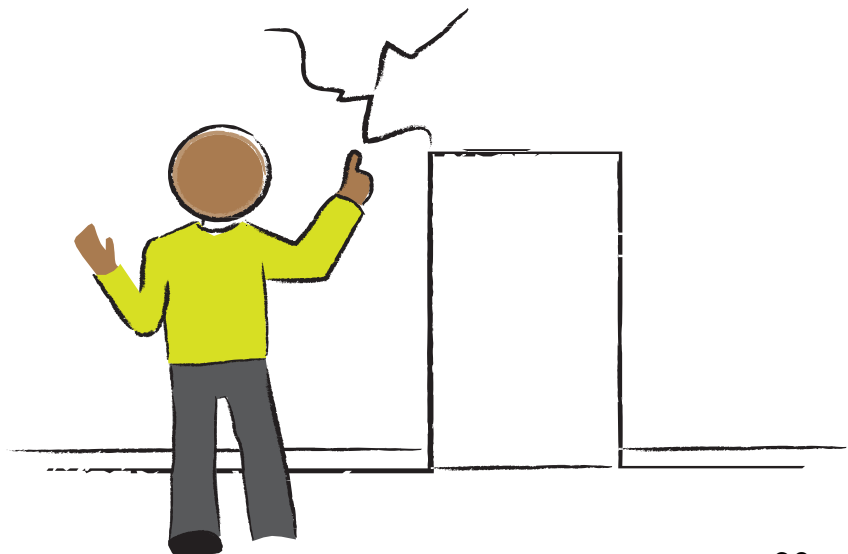
You can buy a home privately and take most of the steps on your own. Be sure to protect your rights if you do this:

- hire a real estate lawyer to write or review the legal offer to purchase and help finalize the mortgage
- ask the seller to detail any problems with the home in a **disclosure statement**
- visit the home many times before you buy
- hire a professional home inspector to check the condition of the home

## How should I choose a home?

Visit many homes before you buy. Keep a list of the homes you see and make notes about:

- price
- size, style and special features
- cost of heat, electricity, water and taxes
- condition and cost of any needed repairs



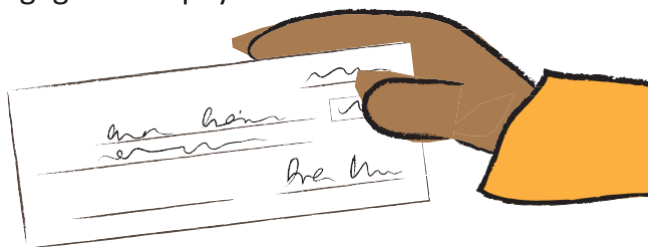
# MAKING AN OFFER TO PURCHASE

When you find a home you want to buy think carefully before making an offer to purchase.

Ask your agent to arrange several visits, review your notes and be sure the home fits your needs and budget.

## What is an offer to purchase?

This is a legal contract between you and the seller. It states the amount of money you want to pay for the home and lists conditions of the sale. Your offer is presented with a cheque deposit that becomes part of your mortgage down payment.



The offer to purchase is prepared by your agent or lawyer and includes:

- your name
- the seller's name and property address
- the amount of your offer
- the name of your lender
- the amount of your deposit
- things you want included in the sale such as appliances, window coverings and anything that is attached unless it has been excluded by the seller
- a **possession date** when you want to take ownership
- the date the offer expires
- conditions of the sale

## What are the conditions of the sale?

You can make an offer with conditions that must be met for the sale to be final. Your conditions should include:

- final mortgage approval from your lender
- a satisfactory home inspection

Conditions can protect your deposit and warn you of costly repairs that may be needed!

## How do I know how much to offer?

Your agent can help you make a fair offer based on:

- the seller's asking price
- sale prices of other similar homes in the area
- the condition of the home
- how quickly homes are selling
- how many other offers there are for the home

## How is the offer made?

Your agent writes the offer for your approval and signature, and gives it to the seller or their agent.

## What are the next steps?

The seller can reply to you or ask their agent to reply to your agent. Agents negotiate an offer on your behalf.

There are many ways the seller can respond:

### Acceptance

Your offer is accepted as written.

## Seller makes a counter offer

This may include a higher price than your offer or different conditions.

## You accept or change the counter offer

You can offer a price lower than the **counter offer** but higher than your first offer. You can also change the conditions or choose not to counter offer.

## Seller accepts or changes your counter offer

You decide to accept or reject the seller's counter offer.

## What if there are other offers on a home I want to buy?

When this happens, buyers usually offer to pay the asking price or more. The seller sets a final date for offers and accepts the best one based on price and conditions to be met. The seller can reject any or all offers.

When an offer is accepted, your agent sends it to your real estate lawyer for review.

Competing for a home can be an emotional experience. Stay calm, don't rush and don't be tempted to spend more than your pre-approval amount. You may not get the first home you want but there will be others!

## Why do I need a lawyer?

You need a lawyer to make sure your money and legal rights as a home buyer are protected. A lawyer is an important member of your home buying team.

Lawyers work with you, the seller, the lender and government agencies to finalize the home purchase.

Ask your agent, lender, friends or relatives to help you find a real estate lawyer, or use a referral service.

Find out more:

Community Legal Education Association

[www.communitylegal.mb.ca](http://www.communitylegal.mb.ca)

## What does a real estate lawyer do?

Your lawyer will:

- review your offer to purchase
- search the property title and get a property survey
- register the property title in your name
- give the final offer to your lender along with survey and title documents
- receive your mortgage down payment in trust for the lender
- receive your mortgage loan from the lender and pay the seller
- transfer ownership to you on **closing day**

## How is the lawyer paid?

You pay your lawyer. Most lawyers use a standard fee scale for real estate charges.

Legal charges include:

- legal fees and expenses
- property survey certificate
- transfer of the land title, title insurance and registration
- property tax adjustment for the year of sale

Ask your lawyer to explain the charges!



# FINALIZING YOUR MORTGAGE

You must get final mortgage approval to complete the sale. Your lawyer or agent sends the accepted offer to your lender for review. Your lender may ask for a formal property appraisal before approval. Lenders want to be sure:

- the amount of the offer is within your pre-approval limit
- the value of the home you are buying is worth the amount of your offer
- you have a home insurance policy

## What if I don't get the mortgage?

The lender can approve or deny your final mortgage application. If denied you can apply for a mortgage from another lender. If approved you complete your mortgage contract.

## How do I complete the mortgage?

This is done in person with your lender. The amount of your mortgage is the price of the home plus interest after your down payment. Mortgage Loan Insurance may also be added if your down payment is less than 20% of the cost of the home.

The lender will explain the mortgage details, types of mortgages, interest costs and payment schedules.

Ask as many questions as you like. Make sure you understand:

- how long it will take to repay the mortgage loan
- the term and interest rate
- when your payments are due (monthly, bi-weekly or weekly)
- how your payments are made (you can set up automatic withdrawal from your chequing account)
- how much extra money you can pay without penalty (monthly or yearly)
- the value and cost of **mortgage life insurance**

Be sure to make your mortgage payments on time. Talk with your lender right away if you cannot make a payment!

## What is mortgage life insurance?

This insurance pays your lender the balance of your mortgage in the event of your death. You do not have to buy this insurance but it can help partners and families keep the home if you do not have personal **life insurance**. The cost depends on your mortgage, age and health. Payments can be included in your regular mortgage payments.

## What if I become ill?

You can also buy insurance to cover expenses if you are injured, lose your job or become ill. Ask your lender or insurance broker for details and costs.

Review your mortgage insurance needs over time as the value of having this insurance may change!

## When do I own the home?

On closing day you meet with your lawyer to sign the mortgage and transfer of ownership documents. This usually takes place on or just before the possession date.

You own the home when:

- your lawyer pays the seller and gives you the property title and keys to the home
- you pay the lawyer and begin your new life as a homeowner



## LEARNING MORE

About buying a home:

Canada Mortgage and Housing Corporation

[www.cmhc.ca](http://www.cmhc.ca)

Service Canada – Buying a Home

[www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)

About building a home:

Manitoba Home Builders' Association

[www.homebuilders.mb.ca](http://www.homebuilders.mb.ca)

About literacy and essential skills:

Manitoba Multiculturalism and  
Literacy Adult Learning and Literacy  
Branch [www.gov.mb.ca/mal/all/](http://www.gov.mb.ca/mal/all/)

Workplace Education Manitoba

[www.wem.mb.ca](http://www.wem.mb.ca)

# WORDS TO KNOW

**Mortgage** – a loan to buy a home (the home is used as security for the lender)

**Interest** – charges a lender adds to the amount of money borrowed (the cost of borrowing)

**Mortgage loan insurance** – a loan guarantee you must buy if your down payment is less than 20% of the purchase price of the home

**Value** – what something is worth monetarily or in importance (the amount of money your home is worth at any given time - this could be more or less than the purchase price)

**Property title** – this is legal proof of ownership registered with the provincial Land Titles Office

**Property survey** – a land survey to confirm boundaries, ownership and interests on the property such as a right-of-way, builders' liens or caveats that may affect the purchase

**Land transfer tax** – a provincial tax issued when property title is transferred and registered to a new owner

**Upfront costs** – money needed for a down payment, closing costs, home insurance and moving costs

**HBP** – Canada Revenue Agency Home Buyers' Plan that allows a first time buyer to use up to \$25,000 from a Registered Retirement Savings Plan (RRSP)

**RRSP** – Canada Revenue Agency Registered Retirement Savings Plan is an income tax deferred savings plan for retirement that allows tax deductions for limited annual contributions

**HBTC** – Canada Revenue Agency Home Buyers' Tax Credit allows first time home buyers and people with disabilities an income tax credit for the year in which the home is purchased

**PIT** – principle loan amount payment that includes interest and property taxes

**Lender** – financial service company that offer loans and other banking services

**TIPP** – Tax installment payment plan offered by the City of Winnipeg to help pay annual property taxes

**Prepayment plan** – a benefit of some mortgages that allows extra payments (this helps repay a mortgage faster and save money on interest charges)

**House poor** – when too much income is spent on housing costs leaving a homeowner without enough money for other expenses or day-to-day living

**Bungalow** – a stand-alone one story home

**App** – an informal computer application or

tool **Agent** – a licensed real estate professional

**Real estate market** – conditions and trends that affect the buying and selling of homes

**Commission** – a percentage of the sale of a home that is paid to an agent

**Offer to purchase** – a legal contract between a buyer and seller

**Conditions** – things that must be done before a buyer's offer is final

**Terms of possession** – the length of time between an accepted offer and the date when ownership is transferred

**Disclosure statement** – a statement made by a seller describing the condition of the home and any known problem or defect that may not be visible

**Possession date** – move in day

**Home inspection** – a close check of a home to look for possible defects that may not be visible and may be costly

**Negotiate** – agents representing home buyer and seller work out the best price and terms of sale for their clients

**Counter offer** – part of the negotiation process

**Closing day** – the day when transfer of ownership takes place

**Mortgage life insurance** – insurance on your mortgage that pays the balance owing to the lender in the event of your death (mortgage life insurance is different from mortgage loan insurance)

**Life insurance** – personal insurance on your life that pays your beneficiary the policy value in the event of your death

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Assiniboine Credit Union

[www.assiniboine.mb.ca](http://www.assiniboine.mb.ca)



Manitoba Real Estate Association

[www.manitobarealestate.com](http://www.manitobarealestate.com)



New Journey Housing

[www.newjourneyhousing.com](http://www.newjourneyhousing.com)



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