

The NuCasa Advantage

What Can You Reasonably Afford to Buy?

When preparing your budget, you will want to discuss what resources you can allocate to mortgage payments, living expenses, and other financial situations. As your Real Estate Advisor, I can either help or recommend you to a professional who can assist you in establishing a budget and reviewing your financial position. In addition they may suggest some alternative methods to obtain financing, either through traditional lenders or other institutions.

To purchase a home, a down payment of as little as 5% down is required. Fortunately, Canada Mortgage and Housing Corporation offers a federal insurance program designed to help Canadians purchase their first home at an affordable cost. If you choose to put down 20% or more, you will not be required to have any CMHC insurance. Your Real Estate Professional or Mortgage Broker can provide additional details on this program.

To prepare your budget, collect the following:

- Credit card statements
- Monthly rent or mortgage payments
- Utility payments (gas, water, power, telephone)
- All other monthly expenses (such as food, child care, dues, etc.).
- Annual or semi-annual expenses (such as insurance, car repair, taxes).
- As well allow for unexpected items such as medical emergencies, travel and education.
- Non-fixed expenses (for example, medical expenditures) for the last year.



This will give you an estimate of average expenses of this type. Records or an estimate of personal expenses (entertainment, travel, etc.)

Once you subtract your expenses from your total income, the amount left over is called your net worth.

This will give you an estimate of your financial situation at present and will help you determine how much you can afford for a down payment.

What Can I Afford?

There are two types of costs in buying a home -- the initial down payment and the ongoing monthly mortgage payments. The largest one-time cost is the down payment.

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When purchasing a home, there are also many one time costs and monthly expenses that you will need to budget for.

Typical One-time Expenses Include:

- Mortgage application and appraisal fee
- Property inspection (optional), due at time of inspection
- Legal fees, due at the time of closing
- Legal disbursements, due at the time of closing
- Property survey (sometimes provided by seller), due at the time of closing
- Land transfer, deed tax or property purchase tax, due at the time of closing.(in Quebec within three months following signing)
- Mortgage interest adjustment (if applicable), due at the time of closing
- Home and property insurance, at closing and ongoing
- Moving expenses, due on the date of move
- PST on High Ratio mortgages
- Realty Tax Holdback
- Typical Monthly Expenses:
 - Mortgage payments
 - Maintenance (this could be condominium fees, or allocated maintenance fees)
 - Property and content insurance
 - Property taxes
 - Utilities

