

LET'S TALK MONEY

A behind-the-scenes look at your real estate transaction

There's a good chance that upon hearing the anticipated news that your home sold, your first thought will be, "how much money did I make, and when will I get it?". If you're the buyer, you're probably a bit anxious, wondering, "when, exactly, do I have to hand over more money than I've ever handed over before? Ever!". In an effort to help our client's better understand when and how the money changes hands during a real estate transaction, we decided to break it down.

BUYING

You found a house you love, and your offer has been accepted. Yay! At this point, you'll be asked to make a deposit. Typically, your deposit amount is one percent of the purchase price. The money is held in trust until your closing date.

Prior to your closing date, your lawyer will be in touch to schedule an appointment for you to sign all the necessary documents. S/he will also provide you with the total amount (\$) that you will need to bring to the appointment via certified cheque or bank draft. This amount includes:

- Your down payment (typically 5 - 20 percent)
- Legal fees (including added expenses and disbursements)
- Land transfer tax (varies depending on the purchase price of the home)
- Title insurance
- Prepaid property tax and utility adjustments

Your lender will forward your mortgage instructions directly to your lawyer. On closing day, your lawyer and the seller's lawyer will handle the transfer of the balance of funds (i.e. your mortgage).

Congratulations on your new home!

SELLING

Your house sold. Yay! Once you accept an offer on your home, the buyer will be asked to make a deposit which is, typically, one percent of the purchase price. This money is held in trust until your closing day.

On your closing day, your lawyer will handle the incoming funds from your sale, paying any associated fees, etc., before depositing the balance into your account. Common fees include:

- Balance of your mortgage (including any associated penalties, prepayment or discharge fees)
- Legal fees (including added expenses and disbursements)
- Real estate agent's commission (covers legwork, marketing, and advice provided by your agent)
- Property tax and utility adjustments (if you prepaid, you will be reimbursed. If, however, you owe, any outstanding amounts will be settled)

Congratulations on selling your house!