



# 10 Ways To Avoid

## Losing Your Mortgage Pre-Approval and Your Dream Home!



After you've sacrificed vacations, dining out and a new car for the sake of saving for a down payment, that last thing you want to do is jeopardize all of that hard work. Even though you may finally have enough for that down payment, you should also ensure you have enough for added expenses. If you are unable to produce the necessary funds to complete each step of the mortgage pre-approval process, it's possible your real estate deal could fail.

The costs involved in the home buying process can add up, and there are future expenses to consider as well. Ask yourself these questions and be sure you know the answers before making a final decision on purchasing a home.

Your Calgary and Okotoks mortgage broker – Mortgages By Candice – will ensure you are fully prepared for all eventualities when it comes to your mortgage. Before beginning your [mortgage pre-approval](#) process, Mortgages By Candice will sit down with you to determine what [type of mortgage](#) works best for you through identifying your life goals and long-term plans. Will you want to renovate? Will you ever be considering a change in careers? These are details that will dictate how flexible – or rigid you want your mortgage to be. Mortgages By Candice will help you to [not be intimidated by pre-approval](#), and make sure you have all the pieces in place for a stress-free real estate deal.

## 1. Have I been pre-approved or pre-qualified for a mortgage?

Understanding the difference between mortgage pre-qualification and mortgage pre-approval is essential. A mortgage pre-qualification is when you provide a lender or broker with financial information such as assets, income and debt. A pre-qualification provides a simple estimate of the amount of mortgage you may qualify for, and does not take in to account credit card ratings.



Pre-approved mortgages are tentative agreements supplied by lenders that mean you will qualify for a loan provided certain parameters are met. Your pre-approval will summarize the terms of the mortgage for which you have qualified and outline in detail the costs you can expect. Real estate professionals generally require a pre-approval before they will begin hunting for your home to ensure they show you appropriately priced options. A pre-approval gives you a head start in the home-buying process.

## 2. How much are my property taxes?

As a homeowner, property taxes will be a yearly cost for you from now on, and in certain areas of Calgary – due to the value of the houses - they can be hefty.

Municipal property tax rates vary from one municipality to the next, and they are typically calculated as a percentage of the home's market value, or essentially what that home can be sold for. A home's market value is not necessarily the same as the purchase price. If a buyer got a great deal by paying \$220,000 on a house deemed to be worth

\$300,000, the municipality will still calculate the taxes based on the \$300,000 valuation.



Property taxes rise as a home's value appreciates. They are charged annually, and new homeowners are responsible for paying the taxes covering the portion of the year remaining upon taking possession of the house. For example, if a buyer took possession of a home on October 1, that buyer would be responsible for 25 per cent of that year's taxes. If the seller has paid property taxes in full for the year when the transaction takes place, the buyer must reimburse the seller. If the property taxes have not been paid when the transaction takes place, the seller must reimburse the buyer for the percentage of the tax for which he or she is responsible.

The median assessment for 2013 for a home in Calgary is:

- Single Residential: \$410,000
- Residential Condominium: \$250,000

Given that the current tax rate applied by the City of Calgary is 0.0063221 per cent, that means that these homeowners will each pay about \$65 and \$40 for month, respectively.

### 3. How much can I expect to pay in utilities?

Estimate your utility bills and ensure they will be affordable. If you are already working on a tight budget, you don't want the cost of utilities to make your new home unaffordable. Take into consideration the age of the home before purchasing. Some older houses are much harder to heat, resulting in higher gas bills, plumbing can leak, leading to expensive water bills and poor wiring can mean higher electric bills. Also don't forget about costs associated with your phone, Internet and television.



Alberta has a lot of choice when it comes to providers, and each utility and phone and Internet company offers the ability to calculate costs – especially if you already have a history with that business and they are knowledgeable about your history. Be sure to compare quotes! You never know where you might score some savings.

#### **Gas, Water and Power**

- [AltaGas Utilities](#)
- [Direct Energy](#)
- [ENMAX](#)
- [SpotPower](#)

#### **Phone/ Internet Service/ Cable/ Satellite TV**

- [Shaw](#)
- [Telus](#)
- [Bell](#)

## 4. Do I need home insurance to complete my real estate deal?



In order to finalize a mortgage, home buyers must present proof of homeowners' insurance. This type of insurance is required because lenders need to protect their interests in case a fire, natural disaster, accident or some other event damages or destroys the home, either before or after the sale closes. Before issuing home insurance, an insurance provider may order a property assessment to evaluate the overall health of the home.

While buyers should budget about \$50 per month for homeowners' insurance, actual rates vary and are dependent on factors including:

- The total amount of coverage provided by the policy
- Home safety and security features
- The home's location and its distance from the nearest fire station
- The age of the home
- The condition of the home
- The type of electrical system in the home
- Whether or not the home has a swimming pool

It is necessary to carefully read and completely understand the terms and conditions associated with a homeowners' insurance policy. Homeowners may be required to report certain changes in their living situations to the insurance company in order to maintain continual coverage. Failure to report such items to the insurance company could result in the invalidation of a claim, if one ever needs to be made. Examples of such changes include the construction of an in-ground swimming pool, the conversion of a home to include rental apartments, certain types of home improvement projects, and the addition of new occupants.

## 5. What is Life and Disability Insurance?

If your job or health plan does not include a life insurance policy, or if you are not sure your current policy provides adequate coverage, Creditor Life and Disability Insurance is an absolute must to talk about with your broker or lender.

This affordable coverage protects your family in the awful event that something happens to you or the policyholder. If an untimely death should occur in your family, Creditor Life Insurance issues the amount owing on your mortgage to the lender, thus relieving your family of the financial burden of payments and ensuring they will have a home forever.

Disability Insurance supplies equally comprehensive coverage by guaranteeing monthly mortgage payments in the case of a debilitating injury or illness that may prevent you from working.



## 6. Will I need to purchase several items in order to be able to take care of my new property?

When you purchase a home, always factor in the costs for maintenance. Many people forget when they move in to their first starter home that there will be a need to buy equipment and supplies to keep the place looking ship-shape. Items like lawnmowers and vacuums are expensive, and if you need to stock up on appliances then you will want to include them in the equation and maybe spend a little more time saving. One of the most dire mistakes that people make when looking for real estate is to lose track of their down payment and accidentally dip in to their funds before closing. Remember, if you are not able to provide your complete down payment, you are likely to lose the deal. Find out other common [errors by homebuyers that can jeopardize their mortgage here!](#)



## 7. What is my commute/transit/parking situation?

It may seem like a no-brainer, but if you take transit, ensure there is easy access to a route so that you are able to get around easily. Similarly, take the time to drive your commute if you are a car owner. Even if you really love the home you have chosen, you may not love it as much if it requires you spending a lot more time on crowded roads.

Also, in some inner-city communities of Calgary parking is limited. If you have extra vehicles, ask if you will require a permit for your vehicle to park on the street.

## 8. What can I expect to pay for closing costs?

Some of those in the real estate market are slightly taken aback by the expenses involved in closing your real estate deal. Closing costs vary province by province, but generally they include the following:

- Property transfer fees
- Appraisal fees
- Site survey or title insurance
- Home inspection fees
- Legal fees
- Homeowners' insurance
- Mortgage insurance
- Property taxes
- Mortgage lender/broker fees
- Additional costs (moving, new furniture, etc.)



[Clarify Closing Costs](#) with this guide from Mortgages By Candice!

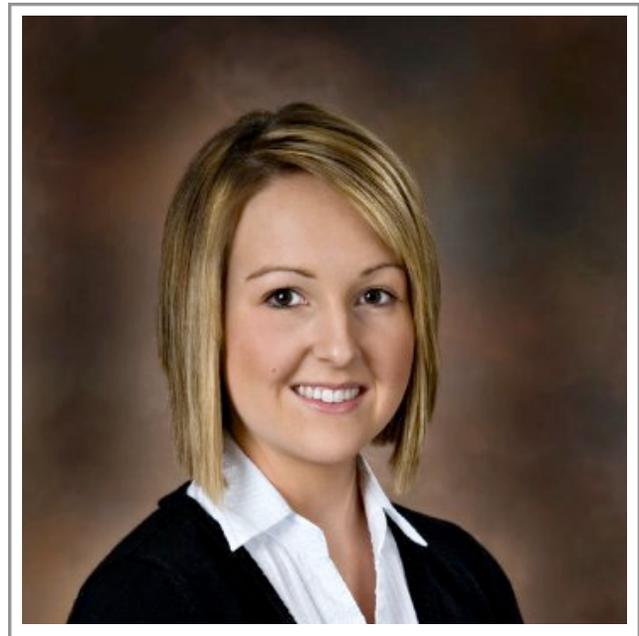
## 9. What can I expect from moving costs?

Moving costs are dependent on how much stuff you have, how far you're moving and whether or not you choose to pack everything yourself. You can greatly reduce expenses involved with moving by employing friends and family to help box up your property and by transporting smaller items on your own, however you won't be covered for damage. Professional movers provide peace of mind by offering temporary insurance for your belongings, and will assume liability for breakage or loss.

## 10. How can I use the skills of a mortgage broker?

Whether you are in the market for your first home or are interested in making changes to your existing mortgage, using a professional mortgage broker is becoming more and more common and more and more widespread.

Mortgage brokers like [Mortgages By Candice](#) are small business owners who rely on personal references and referrals for a good deal of their client base, and therefore are willing to go the extra mile. The success of a mortgage broker depends on providing value for clients through hard, efficient work.



Because mortgage brokers are not affiliated with any particular lender they are free to find the home loan that perfectly suits your needs. Brokers can look at offers across the board and pinpoint the most beneficial for your situation. Brokers get to know you and your goals for home ownership; you get to choose a loan that works for you — NOT for your lender.

Real estate is a hot market in Calgary and Alberta, and unfortunately it's not always in the best interest of a large lender to tell you all you need to know when you need to know it about your mortgage. There are several reasons why mortgage brokers are becoming THE choice for home buyers, and communication is one of them.

[Mortgages By Candice](#) is dedicated to keeping you up-to-date and informed about all aspects of your mortgage, and shining a light on your financial future.

Mortgages are flexible, and have some attributes that appeal to some, and others that appeal to the rest. Mortgage brokers and planners like Mortgages By Candice find the best of both worlds. [Contact us](#) for more information!