

# Buying a home.

A guide to help you get started.





# Welcome!

## **It looks like you're interested in buying a home.**

Whether you're purchasing your first home or next, or perhaps you are interested in an income property or cottage, you'll be making some big decisions along the way. This guide can be used to help you get started and prepare you for your purchase.

# How will this guide help me?

This guide has two main components to help you begin your journey to homeownership.

**Part A** will provide valuable information you will need to consider when buying a home along with various mortgage terms and options you should be aware of.

**Part B** will provide recommendations and guidelines to help you connect with your home buying team and will guide you through your journey.

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# Part A

## Knowing the basics.

This section provides important home buying and mortgage information that will help you prepare to purchase a property. The following are a few key elements you will need to know in order to understand your financial picture, familiarize yourself with mortgages, and start your home buying process on the right path.

# My financial picture.

## Am I financially ready to purchase a home?

The following are some of the factors you should consider when determining whether purchasing a home fits within your financial picture. If this is a combined purchasing venture, sit down with your partner to assess your combined finances.

### 1 **Income and affordability.**

What is your annual household income? Are there any anticipated changes to your income that may impact your ability to pay back your mortgage?

### 2 **Employment history.**

In general, banks will assess your employment activity through the past years. Some considerations include: How long have you been with your current employer? If you are self-employed, have you been able to demonstrate successful operations for at least 2 years?

### 3 **Debt.**

Do you have student loans, a car payment or multiple credit card balances?

A **debt-to-income ratio (DTI)** is one way to measure your ability to manage your monthly payments and repay your debts. Your DTI ratio is calculated by dividing your total recurring monthly debt by your gross monthly income.

### 4 **Credit history.**

Are you paying all your bills on time or are there a lot of late payments? When banks give you a mortgage they want to make sure that you will be consistent with your payments, so having a good credit score is essential.

### 5 **Savings.**

How much money have you saved for a down payment? The ability to make a down payment is crucial to buying a home. Plus, it is important to have some savings set aside for some of the additional costs associated with buying a home, like legal fees and home inspections.

### 6 **Life Events.**

Have you considered possible upcoming life changes and how they may impact your home purchase? Things like a change in job, children or medical emergencies could impact your income and also your ability to make payments on your mortgage. Have you considered protection to provide you peace of mind?

# Choosing the mortgage that's right for me.

## What options will I need to consider and what do they mean?

There are different types of mortgages to choose from to best fit your unique needs. While your CIBC advisor will help you select the financial solution that's right for you, it is helpful to familiarize yourself with some of the terms and options beforehand.

## What are the different types of mortgages?

### **Closed mortgages.**

A closed mortgage has prepayment options of up to 20% of the original mortgage amount. If you decide to pay out, renegotiate or refinance before the end of the term of a closed mortgage, prepayment charges will be applied.

### **Open mortgages.**

An open mortgage can be repaid at any time throughout the term, either in full or partially without any prepayment costs, providing flexibility until you are ready to lock into a closed term.

### **Convertible mortgages.**

A convertible mortgage is similar to a closed mortgage, but gives you the option of converting to a longer, closed mortgage at any time without prepayment costs. With this option you can make an annual prepayment up to 10% of the original mortgage amount.

### **CIBC Home Power Plan (HPP).**

Combine your mortgage with a Line of Credit under one simple, low interest, secured lending solution. Choose from a wide range of mortgage options that give you competitive rates and customized borrowing solutions. Plus, as you pay down your mortgage, your Line of Credit will automatically increase.

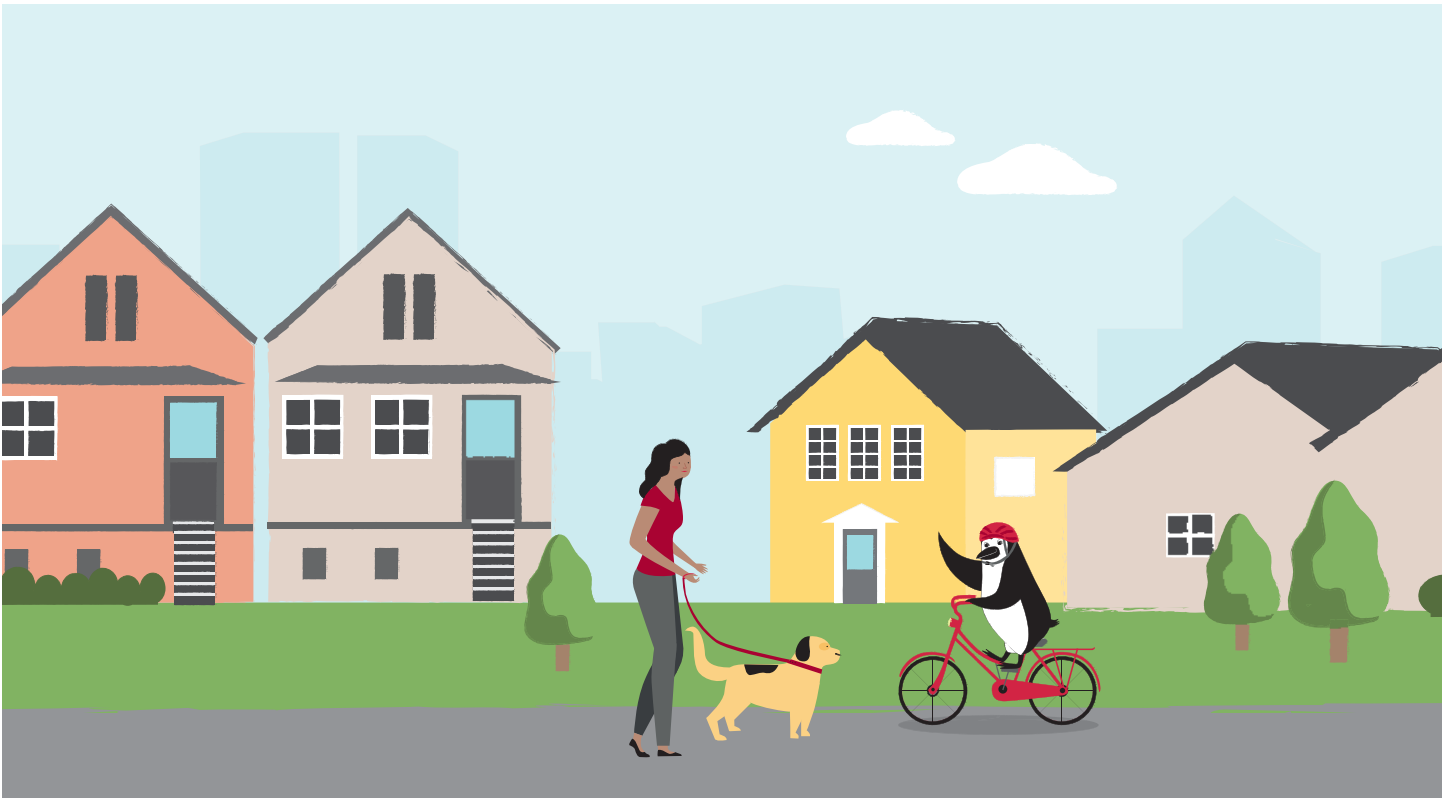
## What are the different types of rates?

### **Fixed-rate mortgages.**

A fixed interest rate remains the same throughout the entire term of your mortgage. This option allows your payment to remain constant so you know exactly how much you will pay every month and what amount you will have paid off at the end of the term.

### **Variable-rate mortgages.**

A variable interest rate will fluctuate with the CIBC Prime rate throughout the mortgage term. While your regular payment will remain constant, it impacts the amount of principal you pay off each month.



## What are my payment options?

When going through the mortgage selection process, payment options, such as frequency and down payment amount, will most likely be your top priority.

### **Flexible mortgage payments.**

Flexibility in your mortgage payment can help you to better budget your finances, plan for the future, and make you feel more comfortable overall with your home purchase.

Your payment frequency options include the ability to pay monthly, semi-monthly, bi-weekly or weekly. In addition, there are options to increase your payment amount (principle and interest) at any time, up to 100% of your regular amount.\*

### **Down payment.**

The amount of money that you pay towards the purchase price of the home. The amount of your down payment will determine whether you require a conventional or high-ratio mortgage.

### **Conventional vs. High-Ratio mortgages.**

A conventional mortgage means your down payment is 20% of the purchase price or more.

A high-ratio mortgage means your down payment is less than 20% of the purchase price. High-ratio mortgages must be insured by a mortgage insurer such as the Canada Mortgage and Housing Corporation (CMHC), Genworth Financial Canada or Canada Guaranty.



## Estimated additional costs.

### **Home inspection fees (may not apply if you are purchasing a new home).**

The home inspector evaluates the structures and systems that make up your home and provides you with a written report. While not mandatory, many people make a professional home inspection a condition of their Agreement of Purchase and Sale.

### **Legal fees and related expenses.**

These fees vary by province and are subject to GST or HST where applicable. Ensure your lawyer's quote includes all related expenses and disbursements, not just legal fees. Make sure your interests are protected by discussing your Agreement of Purchase and Sale with your lawyer or notary prior to signing.

### **Sales Tax where applicable (sometimes included in sale price).**

Varies based on Province. Some properties are GST and/or PST sales tax exempt and some are not. Generally, GST or HST where applicable is charged on new homes, but not on resale properties.

## Other important terms.

### **Appraisal.**

Appraisal is the determination of the value of the property for lending purposes. This value may or may not be the same as the purchase price of the home. CIBC is charged a fee by the appraiser which will be charged to you.

### **Closing date.**

The closing date is when the ownership of the home is transferred to you, the buyer. It is also the day when you typically get the keys for your new home and can move in.

### **Rate guarantee.**

CIBC can lock in a rate for you for a period of time so that you can shop for your home with peace of mind.

Always ask before signing an Agreement of Purchase and Sale.

Mortgage default insurance premiums may be subject to PST which cannot be added to your mortgage amount and will need to be provided to your lawyer.

### **Land transfer tax (if applicable).**

Varies based on Province. This is charged whenever a property changes hands and is based on the purchase price. Most provinces in Canada charge a provincial land transfer tax and some cities also charge an additional municipal land transfer tax.

In some cases, first time home buyers may be exempt from a portion of this cost. You can obtain further details about land transfer tax on provincial or municipal websites to help you estimate the cost.

As an example, if you are a Canadian resident and thinking about purchasing a home in Toronto, Ontario for \$300,000 the provincial land transfer tax is \$2,975 and the municipal land transfer tax is \$2,725 for a total cost of \$5,700.

### **Amortization period.**

The period of time it will take to fully pay off the principal amount of your mortgage. This should not be confused with the term of the mortgage, which is usually shorter. The most common amortization period for a new mortgage is 25 years.

### **Mortgage term.**

The period of time your mortgage agreement with the bank is in effect. A mortgage term is usually between 6 months and 5 years long. After the term expires, the mortgage can be renegotiated.

# How can I protect my family from the unexpected?

## What if I become ill or lose my job and cannot afford my mortgage payments?

When you invest in the right insurance coverage, you help protect and ensure the lifestyle you and your family enjoy today is one you can continue to enjoy in the future. Creditor Insurance for CIBC Mortgages, underwritten by The Canada Life Assurance Company (Canada Life), can help pay off or reduce your mortgage in the event of your death or critical illness, or cover your payments in the event of a disability or involuntary job loss.



### **Mortgage disability insurance.**

If you are unable to work due to a disability, this can help. With mortgage disability insurance coverage, up to \$3,000 per month would be applied toward your CIBC Mortgage payments for up to 24 months (after a 60-day waiting period) to a maximum of \$150,000 for each incident of disability.

### **Mortgage disability insurance plus.**

If you are unable to work due to a disability or you lose your job through no fault of your own, this insurance can help. With mortgage disability insurance plus coverage, up to \$3,000 per month would be applied toward your CIBC Mortgage payments for up to 24 months (after a 60-day waiting period) to a maximum of \$150,000 for each incident of disability. In case of job loss, up to \$3,000 per month would be applied toward your CIBC Mortgage payments for up to 6 months (after a 60-day waiting period) to a maximum of \$50,000 for each incident of involuntary job loss.

### **Mortgage life insurance.**

In the event of your death, help ensure your family is able to remain in your home. With mortgage life insurance coverage, your CIBC Mortgage balance is reduced or paid off up to \$750,000.

### **Mortgage critical illness insurance.**

If you are diagnosed with cancer, acute heart attack, or stroke, help ensure you and your family are able to stay in your family's home. With mortgage critical illness insurance coverage your CIBC Mortgage balance is reduced or paid off up to \$500,000. This benefit is paid if you are diagnosed with a covered critical illness and survive for at least 30 days, and can help you maintain your lifestyle by freeing up money previously tied up in mortgage payments.

**Disclaimers:** Life Insurance, Critical Illness Insurance, Disability Insurance Plus and Disability Insurance for CIBC Mortgage Loans is optional creditor's group insurance underwritten by The Canada Life Assurance Company (Canada Life) and administered by Canada Life and CIBC. CIBC receives fees from Canada Life for providing services to Canada Life regarding this insurance. Also, the risk under the group insurance policy may be reinsured, in whole or in part, to a reinsurer affiliated with CIBC. The reinsurer earns reinsurance income under this arrangement. Representatives promoting this insurance on behalf of CIBC may receive compensation. This insurance is subject to eligibility conditions, limitations and exclusions (which are circumstances when benefits are limited or not paid). Please see the Certificate of Insurance on [cibc.com/insurance](http://cibc.com/insurance) for complete terms and conditions. The information provided is general only. Products and their features may change at any time. In case of a discrepancy between the information provided and your Certificate of Insurance, your Certificate of Insurance prevails.



## Part B

# Getting started.

Finding the right professionals to help you throughout the home buying process is an important contributor to a successful home purchase. This section will provide you with information on how to connect with your home buying team, what to expect during an initial conversation and how to prepare for your first meeting.

# Professionals involved in my home purchase.

You will need a team of professionals working with you throughout the home buying process. The following are experts that will be involved in your purchase.

## **Realtor.**

No one will play a more important role in helping you find a home than your realtor. Their job is to help you find the ideal home, write an Agreement of Purchase and Sale, negotiate on your behalf to help you get the best deal and to provide you with important information about the community, coordinate the home inspection and essentially save you time, trouble and money.

## **CIBC Advice Team.**

We will work with you to determine exactly how much you can afford and provide you with a mortgage solution that best suits your needs. Plus, our advisors can provide expert advice on your finances and readiness to purchase a property, including securing funds for your down payment and closing costs.

## **Lawyer.**

A lawyer will protect your legal interests such as ensuring the property you are thinking of buying does not have any building or statutory liens, charges, work or clean-up orders associated with it. They will also review all contracts before you sign them, especially the Agreement of Purchase and Sale to provide you with peace of mind and ensure that things go as smoothly as possible.

## **Home Inspector.**

You should consider having any home you are thinking of buying inspected by a knowledgeable and professional inspector. They will inform you on the property's condition, including whether something is not functioning properly, needs to be changed or is unsafe. You will also be informed of repairs that need to be done and may even be able to tell you where there may have been problems in the past.

## **Appraiser.**

Having an appraisal done on a property before you make an offer will tell you what the property is worth and help ensure that you are not paying too much. The appraisal should include an unbiased assessment of the property's physical and functional characteristics, an analysis of recent comparable sales and an assessment of current market conditions affecting the property.

## **Land Surveyor.**

If the seller does not have a Survey or Certificate of Location, you will probably need to get one for your mortgage application. If the Survey in the seller's possession is older than five years, it will probably need to be updated. Ask your realtor to coordinate this with the owner to ensure the surveyor has permission to go onto the property.

## **Builder/Contractor.**

If you are buying a newly constructed home or require renovations to fix up the home you are looking to purchase, you will have to hire a builder or contractor. Make sure your contract is as specific as possible about construction details, right down to the brand name or model number of any finishes and ensure that you initial any changes to your contract.

# Understanding my mortgage journey.

## What should I expect when I'm buying a home and applying for a mortgage?

Below are the steps involved in a typical mortgage process. Depending on your specific profile and situation, these steps may vary.

<b>1</b>	 <p>Assess your finances. Review your financial picture to determine your readiness for homeownership.</p>	 <p>Build your home buying team. Reach out to your CIBC advisor to get started.</p>	 <p>Prepare for your meeting. Prepare the required documents for your meeting with your CIBC advisor.</p>	 <p>Determine what you can qualify for. Work with your CIBC advisor to determine what you can qualify for and create a shopping budget.</p>
<b>2</b>	 <p>Work with your realtor. Provide your realtor with your shopping budget and begin the search for your home.</p>	 <p>Place an offer on a property. Once you have found the property you wish to purchase, place an offer to buy it.</p>		
<b>3</b>	 <p>Finalize and submit. Finalize the application with your CIBC advisor who will submit it for review.</p>	 <p>Property appraisal. CIBC arranges for a home appraisal to determine the value of the property you wish to purchase.</p>	 <p>Final approval. Congratulations! Your mortgage has been approved. Now it's time to prepare for closing.</p>	
<b>4</b>	 <p>Lawyer hand-off. Work with your lawyer to get all the required paperwork ready for the closing date.</p>		 <p>Closing on house. Receive the keys to your new home.</p>	

# Connecting with my home buying team.

## What questions will my CIBC advisor ask me? During the call

- What is the purpose of this home? (*personal use or investment*)
- How familiar are you with buying a home and applying for a mortgage?
- Do you have a price range in mind?
- Do you already have a particular home or area in mind?
- Do you have a down payment saved? If so, how much?
- How long have you been living in your current property? Do you rent or own?
- Do you own any other properties?
- Do you have any investments/holdings?
- Why is now the right time for you to buy?
- Are you currently working with a realtor?

## During the meeting

- Could you tell me more about your employment history?
- What's your annual household income?
- What does your credit score look like?
- Do you have any debts, loans, or other liabilities?

## What questions should I ask my CIBC advisor? During the call

- Could you give me an approximate timeline for how long the mortgage process might take?
- What's the best way to contact you?
- Do you have any advice for home buyers like me?

## During the meeting

- How much down payment can I afford?
- What does a conditional approval mean? What does it guarantee?
- What are the different mortgage products to choose from? How do I know which to choose and what the pros and cons are?
- What are some of the 'other' costs I should be aware of?
- Is insurance something I should consider?

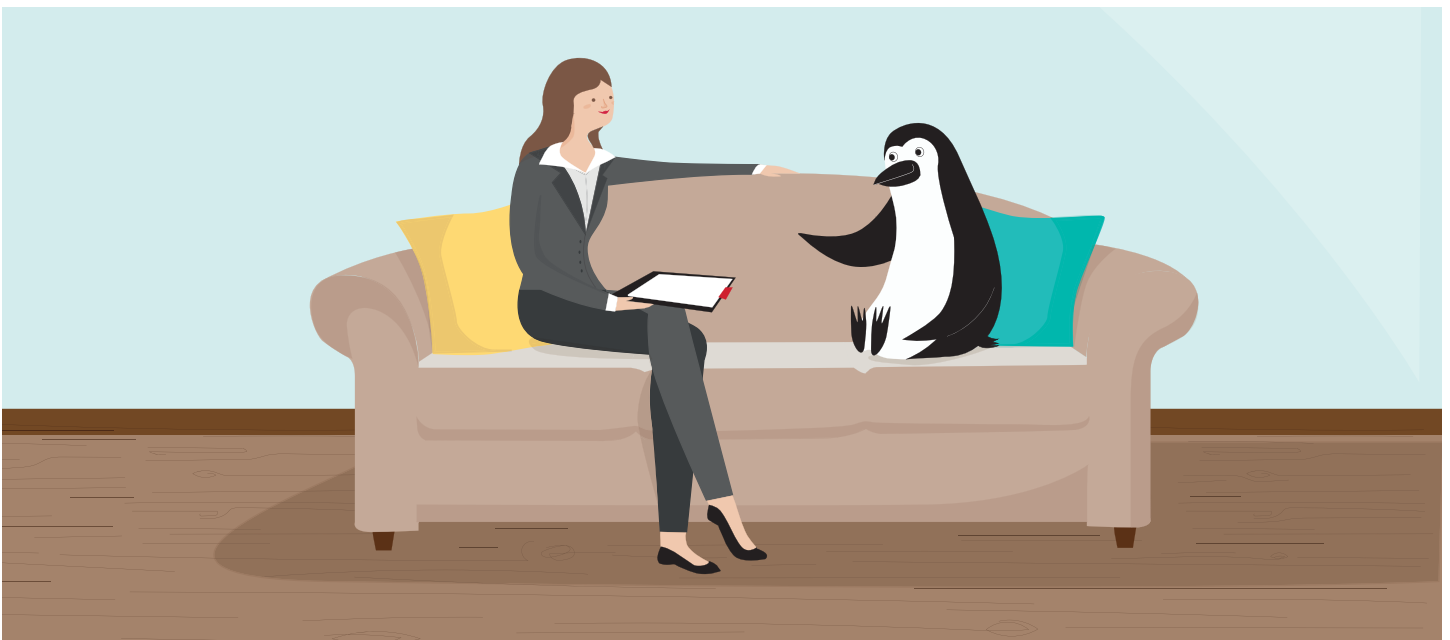


## What questions should I ask my Realtor?

- How many years of experience do you have? What is your expertise?
- How many years of experience do you have working with CIBC?
- *(For investment buyers)* How many years have you worked with investment buyers? Do you have an investment portfolio?
- Do you specialize in any locations?
- How do your realtor fees work?
- What's the best way to contact you?
- Do you have online references, a LinkedIn profile or a website?

## What questions should I ask my Lawyer?

- How do your fees work and what does your service include?
- How many years of experience do you have working with CIBC?
- Do you work with a team?
- What's the best way to contact you?
- When in the process should I get in touch with you again?



# Preparing for my application.

## What should I prepare for my meeting with my CIBC advisor?

Now that you've connected with your advisor, you'll want to meet to discuss options and prepare for an application.

Below is a guideline of common documents you will need to provide to complete your CIBC home financing. Depending on your specific profile, document requirements may vary. If you're unsure of what a document is or why it's needed, reach out to your advisor before your meeting.

### Confirming your employment and income.

- Identification (Driver's License or Passport)
- Current employment and amount of income
- Recent pay stubs or evidence of recent pay deposited electronically
- T1 General Income Tax and Benefit Return  
The T1 General Income Tax and Benefit Return is the tax return used to calculate your annual tax liability. It summarizes the taxpayer's income, deductions and tax payable, and calculates the taxpayer's refund or balance due.
- Corresponding Federal Notice of Assessment  
A Notice of Assessment (NOA) is an annual statement sent by revenue authorities to taxpayers detailing the amount of income tax they owe. It includes the amount of their tax refund, tax credit and income tax already paid.

### Other documents that may be required.

- Previous employment (if required)
- Additional income sources (bank statements and income statements)  
This could include: rental income, alimony/child support, parental/maternity leave, disability insurance income, bonus/gratuities, and investment income.

If you've already made an offer on the property you wish to purchase, include the following when you meet with your advisor.

### Information about your down payment.

- Savings or investments statement from within the last 90 days
- (If down payment is in cash)* Provide a copy of bank statements
- Withdrawal receipts from RRSP through Home Buyer's Plan
- (If down payment is a gift)* A letter from the donor is required specifying that funds do not need to be repaid, along with a proof of deposit

### Other income documents.

- Borrowed Funds and proof of their sources
- Confirmation of available funds on top of the purchase price for closing costs
- (If funds are from sale of another property)* Current mortgage statement confirming mortgage balance

### Information about your property.

- A signed and complete copy of the accepted Agreement of Purchase and Sale, including all schedules and appendices
- A copy of the real estate listing with photo
- Heating costs, property tax estimates, and condo fees (if applicable)  
This is usually available on the real estate listing.
- Full address of property, including legal description and postal code
- Name, address, postal code, telephone, and fax number of your lawyer

# Additional information and resources.

You can find additional information and tools to help you with your home buying journey on our website at [cibc.com/mortgages](https://cibc.com/mortgages).



## Current offers.

View a list of available [Mortgage Offers](https://cibc.com/en/personal-banking/mortgages/mortgage-offers.html) to help you save on your purchase.

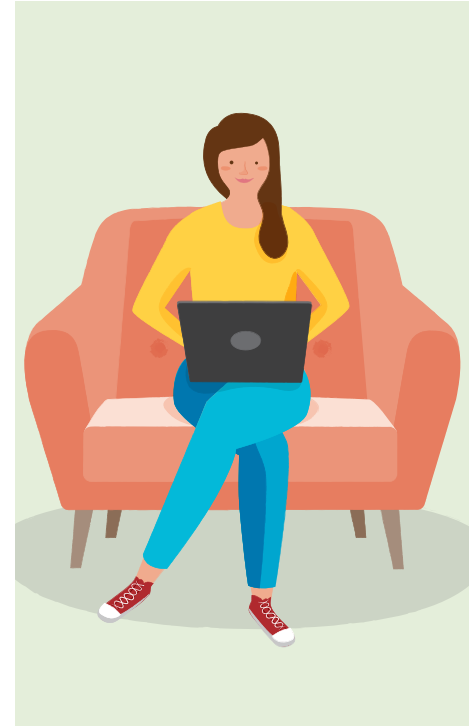
[cibc.com/en/personal-banking/mortgages/mortgage-offers.html](https://cibc.com/en/personal-banking/mortgages/mortgage-offers.html)



## Mortgage tools.

Use our [Mortgage Calculators](https://cibc.com/en/personal-banking/mortgages/calculators.html) to plan for your purchase.

[cibc.com/en/personal-banking/mortgages/calculators.html](https://cibc.com/en/personal-banking/mortgages/calculators.html)



## Articles & advice.

Visit our [Advice Centre](https://cibc.com/en/personal-banking/advice-centre/home-ownership.html) to learn valuable tips to prepare you for home ownership.

[cibc.com/en/personal-banking/advice-centre/home-ownership.html](https://cibc.com/en/personal-banking/advice-centre/home-ownership.html)

## Let's get started.



Meet with us by visiting your [local CIBC Banking Centre](https://cibc.com/meetwithus)

[cibc.com/meetwithus](https://cibc.com/meetwithus)



[Request a call](https://cibc.com/mortgageadvisor) or call us at 1 866 525-8622.

[cibc.com/mortgageadvisor](https://cibc.com/mortgageadvisor)



[Find](https://cibc.com/locations.cibcmortgageadvisor.com) a CIBC Mobile Mortgage Advisor near you.

[locations.cibcmortgageadvisor.com](https://cibc.com/locations.cibcmortgageadvisor.com)

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# My home buying team.

Include the contact details for your main contacts below so that you can reach out to them at any time during your home buying and mortgage process.

## My CIBC Advice Team.

Name: .....

Main Phone Number: .....

Email: .....

Name: .....

Main Phone Number: .....

Email: .....

## My Realtor.

Name: .....

Main Phone Number: .....

Email: .....

## My Lawyer.

Name: .....

Main Phone Number: .....

Email: .....

## Other Contact.

Name: .....

Main Phone Number: .....

Email: .....

