



## Part 5

# On the Road to Home Ownership

## Fees and Costs

**The financing needed to purchase a home is normally more than the selling price of the house. There are several steps along the way in securing a mortgage which invariably involve the payment of fees.**

When you decide on a house, you negotiate a price with the seller. Once this is done, you usually approach a mortgage loan provider (lender) for a mortgage loan. **The lender is likely to request an independent valuation of the property at your cost.**

The processing of your application continues with the establishment of your credit worthiness. The lender will interview you and request information on your earnings, assets, debts, etc. i.e. your personal financial situation.

**The lender will also request a credit report from the Automated Credit Bureau. This will also be at your expense.** The lender will consider your personal financial situation and the outcome of the Credit Bureau Report in making a decision on your application.

Once your application is approved, there will be closing costs associated with finalising your mortgage loan. These closing costs include title search fee, stamp duty and attorney fees.

The **Title search fee** is to ensure that there are no encumbrances (hindrances) to prevent the legal transfer of ownership of the property from the owner to you.

The **Stamp Duty** is a mandatory payment to the Board of Inland Revenue in order to register the Deed of Conveyance and Deed of Mortgage.

If the value of the property is \$450,000.00 or less, there is no stamp duty payable on the registration of the Deed of Conveyance.

The stamp duty on the Deed of Conveyance is calculated as follows:

Property Value	Stamp Duty Payable (%)
Up to \$450,000.00	0%
For the next \$100,000.00	5%
For the next \$100,000.00 thereafter	7.5%
Over \$650,000.00	10%

Stamp Duty on the Deed of Mortgage is charged when the value of the property exceeds \$315,000.00. This is payable at a rate of 0.2% of the value of the property.

**Attorney Fees** vary depending on the value of the mortgage facility being granted.

You have to pay Attorney fees for preparing the Deed of Conveyance and the Deed of Mortgage, however, if the same attorney prepares both documents you could negotiate a discount on the attorney fees.

**Acquiring your home is one of the most important life decisions that you will make. You therefore need to carefully consider all of the financial implications of this investment. Specifically, you need to properly budget for the cost of the house (a one-off payment); the fees related to a mortgage loan (also a one payment) and most importantly, for the ongoing monthly mortgage installments which are expected to continue for approximately 30 years of your life.**

**Your MONEY... Know It To GROW It!**

For further information contact us at:  
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