

# Guide to Closing Costs for a Refinance

## Appraisal Fees:

If you are obtaining conventional mortgage financing (financing 80% of the value of the property or less) you will need an appraisal on your property to verify its value. In most cases, an appraisal will cost you between \$200 to \$500 for a residential property. The larger the property, the more an appraisal will cost. For commercial appraisals, the cost is usually a minimum of \$2000.

## High Ratio Insurance Premiums:

If you finance more than 80% of the value of your property your mortgage is called a high ratio mortgage. In this case there is greater risk to the bank and they are required to get the mortgage insured against default. In Canada, the two main insurers are CMHC & Genworth. The insurance premium you are charged may be added on to your mortgage. This premium varies depending on how much is financed and the purpose of financing.

## Legal Fees:

You will need a lawyer or notary to register a mortgage over the property. Generally, on a refinance you will pay \$600 – \$700. The cost for legal work on commercial deals varies greatly. It is usually a minimum of \$1500 and depends largely on the complexity of the transaction.

## Lender:

On most standard financing you will pay no fees for your mortgage. However, if you obtain financing from a "B" or "Sub-Prime" lender they will generally charge an application fee in the range of 1% – 5%.

## Mortgage Broker:

Using Your Mortgage Source for mortgage brokerage services will cost you nothing in most cases. In 99.9% of the situations we are paid by the lender and therefore do not charge our clients a fee. In the refinance of a commercial property we do charge a fee as we do not get paid by the lender for commercial financing.

## Survey:

Most lenders require a survey on the property they hold a mortgage on. The survey shows where the house sits in relation to the property boundaries. This helps the lender to ensure that the building is located within its proper boundaries so that there are no issues with its security having to be moved. A survey on a residential property will usually cost between \$300 - \$400. In lieu of a survey, your lawyer/notary can also obtain a title insurance policy. Title Insurance protects the lender in case there are any boundary issues with the property. Title insurance usually ranges between \$200 - \$300 in cost.



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This is a brief summary of the costs involved in a real estate refinance. For further detailed information you can contact Your Mortgage Source: E & OE. All mortgages are subject to credit approval. All costs associated with a real estate purchase or refinance are the sole responsibility of the client. We assume no responsibility for the contents contained herein and encourage all clients to obtain their own independent advice from outside professionals. All costs are estimates and will vary with each transaction/are subject to change.