Menon Realty

Let's shape your dream home together

BUYER FINANCIAL ROADMAP

Understanding Your Closing Financials

A clear breakdown of your deposit ($DEPOSIT), mortgage loan ($MORTGAGE), down payment ($DOWNPAYMENT), legal fees ($LEGAL), land transfer ($LAND), and property tax adjustments ($TAX).

THE CORE QUESTION

Does Deposit Reduce Loan or Cash?

A vital clarification for every buyer: your deposit ($DEPOSIT) directly reduces your **cash financing balance ($DOWNPAYMENT)** on closing day—it does **not** reduce your lender mortgage loan ($MORTGAGE).

Deposit vs. Mortgage Loan

Deposit Money ($DEPOSIT)

Reduces Your Cash Financing: Submitted upon offer acceptance and held in the listing brokerage trust account.

Where it goes: The deposit counts directly towards your required *down payment*. On closing day, your lawyer subtracts $DOWN-PAYMENT from the total cash you need to bring.

Credited 100% against your down payment.

Mortgage Loan ($MORTGAGE)

Fixed Lender Commitment: The borrowing amount approved by your financial institution (e.g., 80% or 95% of purchase price).

Does NOT change: The bank still wires the full agreed mortgage loan ($MORTGAGE) directly to your lawyer on completion day, regardless of how much deposit you paid upfront.

Loan principal remains fixed as approved.

Financing Balance Required

$DOWNPAYMENT

REMAINING CASH TO CLOSE

How the Math Works ($DOWNPAYMENT)

Your remaining financing balance is the remaining cash down payment required after crediting your initial deposit:
$BALANCE = $DOWNPAYMENT – $DEPOSIT

This remaining balance is delivered to your lawyer via certified bank draft or wire transfer roughly 24–48 hours prior to possession.

Beyond The Purchase

Closing Day Disbursements

A complete transaction involves additional mandatory closing disbursements beyond the purchase price.

These disbursements encompass your legal representation ($LEGAL), provincial land transfer registration ($LAND), and seller property tax adjustments ($TAX) to guarantee clean title transfer.

Essential Closing Costs

Lawyer Fees ($LEGAL)

Legal Representation & Search: Covers deed preparation, title search, title insurance, execution verification, and escrow disbursement.

Land Transfer ($LAND)

Provincial Property Transfer: Government tax calculated as a percentage of purchase price, collected on legal registration day.

Tax Return ($TAX)

Reimbursement to Seller: If the seller prepaid municipal property taxes beyond the closing date, the pro-rated days are credited back to them.

Sample Closing Statement

Financial Component	Variable	Sample Calculation ($400,000 Home)	Impact / Payable To
Earnest Deposit (Given Upfront)	$DEPOSIT	$10,000 (Paid at accepted offer)	Reduces cash needed on closing
Mortgage Loan Proceeds	$MORTGAGE	$320,000 (80% LTV bank mortgage)	Funded directly by lender to lawyer
Remaining Down Payment Balance	$BALANCE	$70,000 ($80,000 Down – $10,000 Deposit)	Buyer bank draft to lawyer (reduced by $X)
Lawyer Legal Fees & Disbursements	$LEGAL	~$1,500 – $2,200	Law firm trust account
Land Transfer Tax / Levy	$LAND	~$4,000 (1% provincial transfer tax)	Provincial registry / land titles office
Property Tax Seller Adjustment	$TAX	~$650 (Prepaid municipal taxes credit)	Credited to seller on statement of adjustments
Total Net Cash Brought to Lawyer	**$DOWNPAYMENT + $LEGAL + $LAND + $TAX**	**~$76,150 (Total Closing Day Draft)**	**Certified draft ready 48 hrs before closing**

Your Dedicated Realtor

Guiding You Every Step

Abhi Menon | REALTOR®
RE/MAX East Coast Elite

Navigating deposits, mortgage qualifications, and closing costs should never feel confusing. We ensure you know precisely how every dollar is allocated—from your first deposit check to picking up your keys.

We work in tandem with your mortgage broker and real estate lawyer so that you have zero unexpected surprises on closing day.

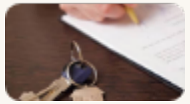
Move Into Your Dream Home

Let's Shape It Together

Clear budgeting leads to confident decisions.

With exact figures established for your deposit credit, mortgage loan, and closing disbursements, you can enjoy closing day knowing every detail is expertly managed.

Image Sources



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