



15 Buyer Costs to consider when purchasing a home

Buying a home is a milestone, whether it's your first, third or fourth. In addition to the price of a home, there are some other costs you'll incur. Some of these costs are one-time fixed payments, while others represent an ongoing monthly or yearly commitment. Not all costs apply to every sale or purchase. However, when you are aware of the following items you won't be hit with any surprises on closing day.

Inspection fee - (one time)

An inspection performed by a professional inspector is a sound investment. For \$400 - \$600, you'll receive a written report on areas that are structurally sound and those where repairs are required.

Appraisal fee - (one time)

When you apply for a mortgage, your lending institution will ask for an appraisal of the property. Budget approximately \$200 - \$500.



Survey fee - (one time)

When you purchase a resale home, you are also required to have a Real Property Report which assesses any changes to the home and property. Normally the vendor is required to provide this in which case it costs you, as the buyer nothing, but can be added to your costs if the vendor negotiates it in the sale of his home Budget around \$400 - \$600.

Title Insurance - (one time)

In the event that the seller is not able or willing to provide a Real Property Report showing current state of improvements you may wish to purchase a supplementary Title Insurance for issues related to structures on the land. Read the insurance agreement carefully to understand the coverage and limitations of this insurance option. Approximate cost \$250

Property insurance - (annual)

Insurance on your home covers the replacement value (structure and contents). To protect their investment on their loan, financial institutions require this coverage. Allow for \$500 - \$1,500.

Service charges - (one time)

There will be an installation fee for utility services, including telephone, water, electricity, gas and cable. Hook up fees range from \$50.00 - \$175.00 depending upon the service.

Legal fees - (one time)

A lawyer should review every real estate transaction. Fees are determined by the complexity of the issues involved. Shop around and ask for an estimate prior to hiring any lawyer.

Mortgage loan insurance fee - (one time)

Depending upon the down payment, some lending institutions require mortgage loan insurance. Budget between 0.5% - 3.5% of the total amount of the mortgage.



Local improvements - (annual)

In some cases, the cost of local improvements made in your area (sewers, sidewalks, alleys) could be added to your tax bill.

Condominium association and home owner fees - (monthly)

When you purchase a home that is part of an association you will be required to pay a monthly maintenance fee, which may fluctuate depending on the specific needs of the Association. In certain higher end neighborhoods there might be an annual Home owners fee which is used to maintain landscaping in the area.

Mortgage application fee - (one time)

Some financial institutions charge a mortgage application fee to process your application. If your request for a mortgage is turned down, most will return the application fee to you. Each time you renew a mortgage some institutions also charge a fee.

Moving costs - (one time)

Costs for professional movers range from \$65.00 - \$100/hour for a van and two movers. Prices may be higher during peak moving times.



Closing costs - (one time)

With the purchase price of a resale home, the closing is always "subject to usual adjustments." This means that any amount that the seller has already prepaid will be adjusted so that the home buyer pays the excess amount back to the seller, and vice versa. These adjustments can include: municipal property and school taxes, monthly condominium maintenance fees, first and last month's rental for rental properties where renters may be in the home, and utilities such as hydro, water and fuel oil, including GST.

Goods and Services Tax (GST) - (one time)

Although the GST is collected on the sale price of goods and services, it doesn't apply to every type of home sale or every form of real estate service. If the home is new and will be your primary place of residence, or has been used for commercial activity, you may have to pay GST. However, you may also qualify for a partial rebate depending on the sale price. If the home you purchase has been lived in or used, you generally do not pay GST on the price of the home unless it has been substantially renovated.

Interest adjustment costs - (one time)

Most lenders expect the first mortgage payment one month after closing the purchase, however, if you close mid-month, some lenders expect the first payment at the beginning of the next month, two weeks before you would normally expect. Or they charge a pro-rated interest to make up the difference.

Land transfer tax - (one time, if applicable)

Most provinces levy a one-time tax based on a percentage of the purchase price of the property. Your professional real estate agent can advise you on which service provider would be the most cost efficient and give you the best service for your particular purchase situation.

