

Other Costs To Consider When You Buy

This is a list of possible extra costs involved in buying a home. Some of them are one-time costs and others, such as condominium maintenance fees and property insurance, will be ongoing monthly expenses. The good news is that not all of these costs may apply in your circumstances.

Don't forget the tax: The 5% GST applies to new housing. However, for homes costing \$350,000 or less, you will receive a rebate of 36% of the GST paid, to a maximum of \$8750. That means you pay approximately 3.84% GST (not 5%) on the purchase price. The maximum rebate is \$8,750. The rebate for new homes costing between \$350,000 - \$450,000 declines to zero on a proportional basis, using the following formula: $\text{Rebate} = \$8,750 \times (\$450,000 \text{ Home Price}) / \$100,000$. There is no GST on resale housing unless the home has been substantially renovated, and then the tax is applied as if it were a new home. In some provinces, a Harmonized Federal and Provincial Sales Tax known as the HST have replaced the GST. Also in other provinces, provincial taxes may be applicable.

Appraisal fee: If your loan is not insured, your lender may require a property appraisal at your expense. A basic appraisal for mortgage purposes will probably cost between \$175–\$300. Actual cost should be confirmed as it may vary with the location and complexity

Property taxes: Taxes are always a certainty. If you have a high-ratio mortgage, your lender may require that you have your property tax installments added to your mortgage payments.

Survey fee: Your lender will require an up-to-date survey. Ask the vendor to provide one as a condition of your Offer to Purchase, or you will have to pay to have one done.

Property insurance: This insurance covers the replacement value of the structure of your home and its contents. Your lender will insist on this because your home is the security for your mortgage.

Prepaid taxes or utility bills: You will have to reimburse the vendor on a prorated basis if some bills have been prepaid beyond the closing date.

Land transfer tax: This applies in most provinces. It varies as a percentage of the property's purchase price. It is usually about 1% – 4%.

Service charges: You'll be charged a fee to hook up new services and utilities, such as your telephone, at your new home.



Lawyer (notary) fees: Even a straightforward home purchase requires a lawyer to review the Offer to Purchase, search the title, draw up mortgage documents and tend to the closing details. Lawyer's fees for a mortgage range widely depending on the complexity of the deal but will probably be at least \$500.

Mortgage loan insurance premium and application fee: If you have a high-ratio mortgage, your lender will require mortgage loan insurance provided by CMHC or a private company. The insurance will cost between 0.5% and 3.75% of the amount of the total mortgage (additional charges may apply) and can be included in the mortgage. The application fee will range from \$75 to \$235 depending upon how the lender processes your application. (consult your local lender for further details)

Moving costs: Don't forget the cost of a professional moving company or a rental truck if you move yourself. Fees for a professional mover can range from \$50 – \$100 an hour for a van and three movers. These costs may be 10% – 20% higher at the end of the month and in the summer.

Estoppel certificate: A certificate that outlines a condominium corporation's financial and legal state. The certificate and supporting documents will cost you up to \$50. (Does not apply in Quebec.)

Condominium fees: Condominiums charge monthly fees for common-area maintenance, such as grounds keeping and carpet cleaning. Fees range widely depending on the type of structure but will probably be at least a few hundred dollars per month.

Home inspection fee: Inspectors are unregulated in many provinces, so fees range widely, from about \$150 – \$350 for a home priced under \$300,000. Larger, more expensive homes cost more to inspect. A two-hour inspection carried out by an engineer who provides a written report will cost closer to the upper limit. Municipalities can also supply any available inspection reports on the property for a fee.

Renovation and repairs: A home inspection may indicate that the home needs major structural repairs such as a new roof. Don't forget to factor these costs into the price of the home.

Water quantity and quality certification: If you're buying a home with well service, you'll have to pay a fee from \$50-\$100 to certify the quantity and quality of the water



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