



# 10 closing costs when buying a home

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## 1 Land transfer tax.

When a home changes hands, many provinces and a few municipalities charge a property transfer tax or title transfer fee. Rates are usually on a scale of 0.5% to 2% of the home's value and can add thousands to your purchase price. First-time homebuyers qualify for rebates or exemptions in some provinces.

## 2 Appraisal fee.

Your lender may ask you to have a home appraised to confirm its market value. Costs begin at \$200 and can be up to \$400, depending on the location of the property.

## 3 Legal fees.

A lawyer or notary will help protect your interests by reviewing your purchase agreement, searching the property title, and ensuring that all documents are completed properly. Basic legal fees start between \$500 and \$800, plus disbursements, with added services as needed.

## 4 Home inspection.

An inspection can help make you aware of issues related to a house's structure and systems, such as plumbing and electrical, and

recommended or necessary repairs. Fees range from about \$350 to \$450.

## 5 Home/fire insurance.

Your lender will require proof that the property is insured in case of fire and other damage. Insurance costs vary, depending on the coverage needed, but budget for at least \$500 a year.

## 6 Costs for newly constructed homes.

If you're buying a brand-new home, be prepared to settle any items not quoted in the original price, including upgrades or paving and landscaping fees. New homes are also subject to GST or HST, although this is often included in your purchase price. A federal rebate reduces the GST or the federal part of the HST to about 3.5% for homes valued at \$350,000 or less.

## 7 Prepaid costs.

If the seller has paid property taxes, water bills, or utilities in advance, you'll need to reimburse these at closing. This can add hundreds to your upfront costs, but means these bills will be paid for your first months in your new home.

## 8 Tax on mortgage insurance.

If you have less than a 20% down payment, your lender will require that you obtain mortgage default insurance. You can roll the cost into your mortgage payments, but the PST is due at closing. For example, if your mortgage insurance is \$5,000 and the PST is 8%, you'll pay \$400.

## 9 Title insurance.

Title insurance can safeguard you against fraud and problems with your property title or survey. Fees range from \$150 to \$350.

## 10 Moving-in costs.

Before the big day, budget for all those last-minute things: \$100 or more to rent a van or a few hundred for professional movers, \$50 to \$60 for a locksmith to rekey your locks, and cleaning supplies. Such incidentals can easily come to \$500 or more.

*As a mortgage professional, I'm here to help you feel financially prepared for owning a home — I'm always available to answer your questions.*