cottage KNOWLEDGE

An information resource for cottage lovers

13 Extra Costs When Buying a Home

1. Appraisal Fee

Your bank or lending institution may demand an appraisal of the property which would be your responsibility to pay for. A typical cost for this appraisal is about C$200-250.

2. Property Taxes

If your downpayment is less than 25%, your lending institution may decide to lump your property taxes in with your mortgage payments. This tax payment continues even if you pay off your mortgage. Even if your property taxes are not added to your monthly payments, your lending institution will demand annual proof that your taxes are paid in order to continue extending your home loan.

3. Survey Fee

When the home you purchase is a resale (versus a new home), your lending institution may ask for an updated property survey. The cost for this survey typically runs C$700-C$1,000.

4. Property Insurance

Home insurance covers the replacement value of your home (structure and contents). Your lending institution demands proof that you are thus insured as it is their security against your mortgage.

5. Mortgage Brokers Fee

A broker is entitled to charge you a fee in order to source a lender and organize the financing. Typically this fee is around 2% of total mortgage. However, it pays to shop around because many mortgage brokers will provide their services free to you by having the lending institution absorb the cost.

6. Service Charge

Any new utility service you hook up, such as telephone or cable, will require an installation fee.

7. Legal Fees

Even the most straightforward home purchase should have a lawyer involved to review all paperwork. Shop around, as rates vary greatly depending on the complexity of the issues and the experience of the lawyer.

8. Mortgage Loan Insurance Application Fee

High ratio mortgages require mortgage loan insurance. CMHC application fees are:

- C$75 if an appraisal is provided by the lender.
- C$235 if no appraisal is provided.

This type of insurance will cost you approximately 3% of the total amount of the mortgage, but can be added to the monthly payment so you don't have to pay this money as a lump sum.

9. Moving Costs

The cost for a professional move is typically:

- C$50-C$100 per hour for a van and 3 movers, and
- 10-20% higher at the end of the month or in the summer.

10. Maintenance Fees

Condos charge monthly fees for common area maintenance such as groundskeeping and carpet cleaning in hall ways. Costs will vary depending on the building, but the minimum will be a couple of hundred dollars a month.

11. Water Quantity and Quality Certification

If the home you purchase is serviced by a well, a nominal fee may apply to certify the quantity and quality of the water.

12. Local Improvements

If the town you live in made local improvements (such as the addition of sewers or sidewalks), this could impact a property's taxes by thousands of dollars. If your new home's previous resident decided to pay for these improvements over time (rather than in one lump sum), this additional monthly charge on your tax bill would transfer to you.

13. Land Transfer Tax

Any time real estate changes hands in Ontario, a land transfer tax is applied. There is a calculation for this tax, but for budgeting purposes, it is approximately 1% of the purchase price of your home.

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