

## THE FINAL COST OF BUYING A HOME

The purchase price of your new home is the biggest cost you will come across in your home-buying venture, but it is not the only one. A REALTOR® can provide you with helpful advice about other costs involved, some of which may include the following:

**Application / Mortgage Broker Fee** – Processing your mortgage application costs lenders money. Consumers may be charged a fee by a lender or mortgage broker for setting up a mortgage when income or credit issues become more sensitive to the approval process.

**Appraisal Fee** — The money you borrow for your mortgage is usually a percentage of the home's purchase price, or of the market appraisal — whichever is lower. The lender will use someone on staff or an independent professional to make this appraisal. You are normally responsible for this cost.

**Land Survey Fee** – A plot plan or survey of the property you want to buy is important to establish exactly where the boundaries are and make sure there are no encroachments such as part of your neighbour's house or garage sitting on your land. Your lending institution will want to see such a survey and can let you know what their requirements are.

**Insurance** — If you are applying for a high-ratio mortgage — that is, if you are borrowing more than 75 per cent of your home's purchase price — you will have to pay for mortgage insurance to protect the lender in the event that you fail to make the necessary payments. As your new home will be used as security for your mortgage; the lender will want you to have extended coverage and fire insurance.

You may also wish to check out the cost of buying mortgage life insurance. This insurance ensures that the mortgage balance is paid off if you or a co-borrower dies.

**Legal Fees** — These are the fees charged by a lawyer to help you complete the home-buying process. Disbursements are the costs involved in processes such as conducting a title search, drawing up the title deed and preparing and registering the mortgage.

**Property Transfer Tax** — this is calculated on the property's fair market value (usually the purchase price) at the rate of one per cent up to \$200,000 and two per cent of the price over \$200,000. First-time buyers may be exempt from this tax subject to certain restrictions. Ask your REALTOR® for details.

**GST** — When you buy a *new* home, the entire purchase price is taxable. You may, however, qualify for a partial GST rebate if you plan to live in the home yourself. Ask your REALTOR® for details. A "used" residential home is normally exempt from the GST. Remember that GST is also applied to the REALTOR®'S commission and most other transaction fees such as legal and appraisal costs.

**Other Costs** — When you buy a home you will also want to budget for utility bills, annual property taxes and maintenance costs.