

# Additional Costs When Buying a Home

The purchase price of your home is only one of the costs you'll encounter. Here are other possible costs you need to consider:

## **Mortgage loan insurance:**

- If you are putting less than 20 per cent of the house value down, you're going to need mortgage loan insurance. Depending on the lender, the premium can be added to mortgage payments.

## **Appraisal fee:**

- Lenders typically loan a percentage of the home's purchase price or the market appraisal of the property. Cost depends on the size and complexity of the assignment.

## **Land survey:**

- The lender may ask for a current survey or certificate of location before signing off on the loan. There can be a substantial cost for having a new survey done on the property.

## **Deposit:**

- A deposit normally goes with the formal offer to purchase.

## **Insurance:**

- The lender will require proof of property insurance for the replacement value of the house and its contents from the day you take ownership.

## **Title insurance:**

- Provides coverage in case of problems with the property title among other things. The cost is relatively low, usually a few hundred dollars.

## **Application fee:**

- Some lenders will pass on the cost to process your application. These fees vary and some lenders will waive entirely if you have other accounts with them.

## **Mortgage broker's fee:**

- If you use a mortgage broker, a fee may be charged to arrange a mortgage on your behalf.

## **Home inspection fee:**

- An inspection protects the buyer by revealing any problems in the property that you'd want to know before you move in.

### **Legal fees:**

- You can save some of the legal fees usually charged by the lender if your lawyer draws up the mortgage. You'll also pay for disbursements which are the costs involved in drawing up the title deed, conducting a title search, and preparing and registering the mortgage.

### **Land Transfer Tax:**

- Use the land transfer tax calculator accessible from the home page of this website to calculate both your Ontario and City of Toronto (if applicable) land transfer taxes. First time home buyers qualify for a maximum \$2,000 (LTT on a \$227,500 home) provincial rebate and a maximum \$3,725 (LTT on a \$400,000 home) City of Toronto rebate.

### **Goods and Services Tax:**

- Resale (used) homes are exempt from GST but it does apply to newly constructed homes and may qualify for a partial rebate depending on the sales price and if the home is going to be your primary place of residence.
- **For new homes costing \$350,000 or less**, you will receive a GST rebate of 36% of the GST paid to a maximum of \$8,750. The rebate for new homes costing between \$350,000 and \$450,000 declines to zero on a proportional basis. GST also applies to most of the services provided in completing the real estate transaction.

### **Other costs:**

- These include moving costs, fees charged by utilities for service hook-ups, property tax and other adjustments (an adjustment takes place when the seller has already paid for something in advance and wants to be credited for the unused portion on the date the house becomes yours), and ongoing maintenance (condo fees etc) and utility costs.

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