

# **Hidden Closing costs When Buying a Home**

"How much money is needed to close?" A question high on every buyer's list!  
**Additional Costs are as follows;**

## **APPROXIMATE COST TO THE HOME BUYER**

### **1.APPLICATION FEE**

It costs lenders money to process your application, and some will pass these costs on to you. Application or mortgage initiation fees vary, and some lenders will waive this fee entirely, if you have other accounts with them.

### **2.MORTGAGE BROKER'S FEE**

The fee charged by a mortgage broker to arrange a mortgage on your behalf. This is usually payable at the time of closing (that is, when the purchase transaction is complete), although some brokers require the fee up front. Some mortgage brokers also charge an application fee, some do not charge at all. Be sure to ask.

### **3.APPRAISAL**

**\$325 Plus GST**

Some banks require an appraisal be done to make sure the property is worth what you're paying for it, before they'll give you a mortgage. The only time you don't have to pay this is when you are assuming the mortgage already on the house, and paying the balance of the cost cash. If you need a high ratio mortgage (more than 75% financing) you are required to obtain mortgage insurance through Canada Mortgage and Housing Corporation. CMHC Application Fee is \$75 for a single residential mortgage.

### **4.REAL PROPERTY REPORT WITH COMPLIANCE** **\$650 Plus GST**

Your bank requires you to obtain a valid survey Certificate or Real Property Report to ensure there are no illegal additions (e.g. a garage added later that has been built too close to the property line). In many cases there is an existing survey certificate that will be acceptable to the financial institute. Your Realtor or your lawyer will confirm whether a new one is required or if the existing survey certificate is acceptable.

### **5.LEGAL FEES AND DISBURSEMENTS**

**\$900 - \$1,400**

The Lawyer's fees and the costs he pays out on your behalf for a title search, land title transfer, and mortgage registration can vary, but they generally are in this range.

### **6.TAX ADJUSTMENT**

There is also a TAX ADJUSTMENT made between the vendor and the purchaser. The vendor may need to be reimbursed for taxes that he has already paid on his property prior to selling. The purchaser may also require a prepayment to the mortgage tax account if taxes are collected along with the mortgage payment. This tax adjustment is usually equal to 7 months taxes.

## **7.HOME INSPECTION**

**\$380 - \$450**

Some lenders may require a professional inspection of your home before issuing a mortgage. You may want an inspection anyway for peace of mind - the costs involved are well worth it.

## **8.MORTGAGE INSURANCE**

If you're applying for a high-ratio mortgage, you'll have to pay for *mortgage insurance*, which protects the lender against default. You should also consider purchasing *mortgage life insurance*, a form of term life insurance that pays off the balance owing on your mortgage if you or your co-borrower dies. Ask your lender (bank) for details.

## **9.UTILITY AND MAINTENANCE**

We've added this category to remind you that your mortgage payment and property taxes are not the only ongoing costs associated with owning a home. Be sure to budget for heating, electricity, cable, Telus, any renovations you have planned and the initial costs of making your new home livable. Also put aside your spare cash and contribute regularly to a separate fund for maintenance costs - plumbing repairs, painting, gardening supplies, etc.

## Qualified Professionals

### **Lawyers**

Susan Allision  
340-3136

Chris Warren  
343-3320

### **Home Inspectors**

Ann Barry  
Glodal Inspections  
391-9290

Phillip Quan  
National Property Inspection  
340-8603

Home Alyze  
348-5550