

11 Water Quantity and Quality Certification

If the home you purchase is serviced by a well, a fee will 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

Anytime 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 roughly 1% of the purchase price of your home.

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**“13
Extra Costs
to Be
Aware of
When Buying
a Home”**



courtesy of

**PAT & JIM TRISTRAM
Brokers**

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13 Extra Costs When Buying a Home

Whether you're looking to buy your first home, or trading up to a larger one, there are many costs - *on top of the purchase price* - that you must figure into your calculation of affordability. These extra fees, such as taxes and other additional costs, could surprise you with an unwanted financial nightmare on closing day if you're not informed and prepared.

Some of these costs are one-time fixed payments, while others represent an ongoing monthly or yearly commitment. While not all of these costs will apply in every situation, it's better to know about them ahead of time so you can budget properly.

Remember, when buying a home is a major milestone, and whether it's your first, second or tenth, there are many small but important details, not to mention stress and excitement, to deal with during the process. The last thing you need are unbudgeted financial obligations in the hours before you take possession of your new home.

Read through the following checklist to make sure you're budgeting properly for your next

"The last thing you need are budgeted financial obligations in the hours before you take possession of your new home."

1 Appraisal Fee

Your bank or lending institution may demand an appraisal of the property which you could be your responsibility to pay for. A typical cost for this appraisal is about \$160.50 including GST.

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 want pay off your mortgage.

3 Survey Fee

When the home you purchase is a resale (vs. a *new home*), your lending institution may ask for an updated property survey.

4 Property Insurance

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

5 Service charges

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

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 lawyer.

7 Mortgage Loan Insurance Application Fee

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

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

This type of insurance will cost you between 0.5% - 3.75% of the total amount of the mortgage, but can be added to the mortgage monthly payment so you don't have to pay this money as a lump sum.

8 Mortgage Brokers Fee

Mortgage Brokers are generally compensated by the lender, therefore, there are not costs for their services. Fees are sometimes applied for difficult transactions. These costs are determined on a 'case by case' basis.

9 Moving Costs

- The cost for a professional move will vary depending on the number of items to be moved. . .
- Costs are sometimes higher at the end of the month or in the summer

10 Maintenance Fees

Condos charge monthly fees for a common area maintenance such as groundskeeping and carpet cleaning in hallways. Costs will vary depending on the building.