10 Closing Costs
when buying a home

PARAGON

1 Land transfer tax

When a home changes hands, many provinces and a few municipalities charge a property transfer tax or title transfer fee. Rates are usually on a scale of 0.5% to 2% of the home's value and can add thousands to your purchase price. First-time homebuyers qualify for rebates or exemptions in some provinces.

2 Appraisal fee

Your lender may ask you to have a home appraised to confirm its market value. Fees vary depending on a property's value and complexity, but are typically around $400.

3 Legal fees

A lawyer or notary will help protect your interests by reviewing your purchase agreement, searching the property title, and ensuring that all documents are completed properly. Basic legal fees start between $500 and $800, plus disbursements, with added services as needed.

4 Home inspection

An inspection can help make you aware of issues related to a house's structure and systems, such as plumbing and electrical, and recommended or necessary repairs. Fees range from about $350 to $450.

5 Home/fire insurance

Your lender will require proof that the property is insured in case of fire and other damage. Insurance costs vary, depending on the coverage needed, but budget for at least $500 a year.

6 New construction costs

If you're buying a brand-new home, be prepared to settle any items not quoted in the original price, including upgrades or paving and landscaping fees. New homes are also subject to 5% GST or 13% HST, although this is often included in your purchase price.

7 Prepaid costs

If the seller has paid property taxes, water bills, or utilities in advance, you'll need to reimburse these at closing. This can add hundreds to your upfront costs, but means these bills will be paid for your first months in your new home.

8 Tax on mortgage insurance

If you have less than a 20% down payment, your lender will require that you obtain mortgage default insurance. You can roll the cost into your mortgage payments, but the PST is due at closing. For example, if your mortgage insurance is $5,000 and the PST is 8%, you'll pay $400.

9 Title insurance

Title insurance can safeguard you against fraud and problems with your property title or survey. Fees range from $150 to $350.

10 Moving-in costs

Before the big day, budget for all those last minute things: $100 or more to rent a van or a few hundred for professional movers, $50 to $60 for a locksmith to re-key your locks, and cleaning supplies.

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