



HOW MUCH DOES IT COST TO BUY A HOUSE?

With all investments, there is that initial cost of owning a house in Canada, and unlike other investment vehicles, a home comes with ongoing costs as well. The price of the home and the services associated with the purchase are all relative to the type of property, its age/condition and location, so do your research to ensure it remains a good investment. A RE/MAX agent can outline what you can expect to pay, and maybe some unexpected expenses as well. In the meantime, here's a list to factor into your budget.



Deposit

Depending on the price of a home and the market conditions, you should factor an up-front deposit into the cost of buying a home. The deposit acts as a security measure to ensure you don't lose the home to another interested buyer. The deposit also acts as assurance to the seller that you're serious about the purchase. If you are required to pay a deposit, it will become part of your down payment once you have purchased the home. There's no standard deposit amount, but your real estate agent can advise you on this based on the home's asking price and the market conditions.



Land Transfer Tax

When you buy a home, you are required to pay a land transfer tax on closing. This tax is based on the amount paid for the property, as well as the remaining amount on any mortgage or debt assumed as part of the arrangement to buy it. Cost will vary depending on your municipality, the size of the land and other factors. Alberta, Saskatchewan, and parts of Nova Scotia do not have Land Transfer Tax at all, while other provinces use a tiered system. Meanwhile, homebuyers in Toronto are hit with a double-whammy, having to pay a municipal land transfer tax on top of the provincial land transfer tax.



Down Payment

In Canada, the minimum down payment on a home depends on the purchase price. If the home is below \$500,000, the minimum down payment will be five per cent. If the price is from \$500,000-\$999,999, the down payment is five per cent on the first \$500,000, and 10 per cent on the remaining amount. While five per cent is the minimum down payment, anything below 20 per cent is considered a high-ratio mortgage and requires mortgage loan insurance. To avoid paying this, you'll need a down payment of 20 per cent or more.



Appraisal Fee

A property appraisal will normally cost in the ballpark of \$300, but cost can vary depending on the appraiser and your location. However, this is an essential step, saving you from borrowing more than you need to, and preventing lenders from giving you too much.





Home Inspection

A home inspection is a recommended step in the home buying process, helping you avoid many potential pitfalls. A failed home inspection could be a negotiating factor or a deal-breaker. A home inspection will normally cost an average of \$350 depending on the size, age and condition of the home, but it's well worth the spend for the peace of mind you'll have.



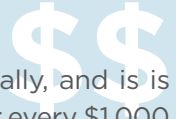
Title Insurance

Title insurance is a one-time fee that provides protection from losses related to the properties title or ownership.



Property Taxes

Property tax is billed annually, and is expressed as a dollar rate for every \$1,000 estimated to be the market value of your property. The tax is paid on property owned by an individual or an entity, and is one of three taxes that a household pays in Canada, the others being sales tax and income tax. When you're looking at homes to purchase, your real estate agent will be able to tell you what the property tax was for previous years. This will allow you to plan for this ongoing expense.



Property Insurance

While property insurance is likely already something you have factored into your budget, it's important to do your research and find a reasonable quote that will ensure you are covered should anything unexpected happen.



Mortgage Insurance

There is mortgage life insurance, which is designed to ensure the repayment of your mortgage, should anything happen to you. Then there is also mortgage loan insurance, which protects the lender against mortgage default. Mortgage loan insurance is required if your down payment is less than 20 per cent of the purchase price. Premiums for this type of insurance range from 0.6 per cent to about 4.5 per cent.



Maintenance and Energy Costs

Potentially your largest ongoing homeowner expense, these costs include lawn care/ yard work, professional services, additions/upgrades and the cost of keeping the house running year-round.



Moving Expenses

It's easy to forget about the small things when moving, but it's important to remember they can add up quickly! Consider the cost for phone, electricity, and other utility installations and don't forget about movers, a moving truck and feeding your friends who are helping out!



Lawyer Fees

The fee you will be charged by your lawyer will vary depending on the person representing you and must be paid upon closing. Ask your real estate agent for advice as they likely have a preferred trusted lawyer they can refer you to.



Now that you have a better idea of the cost to buy a home, it's time to hit the books to find out how much these services will cost in your area. Make a list, create a budget, and get started!