

Rule of Thumb: 2 - 3% of the Purchase Price

To avoid any surprises on closing, here is a list of what to expect in the way of costs.

Deposit: Part of your down payment, a deposit is due upon acceptance of your offer payable by draft "In Trust" to your realtor with 24 hrs. of subject removals.

Home Inspection: Prepared by a qualified inspector to assess the property for defects and poor maintenance. – approx \$350 +gst

Appraisal: Prepared by an appraiser chosen by the lender, CMHC or GE (if applicable). If non-insured approx \$250 + gst

*There are costs
involved in every
real estate
transaction...*

Legal Fee/Disbursements: Your lawyer will quote the fee for closing the purchase and mortgage(s) plus an approximation for the disbursements, which includes registration fees, courier costs, photocopies, etc. Ask for an estimate.

Land Survey or Title Insurance: Your lawyer or the lender will specify whether a survey is necessary or if title insurance will be acceptable in lieu of a survey. New Survey approx \$350 or Title Insurance approx \$199 +gst

Fire Insurance: You will have to arrange and maintain fire and extended coverage insurance for the outstanding balance of the mortgage or the replacement value of the building unless townhouse or condo-contents only.

Interest Adjustment: Monthly mortgage payments are usually due on the first of the month. Unless the closing date is the first of the month, you must prepay the amount of the interest accruing up to the 1st day of the following month known as the "interest adjustment date" (IAD). If however, you choose bi-weekly or weekly payments your interest adjustment period may be much shorter.

CMHC, AIG or GE (High Ratio Insurance): If your mortgage is insured by CMHC, AIG or GE the insurance premium will usually be added to the mortgage so it is not a cash requirement on closing.

Land Transfer Tax/Property Transfer Tax: This tax is due on closing and reflected in the "Statement of Adjustments" which your lawyer prepares prior to closing day. 1% of 1st \$200k and 2% of the balance or purchase price. **First Time Home Buyers are exempt up to purchase of \$425,000 and pro-rated to \$450,000. ** YOU MUST BE A BC RESIDENT FOR 12 MONTHS**

Closing the Deal...continued

*...be prepared for
all the extras...*

Prepaid Expenses: If the Vendor has prepaid any other expenses to December 31st of current year, such as utilities, water and sewage taxes, oil in tank or property taxes, they must be refunded. This will be reflected in the Statement of Adjustments.

Property Tax Hold-back: If the lender is collecting and paying property taxes you may be required to pay to the lender an amount to ensure sufficient funds are available to pay the next instalment of property taxes when due. An alternative to a property tax holdback is for the lender to increase the tax portion of the regular payment proportionately to ensure sufficient funds are on hand in time to pay the taxes when due.

Other Fees: Occasionally, a lender or the broker will charge a fee for providing the mortgage. If so, these costs will be disclosed to you at the time the Disclosure Statement is issued to you.

GST: Is payable on all new homes, commercial properties and land. GST is NOT payable on un-renovated residential re-sales.

Moving Expenses: You may have to allow for the expense of a professional mover or the rental of a moving van.

Appliances: You will likely need four major appliances.

Decorating: Carpets, drapes, furniture and painting may be necessary.

Repairs: You may have some immediate renovations to do especially if the financial institution withholds some of the mortgage money on the condition specific repairs be made.

Tools: You may need lawn tools, garbage cans and snow removal equipment.

Utility Hook-up: You may have to pay to have the telephone, gas and electricity connected and in some cases, pay a deposit. Contact the local utility companies directly.

Form 10: Your broker will request your signature on a statement called Form 10, which discloses to you that they will be paid a fee by the lending institution for acting as an intermediary between you and the financial institution providing you with a mortgage.

Closing Cost Worksheet

Sale of Existing Property:

SELLING PRICE: \$ _____

EXPENSES:

Real estate commission (%):	\$ _____
GST on commission (7%):	\$ _____
Legal fees on sale:	\$ _____
Disbursements on sale:	\$ _____
Payout 1st mortgage (obtain balance in writing):	\$ _____
Penalty to discharge 1st mortgage (if applicable):	\$ _____
Discharge administration fee:	\$ _____
Payout 2nd mortgage (obtain balance in writing):	\$ _____
Penalty to discharge 2nd mortgage (if applicable):	\$ _____
Discharge administration fee:	\$ _____
Property taxes (paid up to date):	\$ _____
Other debts to be paid out from sale:	\$ _____
TOTAL EXPENSES:	\$ _____

NET CASH AVAILABLE FROM SALE: \$ _____

Purchase of New Property:

PURCHASE PRICE \$ _____

EXPENSES:

Down payment:	\$ _____
Home inspection:	\$ _____
Land transfer tax:	\$ _____
Legal fees on purchase:	\$ _____
Registration costs / disbursements on purchase:	\$ _____
Survey / title insurance:	\$ _____
Adjustments / incidentals:	\$ _____
Mortgage application / appraisal fee:	\$ _____
Lenders application / commitment fee:	\$ _____
CMHC/GE insurance premium \$ _____:	(added to mortgage)
Interest adjustment (lender):	\$ _____
Property tax holdback (lender):	\$ _____
Pre-pay property taxes:	\$ _____
Home (fire) insurance:	\$ _____
Moving expenses / utility hook ups / condo fees:	\$ _____
Repairs / renovations / paint / etc.:	\$ _____
Appliances / furniture / etc.:	\$ _____
Other:	\$ _____
TOTAL EXPENSES:	\$ _____
Less: DEPOSIT MADE WITH OFFER	(\$ _____)

CASH REQUIRED TO COMPLETE THE TRANSACTION: \$ _____