

The Final Cost of Buying a Home

Your new home's purchase price will be the biggest costs you'll see when buying a new home, but there are also other costs involved. A REALTOR® can give you more details on the extra costs, which could include:

Application / Mortgage Broker Fee - It costs the lenders money to process your mortgage application. If income or credit problems might be an issue in the approval process, lender or the mortgage broker might charge a fee for the mortgage application.

Appraisal Fee: Your mortgage will be a percentage of the purchase price of the home or the appraised value, whichever is lower. The appraiser might be on the lender's staff or the lender may contract the appraisal of an independent company and you will probably pay the associated fees.

Land Survey Costs (Real Property Report): Knowing the boundaries of the property you are purchasing is important. This is to ensure that encroachments are not a problem, like a part of your neighbour's garage or house isn't protruding onto your property. The lender will require such a survey and they will let you know the requirements they want. Typically this is provided by the seller, however, there may be some instances where this will come out of your pocket.

Insurance (CMHC): If you are applying for a mortgage that is going to cover more than 75% of the purchase price of your home or a high-ratio mortgage, mortgage insurance is mandatory to protect the lender if you don't make the required payments. Since your new home will be used as security for your mortgage, the lender will also require fire insurance and extended coverage.

**Be sure to look at how much mortgage life insurance will cost. If you or the co-borrower dies, this insurance guarantees that the mortgage will be paid off.

Legal Fees: Lawyer fees for the completion of the home-buying process. Disbursements are the fees needed to complete the process like doing a title search, preparing a title deed, preparing the mortgage and having it registered. Property Transfer Tax - \$50 base + \$1 for every \$5000 or portion thereof of the **property** value. There is no land **transfer tax** rebate in Alberta. \$50 base +\$1 for every \$5000 or part thereof of the mortgage amount. Get details from your REALTOR®.

GST: Any new home purchase is taxed on its full purchase price, but you might be eligible for a partial GST rebate if the home will be your primary residence. Get details from your REALTOR®. A "used" rental house is usually exempt from paying GST. GST also applies to the REALTOR®'S commission as well as to the other transaction fees like appraisal and legal costs.

Additional Costs: Utility bills, yearly property taxes and maintenance costs should be included in your budget when buying a home.

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