

COSTS TO BE AWARE OF 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 should figure into your budget. These extra costs, such as property taxes and other charges, could surprise you on the closing day if you are not informed and prepared.

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

Remember, buying a home is a major milestone. Whether it's your first, second, or tenth home, there are many important details to address during the process. Read through the following checklist to make sure that you're budgeting properly for your move.

1. **Appraisal Fee** - Your lending institution will usually request an appraisal of the property, and you will be responsible for paying for the appraisal. Appraisals can vary in price from approximately \$300 plus GST in Whitehorse, higher in the communities.
2. **Home Inspector's Fees** - It is usually a good idea to have the home that you are purchasing inspected by a professional home inspector. This is to ensure that the home is safe and structurally sound. This can range in price from \$250-\$500.
3. **Mortgage Loan Insurance Fee** - If you are borrowing more than 80% of the purchase price of your new home, your lender will require you to pay for mortgage loan insurance. This insurance will add between 0.5% and 3.5% to the total amount of the mortgage, depending on what percentage of the price you are borrowing.
4. **Legal Fees & Disbursements** - Your lawyer will be able to tell you the exact cost of his/her legal fees, disbursements and GST after s/he receives the mortgage instructions from your lending institution. These typically range from \$1,700 - \$2,000. When your lawyer tells you how much money you will need to pay to complete your purchase, legal fees, disbursements and GST will be included.
5. **Property Taxes** - Property taxes are due for the entire calendar year on July 2. If the seller has paid the property taxes for the current year, you will have to reimburse the seller for your share of the taxes for the current year as part of the closing adjustments. If the seller has not paid the property taxes for the current year, you will receive a credit from the seller corresponding with the period of time that the seller owned the property. When your lawyer tells you how much money you will need to pay to complete your purchase, this tax adjustment will be included.

As well, your lending institution may decide to include your property taxes in your monthly mortgage payments, in which case the lender will pay your taxes each year. If your property taxes are not added to your monthly payments, your lending institution may require annual proof that your taxes have been paid.

6. **Local Improvements** - If the municipality your house is located in has made local improvements (such as the addition of sewers or sidewalks), this could add hundreds of dollars each year to your property taxes for the number of years that the local improvement charge is in effect.

7. **Land Titles Office Registration Fees** - Government of Yukon charges fees to register the purchase and mortgage documents, based on a percentage of the purchase price, any increase in the property's value since the last time it was transferred, and the principal amount of your mortgage. When your lawyer tells you how much money you will need to pay to complete your purchase, this cost will be included in "legal fees" as one of your lawyer's disbursements.

8. **Fuel Adjustment** - If your contract of purchase and sale provides for a fuel adjustment, you will have to reimburse the seller for the cost of a full tank of fuel (oil or propane) as part of the closing adjustments. When your lawyer tells you how much money you will need to pay to complete your purchase, this fuel adjustment will be included. A typical adjustment for oil is in the \$1,200 - \$1,500 range.

9. **Survey Fee / Title Insurance** - Most lending institutions ask for a current property survey. The cost for this survey can vary between \$450-750, plus GST. Your lending institution may accept title insurance instead of a property survey, which will cost \$300-\$500 (no GST). When your lawyer tells you how much money you will need to pay to complete your purchase, this cost will be included in your lawyer's disbursements.

10. **Property Insurance** - Home insurance covers the replacement value of your home (structure and contents). Prior to advancing funds, your lending institution will require proof that you are insured, as it protects their security on the loan.

11. **Service Charges** - Any utility that services your home, such as electricity, telephone or cable, may require an installation fee.

12. **Moving Costs** - The cost for a professional mover can cost you in the range of \$50-100/hour for a van and 3 movers, and 10-20% higher during peak demand seasons.

13. **Condo Fees** - Condos charge a monthly fee for common area maintenance such as grounds keeping and carpet cleaning in hallways and for insurance on the building. Costs will vary depending on the condominium. If you purchase a condominium partway through the month and the vendor has already paid the monthly condo fee, you will have to pay your share of the monthly amount. It will be one of the adjustments on the Purchaser's Statement of Adjustments prepared by your lawyer.