

# THE BAYLEY-HAY TEAM



HOW MUCH WILL  
IT REALLY COST?



Chay Realty Inc. Brokerage

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Each Office Independently Owned and Operated

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# FOREWARD AND ACKNOWLEDGEMENTS

This guide has been prepared to introduce you to the process of home ownership.

I have attempted to be as accurate as possible using all data current at the time of development. Please note that different programs and legislation affecting various aspects of real estate change frequently.

In light of that, the reader should always verify any information regarding any concerns that he or she may have with an appropriate source, be it Realtor, lawyer, financial institution or government agency.

Here's to Your Wealth Through Real Estate,

Neil

Thank you to Re/Max Atlantic Canada for the extensive knowledge base they have provided from which I could draw. Without that, along with my years in real estate and the expertise of my team, this would not have been possible.

## Making Your Move Easy

# HOW MUCH WILL IT REALLY COST?

Just found your dream home? Congratulations! You've been approved for your mortgage and are happy with your monthly payments? Fantastic!

To avoid any bumps in the road on your way to home ownership, make sure you budget in the start-up costs you'll have to pay in a few weeks or months.

These costs amount to 3 to 5% of the property value. They include, among others, appraisal fees, lawyer fees, transfer fees, transfer tax, short-term renovations, moving and mail forwarding expenses, etc.

## Early Costs

You will need to plan ahead to cover the early costs when buying your home. Timing is important to help make sure things go smoothly.

- **Mortgage Insurance Premium.** If yours is a highratio mortgage (less than 20% down payment), your lender will require mandatory insurance against borrowers' defaults. Lenders normally add the mortgage insurance premium to your mortgage but you can pay it upfront on the closing date if you wish.
- **Appraisal Fee.** Your mortgage lender may require that the property be appraised at your expense. An appraisal is an estimate of the value of the home. The cost is usually between \$350 and \$450 and must be paid when you contract for those services.
- **Deposit.** This is part of your down payment and is normally paid upon the acceptance of your Offer to Purchase. The cost varies depending on the area, but it may be as low as \$3000.00 and can range up to 5% of the purchase price. If you wish to make a down payment of 5% and you give a deposit of 5%, then your down payment is considered to be made.
- **Down Payment.** With mortgage loan insurance from CMHC you can own your home with as little as 5% down payment. At least 20% of the purchase price is usually required for a conventional mortgage.
- **Status Certificate Fee** (does not apply in Quebec). This applies if you are buying a condominium or strata unit and could cost up to \$100 - \$200.

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- **Home Inspection Fee.** It is recommended that you make a home inspection a condition of your Offer to Purchase. A home inspection reports on the condition of the home and generally costs approximately \$400 - \$450 depending on the area. For example, it may be more costly to inspect a large home or one where issues such as moisture problems, pyrite, radon gas or urea-formaldehyde are suspected. A detailed report will inform you whether the house requires any short- or long-term repairs and alert you to any hidden defects.
- **Land Registration Fees** (sometimes called a Land Transfer Tax, Deed Registration Fee, Tariff or Property Purchases Tax). You may have to pay this provincial or municipal charge upon closing in some provinces and territories. The cost is a percentage of the property's purchase price and may vary. Check with your lawyer to see what the current rates are.
- **Prepaid Property Taxes and/or Utility Bills.** On the closing date it may be required for you to repay the vendor for things such as pre-paid property taxes (normally a few months of taxes will need to be given back to the owner) or filling the oil tank and so on.
- **Property Insurance.** The mortgage lender requires this because the home is security for the mortgage. This insurance covers the cost of replacing your home and its contents. Property insurance must be in place on closing day or the bank won't lend the money.
- **Survey or Certificate of Location Cost.** Although rare, the mortgage lender may ask for an up-to-date survey or certificate of location prior to finalizing the mortgage loan. If the seller does not have one or does not agree to get one, you will have to pay for it yourself. It can cost \$500 - \$1000.
- **Water Tests.** If the home has a well, the Lender will require a water test showing results that the water is safe to drink.
- **Septic tank.** If the house has a septic tank, it should be checked to make sure it is in good working order. You can request that the owner clean out the tank prior to closing, so you start fresh (no pun intended)
- **Legal Fees and Disbursements.** Must be paid upon closing. Your lawyer will also bill you direct costs to check on the legal status of your property.
- **Title Insurance.** Your lender or lawyer may suggest title insurance to cover loss caused by defects of title to the property. Often times having title insurance eliminates the Lender's need for you to provide an up to date survey.

## Making Your Move Easy

# HOW MUCH WILL IT REALLY COST?

## **Additional costs**

Moving expenses

(truck rental, professional movers, etc.)

Connecting various public utilities

(telephone, cable, electricity, gas, etc.)

Mail forwarding

(Canada Post) For additional information on mail forwarding, visit the Canada Post Web site.

Additional costs for home insurance

## **Additional expenses**

Drawings and specifications

Even though they are optional for existing homes, they may be useful if you are planning any renovations.

Building permits

Furniture or appliances, etc.

Interior renovations / decorating:

painting, draperies, window treatments, lighting fixtures, carpet cleaning, etc.

Exterior renovations / work:

excavations, fencing, lawnmower, shrubberies, garden equipment, pool, garden work etc.

Cost of analyzing water, soil, etc.

Surveying fees (if necessary)

# Making Your Move Easy

# HOW MUCH WILL IT REALLY COST?

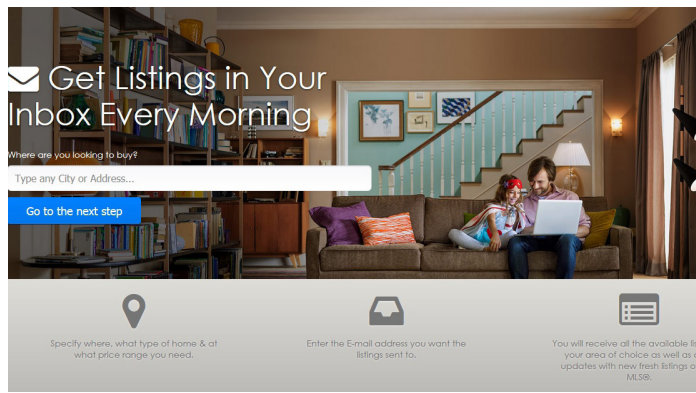
Use This Chart To Add It Up	Amount
<b>Basic Costs</b>	
Inspection Fees	\$
Appraisal fees	\$
Legal Fees	\$
Upfront Deposit	\$
Additional fees and adjustment costs (property and school taxes, etc.) Additional fees and adjustment costs need to be paid upon closing the sale at the lawyer's office. These include property and school taxes, electricity and natural gas bills, and condominium charges, if applicable. The lawyer is responsible for calculating these fees as of the date of purchase.	\$
Mortgage loan insurance If you do not have a minimum 25% down payment, you must obtain mortgage loan insurance from the Canadian Mortgage and Housing Corporation or Genworth Financial Canada. You may pay the mortgage insurance in one payment or adjust the amount of your mortgage loan to amortize the payment.	\$
First tax bill (property and school tax)	\$
Land Transfer tax Once you have taken possession of your property, you will have to pay the transfer tax.	\$
Condominium fees (For condominiums and undivided co-ownerships.)	\$
<b>Additional Costs</b>	
Moving expenses (truck rental, professional movers, etc.)	\$
Connecting various public utilities (telephone, cable, electricity, gas, etc.)	\$
Mail forwarding (Canada Post) For additional information on mail forwarding, visit the Canada Post Web site.	\$
Additional costs for home insurance	\$
Other: Permits, Furniture or appliances, Interior renovations/decorating, Exterior renovations/work, Surveying, etc	\$
Total	\$

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