



## CLOSING COSTS FOR SELLERS

Sellers should expect to pay certain costs associated with the completion of their home or condo sale. These costs include:

### Legal Fees

Legal fees typically range from \$500 - \$1,000 for a sale. Having said that, listed below are various other factors that may need to be factored in over and above the legal fees.

### Closing Adjustments

At the time of closing, the Seller's lawyer will prepare a Statement of Adjustments which sets out adjustments to the purchase price for items that are pro-rated between the buyer and the seller. The most common examples are property taxes, fult water bills and condominium monthly fees. If the Seller has paid more than its pro-rata share of these costs before the date of closing for the relevant period, the buyer will compensate them. If the Seller has paid less than its pro-rata share, the seller will give the buyer a credit for the payments that the buyer will have to make in the future, but for which the seller got the benefit.

### Utilities

Many lawyers will write to the various utilities providers (hydro, water, gas, etc.) to advise them that the property is being sold and that the utility should arrange to read the meter on the date of closing. However I advise clients to contact their local utilities providers in advance to advise of the closing date and to arrange for meter readings. The utilities providers tend to be more responsive to their own clients.

### Mortgage Discharge Penalty\*

Most Canadian mortgage may be paid off early, but the seller will pay a penalty equal to the greater of (i) 3 months interest and (ii) the interest rate differential. For floating rate mortgages, the penalty is approx. 3 months interest. These can sometimes be reduced if the Seller has the right to prepay a portion of their mortgage.

### Mortgage Discharge Fee\*

Most banks will charge between \$250 and \$325 to prepare the mortgage discharge documents and an additional \$70.50 to register the mortgage discharge on title.

### Commissions

The Sellers lawyer will pay the balance of the commission owed to their realtor. If the realtor has excess deposit, that money will be paid directly to the Seller by the real estate office after closing. **Please note that HST is added on top of the agreed upon commission rate.**

\* Rates are subject to change without notice

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