



HIDDEN COSTS OF HOME OWNERSHIP



Home Inspection

Although in tight markets like Toronto, bidders sometimes forgo home inspections, the smart money is on getting a home inspection report before putting in your offer. A certified home inspector can save you thousands of dollars by tipping you off to problem areas and repairs needed down the road.

AVERAGE COST: \$200 to \$500 per inspection.

Legal Fees

Legal Fees are what a lawyer charges you for acting on your behalf. It is a service fee. He or she must pay all of the overhead expenses including rents, insurance, professional dues, equipment and personnel from this.

AVERAGE COST: \$1,500 and up, including both fee and disbursements for title search fees, couriers and administration.

Disbursements

Disbursements are expenses that a lawyer charges you for out-of-pocket expenses that you would otherwise be required to pay if you handled the transaction yourself. Because the lawyer generally pays these expenses, he asks you to reimburse him/her by including these items in his/her account.

Examples of disbursements include:

- **Registration Costs:** It costs approximately \$75 plus HST to register a deed, a mortgage or any other document that affects the title to land.
- **Title Search Fees:** Usually a lawyer will hire a searcher to conduct a search of the title on his/her behalf because it is cheaper for you than having the lawyer do the search. The lawyer then reviews the search on your behalf.
- **Teranet User Fees:** Usually a lawyer will “charge through” to you, any costs associated with the linking up to the Teranet system that contains all the land registration documentation in electronic form.
- **Photocopies, Faxes and Postage:** Usually a lawyer will charge you a reasonable amount for these items.
- **Off-Title Search Costs:** In addition to searching the title to your new home, your lawyer may make various “off-title searches” to determine whether there are any problems that may affect your title. Each such enquiry usually has a cost associated with it which your lawyer will ask you to reimburse him/her for by including it in your account.



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Ontario Land Transfer Tax

AVERAGE COST: Ontario's land transfer tax ranges from 0.5% to 2%, depending on property value. The average Canadian house price is now \$365,000, which would require an Ontario land transfer tax payment of \$3,675. The good news: first-time buyers in Ontario, B.C. and P.E.I. can apply for a rebate of up to \$2,000. Check your provincial government's website for more information on available resources and rebates.

Mortgage Insurance

All high-ratio mortgages (where the borrower's down payment is less than 20% of the home's purchase price) require mortgage default insurance from an insurer such as Genworth Canada. Lenders pay the insurance premium, and the cost is passed on to the homebuyer and normally added to the mortgage.

AVERAGE COST: The premium on the total loan varies from 0.60% to 3.15%, depending on your percentage of loan-to-value and other features of your mortgage (the greater your down payment in relation to your home's cost, the lower the mortgage loan insurance premium).

Title Insurance

This is a new method that has only been available relatively recently in Ontario, although it is very common in the United States. After closing, you will receive a letter from your lawyer enclosing a policy of title insurance which protects you against certain title risks, instead of a lawyer's opinion. The policies are issued by different U.S. based title insurance companies, such as Stewart Title and First Canadian Title.

AVERAGE COST: The premium varies between houses and condos, and by property value: on a \$500,000 house, expect an average cost of \$325; for a \$500,000 condo, expect just \$150.

Adjustments

If the seller prepaid property taxes or utilities, you'll have to repay them the prorated amount.

AVERAGE COST: \$400 to \$700

Moving Costs

And don't forget the big day!

AVERAGE COST: \$1,500 to \$5,000

Home Insurance

To protect your nest and its contents.

AVERAGE COST: \$1,000 to \$2,000 per year.