



Do you know what buying your house will really cost?

(NC) When you're house-hunting it's easy to focus on the "big" numbers like asking price and offer price. But before you sign the purchase agreement, you should take time to budget for the additional costs that come with every home purchase.

Taxes

The most significant costs for most purchasers are taxes: property taxes, land transfer tax, and in some cases, Harmonized Sales Tax (HST). Property taxes can vary widely by region, and need to be considered when comparing properties.

Land transfer tax is a one-time tax, payable on closing. It's calculated according to a formula, so you'll know the number upfront. Properties in Toronto have an additional layer of land transfer tax – knowing this can save you an unpleasant closing-day surprise.

HST doesn't generally apply to resale homes. Buyers of new homes owe HST, but some can apply for a rebate. Ask a lawyer whether you qualify.

Insurance

We all know what they say about death and taxes, but when buying a home, insurance is equally unavoidable. Lenders require proof of insurance before providing mortgage funds. Most buyers know that home insurance covers risks like fire and theft, but there's more to your insurance needs than just that.

As a homeowner, you will purchase "title" to the land on which your house is built. While damage to bricks and mortar can generally be repaired, a title flaw can impair your right to transfer, renovate, or mortgage your home. Title insurance protects you against defects in title and complements the work that lawyers do to protect your legal interests. Premiums are very affordable when the benefits of title protection are considered. Talk to your lawyer to learn more.

Legal fees

Your budget should leave room for legal fees. A real estate lawyer can identify and solve potential problems, such as liens (debts) on the property or missing building permits. Your lawyer can confirm whether your plans for using or renovating the property are permissible, and will ensure that your ownership is official by registering your title. That's considerable assurance for a few hundred dollars. For more information, visit the Real Simple Real Estate Guide™ on titleplus.ca.

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