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**THE MORTGAGE GROUP**  
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## Costs Associated with Closing a Home



### **Appraisal fee:**

This is the cost for a professional to come to your property and assess its value. Your mortgage lender or mortgage default insurer may require an appraisal to determine whether the selling price is reasonable for that market.

### **GST:**

You must pay the Goods and Service Tax (or Harmonized Sales Tax) on a newly constructed or substantially renovated home. Resale homes do not require a GST payment. Some of this can be recovered with the GST/HST rebate for new or substantially renovated homes.

### **Home inspection fee:**

This covers the cost of a professional inspection of your home. Hiring an inspector is voluntary but recommended

for resale homes, and usually costs \$400-\$600.

### **Property Insurance:**

Since your lender has a large stake in your home, they will often require you to purchase insurance against fire and weather-related damage. It is also a good idea for you to purchase 'contents' insurance to protect your valuables.

### **Land Transfer Tax:**

This is a tax charged to buyers in most provinces, usually based on the purchase price.

### **Legal costs:**

This includes fees charged by your lawyer or notary for services such as conducting a title search, drafting a title deed and preparing the mortgage, and registration fees. This will cost over \$500.

### **Mortgage default insurance:**

High-ratio mortgages (those with less than 20% down payment) generally require mortgage default insurance. The cost is usually added to the mortgage, and ranges from 1.00% to 3.25% depending on the amount of your down payment.

### **Mortgage Life insurance:**

Special insurance coverage to cover the

cost of your mortgage in the event of death or severe illness is available from most lenders.

### **Moving expenses:**

Costs will vary, depending on whether you do it yourself, rent a truck, or hire professional movers.

### **Prepaid taxes, utility bills and other charges:**

Any previous owner may have prepaid some bills before the closing date, which you will have to reimburse them for. All taxes, utility bills, and other charges incurred after the closing date become your responsibility.

### **Utilities:**

Most utility companies charge for hooking up your services and replacing any previous owner's name with your name on the bill.

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