

FEES-TAXES-CHARGES-BANK PENALTIES

How much will Closing Costs add to your Bottom Line?

You've found the perfect home! It's in the perfect neighborhood, on the perfect street with the perfect neighbors and the perfect backyard. You've cannily negotiated the perfect price, one that leaves you with just enough money to cover the cost of your move and maybe pay for a new set of patio furniture.

But are you sure you know what it's really going to cost you to buy your home?

Besides the purchase price, there are other costs involved that you, the buyer, may be expected to pay. Make sure you know the real "bottom line".

Attorney Fees-Any time you make a major purchase (like a new home) there's bound to be a lawyer involved. Make sure you know what legal fees you are responsible for.

Appraisal Fees-If you need to obtain financing to purchase your home (bank loan, mortgage, etc.) the lender will almost certainly require a professional appraisal of the home. This is a negotiable item that is often paid by the seller; but that's not written in stone. Make sure you decide ahead of time who's paying for this service.

Inspection Fees-Termites, radon, asbestos, lead, formaldehyde, hazardous wastes, ground water contamination. If this list doesn't make you want to move into a cave (where you won't be safe anyway because dangerous molds can be a problem in damp places) then you need to determine if an inspection is required on your new dream home. Don't make the mistake of believing you don't have anything to worry about if you're not purchasing a home on the Love Canal. Radon can be found all over the United States and Canada and you never know where the rest of the contaminants will show up and ruin your perfect life. If you have health concerns, do some checking and see if there have ever been any problems in your new neighborhood. Make sure there are no lawsuits pending or any history of problems in the area, ask the neighbors and check with City Hall. To inspect or not to inspect, the decision may not be yours to make. Your lender may require that some or all of these inspections be carried out. For instance, some government loans require a termite inspection before they will finance the purchase of the home. Be sure to consider this cost in your total.

More Inspection Fees-If you need more reassurance before you sign on the dotted line you might want to request a structural/general inspection. Professional independent inspection services are required by law in some areas and often requested by buyers (like you) to make them more confident about the purchase. Sometimes the seller will pay for this inspection in order to facilitate a sale. In other circumstances the buyer must pay if they request the inspection, make sure you know who's paying!

1. **Escrow Fees**-Escrow companies are uninvolved third parties that hold funds, handle paperwork, and make sure that all necessary conditions are met before releasing money or transferring title. Somebody has to pay them for doing this, and that's usually you, the buyer.
2. **Reconveyance Fees** -This fee may be charged by an attorney or escrow company to clear off the lien on the title when your existing loan is paid off at closing.

3. **Government Transfer Taxes & Charges**-Transfer fees are often charged by province, state or local governments as a way to increase revenue. These fees vary widely and are often based on a percentage of the sales price. Be sure to add this to your "bottom line".
4. **Title & Insurance Fees**-The title insurance company researches the title to make sure there are no liens, judgments, or clouds on the title that would affect the ownership rights. Title insurance protects both the buyer and lender against issues of improper ownership or transfer. This is another cost for the buyer.
5. **Home Warranty Coverage**-Depending on the plan, a home warranty covers major items in the house (plumbing, electrical, appliances, etc.) for a set period of time, usually one year. This is one fee you might really want to pay!
6. **"Move In – Move Out" Fee**-This fee may be applicable to some condominiums, fenced communities and estate communities. Your real estate agent should be able to advise you.
7. **Home Owner Association Fees**-If the area has a HOA, there's a good chance that there will be a fee charged to transfer from one owner to the next. Ask your agent.
8. **"Pillow Tax"**-Not quite what it sounds like! Municipalities sometimes charge this tax on properties in especially desirable areas. For instance, when a buyer purchases a property in the core area of Whistler, BC, Canada, a world-class ski resort, they are assessed a tax, nick named the pillow tax.

Loan Fees You Need To Know About: Loan Prepayment Penalties-If you have sold your home in anticipation of buying and moving to your new home you may be required to pay a penalty when you pay off your existing loan or mortgage. Many private and some conventional loans have monetary penalties if the loan is paid off prior to a certain date.

"Failure To Notify" Penalties-Some government lenders may charge an extra months interest if you fail to notify them at least 30 days in advance of your intent to pay off the loan.

Assumption Fees-You've been lucky enough to find a seller (and their lender) who will allow you to assume the existing mortgage on the home, that's great. Just be aware that loans being assumed by the buyer often come with an assumption fee charged by the lender. Don't be surprised by the Closing Costs! There are fees associated with obtaining a loan for your new home and officially "closing" the deal. Some government loans require that the seller pay these fees but sometimes the buyer is expected to pay them. You need to know what the scoop is and how much you have to pay. loan application fees credit reports loan origination fee (usually 1% of the loan amount) loan discount points title escrow attorney's fees funding fees tax service mortgage insurance premiums impounds for taxes, insurance and interest.

In Conclusion: Buyers closing costs will vary depending on where you live. The country, province or state, city, town or rural area, ground area or water shed you call home will determine what costs you, the buyer, will have to pay. For a list of specific charges that apply to your area, you can contact your real estate agent, a title/escrow office, mortgage lender, or a real estate attorney. Make sure you know exactly what the "bottom line" is before you sign on the "dotted line"!

Additional Information: Residential Property Transaction in Canada

SELLERS GENERALLY PAY...

Real Estate Commission plus GST Payoff of all mortgages against the property in seller's name (or existing mortgage balance if being assumed by buyer) Interest accrued to lender being paid off Statement Fees, Reconveyance Fees and any mortgage Prepayment Penalties Any judgments, tax liens, etc., against the seller and Recording Charges to clear all documents of record against seller Tax prorating (for any unpaid taxes up to time of transfer of title).

Any unpaid Homeowner's Dues Homeowner's Association Document Fee Any bonds or assessments (according to contract) Any and all delinquent taxes Lawyer Fees GST (if applicable) Courier Fees.

BUYERS GENERALLY PAY...

Property Transfer Tax (amounts varies dependent on Province) Tax prorating (from date of acquisition) All new loan charges (except those required by lender for seller to pay) Interest on the new loan from the date of funding to 30 days prior to first payment Assumption/Change or Records fees for takeover of existing loan Beneficiary Statement Fee for assumption of existing loan Inspection Fees (roof, property inspection, geological, environmental, [e.g. oil tanks] etc.)

City Transfer/Conveyance Tax (according to contract) Fire Insurance Premium for first year Lawyer Fees Searching Title Investigating Title Drafting documents Survey Certificate Appraisal Sales tax (if applicable) GST (if applicable) Courier Fees These points may vary depending on Province and negotiations between Seller and Buyer.

Additional Information:

<http://www.radonzone.com/> <http://www.hlth.gov.bc.ca/hlthfile/hfile42.html>

<http://consumerlawpage.com/brochure/home-haz.shtml>

<http://www.lawyers-bc.com/condo/confees.htm>

Canadian Condominium Institute:

<http://www.cci.ca/>

"Be it ever so humble there's no place like home."
J. Howard Payne