Buying a Home: What Expenses to Expect

Budgeting for a new home can be tricky. Not only are there mortgage installments and the down payment to consider, there are a host of other—sometimes unexpected—expenses to add to the equation. The last thing you want is to be caught financially unprepared, blindsided by taxes and other hidden costs on closing day.

These expenses vary: some of them are one-time costs, while others will take the form of monthly or yearly installments. Some may not even apply to your particular case. But it's best to educate yourself about all the possibilities, so you will be prepared for any situation, armed with the knowledge to budget accordingly for your move. Use the following list to determine which costs will apply to your situation prior to structuring your budget:

1. **Purchase offer deposit.**
2. **Inspection by certified building inspector.**
3. **Appraisal fee:**

   Your lending institution may request an appraisal of the property. The cost of this appraisal is your responsibility.
4. **Survey fee:**

   If the home you're purchasing is a resale (as opposed to a newly built home), your lending institution may request an updated property survey. The cost for this survey will be your responsibility and will range from $700 to $1000.
5. **Mortgage application at your lending institution.**
6. **5% GST:**

   This fee applies to newly built homes only, or existing homes that have recently undergone extensive renovations.
7. **Legal fees:**

   A lawyer should be involved in every real estate transaction to review all paperwork. Experience and rates offered by lawyers range quite a bit, so shop around before you hire.
8. **Homeowner's insurance:**

   Your home will serve as security against your loan for your financial institution. You will be required to buy insurance in an amount equal to or greater than the mortgage loan.
9. **Land transfer (purchase) tax:**

   This tax applies in any situation in which a property changes owners and can vary greatly.
10. **Moving expenses.**
11. **Service charges:**

    Any utilities you arrange for at your new home, such as cable or telephone, may come with an installation fee.
12. **Interest adjustments.**
13. **Renovation of new home:**

    In order to "make it their own," many new homeowners like to paint or invest in other renovations prior to or upon moving in to their new home. If this is your plan, budget accordingly.
14. **Maintenance fees:**

    If you are moving to a new condominium, you will likely be charged a monthly condo fee which covers the costs of common area maintenance.

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