



## 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) investments. Some may not even apply to your situation. That said, it's best to educate yourself about all the possibilities, so you're prepared for any situation, armed with the knowledge to budget accordingly for your move.

*Use the following list to determine which costs are applicable to your situation prior to structuring your budget. If you're uncertain on any of them, or would like more clarity, don't hesitate to ask for more information.*

- **Purchase Deposit**
  - (While dependent on quite a few different factors), generally the deposit amount is between 5-10% of the purchase price and is due after all conditions are removed and your offer is unconditional. This deposit will eventually form part of the purchase price.
  - New construction condominiums may require a different deposit structure – so check with your realtor and the developer.
- **Inspection by certified building inspector.**
  - Building inspections can cost anywhere from \$400-\$2000, and range substantially based on the size, age, and type of home.
  - If you're buying into a stratified property – ensure your inspection includes a review of the strata documents.
- **Appraisal Fee**
  - Your lending institution may request an appraisal of the property. The cost of this appraisal is your responsibility.
- **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.



- **Mortgage application at your lending institution.**
- **5% GST**
  - this fee applies to newly built homes only, or existing homes that have recently undergone extensive renovations.
  - If the property has been used as a short term, transient rental, GST may also apply.
- **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.
- **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.
- **Property Transfer Tax**
  - **1%** up to \$200,000
  - **2%** over \$200,000 to \$2 million
  - **3%** over \$2 million to \$3 million
  - **5%** over \$3 million
  - There are some exemptions including those for First Time Buyers and Newly Built Homes
    - First Time Home Buyers: up to a maximum of \$500,000 or \$525,000 for a partial exemption
    - Newly Built Homes: must be your principle residence, up to a maximum of \$750,000 or \$800,000 for a partial exemption
- **Foreign Buyer's Tax**
  - **20%** on top of the purchase price for those who are not Canadian citizens or permanent residents
- **BC Speculation Tax**
  - **2%** for foreign investors
  - **0.5%** for Canadians (who pay majority of income tax outside of BC)
    - applies to homes that are 'Vacant'



- **Moving Expenses**
- **Service Charges**
  - Any utilities you arrange for at your new home, such as cable or telephone, may come with an installation fee.
- **Interest Adjustments**
- **Renovation of a 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 into their new home. If this is your plan, be realistic with potential costs and budget accordingly.
- **Strata Maintenance Fees / Monthly Assessment**
  - If you are moving to a condominium, you will be charged a monthly condo fee which covers the costs of common area maintenance, insurance, and potentially other shared items.
    - If the unit is new, be aware that the projected monthly assessment from the developer could change once the strata is formed.