

(289) 838-9862

Dan@DanChiassonRealEstate.com

DanChiassonRealEstate.com



DAN CHIASSON
REAL ESTATE

DAN CHIASSON
REALTOR

THE Cost To Close

Costs related to a
residential real
estate transaction



The conveyance of real property results in the payment of certain expenses by the parties involved. Below is a brief summary of the expenses that are incurred when transactions are handled properly and professionally.

Buyers under \$2,000,000 should budget approximately 4-5% of the purchase price for closing costs. First Time buyers are eligible for some rebates which reduce these costs. See details below.

PROVINCIAL LAND TRANSFER TAX

This is paid by the Buyer at the date of the final closing to the Minister of Finance pursuant to the Land Transfer Tax Act. The tax is based on the purchase price.

The rates are as follows for a single family residence:

\$0 - \$55,000	.5% (0.5% of \$55,000 is \$275)
\$55,001 - \$250,000	1% less \$275
\$250,001 - \$400,000	1.5% less \$1,525
\$400,001 - \$2,000,000	2.0% less \$3,525
Over \$2,000,000	2.5% less \$13,525

FIRST-TIME buyers of both new and resale homes are eligible for a rebate of the provincial land transfer tax of up to \$4,000.

TORONTO LAND TRANSFER TAX

This is paid by the Buyer at the date of the final closing to the City of Toronto. The tax is based on the purchase price.

Residential:

0.5%	of the amount of the purchase price up to and including \$55,000
1%	of the amount of the purchase price between \$55,001 and \$250,000
1.5%	of the amount of the purchase price between \$250,001 and \$400,000
2%	of the amount of the purchase price between \$400,001 and \$2,000,000
2.5%	of the amount of the purchase price over \$2,000,000

FIRST-TIME home buyers of new AND re-sale homes will receive a rebate of the Toronto land transfer tax of up to \$4,475 for purchases of more than \$400,000.

LEGAL FEES

Legal fees on a residential real estate transaction will generally fall in the following ranges:

Purchase	\$1100 - \$1400 for purchase price up to \$750,000
Sale	\$1000 - \$1400 for sale price up to \$750,000

TITLE INSURANCE

Title insurance insures against past problems that could affect your ownership in the future. A low, one-time premium covers you for loss or damage up to the policy amount and all legal costs you would have to pay to defend your title. Once the policy is issued, a covered title problem is not your concern, it becomes the responsibility of the Title Insurance Company. No survey is required by your lending institution if you have title insurance.

Prices can range from the low \$200 to over \$500 depending on the details of your purchase. Your lawyer can provide a detailed quote.

For more information:

<https://www.chicagotitle.ca/request-quote>

<https://www.fSCO.gov.on.ca/en/insurance/brochures/Documents/undstitins.pdf>

DISBURSEMENTS - PURCHASE

In addition to the payment of Land Transfer Tax, Buyers are responsible to pay for certain disbursements incurred by their lawyer in respect of various certificates, searches and registrations.

For a typical purchase (including one mortgage), a Buyer should budget up to \$400 for disbursements. When selecting legal representation ask for a detailed quote.

DISBURSEMENTS - SALE

The Seller in a real estate transaction is not required to pay any Land Transfer Tax. However, the Seller's responsible to pay for certain disbursements incurred by their lawyer. Sellers should plan for up to \$350 in additional costs. When interviewing and selecting legal representation ask for a detailed quote.

ADJUSTMENTS ON CLOSING BETWEEN SELLER AND BUYER

On closing there will be adjustments to the sale price between the Seller and the Buyer which will appear on a Statement of Adjustments as credits in favor of the Seller or the Buyer. If the Seller is relying on receiving or if the Buyer is relying on paying a fixed amount on closing, it is unpleasant if these adjustments come as a total surprise.

Examples may include:

If property taxes for the calendar year are \$4,000.00, the deal closes June 30th and the Seller has paid the taxes for the entire calendar year, there will be a credit on closing to the Seller of \$2000.00. In other words, the Seller receives \$2000.00 more and the Buyer pays \$2000.00 more.

If there is a fuel tank at the property, the Seller usually fills the tank on closing and sells a full tank to the Buyer. If the adjustment were approximately 52 cents per litre for 909 litres, the Seller would receive \$450.00 more and the Buyer would pay \$450.00 more on closing.

If the seller has paid \$600 for that month's condo fee's and the deal closes on the 11th day of the month - the seller would receive approximately \$400 more and the buyer would pay \$400 more on closing.

SURVEY

In some instances a financial institution may require a Buyer to produce a recent survey for the real property being purchased showing the boundaries of the lands and the location of the dwelling thereon. The term "recent" varies from lending institution to lending institution but as a loose rule a survey 10-15 years old will probably still be acceptable to a lender if accompanied by a Declaration of the Seller saying it is still accurate.

If the Buyer requires a survey for the lender and the Seller does not have one, it is the responsibility and the expense of the Buyer not the Seller to have a new one prepared by an Ontario Land Surveyor. A land survey for a typical residential property costs between \$1500 and \$3500. It is possible to search for and purchase an existing survey at a cost of \$250 - \$400.

For more information:

www.landsurveyrecords.com

Title insurance will take care of the problems incurred in the absence of a survey or an up to date survey! It is highly recommended that title insurance be obtained in the absence of a survey.

MORTGAGE INSURANCE

Typically no mortgage insurance is required with a 20% or greater downpayment.

A minimum downpayment of 5% is typically required. For purchases over \$500,000 the downpayment may need to be 10% on the amount above \$500,000. For example on an \$800,000 purchase the downpayment would be calculated:

5% needed for first 500k = 25k,

10% needed for remaining 300k = 30k,

Total downpayment needed = 55k for an 800k purchase.

In the event that the amount of your first Mortgage on your purchase transaction exceeds 80% of the purchase price, it will be necessary for you to purchase, for the protection of the Lender, mortgage loan insurance. This mortgage loan insurance premium that is paid is to protect the lender in the event that the mortgage is not paid. This is not to be confused with life, disability, or job loss insurance. Mortgage Insurance is not available for purchases over \$1,000,000.

The mortgage insurance is purchased through CMHC (Canada Mortgage and Housing Corporation), Genworth or Canada Guaranty. The cost of the insurance premium is paid by the Buyer. The amount of the mortgage insurance premium is calculated using a loan/value ratio, and may be added to the mortgage amount. The premiums are as follows:

Loan-to-Value Premium on Total Loan	Premium on Increase to Loan	Amount for Portability
Up to and including 65%	0.60%	0.60%
Up to and including 75%	1.70%	5.90%
Up to and including 80%	2.40%	6.05%
Up to and including 85%	2.80%	6.20%
Up to and including 90%	3.10%	6.25%
Up to and including 95%	4.00%	6.30%
90.01% to 95% - Non-Traditional Down Payment**	4.50%	6.60%

A 10% premium refund and extended amortization period without surcharge may be available when CMHC Mortgage Loan Insurance is used to finance Energy Efficient Homes.

While the mortgage insurance premium can be added into the amount of the Mortgage, the provincial tax of 8% on the premium is payable immediately at the time of the advance of the mortgage funds.

For more information:

<http://www.cmhc-schl.gc.ca/en/co/moloin/index.cfm>

Appraisal Fees:

Your lender may require a property appraisal at your expense. This can run you \$400-\$600. This is usually covered by the lender but can occasionally be passed onto the client.

BUILDING INSPECTION FEES OR HOME INSPECTION FEES

It is generally recommended that when purchasing a resale home or new construction that a building inspection be carried out on the structure, either prior to making an offer on the property or at the time you have entered into the Agreement of Purchase and Sale. The fee for a normal building inspection can range from \$500.00 to \$750.00. Additional fees of \$350 - \$450 are incurred for termite inspections and \$100+ for sewer and drain inspections.

CONDOMINIUM STATUS CERTIFICATE FEE

It is the responsibility of the Seller to obtain the Status Certificate to provide to the Buyer's lawyer for review. The Buyer usually covers the cost incurred by the Seller of \$100.00 to order the Certificate.

HOME STAGING FEES

A home staging consultation can run between \$250.00 and \$350.00. Additional costs are dependent upon the amount of staging done and upon who is responsible for completing the work. Typically this is covered by me out as part of your marketing package.

MOVING COSTS

Moving costs vary, depending on what "route" you take. A rental truck, a large pizza and a handful of friends can greatly limit the cost to move, however, hiring a professional moving company, while costing more, reduces the stress and risk of damage to your belongings. Moving company fees vary and having them pack as well as move your belongings increases the cost.

HST

You do not pay HST on a resale property, however, there is HST charged on a property that is newly built (and sometimes substantially renovated or expanded.) Often the builder will include the HST in the purchase price, or there are partial rebates available from the government. However, if you are purchasing a new property as an investment, you may not qualify for the rebate. Check with your agent and lawyer to ensure you understand if there are any HST implications.

NOTE: Dan Chiasson Real Estate does not take any responsibility for the accuracy of the costs listed above as they are subject to change from time to time and not controlled by Royal LePage Estate Realty. The costs provided are a guide for both Buyers and Sellers. Actual costs related to your transaction should be verified and confirmed.