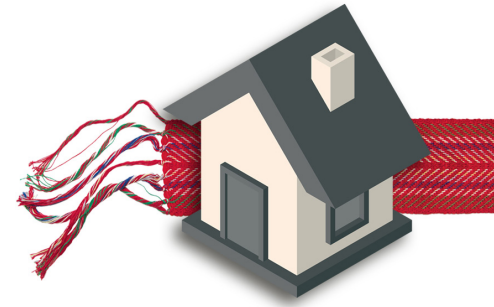


BUYING YOUR FIRST HOME

How much will it really cost?



Congratulations! You've made the decision to buy your first home! It's an exciting time, and there are a lot of things that you need to consider before you start making offers to purchase. Once you have figured out the home price range you can afford and the type of mortgage you qualify for, you will need to determine the associated costs of your home purchase to make sure you are financially ready. Below are some possible costs you should consider:

*Note: all costs listed below are approximate and may vary considerably

UPFRONT COSTS OF A HOME PURCHASE MAY INCLUDE:

Deposit (Up to 5%)

This can form part or all of your down payment and must be paid when you make an Offer to Purchase. The cost varies depending on the area and market trends. Ask your Realtor® for advice on what deposit amount is right for your situation.

Mortgage Loan Insurance Premium (Varies)

If yours is a high-ratio mortgage (less than 20% down payment), your lender may require mortgage loan insurance. Your lender may add the mortgage insurance premium to your mortgage amount.

Appraisal fee (\$350+)

Your mortgage lender may require that the property is appraised at your expense. An appraisal is an estimated of the value of the home. This cost may vary depending on the home, and must be paid when contracted.

Down Payment (Min. 5%)

The down payment amount agreed upon with your mortgage lender is owed in full on the closing date of your purchase.

Home Inspection Fee (\$500+)

A home inspection is a report on the condition of the home, and the cost varies based on the complexities of the inspection.

Property Insurance (Varies)

The mortgage lender requires property insurance because the home is security for the mortgage. This insurance covers the cost of replacing your home, and must be in place on closing day.

Questions

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Disclaimer

All materials and information available within the Metis Nation of Ontario Financial Literacy Program are for general informational purposes and not intended to provide specific advice or recommendations for any individual or for any financial product. Information provided through this program does not constitute financial, accounting or legal advice. It is recommended that you seek independent professional advice before making financial decisions regarding credit, investments, or savings plans.

CLOSING COSTS OF A HOME PURCHASE MAY INCLUDE:

Land Transfer Tax (LTT), (Varies)

The cost of LTT is a scaled percentage of the purchase price and may vary depending on where you purchase in Ontario. First-time home buyers receive a rebate towards this tax. Check with your real estate lawyer/notary to determine your exact LTT cost.

Legal Fees and Disbursements (\$800+)

These costs are paid directly to your real estate lawyer/notary and are due on closing day. They are a minimum of \$800 (plus GST/HST), but can cost upwards of \$5,000. Call multiple real estate lawyers/notaries for quotes and information on services provided before choosing who will assist you with your purchase.

Title Insurance (\$300+)

Your lender or lawyer/notary may suggest title insurance to cover loss caused by defects of title to the property. This is a one-time cost.

PST on Mortgage Loan Insurance (Varies)

If you are purchasing a home with less than a 20% down payment, you may be required to buy mortgage default insurance. Though this insurance is included in the mortgage, PST on the insurance may be deducted from the mortgage advance at time of closing.

OCCASIONALLY INCURRED CLOSING COSTS MAY INCLUDE:

Water Tests (Varies)

If the home has a well, you may choose to have the quality of the water tested to ensure that the water supply is adequate and the water is potable. You can negotiate this cost with the seller in your Offer to Purchase.

Septic Tank (Varies)

If the home has a septic tank, it should be checked to make sure it is in good working order. This cost can be negotiated with the seller in your Offer to Purchase.

Status Certificate Fee (\$100)

This fee applies if you are buying a condominium or strata unit. It is typically included as one of your Real Estate Lawyer or Notary fees.

Prepaid Property Taxes and/or Utility Bills (Varies)

This may be required to reimburse the seller for prepaid costs such as property taxes, filling the oil tank, etc.

SECONDARY COSTS OF A HOME PURCHASE MAY INCLUDE:

- Appliances
- Landscaping or snow-clearing equipment
- Window treatments
- Renovations or repairs
- Moving expenses
- Service connection fees (charged for utilities like gas, electricity, or internet)

