

13 Extra Costs to be Aware of Before Buying a Home

Whether you're looking to buy your first home, or trading up to a larger one, there are many costs –*on top of the purchase price* – that you must figure into your calculation of affordability. These extra fees, such as taxes and other additional costs, could surprise you with an unwanted financial nightmare on closing day if you're not informed and prepared.

Some of these costs are one-time fixed payments, while others represent an ongoing monthly or yearly commitment. Not all of these costs will apply in every situation, however it's better to know about them ahead of time so you can budget properly. Remember, buying a home is a major milestone. Whether it's your first, second or tenth home, there are many important details to address, during the process. The last things you need are unbudgeted financial obligations cropping up hours before you take possession of your new home.

Read through the following checklist to make sure you're budgeting properly for your next move.

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- 1. Appraisal Fee**
Your lending institution may request an appraisal of the property which would be your responsibility to pay for. Appraisals can vary in price from approximately \$175 - \$300.
- 2. Property Taxes**
Depending on your down payment, your lending institution may decide to include your property taxes in your monthly mortgage payments. If your property taxes are not added to your monthly payments, your lending institution may require annual proof that your taxes have been paid.
- 3. Survey Fee**
When the home you purchase is a resale (*vs a new home*), your lending institution may ask for an updated property survey. The cost for this survey can vary between \$700 - \$1000.
- 4. Property Insurance**
Home insurance covers the replacement value of your home (*structure and contents*). Your lending institution will request proof that you are insured as it protects their investment on the loan.
- 5. Service Charges**
Any new utility that services your hook up, such as telephone or cable, may require an installation fee.

- 6. Legal Fees**

Even the simplest of home purchases should have a lawyer involved to review all paperwork. Shop around, as rates vary greatly depending on the complexity of the issues and the experience of the lawyer.
- 7. Mortgage Loan Insurance Fee**

Depending upon the equity in your home, some mortgages require mortgage loan insurance. This type of insurance will cost you between 0.5% - 3.5% of the total amount of the mortgage. Usually payments are made monthly in addition to your mortgage and tax payment.
- 8. Mortgage Brokers Fee**

A mortgage broker is entitled to charge you a fee in order to source a lender and organize the financing. However, it pays to shop around because many mortgage brokers will provide their services free to you by having the lending institution absorb the cost.
- 9. Moving Costs**

The cost for a professional mover can cost you in the range of:
 - \$50-\$100/hour for a van and 3 movers, and
 - 10-20% higher during peak demand seasons.
- 10. Maintenance Fees**

Condos charge monthly fees for common area maintenance such as grounds keeping and carpet cleaning in hallways. Costs will vary depending on the building.
- 11. Water Quality and Quality Certification**

If the home you purchased is serviced by a well, you should consider having your water checked by your local experts. Depending upon where you live, determine whether or not a fee is charged, to certify the quantity and quality of the water.
- 12. Local Improvements**

If the town you live in has made local improvements (*such as the addition of sewers or sidewalks*), this could impact a property's taxes by thousands of dollars.
- 13. Land Transfer Tax**

This tax is applied whenever property changes hands and the amount that is applied can vary.