

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. This is money that is included in your offer to purchase that will then be used to form a part of your down payment.
2. Inspection by certified home inspector.
3. GST and/or PST: this fee applies to newly built homes and is usually included in the sale price but some builders apply it above and beyond the price of the home which should be watched for.
4. Legal fees: A lawyer will be involved in every real estate transaction to review all paperwork and transfer the title. Every lawyer has their own fee schedule which you can inquire about prior to choosing who to work with.
5. Homeowner's insurance: You will be required to set up home insurance prior to meeting with your lawyer to sign transfer documents.
6. Life insurance: I always recommend that homeowners obtain life and critical illness insurance. It is best to speak with a financial advisor to arrange your insurance.

7. Land transfer (purchase) tax: This tax applies in any situation in which a property changes owners. This will be included in your quote from your lawyer.

8. Moving expenses.

9. Service charges: Any utilities you arrange for at your new home, such as cable or telephone, may come with an installation fee.

10. Interest adjustments.

11. 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.

12. 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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