

## Home Buyer Completion Costs Guide

Here's some information to help you understand the closing costs you need to know about when buying a home in Vancouver, BC. If you have questions, please feel free to email Tony at [tony@tonycikes.com](mailto:tony@tonycikes.com) or call 604-616-TONY.

### GST/HST

If you buy a newly constructed home, you must pay the 5% GST. However, if your house is less than \$450,000 you may be eligible for a rebate. For more information, please visit [www.cra-arc.gc.ca/tax/business/topics/gst/construction/menu-e.html](http://www.cra-arc.gc.ca/tax/business/topics/gst/construction/menu-e.html)

Starting July 1<sup>st</sup>, 2010 the GST will be replaced by a 12% HST. New homes purchased as a primary residence would receive a rebate of 71.43% of the provincial component of the HST paid, up to a maximum of \$26,250. For more information on the proposed transitional rules for new housing, visit [www.gov.bc.ca/hst](http://www.gov.bc.ca/hst).

### Property Transfer Tax

When a residence is purchased a Property Transfer Tax (PTT) is applied. The tax is calculated at 1% on the first \$200,000 and 2% on the remainder. The First-Time Home Buyers' Program offers an exemption to the PTT if the fair market value of the residence is \$425,000 or less. In all regions there is also a proportional exemption for first-time buyers of homes with a fair market value up to \$25,000 above the thresholds. This means in the Vancouver area, homes valued up to \$450,000 (\$425,000 threshold + \$25,000 proportional exemption) will be charged a pro-rated PTT. For information, go to <http://www.rev.gov.bc.ca/rpt/ptt/ptt.htm>

### Prepaid Property Taxes or Utility Bills

You will have to reimburse the sellers for any prepaid property taxes or utilities.

### Mortgage Loan Insurance and Application Fee

If you get a high-ratio mortgage (less than 20% down payment) you will have to buy loan insurance from CMHC or a private company. If you qualify for a 5% down payment, CMHC charges an insurance fee that equals 3.25% of the mortgage. If you put 10% or 15% down, your insurance fees will decrease to 2% and 1.75% respectively.

The insurance premium usually gets added to your mortgage so the cost is not required upfront. However, you will also have to pay an application fee. CMHC's standard fee is \$235. CMHC also offers a basic service for a \$75 fee but it must be accompanied by an appraisal. You can visit the CMHC website at <http://www.cmhc-schl.gc.ca>

### Appraisal

Before your lender approves your mortgage, you may be required to have an appraisal done. Sometimes your lender covers this cost otherwise you are responsible for covering this cost. The fee ranges from \$150 to \$350.

### Survey Fee

Your lender may require an up-to-date survey of the property. If the seller did not provide you with one, you will have to pay to have one done. The fee ranges from \$150 to \$350.

### Home Inspection Fee

We highly recommend that you get a home inspection by a certified home inspector. It will cost you from \$300 to \$500 for a condo and approximately \$400 to \$600 for most houses. It's a small price to pay for peace of mind.

### Legal Fees

Lawyers/Notaries fees for closing the sale range according to the complexity of the deal but they typically range from \$800 - \$1200.

### Disbursements to Land Titles Office

These fees are approximately \$300. Your lawyer/notary will arrange this payment.