

The hidden costs of home ownership

By *Gail Johnson*

Kelly Gardiner In his three decades as a real-estate agent in North Vancouver, B.C., [Kelly Gardiner](#) has seen a lot of different reactions from people [buying a house for the first time](#). Usually, they're excited, nervous and overwhelmed. But there's another feeling that sometimes pops up -- utter shock -- not from the purchase itself, but because of all the associated costs people never even thought of.

"For people who haven't moved that often, a lot of [expenses can come as a surprise](#)," Gardiner says. "Or they're so focused on just signing the papers that they never stop to think about everything that's involved in owning a home and moving into one."

So, if owning property is a new endeavor, here are some of the hidden costs to budget for before you close the deal:

Legal fees

Fees and disbursements usually cost around \$1,000. You can hire a lawyer or a notary, but it's best to deal with someone who specializes in real-estate transactions.

Property transfer tax

This land-registration tax must be paid when you register changes to a certificate of title at the land title office. It varies from province to province. In B.C., for example, the tax is 1 per cent on the first \$200,000 and 2 per cent on the balance.

Provincial sales tax

Again, this amount varies across the country, but is charged on new condos, townhouses and homes. For example, new homes or properties that have undergone a substantial renovation, are subject to 13 per cent HST in Ontario. For a home with a purchase price of \$310,000, you'll be required to pay \$40,300 in HST. Ouch! But, depending on the purchase price of your home, buyers may be eligible for a [new home rebate](#), which will help to alleviate some, or all, of the HST sticker shock.

Home inspection

You can spend anywhere from approximately \$200 to close to \$1,000 for a [qualified inspector](#) to see what's lurking behind the cosmetic upgrades. Find an inspector with a solid reputation and have them spell out exactly what services they'll provide. (ie: some inspectors offer a checklist; others take photos and provide a detailed report). It's best not to skimp on this one.

Land survey

Most mortgage lenders will require a survey of the property done by an accredited land surveyor to determine whether the home sits within its specified legal boundaries and complies with local bylaws. This usually costs about \$500 but can be much more in complicated cases.

Closing adjustments

This cost includes any adjustments between you and the seller for things like property taxes and utilities that were paid in advance. Your lawyer or notary can calculate these charges.

Mortgage insurance

If your mortgage is more than 75 per cent of the home's selling price, it's considered high-ratio and you must buy insurance from the [Canada Mortgage and Housing Corporation](#). The amount is calculated based on the ratio of mortgage to home value.

Property taxes

If you've never owned your own place before, you've never had the joy of paying this monthly expense. This is on top of monthly strata fees if you're in a condo.

Movers

At its most basic, there's the cost of hiring a company to haul all of your worldly possessions to your new digs; then there's the potential expense of having someone pack all of your things for you too. Costs vary widely and depend on how far you're going.

Ask in advance whether the movers charge for travel time to get to you in the first place.

If you have to be out of your old place before you can move into your new place, you'll have storage costs as well.

Appliances

These may or may not come with the home, so you may find yourself shopping for a washer and dryer or even a fridge, oven and dishwasher.

Window coverings

Again, these aren't necessarily automatically included. Be clear about this in your offer so you're not left doing an emergency run for blinds or curtains.

Connection fees

Telephone, cable, Internet and alarm-system companies will ding you a connection fee. Then there are charges to set up heat, water, gas and electricity. However, some of these charges may be negotiable if you're staying with the same service provider. It never hurts to ask what the company can do to retain you as a loyal customer.

Miscellaneous

As a proud new homeowner, you may need to invest in items like a lawn mower, sprinklers, garden tools, hoses, shovels, a ladder, a freezer, basic tools and the like. It all adds up. Best to start saving now.