

Don't be caught off guard by closing costs

Categories : [First-time homebuyer](#), [Housing costs](#), [Rebate Blog](#)

You've visited dozens of houses and you've finally settled on one that you want to put an offer on. It's a nerve wracking process waiting to see whether the seller accepts your offer and if they do, congratulations you're now a homeowner!

But if there's one thing you don't want to be caught unawares is the closing costs you'll need to pay upfront. The Canada Mortgage and Housing Corporation suggests homebuyers budget an extra 1.5 to four per cent of your property's purchase so you're not left in the lurch.

For a new homeowner, you may be wondering why you're paying extra, especially since a home already costs a pretty penny. Here's where all your closing cost money goes:

Downpayment. The amount you put down as a downpayment affects your future mortgage costs. Ideally, you want to pay 20 per cent of your home's purchase price, but if that's not possible then you can pay at least five per cent and you'll be required to purchase a mortgage insurance loan. Unfortunately, mortgage insurance costs just went up thanks to recent changes to premiums by the CMHC.

One thing to keep in mind is that if you're currently eligible for an HST rebate since you've purchased a newly built property, but someone else on the title isn't, then you can no longer receive the rebate.

Land transfer tax. This varies province to province and sometimes there is are additional municipal transfer tax that is tacked on in cities such as Toronto. First time homeowners may be exempt from some of this cost and there are land transfer tax calculators to help you figure out the cost.

Legal fees. You'll need to tap into a lawyer and their staff to help you legally close the real estate transaction.

Home inspection fee. A home inspector is key to helping you discover if there are any issues with the property. This should be a condition listed in your offer since their input can give you some intel into what renovations you might need to do if you buy the property, along with the home's overall state.

Property survey. A property survey is an important step in the homebuying process since it helps establish your property's boundaries, such as how big your land is and whether parts of your property have been legally added, such as a fence or driveway.

Title insurance. If you need to handle any property boundary disputes, title insurance can help handle these issues, along with title fraud and any title issues from the past owner.

Property insurance. This protects your home and its contents in the unfortunate scenario that something happens.

Prepaid bills. You may need to negotiate with the previous owner to reimburse them for any utility bills and property tax bills.

GST/HST. This varies province to province, but depending on the property you buy and [whether you meet certain criteria](#), you can claim this back. [The amount you can claim](#) also varies in different provinces.

Estoppel Certificate Fee. If you bought a house, you don't need to worry about this, but if you're a condo owner, the Estoppel Certificate is provided by the condominium corporation which details all the facts an owner needs to know about the financial obligations on the unit.

Make sure you have some extra money saved in the bank so these closing costs don't come as a nasty surprise.

[Rebate4U](#) can help homeowners figure out whether they qualify for an HST rebate. Our priority is to provide our clients with the most professional and quality service in obtaining rebates for their new and renovated homes – whether it's your new home or an [investment](#). We are proud to offer our clients the most personal and attentive service, and we make sure that all of our clients are 100% satisfied.