

ARTICLES FROM THE BEAR'S DEN - COMPLIMENTS OF PETER LINDSAY



CLOSING COSTS

Below you will find some examples of the various closing costs that can often be associated with the purchase of a home.

While this is not a definitive list by any means it will, however, give you some idea of the costs that may apply to your sale, or purchase.

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Things to Remember

Today with interest rates at still at low levels many individuals are taking the opportunity to get pre-qualified for a mortgage which is often one of the first steps many buyers will take on the way to home ownership. Not to be forgotten is the fact that in addition to the purchase price of a home and the down payment, there are also some additional costs that every home buyer should be aware of and plan for financially. Some of these potential costs could include:

LEGAL FEES: A lawyer or a Notary Public is an important part of the home buying process. Their duties may include, but are not limited to, searching title to the property, registering your mortgage, paying for disbursements, as well as arranging for a survey, or title insurance.

MORTGAGE INSURANCE: Any mortgage that is greater than 75% of the homes purchase price will be considered by a lender to be a high ratio mortgage and as such the lender will require a buyer to have mortgage insurance for which various fees may apply.

PROPERTY INSURANCE: Most mortgage lenders will require you to provide proof your home is covered by insurance with any loss payable first to the lender in case of loss. Such proof is usually required before the lender will advance the mortgage proceeds to your lawyer or notary.

HOME INSPECTION: A qualified, professional home inspector, can be very useful as an independent third party who can help to determine the overall condition of the home you are considering purchasing.

PROPERTY TRANSFER TAX: There is a Provincial Property Purchase Tax of 1% of the first \$200,000. of the purchase price and 2% of the balance. This tax can be reduced in certain circumstances for first time buyers.

HST/GST: The Harmonized Sales Tax and or the Goods and Service Tax is payable to some degree on all new homes, but some rebates may apply to qualified buyers. Under normal circumstances there is usually no HST/GST payable on a pre-owned home.

OIL TANK REPLACEMENT: Many insurance companies today require a new home owner to replace an existing oil tank if it is close to 20 years old. This requirement, however can vary depending on the underwriter your insurance company uses.

UTILITIES: Charges may apply to the hook up of hydro, telephone, cable TV and other utilities.

MOVING COSTS: The distance, time and the weight of furniture and personal items can all have a bearing on the cost of your move. Obtaining several quotes in advance of your possession date will help you to determine how much you may want to do yourself and how much to leave to the professionals.

For information on homes currently for sale in the Greater Victoria area please contact me at your convenience at peterb@vreb.bc.ca if I can be of service to you and your family.