



Whether you are considering buying your first home or moving up to a larger one, there are several expenses in addition to the purchase price that you need to plan for as you begin your search. These additional costs can take you by surprise and turn the signing at the notary's office into a nightmare if you are not well informed and prepared for these eventualities. Some of these costs are one-time fees and others are monthly or annual commitments in addition to what you had planned. Not all of these costs will apply in every situation, but it's best to be aware of them all well in advance so that you can develop a realistic and comprehensive budget. Remember, buying a home is a central part of your financial picture. Whether it's your first, second or even tenth home, there are many details to consider throughout the process. The last thing you need are unplanned expenses that would be revealed to you too late, when you take possession of your new home. Read the following list of items carefully and make sure you have budgeted for your next purchase.

#### **1 - Assessment fees**

The lending institution will probably request an appraisal of the property you are interested in and you will be charged for it. The price of this evaluation varies from \$175 to \$400.

#### **2 - Property taxes**

Depending on the amount of cash you give, the lending institution may decide to add the property tax payment (municipal and school) to your mortgage payment. And even if you pay them back to the current owner in the adjustments at the notary's office, you will still have to start paying them immediately with your mortgage payment to build up a reserve for the next payment.

#### **3 - Survey fees**

When you buy an existing home (as opposed to a new home) the bank may require an updated certificate of location. Unless your promise to purchase has already included it as a seller's responsibility, you will have to pay between \$500 and \$800 for such a document.

#### **4 - Property Insurance**

Home insurance covers the reconstruction of the building (replacement value) in case of destruction and insures the contents (fire and theft). Your lending institution will require proof of insurance before releasing the funds for signing at the notary.

#### **5 - Connection fees**

Think of the fees you will have to pay for the telephone connection as well as the cable network.

#### **6 - Legal fees**

Even the simplest transaction must be duly signed at a notary's office and registered at the Bureau de la Publicité des Droits Immobiliers. Ask about the fees charged by different notaries. Costs will vary depending on the complexity of the file and the services offered by the notary.



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## 13 expenses to consider before buying a home

### 7 - Mortgage Insurance Fees

If you do not have the minimum cash percentage required to obtain a «conventional» loan from your bank, you will have to pay an insurance premium for it. This represents between 0.5 and 3.5% of the total mortgage amount. Payments are usually added to your monthly payment.

### 8 - Mortgage brokerage fees

A mortgage broker has the right to charge a fee for canvassing different lending institutions. However, it is important to «store around» because many brokers will give you their services for free since the lending institution will pay their fees.

### 9 - Moving expenses

Professional moving companies fees average \$80 to \$100 per hour for the truck and 3 men. Prices increase by 10-20% during the July 1<sup>st</sup> period.

### 10 - Condo fees

Co-owners must pay monthly fees for the maintenance of common areas, stairs, landscaping, snow removal, etc. These fees vary according to the type of building and the decisions of each Syndicate of Co-ownership.

### 11 - Water quality test

If the home you are considering is served by a well or private water supply, you will want to have the water quality tested by an independent expert. You will be responsible for the cost of the collection and analysis.

### 12 - Infrastructures

It is important to find out if a special tax for exceptional infrastructure expenses (sidewalks, water, sewers, paving) applies to the property you are interested in. These infrastructure expenses can represent thousands of dollars that are added to the municipal tax bill for a predetermined number of years.

### 13 - Transfer and other taxes

This tax is applied uniformly in all municipalities on the transfer of title to a property, whether it is a house or land. It is commonly referred to as the «welcome tax» and must be paid within three months of signing. In some municipalities and under certain circumstances, a «green tax» may apply in the case of a major expansion requiring a new cadastre.

This report is courtesy of the Bardagi team. For more information, please contact us.

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