

13 EXTRA COSTS TO BE AWARE OF BEFORE BUYING A HOME

Whether you are considering buying your first house or are looking for a bigger one, there are many expenses over and above the purchase price that you need to plan for right from the moment you start looking for a house. These additional costs can take you by surprise and turn the signature of the contract into a nightmare if you are not well informed and prepared to deal with them.

Some of these costs are to be paid only once while others might be on a monthly or annual basis, and are over the ones you expected to pay. All these costs do not apply to all situations but it's better to know what they are ahead of time in order to prepare a realistic and complete budget.

Remember that buying a house will constitute the central point of your financial situation.

Whether it's your first, second or tenth house, several details must be considered all along the process. The last things you need are unplanned expenses that are revealed to you too late in the process, meaning at the moment of taking possession of your new house.

Read the list of the following items carefully and make sure you include everything in your budget while planning the purchase of a house.

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1. Evaluation fees

The lending institution will probably ask for the property evaluation of the house you wish to buy and you will have to pay these fees. The cost of such an evaluation varies from $175 to $400.

2. Taxes

According to the amount of cash you will put down, the lending institution might decide to add the amount of property taxes (municipal and school) to your mortgage payment. And even if you repay them to the actual owner as part of the notary adjustments, you will have to start immediately to pay them together with your mortgage payment to build a reserve for the next payment date.

3.Land surveying fees

When you buy an existing house (as opposed to a new one), the bank can require an updated version of the certificate of location. If your offer to purchase did not already include it as being the responsibility of the seller, you will have to pay fees ranging from $500 to $800 for such a document.

4. Insurance for the property

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

5. Connecting fees

Consider the fees you will have to pay to connect the phone and cable.

6. Legal fees

Even the simplest transaction must be duly signed at the notary and registered at the Publicity of Rights Office. Inform yourself about the fees charged by various notaries. Costs will vary based on the complexity of the file and the services offered by the notary.

7. Mortgage insurance fees

If you do not deposit the required minimum amount in cash to get a “conventional” loan from the bank you will have to pay an insurance premium. This premium represents from 0.5% to 3.5% of the total amount of the mortgage. Payments of the premium are usually added to your monthly payment.

8. Mortgage brokerage fees

A mortgage broker has the right to require to be compensated for analyzing various offers from lending institutions. However, it is important to “shop” since many brokers will offer this service for free because they are compensated by the lending institution.

9. Moving fees

The costs of professional moving companies average between $80 to $125 an hour for the truck and 3 men. The cost increases from 10 to 20% during the 1st of July period.

10. Condo fees

The co-owners must pay monthly fees for the maintenance of common spaces, stairs, landscaping, snow removal, etc. These costs vary according to the property and the decisions of the co-property syndicate.

11. Water testing fees

If the water of the coveted house is fed by a well or a private aqueduct, you will want an independent expert to analyze the quality of the water. You will have to pay the cost for collecting and testing the water.

12. Local improvements

If the town you live in has made local improvements (such as the addition of sewers or sidewalks), it could impact a property's taxes by thousands of dollars.

13. Land transfer tax

This tax is applied whenever property changes hands and the amount that is applied can vary.