



# INTEGRA

LAW GROUP

## TYPICAL HOME CLOSING COSTS

### 1. Property Transfer Tax

- a. Based off of the purchase price, it is calculated at 1% on the first \$200,000.00 and at 2% on any amount over \$200,000.00.
- b. First Time Home Buyers Exemption Qualifications:
  - i. Never been the legal owner of a house in which you have lived anywhere in the world
  - ii. Purchase price is under \$475,000.00
  - iii. Reduced exemption if purchase price is between \$475,000.00 and \$500,000.00

### 2. Legal Fees

- a. For a typical Purchase and Mortgage you should budget approximately \$950.00 for legal costs. Please phone our office for a quote that takes into account the specifics of your transaction.
- b. If an Assignment of Rents is required by your lender (not typical unless you are renting out a portion of the property for example) the legal costs will be increased by about \$80.00.
- c. A Mortgage or Secured Line of Credit that is going against more than one property (Inter Alia Mortgage) will also increase the costs as there will be extra registration fees at the Land Title Office and more legal work to be done. Typically this is an extra cost of about \$125.00.

### 3. Municipal Tax Adjustments

- a. Property Taxes are payable at the beginning of July but the billing period is from January 1<sup>st</sup> to December 31<sup>st</sup> of each year. If buying a house before the taxes are paid for the year (January 1<sup>st</sup> until the end of June), buyers will receive a credit from the seller for the seller's portion of the tax bill for that year. The buyers receive a credit at the time of completion but will be responsible for the entire municipal tax bill due at the end of June.
- b. If a person is buying a house after the taxes are paid for the year (from July until the end of December), the buyer will be reimbursing the seller for the taxes pre-paid by the seller until the end of the year. The closer to the end of December a person buys, the smaller the adjustment. If buying in July, the tax adjustment can be quite large.

## TYPICAL HOME CLOSING COSTS CONTINUED

### 4. Water Adjustment

- a. Clearbrook Water Works District – A small part of Abbotsford has a private water company supplying its water. There is a signed up fee/change of ownership fee of \$75.00 at the time of completion. There may also be a water adjustment as Clearbrook Water Works District bills twice a year. Buyers may receive a credit or may have to reimburse the seller depending on when the bill is paid.
- b. Abbotsford City Water – The billing periods are every two months. Sellers will have to pay a final utility bill up until the adjustment date (usually the day after completion, depending on what is outlined in the Contract of Purchase and Sale). An estimated amount is held back from the sale proceeds until the final bill is received by the City. The amount of the final utility bill is paid to the City and the remaining amount is released to the seller. The Buyer will be responsible for any future utility bills.

### 5. Fire Insurance Binder

- a. All lenders want proof that the property being purchased has been property insured and that the lender is the first loss payee. Typically the cost of a binder is between \$20.00 and \$40.00 although some insurance agencies still provide binders for free.
- b. It is important that the buyers purchase their house insurance in advance of the completion date so that there will be no problems with obtaining the fire insurance binder.

### 6. Extra Costs for a Strata Property Purchase

- a. Strata Form F – The Land Title Office requires a Form F which shows that there are no outstanding strata fees owed. This typically costs \$15.00 plus tax.
- b. Strata Form B – This document provides additional information such as the amount of the monthly strata fees payable, the amount in the contingency funds, any lawsuits against the strata and so forth. This typically costs \$35.00 plus tax.
- c. Move In Fee – Strata Companies that have an elevator in their building charge a fee for the extra wear and tear on the building for a move in. Typically this fee is between \$50.00 and \$100.00.
- d. Most strata properties do not have a water adjustment.