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Unbudgeted Financial Obligations As a Home Buyer

When buying a house or a condo in London, Ontario, and the area, the last thing you need is unbudgeted financial obligations! Some or all of these could apply!



Purchase Price and down payment

The starting point in your calculation.

Lawyer's Fees

Although fees vary by location, they can range from \$3,500 to \$ 4,500, depending on whether you are remortgaging your existing home or buying a new one.

Land Transfer Tax

It is a tax payable to the Provincial Government by the purchaser upon the transfer of title from a seller. [Land Transfer Tax Ontario.](#)

Registration Fees

Fees are paid to the provincial government for recording a title transfer, mortgage registration, or other instrument, such as an Assignment or lien, with the local authorities.

Compliance Letter

This is an acknowledgment from the building department that the property has no outstanding work orders. Work orders specify cleanup or repair requirements that the owner must complete legally before ownership can be transferred. They are obtained by your lawyer and are required in many municipalities throughout Canada before a property transfer can take place.

Taxes

Your lawyer obtains them at the time of sale to confirm that local taxes have been paid and are up to date. If they are not up to date, the seller must pay them from the sale proceeds. You may be legally required to pay outstanding taxes if insufficient proceeds are available. If, on the other hand, taxes have been prepaid, you may have to compensate the seller for them.

Provincial “New Home Warranty Program” premiums — New Homes Only!

A third-party (provincial) warranty program between a builder and a buyer. Except for Ontario and Quebec, the builder’s membership in such a program is voluntary. Through these programs, your home is guaranteed against defects for at least one year. [Tarion Ontario.](#)

Mortgage Appraisal and Application Fees

Application fees apply only to high-ratio mortgages, while appraisal fees are standard for most mortgages. Generally, \$200— \$500 per item applies.

Home Inspection

A report commissioned by a property owner or purchaser is usually used to verify the condition of a property before the “firming up” of a purchase agreement. The scope and level of detail may vary, but most reports outline specific problems and associated repair costs. Unfortunately, no licensing is required, and this service is not subject to explicit regulation beyond general consumer protection laws. The best safeguard against inadequate work is to ask for the inspector’s resume.

Land Survey

The legal written and mapped description of the location and dimensions of your land. The survey should also show the dimensions and placement of any structure, including additions such as pools, sheds and fences. A lender may require an up-to-date survey as part of the

mortgage transaction. However, obtaining Title Insurance is more prevalent, and a survey may not be necessary.

Title Insurance

Title insurance protects residential or commercial property owners and their lenders against losses related to the property's title or ownership. [Understanding Title Insurance](#)

Connection Charges

Some local utility companies (hydro, gas, oil) charge a fee on the closing date to connect new buyers to their service. However, an extra charge on the first billing is more common.

Property Tax and Prepaid Utilities Adjustments

If the previous owner prepaid property taxes or other utilities, the prepaid portion will be credited at closing. If they paid all their taxes by April, expect a significant adjustment in closing costs!

Interest Adjustment (IA)

Suppose you schedule your mortgage payments on the first of each month, and your transaction closes after the first day. In that case, your lender will charge interest on the closing date through the next interest date, called the Interest Adjustment Date (IAD), when your payment cycle begins. This can be a sizeable amount, but it is the correct interest you should pay. For example, close on June 15th, pay 15 days of interest on closing and start payments on August 1st.

Property Insurance

Home insurance covers the replacement value of your home (structure and contents). Your lending institution will request proof of insurance to protect its investment in the loan.

Movers

Avoid the end or beginning of the month; that is when movers are busy and will most often charge you more.

Buying a house or condo is a significant decision, both financially and emotionally. This Home Buyers Guide London offers a few ideas and tips to help you feel prepared and confident throughout the process.

Posted by [Ty Lacroix](#) in [Home Buyer Tips & Ideas](#)

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