



All Things Home

Download these tips...

New & Custom Homes

- Buyer's guide to new homes
- 5 things to know before you search

Resale & Rental Living

- 5 signs a home may be a bad buy
- Top tips when buying and selling

Renos & Maintenance

- 10 ways to run your home smoothly
- What to know before renovating

Design & Decor

- 15 ways to redecorate on a budget
- Keeping your decor timeless

Gardening & Landscaping

- Top tips for gardeners
- How to go from blank slate to oasis

Finance & Savings

- Getting your financial house in order
- 5 forgotten expenses when buying

and much more at...

AllThingsHome.ca/tips

...your go-to site for all things related to homes & gardens in Ottawa.

Five Forgotten Expenses When Buying a Home

By Patrick Langston



Forgotten expenses: they can come as a nasty surprise to a home buyer. Here are five common ones that can add up to quite a bit of money.

Land transfer tax.

Paid to the Province of Ontario, this tax “works on a sliding scale based on the purchase price, and you pay it on closing,” says Tom Burrow, a mortgage agent with [Mortgage Brokers Ottawa](#).

If you buy a home in Ottawa for \$375,000, you should expect to pay about \$4,100 in land transfer tax. There is a rebate for first-time buyers on the first \$368,000 of the purchase price; that means a first-time buyer purchasing a home for \$375,000 would pay a land transfer tax of \$100.

For more information, see the related Government of Ontario [website](#).

PST on mortgage insurance premiums.

If you're making a down payment of less than 20 per cent, you need to purchase mortgage default insurance through an organization such as Canada Mortgage and Housing Corporation (CMHC) or Genworth Canada. However, cautions Burrow, there is provincial sales tax (PST) on the premium, and it's payable up front for the full amortization period.

If you buy a home for \$375,000 with a 15-per-cent down payment and a 25-year amortization, your default insurance with CMHC will cost \$8,925. The PST on that is \$714.

To calculate your own cost, visit [ratehub.ca](#).

Insurance.

“Standard home insurance is pretty cheap relative to many other types of insurance, but budget that into your calculations,” says Jenna Roundell of [RBC Dominion Securities](#). In fact, Ontario homeowners paid an average of just \$780 a year in 2015, according to the insurance information site [InsurEye](#).

However, Roundell continues, what about life, disability and critical illness insurance? “Buying a home is a big event and it usually coincides with a growing family – either a spouse or a new child or even the addition of a granny suite.” She says to make sure your family is protected if you can’t continue paying the mortgage because of illness or even death.

There’s one caveat to this, Roundell continues. “With only a couple of exceptions, it’s almost always better to insure privately rather than opting for mortgage insurance through your lender.” She recommends talking to a certified financial planner to help determine what, if any, insurance you need.

Maintenance costs.

Unless you’ve bought a new home, count on spending money every year for maintenance and repairs. That includes everything from the unpleasant surprise of having to fix a leaky roof to painting the family room. While estimates of average maintenance and repair costs vary, many experts say to budget one to three per cent of the purchase price of your home. So, if you paid \$350,000, you should try to sock away \$3,500+ in a savings account to cover these expenses.

When it comes to repair and maintenance tools, Nick Bachusky, a mortgage agent with [mortgageinottawa.com](#), suggests cutting your costs. “Look at using great services like the [Ottawa Tool Library](#), where you can just pay an annual fee and use it like a book library.”

Moving day.

The cost of hiring a moving company can depend on how much you’re moving, how far and even the time of year. However, you should count on at least \$1,000, and it could be a good deal more.

Planning on doing the move yourself? Don’t forget the cost of renting the vehicle, including gas plus pizza and beer for the small army of friends and family you’ll need to help you.

AllThings *Home*.ca

Bookmark our site! Follow us on    



About the Author

Patrick Langston is the co-founder of All Things Home Inc and a veteran journalist. He has written widely about the Ottawa housing industry since 2008.