



# Closing Costs: Condos

Please keep in mind some of the costs incurred when buying a Condo.

## Land Transfer Tax:

One of the biggest costs to you and is calculated as follows:

- \$0 to \$55,000 x 0.005 (0.5%)
- \$55,001 to \$250,000 x 0.01 (1.0%)
- \$250,001 to \$400,000 x 0.015 (1.5%)
- +\$400,000 x 0.02 (2.0%)

## High Risk Mortgage Insurance, CHMC:

- Down Payments less than 25% will be subjected to Mortgage Insurance. This amount is usually added to the mortgage and amortized over 25 years.
- PST (8%) tax on the Mortgage Insurance is not added to the mortgage so it is an additional cost.

## Home Insurance:

- Content and 3<sup>rd</sup> party liability will vary with plan and insurance company. This is absolutely required if you have less than 25% down!

## Legal Fees:

- The average closing is about \$1000.00 - \$1200.00.
- This includes cost of drawing up and registering one mortgage, preparing Land Transfer Tax Affidavit, searching title, provincial fees (\$150) and disbursements.
- For Condos the lawyer will forward the first month's maintenance fees to the Condo Management.

## Status Certificate:

This is absolutely required when buying a condo and is usually paid for by the buyer at a cost of \$100. It must be provided within 20 days of written request and consists of the following:

- unit fee for the condominium
- a statement of unpaid condominium fees on the unit
- details of any management and lease agreements on common property
- the amount of insurance on development
- whether the corporation has received notice of any legal action or claim against the common property
- details of any leases on common property
- details of general meetings, and the date of the next one
- the balance in the reserve fund
- name of the corporation's board of managers

## Closing and Adjustment Costs:

- These are expenses or adjustments between you and the seller for things such as; taxes and utility bills.

## Moving Expenses and service hook-up fees:

- Expense depends on moving distance and movers. Hook-up fees pertain to gas, water, cable, phone...



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**Sample: Condo Closing Costs:** (valued at \$350,000):

As a general rule you can expect 1.5 to 2.0% of the purchase price in closing costs!

<u>Land Transfer Tax</u> = $(\$55,000 \times 0.005) + (\$195,000 \times 0.01) + (\$100,000 \times 0.015)$	= <b>\$3,725</b>
<u>High Risk Mortgage</u> =	<b>none</b>
<u>Home Insurance</u> =	<b>\$600</b>
<u>Legal Fees + Provincial Fees</u> = $\$1000 + \$150$	= <b>\$1150</b>
<u>Moving and service hook-up</u> =	<b>\$800</b>

**Total** =  $\$3,725 + \$600 + \$1150 + \$800 = \$6,275$  or **%1.8 Purchase Price**

(Note this is only a sample and does not pertain to a specific case!)

**PST (8%) tax on the Mortgage Insurance:  
is not added to the mortgage so it is an additional cost if you require it.**

Mortgage Loan Insurance premiums range from .50% to 3.75% of the mortgage amount and are calculated based on the overall loan to value. For instance, borrowers with a 5% down payment, a loan to value of 95%, would pay a premium of 3.75% while those with a 20% down payment, a loan to value of 80%, would pay an insurance premium of 1.25%.

5% down would require a premium of 3.75%, using a price of \$350,000 the High Ration Insurance would be:  $(\$350,000 - \$17,500 [5\% \text{ down}]) \times 0.0375 = \$12468.75$

\$12468.75 is applied to the mortgage however the PST is not and has to come out of you pocket; so that amount =  $\$12468.75 \times 0.08 = \$997.50$

So in the example above if you have 5% down you would also require an additional amount of \$997.50 at closing.

This brings the grand total to  $\$6,275 + \$997.50 = \$7272.50$  when only 5% down payment is applied!

**Note: These are sample calculations and are not warranted to be 100% correct. Seek professional advice from a qualified Lawyer, Accountant or Financial Advisor on these matters.**



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