



## CLOSING COSTS.....PURCHASE OF A HOME

Note: This Is An Example Of The Costs Incurred. The Dollars Specified Herein Are Supplied By Robertson, Shypit, Soble Wood And Do Not Necessarily Reflect The Actual Fees Charged By Other Firms. Please Inquire On The Fees By The Firm You Select. Prices subject to change without notice.

**Closing Costs – General;** Not all "closing costs" are costs. Some items which are considered closing costs are simply adjustments to the purchase price. Examples include taxes and interest. On the other hand, certain items may not be included in the calculation of "closing costs" as they are not paid through the lawyer, yet they are actual costs. Examples include mortgage appraisal fees or fire insurance premiums. For our purposes, "closing costs" will include all monies, both real costs and adjustments, which are required to be paid through the lawyer's office. As such, these amounts will be included with the balance of your down payment, which you bring to us shortly before the date of possession.

**Legal Fees;** Generally we quote fees according to various factors such as the complexity of the transaction, whether there is a rush, the time of year, etc. The Manitoba Bar Association sets out a prescribed list of fees or "tariff". Often we will quote reduced fees, particularly for standard transactions which fit easily into our real estate system. Our current reduced flat-rate fee for a standard residential real estate transaction is: \*Purchases starting at \$295.00 Plus fee if you are obtaining Mortgage financing: \$100.00

**Disbursements;** These items are costs which the purchaser of a house must pay. As a convenience for the purchaser, the lawyer typically pays these and then recovers them from the purchaser.

**A. Transfer Tax:** The major such cost is usually the land transfer tax payable to the land titles office at the time the title is registered. The tax is calculated as a percentage of the purchase price and different percentages are applied to each part of the price. If you would like to calculate the land transfer tax.

**B. Registration Costs:** These are also paid to the land titles office at the time of registration. The cost of registering a title is \$60.00, and the cost of registering a mortgage, if any, is \$60.00.

**C. Survey Certificate:** This document may be available from the seller. If a new one is required most surveyors charge \$325.00 plus GST for a Winnipeg property.

**Zoning Memorandum:** This certificate is provided by the City or Municipal office and indicates the of the property and whether the structures shown on the survey certificate comply with yard and requirements. The cost is \$35.60 plus GST for Winnipeg properties.

**Tax Certification:** This is your assurance that all property taxes have been paid up to date in order that purchaser does not become liable for vendor's taxes (unless credited to purchaser on closing). The cost is \$35.00 plus GST.

**Couriers:** It would be impractical and foolish to mail large amounts of monies, keys, title documents mortgages, etc. and therefore couriers are used. A typical transaction will involve 5 to 7 couriers at a average cost of approximately \$30.00 plus GST.

**D. Title Searches, etc.:** There are several costs incurred at the land titles office for title searches, computer access time, obtaining microfilm copies of documents, etc. The total cost is generally \$35.00 plus GST.

**E. Miscellaneous:** There are various sundry costs incurred on behalf of a client, including photocopying, postage, fax charges, file materials, etc. The standard charge for these is \$40.00 plus GST.

**Property Taxes;** In all transactions, either the buyer or the seller (or his respective mortgage holder, where applicable) pays the annual tax bill to the City or Municipality. The paying party is then reimbursed by the other party by way of an adjustment to the purchase price. The tax period is ALWAYS the calendar year, however the due date for payment is sometime during the year. In Winnipeg, taxes are due as of June 30, while in rural areas the due date is usually in autumn. So, for example, if you buy property in Winnipeg with a possession date of July 1, the tax bill will have been paid by the seller and you will have to reimburse him for your 6 month share. If possession date occurs before the taxes are paid, the seller will credit you for his share of the year's taxes and then you will be responsible for payment of the entire bill. Either way, the payment is made by "adjusting" the price up or down, and in the end you will pay taxes for only the part of the year that you had possession of the property.

If you are going to be paying taxes with your mortgage payments, there may be a "catch up" amount to be paid in the first year so that the mortgage company can collect a full year's taxes during a period of payments which span less than a year. Some lenders use the tax "holdback" method of catching up and if so, you will have to bring in the amount to be caught up as of the possession date. This is a situation of "pay now or pay later" and, depending who your lender is, this situation may be applicable to you.

**Interest;** If you are getting a new mortgage, the land titles processing time is such that the money under the mortgage will not be released until 3 to 4 weeks after possession. During this time, you must pay interest to the seller on the mortgage amount at the mortgage rate of interest. However, as the money has not yet been released by the lender, you save having to pay to the lender. So in the end, this is not lost money, but merely a matter of "paying the left hand instead of the right". You will bring this money in as part of the funds required on possession.

**GST;** GST is payable on the legal fees and most disbursements, but not on the land transfer tax or land title costs.