

CLOSING COSTS – BUYING A HOME

There are a number of items that are to be included in the calculation of closing costs. The following information is intended to give you a better understanding of what's involved in the purchase of a standard single-family house or condo.

1. Land Transfer Tax

This is paid to the Winnipeg Land Titles Office at the time the documents are registered. The tax is based on a percentage of the price of the house. The higher the purchase price, the higher the tax.

2. Survey Certificate

Lawyers will try to determine if an existing original survey certificate is available. If, however, no such survey is available, or if other structures have been added to the property since the preparation of the existing survey, a new survey is recommended.

3. Zoning Memorandum

This document is required to verify whether the property complies with City zoning regulations as to yards and alignments.

4. Title Insurance

An alternative to the purchase of a Survey Certificate and Zoning Memorandum may be title insurance which could insure both you and your lender against any survey defects or non compliance with zoning requirements.

5. Tax Certificate

This document is required to verify if there are any unpaid realty taxes.

6. Title Searches

This cost refers to searching the titles and ordering copies of encumbrances registered against the title.

7. Courier Charges

Mortgages instructions, transfer documents, monies and keys are normally delivered through the use of couriers.

8. Miscellaneous Expenses

Land title registration. Mortgage registration. Photocopies, postage, fax charges, office supplies and file materials.

9. Legal Fees

You can anticipate a legal fees for the **standard** residential real estate transaction. There are additional charges for the purchase of a tenant occupied house (revenue property) as additional searches and closing costs are required. G.S.T is payable on all legal fees.

10. Realty Taxes

Although realty taxes are based on the calendar year (January 1 – December 31), they are payable in Winnipeg by June 30th. The party who actually pays the taxes is entitled to compensation by the other party by way of a credit. For example, if possession date is May 1, the purchaser will be entitled to a 4-month credit to cover the vendor's share realty taxes from January 1 to April 30. The purchaser will be responsible for payment of the entire calendar year's taxes. However, if possession date is September 1, the vendor will be entitled to a 4-month credit to cover the purchaser's share of realty taxes from September 1 to December 31. The vendor will then be responsible for the payment of the entire calendar year's taxes. If the vendor has been paying monthly to the City through the Tax Installment Payment Plan, and you want to take over this option, contact the City and they can arrange to do this for you. See the application form which is enclosed in this brochure.

11. Interest

Under our land titles system, there is a delay in completion of registration of documents. If you are arranging a new mortgage, the lender will not release the mortgage money until such time as registrations are completed and the lawyer's report is received. The lender is not entitled to charge any interest before it releases the mortgage money. It is a term of the standard Offer to Purchase that the purchaser pay interest to the vendor on the unpaid portion of the purchase price from possession date until paid at the same interest rate as in the purchaser's mortgage. In anticipation that completion of registration will take approximately one month, a lawyer will normally require the purchaser to bring in an amount equal to one month's interest to ensure that there are sufficient funds available to satisfy the purchaser's obligation to pay interest to the vendor.