

BUYING A HOUSE - THE LEGAL SIDE & CLOSING COSTS

Don't Get Caught by Surprise!

This summary is intended to alert you to most of the possible closing costs you will face in buying your home. Most people have carefully budgeted to acquire a home and don't like surprises at the last minute. Therefore, you should research your closing costs and find a lawyer 1) who you feel comfortable with, and 2) who can review your specific transaction and provide you with an ***all inclusive*** and ***COMPLETE*** estimate of your closing costs to avoid scrambling for funds at closing.

1. **Legal Fees** - normally ***flat rated*** on a real estate transaction and should include all necessary steps to complete the same; apart from, rectifying major conflicts or title defects. No legal fees should be added above and beyond the quoted amount unless clearly reviewed with the purchaser prior to closing. The average legal fees for a standard Purchase and Mortgage transaction is in the range of \$600.00 to \$1000.00 plus HST.

2. **Disbursements** - includes photocopies, faxes, postage, mileage and courier. It is often a good idea to ensure these costs are flat rated as well, to avoid surprises as some banks require more paperwork than others. You should budget between \$50.00 and \$150.00 plus HST if the amount is not ***flat rated***.

3. **Title Search** - WHEN A PROPERTY IS NOT UNDER NB LAND TITLES SYSTEM: a minimum 40-year search is required by law on a property which is not under the Land Titles system in New Brunswick. Full title search fees can range between \$100.00 and \$500.00 even more in some cases. It is therefore a good idea to have this cost ***flat rated*** as well and this cost would usually range between \$150.00 and \$300.00 plus HST. It is also prudent to note Service New Brunswick charges a fee of \$82.00 per parcel (PID) when converting property into the Land Titles System. WHEN A PROPERTY IS ALREADY UNDER NB LAND TITLES SYSTEM: only a sub-search is required which would go back to the date of the last search done on the property. A sub-search should be in the range of \$80.00 - \$100.00 plus HST (plus \$35.00 for a Certificate of Registered Ownership if not provided by the Vendor.)

4. **Registration** - plan for a government fee of \$85.00 for each document on each PID (parcel of land). An average transaction involves one piece of land with a Transfer and Mortgage, thus \$170.00 to register in total. If there is more than one parcel of land, your lawyer may be able to consolidate them into one parcel. Note: Service New Brunswick charges \$100.00 for consolidation of PIDs.

5. **Transfer Tax** - this is another government fee which is equal to 1% of the purchase price or tax assessed value (whichever is higher;) i.e. A house which is tax-assessed at \$96,000.00 and purchased for \$100,000.00 will be charged a \$1,000.00 in transfer tax.

6. **Title Insurance/Survey** - most banks now accept Title Insurance in place of an accurate survey plan which is no more than 10 years old, verified by an affidavit sworn by the purchaser that the same is accurate. Title Insurance can usually be secured by your lawyer at \$279.00 or lower. If the purchaser or bank requires a survey in lieu of title insurance and there is an absence of an accurate vendor's survey, the purchaser must get a new survey, the cost being approximately \$700.00 - \$2,000.00 plus HST. (Please note: if title insurance is not being ordered there may be extra searches of City/Municipality records required which will result in additional fees being charged.)

7. **Property Tax** - In New Brunswick, Property Taxes are billed from January 1 - December 31. The bill is sent out in March of each year and full payment is due on May 31. Property taxes will be adjusted on closing. For further information on how property taxes are adjusted, please click on the video link 9- How do Real Property Taxes work in New Brunswick" and/or read "Understanding Property Taxes in New Brunswick."

8. **Property Adjustments** - Adjustments will be paid by the purchaser for items such as water, sewer, oil, or propane, etc., where applicable. Water & Sewer is only adjusted in areas where rates are paid in advance; i.e. Oromocto and New Maryland. Where there is an oil or propane tank, the Vendor normally arranges to have the tank filled on the closing day and the purchaser pays for one full tank.

9. **Ancillary Documents** - some banks may require additional certificates; i.e. Sheriff Certificate \$20.00, or a Tax Certificate \$20.00, etc. These should be discussed with your lawyer when obtaining a quote.

Note: you should try to insist on an *all inclusive* and *“exact”* quote when consulting with a solicitor and ask around to help determine which solicitor will complete your purchase smoothly and at a reasonable rate.

Note: all numbers are based on figures used by the law firm which prepared this summary and does not reflect fees and levies levied by all law firms.

CONGRATULATIONS ON YOUR NEW HOME!