

Costs of buying a NEW HOME

By Rosellina Giardino

If it is your first time buying a home, you may not know that there are other costs involved besides the purchase price. In order to be properly prepared, you should understand what is included in the total purchase price shown on your Purchase Agreement and what other costs you will be responsible for.

The Purchase Price is the agreed upon price of your new home set out in your Purchase Agreement. This is the base Purchase Price. Here is a list of some additional costs you may be required to pay when you are buying a newly constructed home:

♦ **GOODS AND SERVICES TAX (GST)** is payable on the construction or purchase of a newly constructed home. You may be able recover some of the GST paid for the new home through the federal government's GST New Housing Rebate.

Usually, the total Purchase Price indicated on your Purchase Agreement will include the net GST – that is, your base purchase price, plus the full GST payable, less an amount equivalent to any applicable GST rebate. However, your Purchase Agreement may say you have to pay the GST in addition to the total Purchase Price shown on the Purchase Agreement.

If you receive a credit for the GST New Housing Rebate on your Purchase Price, you will have to assign the GST New Housing Rebate to your Builder. This means your Builder will apply for the Rebate and you will not be able to.

If you do not qualify for the GST New Housing Rebate, you must pay the full GST payable to your Builder even if the Purchase Price indicated on the Purchase Agreement shows a credit for the Rebate.

♦ **EXTRAS/UPGRADES** If the Builder has agreed to provide any upgrades, the cost of the upgrades is usually set out in a separate agreement and must be paid for in full when you request the upgrades. If they are not paid for when you request them, then the cost of the upgrades will be paid for on the Closing Date. GST is payable on the upgrades.

♦ **LANDSCAPING DEPOSITS** Sometimes, in order to ensure that the landscaping to your new home is completed properly and in a timely manner, you will be required to pay a deposit to your Builder, which will receive back once the landscaping is properly completed.

♦ **PROPERTY TAX ADJUSTMENT** If the Builder has already paid the municipal property taxes to the municipality, you may have to pay your Builder your share of the property taxes for the part of the year in which you are the owner of the property.



♦ **SUPPLEMENTARY TAX ASSESSMENT** Sometimes, the municipality will issue an additional tax levy after your home is completed. Depending on your Purchase Agreement with the Builder, you will be responsible for the supplementary tax levy.

♦ **CONDO FEE ADJUSTMENT** If you are buying a condo, you may have to pay the Builder for your share of the condo fees if the Builder has paid them in advance for the month.

♦ **LEGAL COSTS** – The legal costs involved in having a lawyer complete the purchase for you.

♦ **CONSTRUCTION DRAW MORTGAGES** If you are paying portions of the purchase price at certain stages of construction, you will pay interest on the funds that are advanced.

♦ **MORTGAGE FEES** There may be fees payable to your mortgage lender such as appraisal and inspection fees, insured mortgage fees and broker fees.

Your Builder, Lawyer and Mortgage Representative can give you a good estimate of the costs involved in the purchase of your new home. Don't be shy to ask.

This article is provided for general information purposes only and does not constitute legal or other professional advice. You are advised to contact a lawyer regarding any specific legal issues.



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