

## First-time home buyers: Brace yourself for extra costs

**CRAIG WONG**

Ottawa — The Canadian Press

Published Thursday, Jun. 09, 2016 5:05PM EDT

Last updated Thursday, Jun. 09, 2016 9:58PM EDT

You've scrimped and saved to put together a down payment to buy your first home.

But experts say it's important to remember that your down payment is only part of the cost of buying a house.

Home inspections, title insurance and the costs of a lawyer to help with the purchase all add up. On top of that are moving expenses, service hookup fees and any renovations or repairs you want to make before moving in. And you're going to need to have the cash on hand to pay those bills.

Pat Giles, associate vice-president for real estate secured lending at TD Canada Trust, suggests home buyers budget 3 per cent to 5 per cent of the price of their home for expenses related to the purchase if they can.

"It is critical to understand the full financial commitment up front," Mr. Giles said. "The price of home ownership is much more than your down payment and your monthly mortgage payment, and so whether it is one-time closing costs or it is the ongoing costs of home ownership, there's a lot to take into account."

Having an extra 5 per cent to cover the extra costs on top of your down payment means if you're buying a house for \$400,000, you need to budget upwards of \$20,000.

CHMC helps first-time home buyers with a worksheet to help estimate the cost of buying a new home beyond the purchase price. The list includes more than 20 upfront and other costs you may need to pay in addition to the purchase price of your new home.

Patti Brown, a Re/Max Hallmark sales representative with the Susan Chell Team in Ottawa, estimates just the closing costs can be upwards of 2 per cent of the cost of the house.

But, she said, there are also plenty of other costs. "A lot of people like to refinish hardwood floors if they're in rough shape," she said. "Painting you can obviously do yourself, but if you're going to hire that out it's not cheap, that's for sure."

Mr. Giles said it's key that home buyers understand all of the costs related to both buying a house and maintaining one.

"Saving 3 to 5 per cent will allow you to have funds available if the costs end up being higher than anticipated," he said.