

ASK THE PROFESSIONALS

Ask a Lawyer

Question: I am considering purchasing a house. What expenses can I expect when I buy that house?

Before you purchase a house there are legal expenses of which you should be aware. I would break down those expenses to be as follows:

1. LEGAL FEES AND DISBURSEMENTS - The lawyer you retain will charge you legal fees for his services. Disbursements are those out of pocket expenses which the lawyer incurs on behalf of his client while carrying out the transaction.
2. PROPERTY TRANSFER TAX – In New Brunswick, this tax is currently $\frac{1}{4}$ of 1% (as of June 1st, 2012, it is now $\frac{1}{2}$ of 1%) of the purchase price.
3. PROPERTY TAXES – being those taxes remaining on the property for the balance of the year. If the seller has already paid the taxes for the year then you must pay back the seller for your share. These expenses are shown on the Statement of Adjustments exchanged between lawyers at closing time.
4. BUILDING LOCATION SURVEY – a diagram of the subject property prepared by a qualified land surveyor showing the property's boundaries, all buildings, any easement or right-of-ways. This is usually required if you are placing a mortgage on the property. Financial institutions will sometimes accept title insurance in lieu of a building location certificate.
5. FIRE INSURANCE – You should place fire insurance on the property to cover the value of the mortgage. Personally, I feel that you should cover the full replacement value of the property that you are purchasing.
6. PROPERTY APPRAISAL – You may hire a qualified real estate appraiser to look over the house before you buy who will advise as to whether there are any deficiencies which should be rectified prior to closing.

Other expenses which should be brought to your attention is the minimum down payment, moving expenses, hydro hookup, telephone installation and purchasing fuel.

If you estimate all these costs and add the total to the down payment needed, then this figure will give you an idea of what amount of money is required before you are able to make a commitment to purchase.

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