

Assignment 4 - Additional Costs

- 1) Explain five types of additional (one-time) costs to consider when initially purchasing a home. Do not include the down payment or mortgage payment.

Additional Cost	Explanation

2) Tamara is purchasing a home for \$200 000. Below is a list of the additional costs she could have.

- Home inspection fee \$500
- Fence repairs \$1050
- Air conditioning installation \$1200
- Surveyor's certificate \$475
- Gas hook-up \$85
- Phone hook-up \$85
- Cable hook-up \$40
- Painting \$240
- Land transfer tax \$800
- Lawyer fees \$1200
- Landscaping \$600
- Moving company \$1000

- a) Determine the total cost of Tamara's additional costs.
- b) Tamara has \$6000 saved to cover her additional costs. How much more does she need?
- c) State the additional costs that Tamara has no control over (she is required to pay them).
- d) Which additional costs could Tamara leave out at this time in order to meet her budget of \$6000?

3) You purchase a \$205 000 home in Manitoba. Determine the land transfer tax you will be charged.

4) You purchase your dream home in Manitoba worth \$775 000. Determine the land transfer tax you will be charged.

5) Kyle has bought a house in Portage that costs \$208 400. He plans to make a down payment of 5% and estimates his closing costs will be 2% of the purchase price.

- a) Calculate Kyle's down payment.
- b) Calculate Kyle's closing costs.

6) The Robertson's are looking at purchasing a condo for \$149 500. They would like to have a 10% down payment and will need 2% of the purchase price for closing costs.

- a) The Robertson's have saved \$12 000 for the down payment and closing costs. Do they have enough?
- b) The Robertson's really love this condo! What would you suggest they do in order to be able to afford a down payment and cover the closing costs?