

Buying a Home

While a commonly-held belief is that it is better to buy a home than rent one over a long period of time, there are many extra expenses that come along with a home purchase that need to be considered before this decision is made. These include, but are not limited to:

- Down Payment
- Mortgage insurance (if your down payment is less than 20% of the purchase price)
- HST if the house is new
- Lawyer fees
- Land transfer tax
- Property tax
- Home inspection fee
- Service connection fees (phone, electricity etc.)
- Cost of repairs and renovations
- Appliances, furniture, window coverings, tools, lawn mower, step ladder etc.

Example 1

Cam and Sarah have owned a 3-bedroom home for 12 years. They make weekly mortgage payments of \$214.88. They make quarterly payments for property taxes of \$945. They have a separate bank account for home repairs and put \$250 into this account each month. They receive bills for electricity, natural gas, water, home insurance, satellite TV, telephone, and internet. The average monthly total for these expenses is \$560. Calculate their total annual expenses associated with their house, rounded to the nearest thousand dollars.

Example 2

The Armstrongs have a combined annual income of \$95 000. They make monthly mortgage payments of \$1200 and their utility expenses average \$375/month. Calculate the percent of their total income that the Armstrongs spend on housing costs.