

# Initial Costs when Purchasing a Home Practice Problems

Key

1. Explain three types of additional (one-time) costs to consider when initially purchasing a home. Do not include the down payment or mortgage payment. (Jan 2015)

Additional Cost	Explanation
1. moving costs	hire a mover or a truck.
2. renovations	paint, flooring, etc.
3. immediate repairs	might need new shingles.

2. List two (2) types of additional or one-time costs to consider when initially purchasing a home. Try to list two not in the question above!

legal fees, appliances.

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3. Homeowners must pay a Land Transfer Tax when purchasing a property. This tax is calculated as follows: (June 2013)

Value of Property	Rate
On the first \$30 000	0%
On the next \$60 000 (i.e., \$30 001 to \$90 000) <i>50000</i>	0.5%
On the next \$60 000 (i.e., \$90 001 to \$150 000)	1.0%
On the next \$50 000 (i.e., \$150 001 to \$200 000)	1.5%
On amounts in excess of \$200 000	2.0%

$$\begin{array}{r}
 = 0 \\
 = 250 \\
 \hline
 \$250
 \end{array}$$

Calculate the Land Transfer Tax due on a property valued at \$80 000.

4. A new homeowner has the following costs:

Monthly heating cost	\$150
Mortgage	\$925
Land transfer tax	\$250
Home insurance	\$1000
Property tax adjustment	\$200
Property tax	\$1200

Identify a one-time (or additional) cost from the above list. (June 2014)

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5. Homeowners pay a Land Transfer Tax when purchasing a property. This tax is calculated as follows:

Value of Property	Rate
On the first \$30 000	0%
On the next \$60 000 (i.e., \$30 001 to \$90 000)	0.5%
On the next \$60 000 (i.e., \$90 001 to \$150 000)	1.0%
On the next \$50 000 (i.e., \$150 001 to \$200 000)	1.5%
On amounts in excess of \$200 000	2.0%

$30000 \times 0\% = 0$   
 $60000 \times 0.5\% = 300$   


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\$300

Calculate the Land Transfer Tax due on a property valued at \$90 000.

6. Describe the purpose of the following one-time costs that are associated with buying a house.

a) Lawyer Fees

*prepares documents like title/deed, etc.*

b) Home Inspection (June 2019)

*look for possible future repairs.*

