Closing Costs for Home Buyers in BC

1. Property Transfer Tax (PTT)

In BC, the **Property Transfer Tax (PTT)** is one of the most significant costs for buyers.

PTT Rates:

- **1%** on the first **$200,000** of the home’s purchase price

- **2%** on the portion between **$200,000 and $2,000,000**
- **3%** on the portion above **$2,000,000**
- **5%** on any amount above **$3,000,000**

PTT Exemptions:

- **First-Time Home Buyers' Program:** Full exemption for homes under **$500,000**, with a partial exemption up to **$550,000**.

- **Newly Built Home Exemption:** Full exemption for newly built homes priced **under $1,100,000**.

2. Legal Fees & Title Insurance

- **Legal fees:** $1,000 - $2,500, depending on complexity.

- **Title insurance:** $250 - $400, providing protection against fraud and ownership disputes.

3. Home Inspection & Appraisal Fees

- **Home inspection:** $400 - $800

- **Appraisal fees:** $300 - $600 (required by lenders for mortgage approvals).

4. Mortgage Costs

- **CMHC Mortgage Default Insurance:** Required for buyers with less than a **20% down payment** (ranges from 2.8% - 4% of the mortgage amount).

- **Mortgage application and lender fees:** May vary based on the lender, generally **$200 - $500**.

5. GST on New Homes

If buying a **newly built home**, you must pay **5% GST**, though rebates are available for homes under **$450,000**.

(Continues below)

Closing Costs for Home Sellers in BC

1. Real Estate Commission

3 - **5% commission is common in BC**, often split between the buyer's and seller's agents. Sometimes broken down as 6-7% of the first $100,000 and 2.5 – 3% of the remainder.

- On a **$1,000,000 home,** commission fees could be around **$28,000 - $35,000**.

2. Legal Fees & Disbursements

- **Legal fees:** $1,000 - $2,500.

- **Disbursements:** Additional costs for title searches and land title transfers (~$500).

3. Mortgage Prepayment Penalties

- If selling before the mortgage term ends, expect penalties of **3 months' interest or the Interest Rate Differential (IRD),** which can range from **$2,000 to $15,000+**.

4. Capital Gains Tax (If Applicable)

- If selling a **primary residence**, no capital gains tax applies.

- If selling an **investment property**, capital gains tax applies to **50% of the profit**, taxed at your marginal tax rate.

Understanding the **realistic closing costs** of buying and selling a home in BC can help you budget effectively. Buyers should prepare for **2-5% of the purchase price** in closing costs, while sellers must account for **real estate commissions, legal fees, and potential mortgage penalties.**