

Lawyer Fees and CMHC Fee INCREASE JULY 1, 2015

In a budget thick with user fee increases, homebuyers face the biggest whack — registration fees will triple or quadruple for many new property owners.

The dramatic hikes for registering new land titles and mortgage documents come as Alberta's real-estate market is mired in a significant slump, with sales volumes down and prices beginning to dip.

The move surprised many in the sector, but Service Alberta Minister Stephen Khan said lawyers and real-estate associations told him there was room to grow, compared with the taxes and fees in other provinces.

There are two segments of land title and mortgage registration fees, and both will rise July 1, 2015. The flat-fee portion for each type of registration goes from \$50 to \$75.

But it's on the "variable" or per-dollar fee that homeowners will really pay up. That charge will rise to six times its current level.

Here's what it will mean for someone who purchases a \$500,000 new home this summer — the rough average price for a standalone house in Calgary — and takes out a \$400,000 mortgage:

— Currently, the new land title for that buyer costs \$150 and the mortgage registration costs \$140, for a total of \$290.

— In the new budget, a land title would cost \$675 and mortgage registration \$555. The new total: \$1,230.

While this fee is a fraction of the price of a new house or condo, new homebuyers are often surprised by the bevy of unexpected costs like home inspection, legal fees and the suddenly increased levy for document registration.

It's the first time since 2011 the province has increased the flat fee for property and mortgage registrations. In the Klein era, the province slashed the variable fee from 0.1 per cent of a property price to 0.02, and it hadn't moved since. Now it will be 0.12 per cent.

While registration fee hikes bring Alberta much closer to the national average, it's still well below what homebuyers pay in provinces with land transfer taxes. That same \$500,000 property would come with an \$8,000 transfer tax in Vancouver, \$7,500 in Halifax, and \$12,200 in Toronto, according to ratehub.ca, a financial comparison website.

CMHC Changes

Effective June 1st, CMHC Purchase (owner occupied 1 – 4 unit) mortgage loan insurance premiums will be:

Loan-to-Value Ratio	Standard Premium (Current)	Standard Premium (Effective June 1st, 2015)
Up to and including 65%	0.60%	0.60%
Up to and including 75%	0.75%	0.75%
Up to and including 80%	1.25%	1.25%
Up to and including 85%	1.80%	1.80%
Up to and including 90%	2.40%	2.40%
Up to and including 95%	3.15%	3.60%
90.01% to 95% — Non-Traditional Down Payment	3.35%	3.85%

As you can see the change is for individuals putting 5% down. Below is an example

Before June 1, 2015

Purchase Price: \$420,000

Down payment: \$21,000 (minimum 5%)

Mortgage amount \$399,000,

CMHC premium = $399,000 * .0315 = \$12,569$ (Before June 1, 2015)

CMHC Premium = $399,000 * .0360 = \$14,364$ (Before June 1, 2015)

If you have any questions or concerns please feel free to email, phone or text me.