

## The costs and fees involved when buying / selling a house

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*published 29 June 2023*

The costs of a real estate transaction such as buying or selling a house depend on a variety of factors. It is important for the seller or buyer to understand these costs and fees beforehand so that they can budget accordingly. Both seller and buyer are encouraged to reach out to their real estate lawyers to discuss their circumstances to get a personalized estimate.

The following list shows the costs that are typically involved in sale and purchase transactions:

### **On A Sale**

Generally, the seller does not need to provide any funds to the lawyer prior to closing provided that the net proceeds exceed the required payouts. Before paying the seller the net proceeds, the lawyer will be required to pay out the following costs:

- The mortgage (s) which is based on the payout statement that is provided to the lawyer by the seller's lender. The lender normally will not provide the lawyer with this statement until after the last mortgage payment is made prior to the closing date. The seller can inquire with their lender early in the process for an estimate and confirm whether prepayment penalties apply.
- Property tax adjustment (prorated share of property taxes for the calendar year)
- Outstanding property taxes (if any)
- Final water bill (if any)
- Realtor's commission
- Legal fees based on the type of property, number of mortgages and any other required payouts

## **On A Purchase**

Prior to closing, the buyer needs to provide the lawyer with the down payment plus the closing costs, which refer to the additional fees that the buyer must pay in the home-buying process. The closing costs usually include:

- The down payment
- Any property tax adjustments (prorated share of property taxes for the calendar year)
- Land titles registration fees
- Land Transfer Tax (see below)
- Title insurance (if required) or survey, should the Purchaser choose to have a survey completed
- Legal fees and other disbursements that generally range from 2% - 2.5% of purchase price

The lawyer will provide an estimate of closing costs, which is specific to the buyer's situation.

The buyer is responsible for the payment of land transfer tax. Land transfer tax is payable on all non-farm properties where the land is registered through the land titles system. This includes but is not limited to residential, commercial, bare land, condos, etc. Land transfer tax is calculated based on the value of the property.

The following is a table of the current land transfer tax rates:

<b>Property value</b>	<b>Land transfer tax</b>
\$150,000	\$900
\$200,000	\$1,650
\$250,000	\$2,650
\$300,000	\$3,650
\$350,000	\$4,650
\$400,000	\$5,650
\$450,000	\$6,650
\$500,000	\$7,650

You can calculate your land transfer tax through the Teranet Manitoba Online Land Transfer Tax Calculator: <https://teranetmanitoba.ca/land-titles/land-titles-fees/>

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