

What it really costs to close

Closing costs are paid on top of your down payment, on closing day. Here is what goes into them, how each one is worked out, and how to keep them low.

1.5%–2%

of the purchase price is what closing costs usually come to in Ontario. First-time buyers often land near the low end, thanks to the land transfer tax refund.

Example: a \$635,000 home in Ontario

10% down (\$63,500), first-time buyer, outside Toronto.

COST	AMOUNT
Land transfer tax Ontario's tax on the price (page 2)	\$9,175
First-time buyer refund Comes off at closing (page 2)	–\$4,000
Legal charges Lawyer's fees, software, searches and filings (page 4)	\$2,000
Registration of the transfer and the mortgage Two government filings at \$85 each	\$170
Title insurance Your lender will ask for it (page 3)	\$157
PST on mortgage insurance Only with less than 20% down (page 3)	\$1,417
Total closing costs	\$8,919 (about 1.4%)

Also on closing day

- **The rest of your down payment.** Your deposit already counts toward it.
- **Adjustments.** If the seller prepaid property tax or utilities past closing, you pay them back for your share.

How land transfer tax is worked out

Ontario's land transfer tax is a marginal tax, like income tax. Each slice of the price is taxed at its own rate.

Ontario rates

SLICE OF THE PRICE	RATE
First \$55,000	0.5%
\$55,000 to \$250,000	1.0%
\$250,000 to \$400,000	1.5%
\$400,000 to \$2 million	2.0%
Over \$2 million	2.5%

On a \$635,000 home

SLICE	TAX
$\$55,000 \times 0.5\%$	\$275
$\$195,000 \times 1.0\%$	\$1,950
$\$150,000 \times 1.5\%$	\$2,250
$\$235,000 \times 2.0\%$	\$4,700
Land transfer tax	\$9,175

First-time buyer refund

- **Ontario: up to \$4,000** off your land transfer tax, taken off at closing. On a home up to about \$368,000, that covers the whole tax.
- **Who qualifies:** you have never owned a home, or part of one, anywhere in the world. Your spouse can't have owned one while you were together either.
- **Toronto:** adds its own municipal land transfer tax, with a separate first-time buyer rebate.

Buying outside Ontario?

- **British Columbia:** property transfer tax of 1% on the first \$200,000 and 2% up to \$2 million. First-time buyers pay no tax on the first \$500,000 of a home priced up to \$835,000, with a partial break up to \$860,000. No PST on mortgage insurance.
- **Alberta:** no land transfer tax. You pay land titles registration fees instead, based on the price and the mortgage. No PST on mortgage insurance.

PST on mortgage insurance

With less than 20% down, your mortgage needs default insurance. The insurance itself is added to your mortgage. But in Ontario, the 8% PST on it can't be, so you pay it in cash at closing.

Example: a \$500,000 home, 10% down

Mortgage before insurance	\$450,000
Mortgage insurance: $3.1\% \times \$450,000$	\$13,950
Added to the mortgage	
Total mortgage	\$463,950
PST to pay at closing: $8\% \times \\$13,950$	\$1,116

Put 20% or more down and there is no mortgage insurance and no PST. BC and Alberta don't charge PST on it.

Title insurance

Title insurance protects you if someone challenges your ownership, or if there is a problem with the title to your home, even one that started before you bought it.

Is it mandatory?

Not by law. But if you have a mortgage, your lender will ask for it. If there is a problem with the title, the bank loses money too, and it wants to be protected.

How much is it?

\$150 to \$500, one time. It depends on the price, the type of home and the insurer.

Your real estate lawyer

A lot of money moves between you, your bank and the seller. Only a real estate lawyer can close the deal: moving the funds, registering the home in your name and transferring the title.

"I'm trying to save every dollar. Can I use the cheapest lawyer?"

Legal charges include software fees, government registrations and filing charges. The only part you can save on is the lawyer's own fee, usually **\$800 to \$1,500**.

I have seen cheaper lawyers make big mistakes that cost my clients penalties of up to \$5,000 because closing was delayed, for reasons as simple as not picking up the phone on closing day.

It isn't worth saving a couple of hundred dollars on a transaction this size. Use a lawyer your mortgage agent or realtor recommends. Good people know other good people.



Not sure what yours will be?

Book a call with a licensed mortgage agent. We'll work out your closing costs, the refunds you qualify for, and what to have ready.

growwithnav.com/book

For information only, not legal, tax or financial advice. Figures are examples based on 2026 rules and can change. Talk to a licensed mortgage agent and a real estate lawyer about your situation.