



BUYER'S GUIDE

FOR A SUCCESSFUL HOME PURCHASE





Chervon Hopkinson

Get to know your real estate agent

Prior to beginning his career in real estate and mortgage, Chervon worked for one of Canada's largest investment management firms. In that position, he honed his problem-solving and customer service skills and gained an introduction to the process of homeownership through government-regulated programs. As a dual-licensed agent, Chervon is able to streamline his clients' experience if they choose to work with him for both services.

Throughout his real estate career, Chervon has achieved many accolades, such as the Presidents Masters Emerald award, and continues to be among the top 6% of performers in Canada.

Chervon was raised in Toronto and has spent much of his life exploring the city and the Greater Toronto and Hamilton Area through his involvement with sports, family, friends, and community. This has allowed him to become familiar with the city and its people from all walks of life.

Contact



(647) 284-7715



chervon@propertyprincipal.ca



www.propertyprincipal.ca



[@propertyprincipal](https://www.instagram.com/propertyprincipal)

Chervon is a passionate basketball fan and a die-hard Raptors supporter. He considers himself a hip-hop and R&B enthusiast. His hobbies include playing sports and traveling.

For Chervon, homeownership is a privilege, and he would be honoured to be a part of your journey

5 EASY STEPS

to purchase your new home

01

PREPARE

- Save up and get your finances in order
- Get a mortgage pre-approval
- Find a real estate agent to work with

02

FIND YOUR HOME

- It's not what you want, its what you can afford
- Find homes that interest you and ask your agent to book showings
- Write an offer and negotiate price & terms

03

CONDITIONAL UPON

- Home Inspection
- Finance Condition
- Status Certificate

04

CLOSING PREP

- Homeowner's insurance
- Change addresses and utilities
- Start packing

05

MOVING IN

- Pre-closing walkthrough
- Sign closing documents
- Welcome home!

STEP 1: Prepare

SAVE UP AND GET YOUR FINANCES IN ORDER

As you probably already know, buying a home is not cheap. Not only will you have to save for a downpayment, but you will also have to calculate additional expenses, such as closing costs, and moving costs. We recommend you save for a healthy down payment (at least 5-20% of the sale price), plus a sum to cover the extra fees you will incur during the home buying process. Based on all this information, come up with a maximum sale price you would feel comfortable purchasing and been approved for.

FIND A REAL ESTATE AGENT TO WORK WITH

Buying a home will be one of the most significant purchases you will make in your life. It is essential to have an experienced real estate agent representing your best interests during the home buying process. The best part about having an agent back you up is that a buyer's agent's services are FREE!

As a buyer's agent, I offer unique and customized services to my buyer clients, including neighbourhood expertise, handling challenging conversations and negotiations, guiding your through all the paperwork, and helping you enjoy the home buying process as much as I can!

GET A MORTGAGE PRE-APPROVAL

Before you start shopping around for homes, it is crucial to get a mortgage pre-approval if you are not making a cash offer. We recommend you choose a mortgage broker to find the best loan options for you. During a mortgage pre-approval, expect to fill out lots of paperwork, provide proof of income, bank statements, etc.

Most importantly, lenders will be checking your credit report, so make sure you are informed of your score and try to improve it if the number is too low. If your credit score is good, maintain it that way by avoiding credit and making any large purchases until closing day.



Obtaining a Mortgage

THREE KEYS TO HOMEOWNERSHIP

- 01 INCOME:** Lenders want to ensure that you have a consistent stream of income that will allow you to make continuous mortgage payments.
- 02 CREDIT SCORE:** Lenders would like to know your track record of paying off outstanding debt. How much do you owe? How fast do you pay your debt? How often do you borrow money through credit?
- 03 DOWNPAYMENT:** Lender's look at downpayment amounts as a promissory of purchase. It shows the client is taking initiative and attempting to purchase a property with their own money.

YOUR DOWNPAYMENT

- Minimum of 5% down on Purchases less than \$500,000.00
- Purchases exceeding \$500,000 but less than \$1,000,000.00: A minimum of 5% on the first \$500,000 followed by 10% on the remaining balance.
- Minimum of 20% on purchases exceeding \$1,000,000.00

REMEMBER: Obtaining a mortgage is ensuring your finances align with the lenders' requirements. The smaller the down payment, the bigger the mortgage, which means the higher the income. The bigger the down payment, the smaller the mortgage, which means the lower the income!

ABOUT YOUR CREDIT SCORE

Your credit score will impact your mortgage's interest rate. The higher the score, the lower the rate.



Poor: Less than 500-619

Average: 620-679

Good: 680-769

Excellent: 770-900

TYPES OF MORTGAGES

Mortgages can be designed to fit your lifestyle, specifically your income frequency. Ultimately a buyer would like to pay off their mortgage as soon as possible because the quicker they pay it off, the less they pay in interest. Lender's make money off the interest paid.

OPEN MORTGAGES

Open mortgages give the homeowner the flexibility to pay off their mortgage at any time. Interest rates are higher and generally a variable rate. If at anytime you would like to change your mortgage to a closed mortgage you are able to do so.

CLOSED MORTGAGES

A closed mortgage provides less flexibility to pay off the mortgage ahead of schedule, however rates are usually lower in comparison to an open mortgage. If you choose to break the mortgage or pay the mortgage off ahead of schedule, this may result in a penalty.

VARIABLE RATE

Interest Rates fluctuate which ultimately means your mortgage payments will fluctuate. This is primarily a result of the Bank of Canada.

FYI: A closed variable mortgage is when your interest rate changes but your payment amount remains the same. The amount applied to the interest and principal will change.

FIXED RATE

Interest rates remain the same for the entire term (usually 5 years), regardless if the market interest rates fluctuate.

THE INSURED, INSURABLE AND UNINSURED

Insured: Down Payment is less than 20% and the owner must pay mortgage default insurance. The purchase price for these properties are under \$1,000,000

Insurable: Buyer has 20% or more for a down payment for a home; however, the lender insures the property themselves on a 25 year amortization schedule.

Uninsured: Buyer has 20% or more for a down payment.

WHAT IS MORTGAGE DEFAULT INSURANCE

If your down payment is less than 20% of the home's purchase price, you must purchase mortgage insurance. This insurance is not for you, but to protect the lender (bank) in case you're unable to make your mortgage payments

First-Time Home Buyer Incentives

RRSP HOME BUYERS' PLAN

One great source of funding for your mortgage down payment is a Registered Retirement Savings Plan (RRSP). The Canadian government's Home Buyers' Plan (HBP) allows first time home buyers to borrow up to \$35,000 from your RRSP for a down payment, tax-free.

If you're purchasing with someone who is also a first-time homebuyer, you can both access \$35,000 from your RRSP for a combined total of \$70,000.

* However, since the HBP is considered "borrowed", it must be repaid within 15 years.

FIRST HOME SAVINGS ACCOUNT

Similarities with an RRSP account along with the TFSA account, the First Home Savings Account allows potential buyers to save \$40,000 on a tax free basis. The Maximum contribution amount is \$8,000 per year. Contributions will be tax deductible, and withdrawals including investment growth will be non-taxable.

FIRST TIME HOME BUYERS' TAX CREDIT

The First-Time Home Buyers' Tax Credit is designed to help recover closing costs like legal expenses, inspections, and land transfer taxes. The Home Buyers' Tax Credit, at current taxation rates, works out to a rebate of \$750 for all first-time buyers. After you buy your first home, the credit must be claimed within the year of purchase and it is non-refundable. If you are purchasing a home with a spouse, partner or friend, the combined claim cannot exceed \$750.00. To receive your \$750 claim, you must include it with your personal tax return under line 369.

LAND TRANSFER TAX REBATE

If you live in Ontario, you're eligible for a rebate on some of the land transfer tax you paid when purchasing your house. The amount of the rebate varies depending on where you live. The City of Toronto also offers a land transfer tax rebate to first-time buyers (\$4,475) You may receive this in addition to the rebate available to those in Ontario (\$4,000).

STEP 2: Find Your Home

IT'S NOT WHAT YOU WANT, IT'S WHAT YOU CAN AFFORD

Every buyer is completely different. Each person has their own style, needs, desires, and budget for purchasing a property. However, it is important for buyers to set realistic expectations based on their mortgage affordability. By staying within budget, buyers can avoid financial stress and ensure that they can comfortably make their mortgage payments.

Once your budget has been set, make a list of features that are attainable and indicate what is a non-negotiable and the features that you are willing to compromise on.

FIND HOMES THAT INTEREST YOU AND ASK YOUR AGENT TO BOOK SHOWINGS

After narrowing down a list of what you're looking for, I will start looking at homes for you in my internal databases and external sources. I also invite you to look for listed properties that look appealing to you and send them to me for further screening. After selecting various properties, you will let me know a convenient date and time to view the homes in person. At that point, I will schedule showings, and we will repeat this process until you have picked a property you would like to call home.

WRITE AN OFFER AND NEGOTIATE PRICE & CONDITIONS

Once you would like to make an offer on a property, it's essential to act fast.

- 01 First, we will sit down and look at the neighbourhood's trends and comparable market values. Based on this information and the subject property's features and overall condition, we will determine the price you would like to offer.
- 02 Next, an offer will be written based on your directions on the offer price and contingencies. While you may offer what you wish, please keep in mind the following components that make an offer more appealing to a seller: a strong offer price, a larger earnest money deposit, a shorter inspection period, no financing conditions, and a closing day that is convenient for the seller.
- 03 Once an offer is submitted, the seller can: accept the offer, decline the offer, or counter-offer.

STEP 3: Conditional Upon

HOME INSPECTION

If you decide to add a home inspection condition in your offer, you will have a deadline to waive the condition and proceed with the transaction. The typical timeframe to waive this condition is between 1-5 days. As a buyer, you will most likely have to incur the cost of the home inspection. As it depends on the company and its services, you should expect to pay anywhere from \$300-600.

The home inspector is a professional who will do a thorough investigation of the property you want to purchase (this part typically takes around 3-5 hours). Once complete, the inspector will provide a full report of what they found and give you some tips on how to maintain the home should you proceed to purchase it. If any issue is found inside the property, you can accept them as-is, or you can try to negotiate with the seller to get the problems fixed or lower the price. It's important to note that we have to be careful not to be overly picky about smaller issues. Still, we will also take necessary precautions on potentially significant problems.



Whether pre-approved or not, this condition allows buyers to get their financing in order. This condition includes a deadline by which the buyer must secure financing, and may allow the buyer to back out of the deal if financing is not obtained by the specified date.

It's important for buyers to carefully review and understand the finance conditions in an offer before signing the contract.

FINANCING

STATUS CERTIFICATE

A status certificate is a document that provides important information about a condominium corporation to a potential buyer or lender. The status certificate typically includes information about the financial and legal health of the condominium corporation and is provided to the buyer.

It is an important document that can help a buyer or lender make an informed decision about purchasing or financing a condominium unit.

STEP 4: Closing Prep

Once an offer is firmed up, you will have tasks to complete before closing day.

01

HOMEOWNER'S INSURANCE

One of the principal tasks includes getting homeowner's insurance, which protects you against events such as floods, fires, and storm damages. We recommend you start shopping early to compare rates and get the best deal possible.

02

CHANGE ADDRESSES AND UTILITIES

Another task you will have to complete before closing is changing all the addresses on your subscriptions, bills, banks, etc. Additionally, a few weeks before closing, you should call all utilities to have your name changed and schedule them to service your new home in time for when you take possession.

03

START PACKING

While organizing for the big move, you will have to start packing. If you have lots of items to move out, we recommend you start by sorting through all your belongings and donating or selling items that you no longer use. As for things you plan to keep, try dedicating a few minutes or hours every day leading up to move to pack. Additionally, hire a moving company and/or rent a storage unit if you require these services.

STEP 5: Moving In

BUYER'S WALKTHROUGH

A few hours or a day before closing, we will go to your new home together and make sure that the property is in the same condition (minus minor wear and tear) as the inspection. If there are any significant issues, we can bring it up to the seller's representatives before closing on the property. This allows you to have peace of mind during the move.



SIGN CLOSING DOCUMENTS

At closing, you will review and sign many documents to finalize the transaction.

Make sure you bring:

- Valid government-issued ID
- Cheque or bank draft of remaining balance to lawyer
- Any outstanding documents requested from your lawyer or lender.

Both the buyer and the seller will incur closing fees. For the buyer, these fees typically include:

- Underwriting fees
- Homeowner's insurance
- Title search/Title insurance fees
- Land transfer taxes
- Lawyer's fees
- Mortgage Application fees (if applicable)
- HST on Mortgage Insurance
- Appraisal fees

WELCOME HOME!

CLOSING DAY REFERS TO THE DAY THAT FINALIZES YOUR PURCHASE! AFTER CLOSING, YOU WILL RECEIVE THE DEED + KEYS FROM YOUR LAWYER; YOU ARE OFFICIALLY A NEW HOMEOWNER!

Congratulations on the purchase of your new home! It was a lot of hard work, but now you can relax and throw a party to celebrate! Also, if you have any concerns after closing, I am always here to assist you.

Common Buyer Mistakes

When purchasing a property, avoid making these mistakes.

01 SHOPPING AROUND BEFORE GETTING A MORTGAGE PRE-APPROVAL

To ensure that your financing doesn't fall through, make sure you receive a commitment from your lender. Shopping around without a mortgage pre-approval may result in heartbreak if you find out you cannot afford or put an offer on properties you love. To do a mortgage pre-approval, your lender will check your credit, verify your employment and downpayment, so start collecting all the paperwork necessary for your qualification. We know great local mortgage brokers and lenders, so if you need help, we'd love to put you in touch with people we trust.

02 USING UP ALL YOUR SAVINGS AND NOT ANTICIPATING COSTS

Closing costs are typically 1-4% of the purchase price, and while many fees are found in every transaction (e.g., taxes, lawyer fees, etc.), you may incur extra costs depending on the type of property you purchase and the area. Additionally, keep in mind that you may need to upgrade or fix certain areas of your new home, or you will need an unexpected repair not long after your purchase. Therefore, make sure you don't use up all your savings and budget to pay for closing costs, the down payment, moving expenses, and some extra money in case of urgent repairs.

03 BECOMING TOO EAGER TO MAKE AN OFFER

When buying a home, it's important to take your time and thoroughly evaluate the property before making an offer. Rushing into a decision without careful consideration can lead to costly mistakes and regrets down the road. Being too eager may lead to overpaying on a property, missing costly hidden repairs, or missing out on better properties.

04 MAKING CREDIT CARD PURCHASES LEADING UP TO CLOSING

Using your credit card (especially for large purchases) without paying it off before closing on your house can potentially harm your credit score and jeopardize your ability to secure a mortgage. This can impact your debt to income ratio along with your creditworthiness. It is highly recommended to refrain from large credit purchases until after closing.

Buyer's Glossary

Appraisal: *An estimate of a property's value performed by a professional appraiser.*

Assessed Value: *The value of a property, set and used by each municipality for the purposes of calculating property tax.*

Broker: *Real estate agent who may form companies or offices which appoints other sales representatives to provide services to sellers or buyers.*

Chattels: *Moveable personal property that goes with the seller.*

Closing Costs: *Expenses in addition to the purchase price for buying and selling a property.*

Comparative Market Analysis (CMA): *The most widely used comparison technique for realtors to establish the value of residential properties.*

Conveyance: *The term used to describe the process of transferring the seller's title to the buyer and indicates all the necessary steps to complete the transfer. A lawyer is responsible for the conveyance process.*

Counter Offer: *An offer made by the seller back to the buyer altering one or several terms and/or conditions of the offer as originally written.*

Easement: *A legal right to use or cross (right-of-way) another person's land for limited purposes.*

Encroachment: *An intrusion onto an adjoining property, such as a neighbour's fence, or storage shed, which partially (or even fully) intrudes onto your property.*

Encumbrance: *A restriction which is either a monetary claim against the land (such as a lien, mortgage or lease), or a non-monetary one (such as an easement).*

Multiple Listing Service® (MLS® System): *A cooperative selling system operated and promoted by a board that includes an inventory of listings from realtors.*

Title Search: *A detailed examination of the ownership documents to identify the owner and any liens or other encumbrances on the property.*

Zoning: *Bylaws specifying in great detail every aspect of how a property within a particular area of the municipality may be used.*

Client Reviews



“Chervon exceeded all my expectations throughout the entire buying process and was incredible through every stage. He was an ally, friend, and advisor all in one that was exceptional in helping me navigate a difficult time to buy a house. His hard work helped me find my dream and I couldn't be more grateful.”

-LOUISA

“As a first time buyer, I really had no idea what I was doing or where to start. Thankfully I met Chervon and he was able to guide me in buying not just one property, but now my third. I started as a young single man and now I am a husband and father of two. Chervon has been there every step of the way and answered the call every single time.”

-ANTHONY

“I followed Chervon on Instagram in 2017. I was still in school and nowhere near ready to purchase. However, Chervon was there to answer all my questions no matter how silly they were. Fast forward 5 years and I could not wait to have him as my realtor. Not only is he my realtor, but I consider him a friend.”

-MARTIN

“When I first met Chervon, I was looking for a mortgage. He was successfully able to secure that for me. Since that day, he has positioned me to buy additional properties not just for myself but for my friends and family. I HIGHLY recommend Chervon as your realtor and mortgage agent.”

-JOAN



"PREPARATION IS KEY"

Chervon Hopkinson

@propertyprincipal



chervon@propertyprincipal.ca

www.propertyprincipal.ca

(647) 284-7715



PropertyPrincipal
REAL ESTATE



Property Principal
REAL ESTATE