

The Home Buyer's Roadmap

How to find the right home, for the right price!

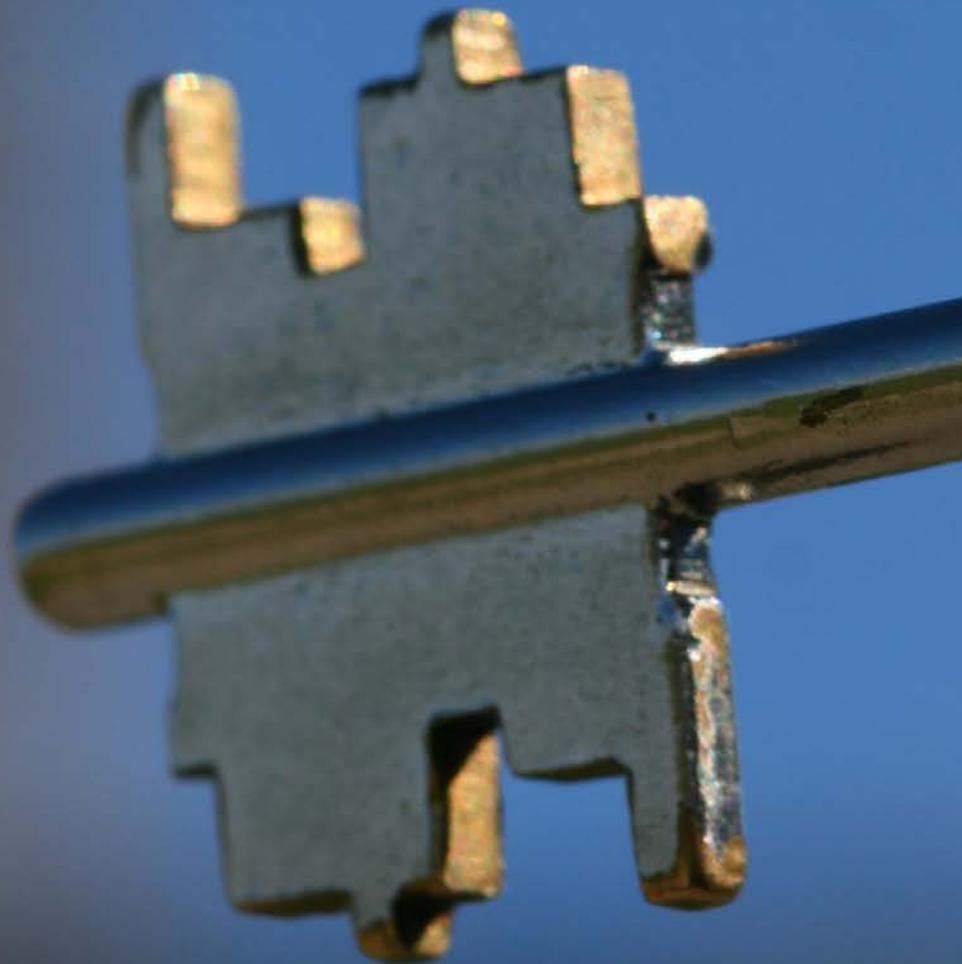


Buying a home is one of the biggest investments you're likely to make - of time, energy and money. And of course you want to get it right, because you'll be living with the decisions!

But it can be a long and winding road - from determining your needs and budget, finding a Real Estate agent, locating a property and securing financing, to making sure everything meets expectations and legal requirements, until finally closing the sale and getting your keys.

We've put together this *Home Buyer's Roadmap* to help you navigate the journey toward your perfect property - whether it's a little starter home or a big place for a growing family, a cozy retirement property or a solid investment to carry you into the future.

Follow this 8-step Action Plan to find your way to the right property





1

Step 1: Figure out the financials.

The first priority is to figure out how much you can afford to spend. Yes, potential lenders will expect you to have this homework done before you meet with them – but even before the mortgage application stage, you need to know your own situation so you can take aim in the right direction.

Generally speaking, a home buyer with a reasonable existing debt load should be looking to pay 3-5 times their annual household income, plus a down payment of 20% of the total price. So the first task is to calculate your expenses, not including your current rent or mortgage. Then subtract this amount from your net income (*not* your gross), and there you have the maximum amount you can spend – although always aim lower, if possible!

You can use an online mortgage calculator to test out different amortization scenarios. And even before you know all the details of your plan, *start a housing fund* – because nothing is more encouraging than seeing the amount grow steadily over time.

2

Step 2: Get your financing in place.

This starts with having your mortgage pre qualified – it'll tell you exactly what you can afford to borrow and therefore what price range to target.

To prequalify for a mortgage, the lender will need all your financial information, including your income (which you calculated in Step 1) plus investments and savings.

Once that's done, you can also get pre-approved for credit, which involves providing your lender with the documents necessary to verify your financial status. (Remember to always keep a close eye on your credit score, because it can make a big difference when applying for a mortgage loan.)

Then you'll have all your financing arranged – so when the day comes around and you find yourself standing in your perfect future home, you're ready to make the offer.



3

Step 3: Choose your real estate agent carefully. Today consumers get most of their information through their mobile phone, PC or a tablet. Be sure your agent has a strong online presence, and utilizes state-of-the-art digital marketing tools including email and Facebook

4

Step 4: Get educated about market value and learn what your price range has to offer:

Start getting out and seeing properties, but take the time to compare recent sales as you go along. This will very quickly start to educate yourself about market value. You will also get a really good idea of what you are going to get for your money. This process will make it a lot less stressful when it comes time for you to put in an offer.

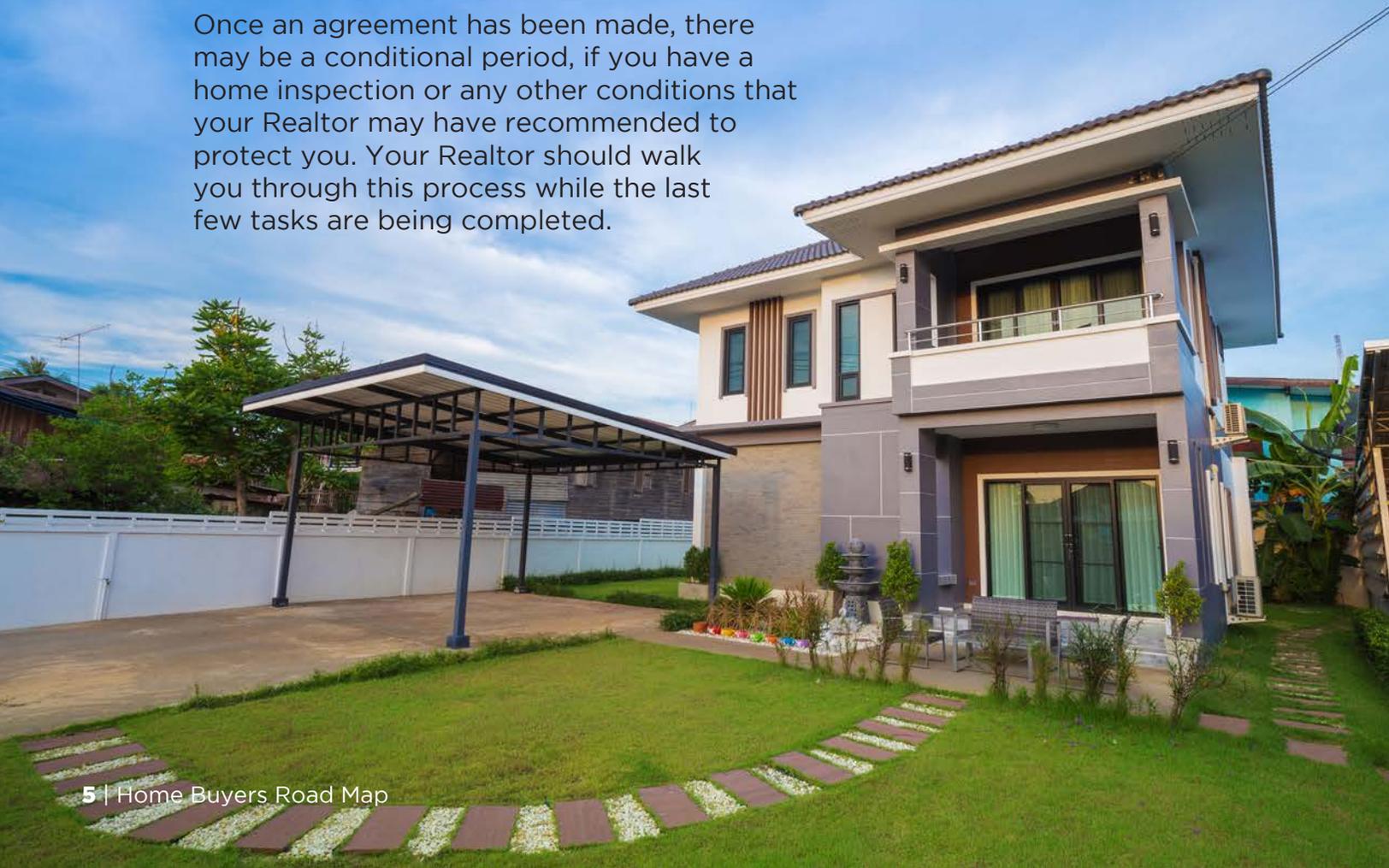
5

Step 5: Find the perfect property. There's no guaranteed route, so it might take some time. But one thing you don't want to rush is the search. Even before you have an agent, start doing your own research online and in the real estate listings.

Compare how long attractive properties stay on the market, and study the pricing trends. And when you and your agent visit a home, be sure to take pictures or video and to keep a written record – noting details like water pressure, repairs, traffic and parking, the feeling of the neighbourhood, distance to schools, highways, etc. (It's impossible to remember it all, otherwise.) Check out the neighbors, even knock on the door and introduce yourself. You can learn a lot about the property just by saying hello to the neighbor and you can also get a feel for what the neighbor is like. Remember you could be living beside them for a very long time.

Once you've found a place that shows potential, have it appraised. Your agent should be able to provide an objective estimate of the value of the property, along with some comparable prices in the neighborhood, and finally help you and the seller negotiate a fair price.

Once an agreement has been made, there may be a conditional period, if you have a home inspection or any other conditions that your Realtor may have recommended to protect you. Your Realtor should walk you through this process while the last few tasks are being completed.



6

Step 6: Get the property inspected. You've gone over market value of the home and you've made your purchase offer. Now you need a detailed inspection to reveal any structural problems or potential issues that could affect the final price.

Now, in this hot Toronto market many properties are selling in a multiple offer situation. This means you will be in competition with other offers. You may have to take your conditions out of your offer in order to give yourself the best possible chance of winning. If this is the case then you want to make sure you do all the necessary things to protect yourself prior to submitting your offer. I.e; confirming your financing and the appraised value, as well as doing a home inspection. Yes this will cost you 300 to 700 hundred dollars depending on the property and yes you may lose the bidding war and not get the house, however in the grand scheme of things if you have a couple thousand dollars to insure you get a good property, in my opinion it is well worth the money.

If you're not in a multiple offer situation, your offer will be contingent on this inspection, which takes place within a few days. Then you can renegotiate the price based on any repairs you want the seller to make, or even withdraw the offer, if necessary.

Your Real Estate agent can help set up the inspection, and the report is provided to you for future reference. Once the repairs you agreed on have been completed, walk through the house just to make sure nothing was left out. You should make sure that a condition is added to the offer which allows you to check the work prior to closing.



7

Step 7: Finalize the loan and the paperwork. Your Realtor and mortgage lender can help you complete all the necessary paperwork.

When it comes to a loan, there are many competitive loan programs out there. A mortgage broker can help you choose which is right for you, depending on your personal priorities: Do you want to sell again soon? Do you need the lowest possible monthly rate? Or would you prefer a guaranteed fixed rate? It is important to work with a mortgage specialist or broker that will take the time to sit down with you and educate you about what type of mortgage is best for you

8

Step 8: Close the sale, and get the keys. This is the simplest step of all: just sign the paperwork, including the loan papers, and wait. After a couple of days, once the loan goes through, the seller is sent a cheque. And then with new keys in hand, you can open the door to your future!