

# The Buying Process

## SO, YOU'RE THINKING ABOUT BUYING A HOME?

Buying a home, whether it is your first home, your fifth or an investment, one thing remains the same—it is a complex process involving a great deal of time, energy and of course money.

Our step-by-step guide will bring clarity and peace of mind during your home buying process.



# Deciding What You Want

Logically, the first step to finding the right home is to determine what you're actually looking for. There are typically a variety of homes on the market at any one time and looking at them all is not the best strategy.

**TO NARROW YOUR FOCUS SOMEWHAT, FIRST ASK YOURSELF THESE THREE QUESTIONS:**

## 1 WHERE DO I WANT TO BUY OR LIVE?

What communities or specific neighbourhoods/streets do you want to consider? Is it important to be near schools, shopping centres, hospitals, places of worship, or other amenities? Will you require public transportation?

## 2 WHAT TYPE OF HOME DO I WANT?

What style is best for you: split level detached, semi-detached, bungalow, two-storey, duplex, townhouse, condo—the options are endless! Also consider your ideal lot size and the age of your home.

## 3 WHAT ARE MY MUST HAVES AND DEAL BREAKERS?

What are the most important things (must-haves)? How many bedrooms? Bathrooms? Do I want a basement? Garage? Pool? Fireplace? Do you have a family member with special needs? It is equally important to know what you do not want.



# Buyers In a Highly Competitive Market

Depending on where you're looking, you may be shopping for a home or property in an area where the market is highly competitive. The good news is, there is plenty you can do to increase your chances of getting the home you love - and can afford.

1

## KNOW EXACTLY WHAT YOU WANT

Get crystal clear on the type of home you're looking for, including size, location, old, new, number of bedrooms, garage, etc. This will help narrow your focus on listings that are a good fit.

2

## GET FINANCING PRE-APPROVED

In a competitive market, getting your financing pre-approved will give you an advantage at offer time. Don't leave this to the last minute, do it now.

3

## WHAT ARE MY MUST HAVES AND DEAL BREAKERS?

When the market is busy, good listings don't last long. You don't want to miss out! When you see a listing you like, review everything available online first, then schedule a viewing right away if you feel it could be the one.

4

## KNOW YOUR "NO REGRETS" PRICE

Great home in a seller's market will often get multiple offers and sell over the asking price. Ask yourself this - what is the highest amount you are willing to pay for this property with no regrets? Losing out on a home for an amount you would have been comfortable with is disappointing. Be sure to run any numbers by your banker/lender.

5

## CONSIDER WRITING A LETTER TELLING THE SELLERS HOW MUCH YOU LOVE THEIR HOUSE

Homeowners are emotionally attached to their homes. They take great pride in every room, every upgrade and feature and want their home to go to someone who will love it just as much as they do.

# Get Pre-Approved For a Mortgage

When it comes to buying a home, getting pre-approved for a mortgage is a key step. Not only does it help you understand exactly how much you can afford, it often allows you to lock in an interest rate for a period of time which could potentially save you thousands of dollars for years to come.

## HERE ARE 3 SIMPLE STEPS TO GET A MORTGAGE PRE-APPROVAL:

1

### TALK TO A MORTGAGE SPECIALIST

A bank mortgage specialist or an independent mortgage broker, someone with expertise who can help you compare rates and terms. Not sure who to use? Ask us for a recommendation.

2

### HOW MUCH DO YOU QUALIFY FOR?

Your mortgage specialist will complete an application to determine how much you can afford. They will use your income versus your debt and payment obligations to calculate your GDS (Gross Debt Service) and TDS (Total Debt Service) ratios. Be prepared to provide income and down payment verification to finalize the pre-approval process.

3

### REQUEST A COPY OF YOUR PRE-APPROVAL

This is a powerful negotiation tool. A pre-approved buyer means the seller has one less thing to be concerned about.



# Choosing The Best Agent For You

A great Realtor will provide key market insights, sound advice and save you time and money.

## TOP 4 REASONS BUYERS WORK WITH A REALTOR:

1

### TO AVOID OVERPAYING

You want to know, with certainty, that you are paying a fair price. Often, sellers overprice their homes to “see what happens”. A competent Realtor will educate you on similar current listings and recently sold homes to compare and make an informed decision on how much to offer.

2

### TO NEGOTIATE THE BEST POSSIBLE PRICE & TERMS

Negotiating requires expertise and skill. A Realtor who is a masterful communicator and a savvy negotiator will help you decide what to offer, what to include, what to give up and most importantly, when to walk away if reasonable terms cannot be reached.

3

### TO REPRESENT AND PROTECT YOUR INTERESTS AS A BUYER

The seller’s Realtor is working in their best interest. As a buyer, you need representation to work exclusively in your best interest and provide you with:

- Confidential advice that addresses your needs
- Loyal, diligent, full disclosure service, free from any conflict of interest
- Expert advice on market value, location, useful clauses such as home inspection and financing
- Discovery and disclosure of all information about the property including, liens, warranties, market and planning activity in the area, previous purchase price

4

### TO MANAGE THE COUNTLESS DETAILS

Ensuring the i’s are dotted and t’s are crossed. The buying process can be complex, an accomplished Realtor will have the tools and resources you need to complete the transaction to your satisfaction.

# Finding Your Perfect Property

Over 90% of buyers start their search online. You get a sense of what is available through online searches, however, it is not a complete picture of the market or potential properties available. An efficient Realtor will do an in-depth analysis to find all properties in your scope and set-up a time to view them and guide you through the selection process.

## HERE'S WHAT YOU TYPICALLY CAN'T SEE ONLINE

- Properties that haven't made it online yet
- Expired listings or private sales
- Key insights and an insider's edge



# Making An Offer & Negotiations

When you find your dream home, you need a confident Realtor to present and negotiate the price, terms and conditions in a strategic and efficient manner.

## DECIDE ON PRICE, TERMS AND CONDITIONS

You know how much you can afford and your Realtor has determined what the market value of the property is. Together, you will decide what price to offer, a closing date and if there will be any conditions such as home inspection, appraisal, water tests, etc.

## PREPARING & REVIEW THE OFFER

Your Realtor will prepare the documentation ensuring your interests are protected and your instructions are followed. A competent Realtor will also review the offer documents with you to be sure you understand exactly what you are agreeing to and your legal obligations.

## PRESENTING THE OFFER

Once your Realtor presents the offer, the seller must respond within the allotted time frame.

### WHAT HAPPENS NEXT?

#### **1** THE SELLER ACCEPTS YOUR OFFER.

Congratulations!

#### **2** THE SELLER REJECTS YOUR OFFER.

This isn't common and your Realtor will find out why.

#### **3** THE SELLER COUNTERSIGNS

The terms of the offer are changed and presented back to you. A savvy and well prepared Realtor will continue to negotiate on your behalf and will also advise you if reasonable terms are not possible and it is time to walk away.

To ensure you are confident in every step of the buying process, we will review our negotiating strategy including, counter offers, buyer approvals, conditions and deposit prior to.

# Inspection & Removing Conditions

Once an offer is accepted, it is time to satisfy any conditions within the time frame allotted.

## CONDITION REMOVAL

You may have one or more conditions to work through including but not limited to: home inspection, bank appraisal, surveys, water tests and confirming your mortgage approval. A detail oriented Realtor will have the resources available to guide you through the process and ensure you have satisfied all conditions and deadlines.

## HOME INSPECTIONS

A thorough inspection will take approximately three hours and the inspector will go through all systems and if there are issues. They can also give you maintenance tips and easy fixes if necessary. You will receive a detailed report and summary of the inspector's findings.





# Preparing For Closing Day

Being organized well in advance will assist in a smooth and less stressful day. Typically you will have 30 to 90 days before closing. The date can be the same as your move in date however, that is not always possible. The exchange of funds and title must be complete before the keys will be released and often this occurs later in the day.

## KEY DETAILS TO DO BEFORE CLOSING DAY

### LEGAL OBLIGATIONS

- Purchase documents, provided by Realtor
- Mortgage documents, provided by mortgage provider
- Insurance
- Down payment information
- Adjustment payments
- Other signed documents assigned by your lawyer

### DOWNPAYMENT AND CLOSING COSTS

Funding should be confirmed one week prior to closing date

### MOVING ARRANGEMENTS

Whether you are using professional movers, renting a truck or getting help from friends, plan and organize early to alleviate stress.

### PROPERTY INSURANCE

Purchase home insurance well in advance of your closing date and request confirmation for your mortgage provider.

### UTILITIES

Often your lawyer will request the coordination of utilities, however, it is always beneficial to contact each utility company on your own to be sure you are set up prior to the closing date. Be sure to cancel the services at your previous address.

### SCHOOLS

Inform children's schools as soon as possible to ensure a smooth transition at the new school.

# Movesnap

## WHAT IS MOVESNAP?

MoveSnap is an exclusive concierge service that is free for our clients. It's an online application that helps simplify the entire process of relocation.

## HOW IT WORKS.

When we invite you to MoveSnap, you get a custom-tailored moving plan that clearly outlines all the tasks you need to complete in preparation for your move and when and how to best complete them.



Book a Truck / Hire Movers



Toss Away Your Junk



Insurance



Change Your Address



Manage Your Utilities



Manage Internet / Cable / Phone Providers

MoveSnap supports every common task that's typically required for a residential move. From updating addresses and ID cards, to moving utilities, to packing, they've got nearly every task and all the information needed to complete it.

## Change Your Address



Federal Government

Avoid delays in benefit payments from the Federal Government



Ontario Provincial Services

Your driver's license, health card, outdoors card, OSAP, and more



Financial Institutions

Change your address with Banks, Credit Card companies and more



Other Places

Build your personal list of people and businesses to notify

# Average Home Buying Expenses

## HOME INSPECTION

**Cost: \$500-\$1,500**

Inspection involves a physical examination of the house or condo by a qualified home inspector of your choice. The cost is approximately \$500 for a city home, or \$1,500 for a rural property (which usually requires septic inspection and well inspection/water inspection).

## DEPOSIT

**Cost: usually 5%+ of purchase price**

Once you have an accepted offer to purchase, a deposit is usually required, so be sure to have the funds at the bank payable by certified cheque, within 24 hours. The amount is typically 5% or more of the agreed-on price.

## APPRAISAL FEE

**Cost: \$300-\$350, or possibly more depending on the location or size of the property**

In addition to your property inspection, the home will be looked at by a professional appraiser to determine its lending value, which is different than purchase price. Although the appraiser is commissioned by your bank or other mortgage lender, usually you, as the buyer, pay the cost. However, sometimes a lender will waive your appraisal fee, in an effort to secure a long term mortgage with you.

## MORTGAGE INSURANCE

**Cost: based on purchase price and down payment size.**

If you are not able to put down 20% or more, you need mortgage default insurance. The insurance premium is typically rolled into your mortgage, which will affect your monthly payment amount. Cost is calculated based on the property purchase price and the size of your down payment; see the CMHC Mortgage Loan Insurance chart online to calculate your premium.

## LEGAL FEES/DISBURSEMENTS

**Cost: \$2,000 for purchaser (seller pays \$900)**

You'll need a real estate attorney to perform the necessary legal work associated with your purchase.

The fee includes:

Title Insurance

Search Cost

Registration Cost

## LAND TRANSFER TAX

**Based on the amount of the purchase price. The rates are:**

Up to \$55,000: .5%

\$55,000 – \$250,00: 1%

\$250,000 – \$400,000: 1.5%

\$400,000 – \$2,000,000: 2%

Above \$2,000,000: 2.5%

Qualified first-time home buyers get a break on the transfer tax in Ontario, with a refund of up to \$4,000.

## MOVING COSTS

**Cost: \$1,000 and up**

The amount you'll pay to move varies widely. Two important factors are the amount of furniture and possessions you have to move and whether you hire a company that's insured or not (we definitely recommend insured!).

# Buyers Net Sheet

## PURCHASE

Purchase Price \$ \_\_\_\_\_  
 Down Payment - \_\_\_\_\_  
 Mortgage = \_\_\_\_\_  
 CMHC Fee + \_\_\_\_\_  
 Total Mortgage = \_\_\_\_\_  
 Deposit \_\_\_\_\_  
 House Inspection \_\_\_\_\_

## MONTHLY CARRYING COSTS

Mortgage \$ \_\_\_\_\_  
 Taxes \_\_\_\_\_  
 Condo Fees \_\_\_\_\_  
 Utilities \_\_\_\_\_  
 Tax Prepayment \_\_\_\_\_  
 Home Insurance \_\_\_\_\_  
 Total \$ \_\_\_\_\_

## CLOSING COSTS

Lawyer Fees \_\_\_\_\_  
 Disbursements \_\_\_\_\_  
 Land Transfer Tax \_\_\_\_\_  
 Adjustments \_\_\_\_\_  
 (Prepaid taxes & utilities)  
 Mortgage Registration \_\_\_\_\_  
 HST on CMHC \_\_\_\_\_  
 Miscellaneous \_\_\_\_\_  
 Appraisal Fee \_\_\_\_\_  
 Mortgage Application Fee \_\_\_\_\_  
 Title Insurance \_\_\_\_\_  
 Subtotal \_\_\_\_\_  
 Down Payment \_\_\_\_\_  
 Total Due to Lawyer \_\_\_\_\_

*\*All estimates are approximate. Please verify with your lawyer and lender.\**