

# An Informed Home Buyer's Guide

RAJPAL SINGH

416.525.2436

rajpal.ommrealestate@gmail.com



416.525.2436



**Service Beyond Expectations**

PROFESSIONAL

RELIABLE

TRUSTWORTHY



## 8 Steps to Finding the Right Home

1. Deciding Where and What to Buy
2. Getting Pre-Approved for a Mortgage
3. Choosing the Right REALTOR®
4. Become an Educated Buyer
5. Making an Educated Offer
6. Conditions, Home Inspections, and Waivers
7. Preparing to Move
8. Move in – Congratulations!



## STEP 01 | Deciding Where and What to Buy

Congratulations on taking this first step toward buying a home. Pride of home ownership is indeed one of life's greatest joys and biggest accomplishments. It is an exciting time and my hope is that this guide will bring clarity and peace of mind during your home buying journey.

Let's get started! The first step is deciding where you want to live, what type of home you are looking for and what features are "must have's" or "would be nice to have's" in a home. Invariably, there will be tradeoffs, but rest assured I am here to help sort through the options to find you the best house, at the best price and with as many of your wants and needs as possible.

# Questions to Help You Get Started

## The Essentials

What type of home are you looking for? (*Single family, semi-detached, condo, etc.*)

---

What style of home is best for you? (*Bungalow, split level, two storey, duplex, etc.*)

---

What about the age of the home?

---

How many bedrooms and bathrooms do you need?

---

What are you looking for in a kitchen, family room? Do you want a separate dining room? What is your preferred layout?

---

## Features

What are your high priority features? (*Appliances, ensuite, fireplace, etc.*)

---

What other types of rooms do you need? (*Main floor laundry room, home office, etc.*)

---

Questions Continued...

## Exterior

What size of yard are you looking for? Is the backyard important? Or is a side yard okay?

---

What about the front yard?

---

What other landscaping features are important? *(A fenced yard, play areas, pool, garden, etc.)*

---

Is it important what direction the house faces?

---

## Goals

Who are you sharing this home with and what are their needs? *(For example, pets might need a fenced yard or extended family needs a separate entrance.)*

---

---

How much do you want to invest beyond the purchase price of the home in terms of financial or sweat equity, if you can't find all the features that you want?

---

How long do you plan to live here? *(This can impact the type of home, the location and how much you will spend.)*

---

Questions Continued...

## Features Continued

What about storage space?

---

Basements, lockers?

---

Do you need a garage or extra parking spaces?

---

Is energy efficiency important? Newer windows or a high-efficiency furnace?

---

## Location

How is your daily commute? How easy is it to get to the places you need to go?

---

How close do you need to be to transit, shopping, schools, hospitals?

---

Are there any important location factors? (*Backing on to parks, road traffic, etc.*)

---

# STEP 02 | Getting Pre-Approved for a Mortgage

The mortgage industry is a highly competitive field and it is important to understand that interest rates can change at any time. Partnering with a mortgage advisor and/or financial institution to help you find the right mortgage product at the best rate is key to your home buying process.

## 5 Easy Steps to Get You Pre-Approved For a Mortgage

### 1. **Talk with a mortgage advisor**

Ideally someone who comes highly recommended. There are hundreds of options to choose from when it comes to lenders. Independent mortgage brokers tend to offer the most options because they do not just work with one bank. However, if you have a good relationship with your financial institution, contact them or *I'd be happy to recommend someone as well.*

### 2. **Complete and submit your application with the mortgage advisor**

They will collect your financial and personal information in order to find out how much mortgage you can carry.

### 3. **Gather all the necessary documents**

The mortgage broker will give you a list of documents that the banks/lenders need to finalize the mortgage.

### 4. **Verification of your details**

They will do their checks and balances to make sure you are not getting in over your head.

### 5. **Obtain a copy of your pre-approval**

This is a powerful negotiating tool, especially in a multiple offer situations. The seller of your dream home will feel more confident that you are the right person.

## Having Pre-Approval Documentation Can Offer Other Benefits:

- Saves you time by only looking at properties that you can afford.
- Rate guarantees and mortgage terms can save you money for years to come.
- Less stress throughout the process. You will know that you are ready and capable of buying.
- Get a better deal on the home that you want. Sellers like to know that buyers already have financing in place.



## STEP 03 | Choosing The Right REALTOR®

First, it's important that you understand whose interests REALTORS® are legally bound to serve in a real estate transaction.

### Listing Agent

*The Listing Agent is under contract with the seller to market and sell their property for the best possible price. Working with a listing agent means that they can:*

- Arrange a showing of the property.
- Assist with financing the property.
- Provide details about the property.
- Explain all the forms and agreements related to buying the property.

### Buyer Agent or Your Personal REALTOR®

When you engage the services of your own personal agent—someone who is under contract to *work solely in your best interest*—you get all of the same services listed above **plus** your personal REALTOR® provides:

- Confidential assistance that addresses your needs first.
- Honest, loyal and diligent care, free from any conflicts of interest.
- Access to all listings including MLS, bank-owned properties, distress and estate sales, and homes that were on the market where the seller might still be interested in selling.
- Expert advice on useful clauses such as home inspections and financing to protect you fully.
- Expert negotiation of the offer to purchase, to achieve the best possible price and terms.
- Expert advice on market value, inclusions, location, as well as help you decide when you should walk away.
- Discovery and disclosure of all information about the property including liens, warranties, disclosures, seller's purchase price, and market and planning activity in the area.

***As your REALTOR®, my job is to protect your interests in one of the largest purchases of your life***

# My Qualifications

## Rajpal Singh

Broker

Century 21 Associates Inc., Brokerage

- Certified Negotiation Expert®
- Masters in Economics
- Hotel Management
- Business Entrepreneur
- Selling Real Estate since 1999





## STEP 04 | Become an Educated Buyer

### The Home Buyer Service Program

Educated buyers are able to make informed decisions creating a stress free and enjoyable home buying process. With that in mind, my exclusive Home Buyer Service Program will empower you with key market information and every possible advantage to ensure you become an educated buyer.

### Here's what you can expect from me when you enroll in my program:

- **Absolutely no fees or costs to you as my buyer.**
- Access to property listings based on a variety of search parameters, only available on the REALTOR® MLS.
- Access to a database of expired listings that may reconsider selling.
- Proactive prospecting in your desired area to locate potential sellers with homes that match your criteria. Homes that are not actively for sale on the market now but may be considering selling.
- Access to For Sale By Owner homes that match your criteria.
- Up-to-the-minute access to the best deals on the market, including brand new MLS listings, newly price reduced properties, current bank power of sales, new home options, private sales and deals under contract that have fallen through.
- The most current real estate market information that may impact your buying decision, including mortgage changes, statistical sales data on median house prices, sales and months of inventory, local area market changes, trends and much more.

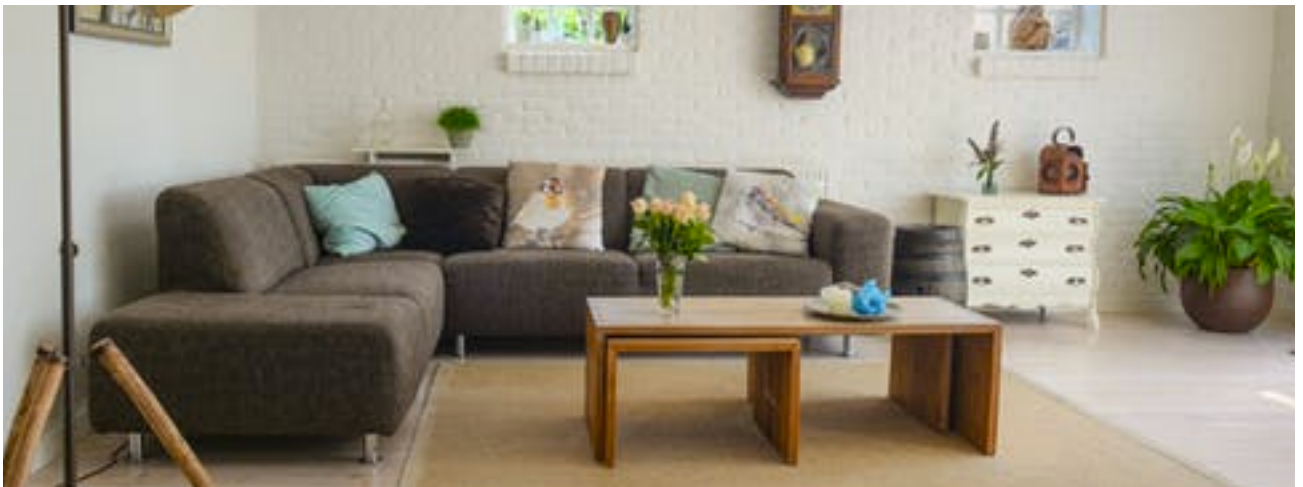


# Education Process: Be Informed Every Step of the Way

1. After our initial fact gathering meeting, I enter a detailed summary of your wants and needs for a home into my database and a variety of property search programs. This information is instantly shared with our entire team, other agents and potential sellers to begin the property match process.
2. I won't bombard your email with information that is not relevant to you. I will provide daily update emails on all the homes that are new to the market or have had a recent price change which match a broadened scope of what you are looking for.
3. As market area specialists with a pulse on local and national real estate market trends and changes, we also ensure you are kept informed of all relevant industry changes that may impact your buying decision, including price trends and mortgage rates.
4. I personally inspect all the potential properties in the area and take in several listings ourselves. This hot new listing information is passed on to my clients first.
5. You get all the information about every property – that, as a REALTOR®, only I have access to.
6. When you find a home that peaks your interest, simply contact me and I will arrange a convenient time to view.

## **Remember, when selecting what homes to view...**

- Choose different styles and types of home that meet your needs.
- Drive by the home and area for your first impression.
- Select a maximum of 5 homes to visit in one day (3 to 4 is best).
- Schedule time after the showings to sit down and discuss the homes merits.



## STEP 05 | Making an Educated Offer

The ongoing communication and education you will receive from our team will empower you to get the best possible deal on the home that you desire.

**You've found the one. Fantastic! Here's what happens next:**

1. I will conduct a detailed CMA (Comprehensive Market Analysis) complete with comparable active and expired listings, recent solds and historical data relevant to determining the market value of the home. *This will empower you to make an informed decision.*
2. I will prepare an offer that protects you, follows your instructions and matches your schedule and needs.
3. I will explain the details of the offer, the terms and suggest options for specialty clauses ensuring you know exactly what you are agreeing to.
4. I will present and negotiate the offer on your behalf to get you the home that you want at the price and terms you want.

**What happens after this:**

- The seller may accept your offer – congratulations!
- The seller may reject your offer – not common, but it can happen and I would endeavor to find out why.
- The seller may counter sign – changing the terms of the offer and presenting the offer back to you.
- Our negotiations continue until we reach agreeable terms between the seller and yourself, or until I know an agreement cannot be reached and it is time to walk away.

# Negotiation FAQs:

## 1. How long will the negotiations take?

This is perhaps the most shocking part of things for many people. Commonly, negotiations are wrapped up within 24-48 hours. In other words, if we were to write an offer at noon, it would not be unusual to receive a response (typically a counter offer) by the evening. If we didn't get it to an acceptance that evening, it wouldn't be unusual to have an accepted offer by the next evening.

## 2. If the seller accepts my first offer, am I forced to buy? (and shouldn't we have then offered lower?)

No (and no). Unless we are writing an offer without subjects (which is REALLY unusual and we'll have talked about this a lot beforehand in that case), you will have a period of time (typically 7-10 days) to investigate whether or not this home will be acceptable to you. If you don't like something you find out about this home during that period of time, we will be able to walk away and the contract will collapse.

## 3. How low should we offer?

This is a strategy question and the answer is that it depends on too many factors for there to only be one answer. There are times when an offer at 5% off of list price is perfectly acceptable/appropriate. Similarly, there are times when an offer above list price is appropriate. When we sit down to prepare an offer, we will discuss this topic at length.

## 4. What if there are other offers? Will I know what they are offering?

When an offer is received, the listing agent has a duty to have the offer presented "without delay." Furthermore, offers have an expiry clause – meaning that if the seller does not respond before a certain time, the offer ceases to exist. Despite this, there are occasions when homes attract multiple offers. We'll talk through detailed strategy should this happen, but here are some basic things to know. When you submit an offer knowing that there is another offer, you will likely only get one chance to offer. In other words, it is rare to see counter offers made at this point – it is assumed that buyers are offering their best terms and the seller will typically just choose an offer. In order to make your offer as competitive as possible, we will want to ensure that we have as few subjects as are necessary to properly protect you, we are offering as high a price as you are comfortable with and we are offering the completion/possession dates that most closely match what the seller is looking for. From this perspective, the experience of multiple offers is very similar to making blind bids at an auction. The terms of an offer are almost always confidential until subjects are removed. The seller will typically not disclose the price they have accepted (for fear that it will jeopardize future negotiations should this offer collapse).

## 5. How many counter offers can we make?

As many as you'd like! However, our experience has proven that once we get past 3 counter offers from either side (i.e. 5 - 6 total counter offers), our chances of reaching mutually acceptable terms start to diminish. Remember, the goal of a negotiation is to find mutually acceptable terms. Our goal is to find the bottom end of their acceptable price range and we will never do so if they feel like we are trying to take advantage of them.

# Glossary:

When buying a home there are certain documents and information that is common across all types of property be it a single family home, condo or townhouse.

## Title

This document is registered at the land title office at the time of completion and it is proof of ownership. Charges to the title such as mortgages, easements, covenants, etc. will show up on this document.

## Property Disclosure Statement

The seller fills out this document at the time they list the property for sale. The form is a representation of the condition of the home to the seller's knowledge.

## Grow-op

This is a property that has been used for the growth or manufacture of illegal substances. There can be many issues that cannot be seen with the naked eye in a home that has been used as a grow-up, such as moisture, electrical, and ongoing criminal activity. Sellers have a legal obligation to disclose if they are aware of any such history. Nevertheless, our due diligence process will involve verifying these facts.

## Fixtures

These are items that are affixed to the wall/ceiling that should be included with purchase. These are usually items that have been screwed in (ie chandelier).

## Chattels

Are items that are easily removed and will be taken from the home by the seller – pictures on the wall, furniture, etc.

## Condition of The Home

The condition of the home at the time of purchase should be in the same condition as when the buyer last viewed the home. The challenge some of our clients have experienced is that their opinion of condition and the sellers has been different. Rest assured that if this becomes a problem, we will work with you and the seller to get a resolution.

## Completion

Completion is the day that the money and title of the property exchanges hands, this is handled by the lawyers/notaries. A few days before completion you will need to go to your lawyer/notaries office to review and sign the documents. On the completion day itself, our office will call you once we receive confirmation of completion.

## Possession

Possession is the day you get physical possession of the property. This typically happens 1 – 3 days after completion. On occasion, the seller will allow keys to be released earlier than indicated in the contract. Rest assured, we will do our best to make this happen for you. However, for the purposes of planning your move count on the keys to be available at the time and day indicated on page 2 of the contract of purchase and sale.



## **STEP 06 | Conditions, Home Inspections and Waivers**

The offer has been accepted. Now we need to satisfy the conditions.

This usually involves performing a home inspection, getting the rest of your personal information and the property information to your mortgage broker or bank and arranging for the other information that might be necessary, like surveys, water tests and condominium documents. I will help you make the necessary arrangements to ensure that the entire process runs smoothly before the deadline.

Next, you will need to add some people to your team.

### **Finding a Home Inspector**

Home inspections allow you to scrutinize the details of the home and save you from some unpleasant surprises. Below is a list of recommended professionals, but keep in mind when making your decision....

- Ensure that the home inspector is a qualified professional.
- Ensure the home inspector checks for visible issues with plumbing, electrical systems, the roof, insulation, walls, ceilings, floors and windows, and the condition of the foundation. They can also check that included chattels, like furnaces and air conditioners, are working.
- Ensure your home inspector gives you an up close and personal look at your new home. It takes about 3 hours to go through all the systems, and if there are any problems, you will see them with your own eyes. They will also give you maintenance tips and easy fix-ups, if necessary.
- Ensure that in the end, you receive a detailed report that summarizes the condition of your home.



# Choosing a Lawyer or Notary

Your lawyer or notary is an invaluable member of your team whose job is to ensure that you get what you are paying for and in accordance with the terms of your agreement of purchase.

## **Your lawyer/notary will ensure:**

- There is nothing on title that is not supposed to be there.
- The property taxes, utilities and condo fees, if applicable, are up to date.
- You have all the information that you need about your new home.
- Your mortgage lender is satisfied and that your mortgage is secured on property title as required by your mortgage agreement.
- You know exactly how much money you will need in order complete the transaction.
- They also ensure that the seller gets paid the purchase price.
- Title is legally transferred

## **Lawyer or Notary?**

The simple answer to this common question is that notaries cannot represent clients in court and cannot get involved in litigation. For this, notaries are often a slightly less expensive option than a lawyer. Most real estate deals are fairly straight forward, and both a notary and a lawyer can adequately prepare documents for you. The choice between lawyer or notary is based on personal preference, comfort level and complexity of the transaction.



## STEP 07 | Preparing to Move

Typically you will have anywhere from 30 to 90 days to get everything ready for your home. It could be shorter or longer, depending on what you need and have agreed upon with the seller. The closing date is usually the same as your move-in date. It is a good idea to get things organized well in advance of the closing date to reduce the stress of the move.

**Lawyers:** I will send your lawyer the information about your purchase. You will need to provide the lawyer with some additional information: insurance, down payment information, fee payments, adjustment payments and possibly other signed documents that they ask you for. You will meet with the lawyer about a week before the closing to finalize everything.

**Down Payment and Closing Costs:** Make the necessary arrangements to have the funds available when the lawyer asks for it. Liquidating some assets can require additional time.

**Movers:** Whether you are using professional movers, renting a truck or getting a bunch of friends together, plan and organize it early.

**Insurance:** The lawyers will need a copy of your home insurance before closing so that the financial institution will release the money to them. Call your insurance broker with the listing information. They may want to know the age of the house, condition of the roof, furnace, electrical system, as well as other general information.

**Change of Address:** It's time to start giving out your new address to everyone.

**Utilities:** It is important that you call the local utilities to get their services changed into your name. These include phone, internet, television, gas, electricity, water, and any rental agreements. Remember too, to cancel the services at your old address.



## STEP | Move in 08 | Congratulations!

As your personal REALTOR®, we know our role doesn't end just because we've handed you the keys.

You can call on us any time. Whether it's:

- Recommendations on contractors or other professional services to hire
- Any issues with your home after moving in
- Questions for the listing agent or previous owner
- Evaluation of your home value over time
- Questions about the local real estate market
- Advice on purchasing an investment property
- Referrals to friends and family
- When you're thinking about selling
- Or any other real estate related matter you need

As always, our advice is fast, free and confidential.

We're here for you, through your move to date and beyond.



# Common Closing costs For Buyers

Funds to cover your down payment and closing costs will most likely have to be in the form of a bank draft or wire transfer to your lawyer's trust account. Your lawyer will detail the exact amounts required for:

- Balance of down payment after initial deposit with offer.
- Mortgage loan administration and/or appraisal fees, if applicable.
- Points, or loan discount fees, you pay to receive a lower interest rate, if applicable.
- Credit report fees.
- Mortgage insurance premiums if applicable (CMHC).
- Land transfer tax and title registration fees.
- Title insurance policy premiums.
- Survey expense if applicable.
- Legal fees and associate disbursements (couriers, copies etc.).
- Pro-rated amounts for your share of any prepaid costs, such as utility bills and property taxes.