



HOME BUYERS GUIDE

Getting Ready To Buy

Buying a home is without a doubt one of the largest purchases you will make in your lifetime. Whether you are a first-time home buyer, or have a growing family and are moving to something larger to fit your family's needs, or even if you are ready to downsize. Whichever the case may be, this guide is meant to help you along the way. Providing you with the information you will need, before taking that next step in your life.

Additional Costs

- Home Insurance
- Property Inspection
(Detailed under Conditions/Terms)
- Lawyer fees
- Closing costs
(Detailed under closing)

FINANCING AND COST

Get Pre-Approved

Getting pre-approved prior to beginning your property search is an essential requirement. Knowing your budget will help you, and your Realtor, understand what properties should be considered.

Credit / Affordable Payments

Affordability is based on your annual family income vs your expenses. Having good credit, and low expenses to income ratio, will have a significant impact on your pre-approval. Speak to a mortgage professional regarding finances. This can be one of the more daunting task, but an experience mortgage broker, or mortgage specialist (major banks) will be able to walk you through the process with ease. Shop around, as different lending institutions will have different interest rates. You do not need to pay for this service! Online mortgage calculators can be found on most financial website, or Realtor websites, and can give you a rough idea on your budget, but it is always best to speak to a professional.

Down Payment

You will need at minimum 5% for a down payment or "deposit". All deposits made under 20% will be subject to CMHC fees (Canada Mortgage and Housing Corporation). For more information on CMHC fees visit <https://www.cmhc-schl.gc.ca/>. Please note, funds must be available prior to submitting an offer on a property.

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SEARCHING FOR A HOME

CHOOSING A REALTOR

With technology changing there are numerous ways to search for homes. Take advantage of these tools as they will assist you in narrowing down your search. Having a “needs” and “wants” list will also be useful. You may require certain things to fit your lifestyle or life stage; schools, community, transit etc. Knowing this prior to approaching a Realtor will assist in narrowing down the search.

A Realtor can assist with any of the above and should be in tune with your needs. Also, they can answer any questions you may have regarding a certain property. Property history, number of owners, market price in the area and other relevant information.

How is the Realtor compensated? In any real estate transaction the commission is paid at closing, and, unless otherwise discussed, no upfront commission is required. Realtor’s should be able to talk openly about this and the costs associated with a transaction that the Realtor incurs upfront.

BUYING OR BUILDING

Whether you build or buy, having the assistance of a Realtor is a benefit. Community builders will work with Realtors and their clients in new build purchases. Plus, it is always nice to have someone with industry knowledge in your corner. A Realtor can assist you in asking the right questions and in doing background checks on the developer. Custom home builds require the same process, searching for vacant lots or tear downs, negotiating price and finalizing the deal.

MAKING AN OFFER

Congrats! You’ve found a property, checked the market value in the area, and are ready to make an offer. Your Realtor will help you draft an offer and it should include the following:

- Offer Price
- Any unattached goods wanted; washer/dryer, stove/oven, refrigerator, hood fan, storage shed etc.
- Additional furniture if wanted
- Proof of financing condition
- Home Inspection condition
- Additional terms that may apply
- Additional conditions that may apply

The deposit will be due at this time and can be made in installments. Discuss those options with your Realtor. At this time your Realtor will do a property review including background check and title search. Any red flags will be brought up and discussed.

Should any conditions in the contract not be waived satisfactory, depending on the circumstances, will have different implication, discuss these with your Realtor. In most cases your deposit is not at risk of being lost, unless it is a condition you are unable to satisfy. Discuss this, in detail, with your Realtor.

Should a deal fall through, or waive unsatisfactory, you simply continue your search for another property that will meet your needs. This is rare, and a good Realtor will know, prior to submitting an offer, this risks associated with the property of interest. If anything feels funny or off discuss it beforehand.



SEARCHING FOR A HOME

CONDITIONS AND TERMS

The two most common buyer conditions are:

Home Inspection

Home Inspections, depending on the size of the dwelling will cost approximately \$500.00 and up. Although, your Realtor will have some insight, it is advisable to research home inspectors prior to submitting an offer. Checking reviews, asking friends/family and reviewing licensing and accreditations is good practice. The Better Business Bureau of Canada is an excellent resource. <https://www.bbb.org/>

Financing

Pre-approval is done, now it is time to secure a lender and mortgage. You may be required to provide proof of financing. In this case, your lender will prepare a letter to satisfy this condition.

Deposits are made at this time as well and usually constitute, at minimum, 5% of the purchase price. A certified cheque or bank draft is collected and held in trust until the deal is closed.

Terms may be added to the contract and may include things such as professional cleaning or repairs. In some cases a holdback in funds will be added to insure the work is completed on or before possession.

CLOSING

Once conditions have been waived satisfactory, the lawyers will begin to process the land transfer for the closing date selected. Approximately a week before the closing date, your lawyer will walk you through final documents and signatures required. The remainder of your down payment will also be due at this time, as well as proof of home insurance.

Some associated closing costs would include:

- Lawyer fees
- Title insurance (If applicable)
- Property tax (adjusted for the remainder of the year)
- Remaining down payment

POSSESSION DAY

Congratulations, you've taking possession of your new home! Possession typically takes place around noon and your Realtor will hand off keys when the lawyers have given instruction to do so. Once possession is taken, a walk-through inspection of the home should be done. Check that all unattached goods in the purchase contract are there, in good condition and working order. The home should also be in the same state it was when you last viewed it. In most cases your Realtor will schedule a pre-closing walkthrough to ensure the house is in an acceptable condition. Unless otherwise previously agreed to a professional clean is not typically required, but there should be no damage to the home or excessive dirt and debris. A good Realtor will always do a preliminary walk-through prior to handing off the keys.





NEW HOME BUYERS CHECKLIST

- Financial readiness (credit check)
- Online research
- List of question for Mortgage Broker, Realtor, Lawyer
- Mortgage Broker and Pre-approval
- Down payment and deposits
- Type of property - Attached, Detached, Condo
- List of family needs and wants
- Source Realtor
- Source Lawyer
- Property Inspector
- Source Home Insurance
- Utility setup (after purchase)
- Moving costs
- Property walk-through, pre and post-closing

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