



# HOME BUYER'S GUIDE





# CONTENTS

Getting Started .....	4
Preparing for Home Purchase .....	5
Financing Your New Home .....	10
House Hunting .....	19
The Contract Stage .....	26
Understanding the legal process .....	30
Moving Day checklist .....	34





"Don't wait to buy real estate, buy real estate and wait."

- T. HARV EKER



# GETTING STARTED

Home buying is a personal, emotional experience for every buyer. There is an extensive list of things that could go wrong. Sellers can be argumentative and unreasonable. A home inspection could reveal unpleasant surprises. Lenders can opt out of your loan and so on. But there's no need to panic.

These days, you have more resources than ever to help you meet the challenge, and this comprehensive online buyer's guide is one of them!

We'll help you go to market with confidence, set a proper strategy, narrow down your needs, buy the right home for the best price, how to team up with the top professionals to serve you at each level.







# PREPARING FOR HOME PURCHASE

Get Ready for the purchase  
Financially and Emotionally



# Preparing for Home Purchase

## Emotional Readiness

When deciding to buy a home, it's important to prepare mentally and emotionally before taking any other steps. You may fall prey to a number of common home buyer mistakes if you allow those emotions to get the best out of you. Keeping your emotions in check and making the most rational decision possible. You must ask yourself:

- If you're buying your *second home*. Are you emotionally ready to break up with your current home with all of its memories and move on?
- If you're buying a second property as an *investment*, Are you mentally prepared to become a landlord or manage a crew to flip a property?
- If you're homeowner for first time. Are you prepared and aware of the responsibilities that come with home ownership?

- If you live abroad and buying a property in Canada, Do you have a trusted team of professional that you can depend on and can stomach buying a property without seeing it personally?

## Types of Home Buyers

To prepare accordingly, you must identify which type of buyer category do you fall under. Being a first home buyer, you can't handle a transaction the same way someone who is buying and selling every second year. There are different strategies for different type of buyers that your Real Estate Expert should be able to guide you according to your unique position in the market:

- First Time Home Buyer, you're currently renting and want to switch from renting to owning your home.
- Move up Buyer, buying your second, third or seventh home. Growing family is great example of this type of buyer.
- Investor Buyer, buying a property for investment reason or flip.
- International Buyers, buying a property from abroad for personal or investing purposes.
- Empty Nestor, your kids are grown and you no longer need the extra space and want to move to a smaller condo with less maintenance and fabulous view.
- Luxury home buyer who is buying a unique, one of a kind property.



## Own vs. Rent

If you're stuck between the two decisions; buy or not to buy! You won't get black and white answer, there's a huge amount of grey area to consider, individual factors, in both of options, so it doesn't make sense to assert that either decision is the best decision.

A few points to take in consideration:

- You won't have shelter expense once you finally pay off your home. (Owning)
- You won't have to pay for maintenance, taxes, property Insurance and repairs for any issues that unexpectedly come up. (Renting)
- You have a mobile lifestyle, relocating to another part of the city or country is as simple as giving your landlord a 60 days notice. No mortgage penalty . (Renting)
- You can build equity from portion of the mortgage payments. (Owning)
- You can have more privacy as homeowner. (Owner)
- More disposable income to invest else where. (Renting)
- Owning Real Estate is generally considered a great investment. (Owning)

## Credit Score

The type of lender you get your mortgage from is dependent on your credit score and that's why it's so important. Not only the type of lenders but also the interest rate on the mortgage is determined based on that. Major banks and other prime lenders will give you a mortgage if your credit score is above 700, and they will take applications with credit scores between 600 and 700 in consideration, but the other aspects on the application has to be strong to get a mortgage approval.

The lower the credit score, the riskier you become to the lender. To reduce that risk, some lenders, such as trust companies and private lenders, will approve you but for a higher interest rate. And some lenders won't lend you money at all, if your credit score is too low.

Here are the type of lender you'll get based on your credit score:

- Prime Lenders (Major Banks) .....600-900
- Trust Companies.....550-700
- Private Lenders.....Less than 600



## Down Payment

A down payment is the amount of money the put down on a home up front as a lump-sum payment when you buy a home. The amount of the down payment is deducted from the overall price of the home, the difference of which is covered by a mortgage loan.

Down Payment often confused with the deposit, the deposit is the amount paid along with an offer to show good will and seriousness and acts as a security for the seller. This deposit will be deducted from your required down payment amount.

Down payment is calculated as a percentage of the total purchase price, minimum down payment required For homes priced below \$500,000 is 5%. For homes priced between \$500,000 and \$999,999, the down payment is 5% of \$500,000 plus 10% of the remaining amount. Keep in mind that these are the bare minimums required to qualify for a mortgage, however anything below 20% is considered a high-ratio mortgage and requires mortgage default insurance. This protects the lender in case the borrower defaults on payments.

Your mortgage loan insurance can be paid for upfront or added to your monthly mortgage payments.

There are some programs and incentives offered by the Government of Canada to help first-time homebuyers. The Home Buyers Plan lets first-timers borrow up to \$35,000 from their Registered Retirement Savings Plan RRSP, to put toward their home purchase. But make sure you're aware of the repayment requirements.

Also, the First Time Home Buyer Incentive program is offered to help reduce their monthly mortgage payments without increasing their down payment amount. This program is an interest-free, shared-equity mortgage that must be repaid when the home is sold or after 25 years – whichever comes first. The government shares in any gains or decreases in property value.



## Get set up for searches

A If you are new to the area, city or even country and completely unaware of how much homes cost, when budgeting you don't know where to start, you don't know what styles of homes or what options do you have to even figure out what you are looking for.

The best place to start, learn about the area and get set up to receive daily listings at your inbox for the area for free, start looking at the homes, their prices, their styles...etc, you would be surprised how much you'll learn by studying the inventory of homes.

The daily listing alerts will help you understand the prices in the market, understand the different styles and how much should you budget for the type of home you desire for you and your family!







# FINANCING YOUR NEW HOME

How much would your  
new home cost



# Financing Your New Home

## Affordability and Budgeting

The Affordability topic is often brought up when thinking about purchasing a new home. But what are we referring to?

Affordability is a term that's both quantifiable (the formula that's used by lending institutions) and a little bit subjective (lifestyle considerations factor in, too).

Here's what you need to know about affordability, and what it means for you.

### Debt service ratios

The lending institutions and mortgage Insurers use your gross debt service ratio and total debt service ratio to assess your affordability.

Gross debt service (GDS) ratio Home ownership costs (mortgage payments, property taxes, utilities and, if applicable, 50% of condo fees), relative to household income.

Total debt service (TDS) ratio Home ownership costs (as outlined above) plus debt payments (car loans, credit cards, lines of credit, student loans, etc.), relative to household income.

In order to qualify for mortgage insurance (mandatory for any home purchase with a down payment of less than 20% of the cost of the home), your GDS and TDS ratios must be at certain level. 39% is the highest allowable GDS ratio and 44% is the highest allowable TDS ratio.

### Lifestyle expenses

Key household costs should also be considered. Even though they don't affect debt service ratios, these expenses should be included in your own budget calculations, as they eat up big chunk of your income:

- Groceries
- Child care
- Mobile phone
- Internet
- Clothing
- Entertainment
- Memberships



Use the numbers-driven debt service ratios and the discretionary lifestyle expenses that also affect your bottom line to set the right budget. Speak with a mortgage advisor or your financial planner to determine how much mortgage you can comfortably carry based on your finances. They can help you set realistic goals and budget.

### **Pre-Approval**

Getting pre-approval is crucial to save you time, help you understand what price range to stay within and might even secure a great interest rate.

A pre-approval is an estimated amount that mortgage provider commit to lend you at a particular rate provided your finances stay the same. When you get pre-approved for a mortgage, you'll know the maximum amount you can afford to spend and at what interest rate.

It doesn't cost you anything to apply for a mortgage pre-approval, and doesn't commit you to a lender.

However, getting pre-approved does secure the interest rate you are offered for 120 to 160 days. This means you can lock in the lower rate if interest rates rise while you're shopping for a home. But if interest rates go down during this time, your lender will honour the lower rate.

That being said, a pre-approval isn't a full guarantee you'll receive that rate. That fully relies on your finances staying the same when you finally apply for your mortgage.

### Get Written Pre-Approval

In markets where there is high demand and a low volume of the type of home you wish to purchase, written pre approval is essential and will give you the competitive edge in securing your desired home. For example, in a scenario where a seller receives two similar offers, one accompanied by a letter that confirms financing pre-approval, and another other without supporting documents, the former offer is frequently considered first.



## Understanding Mortgage Basics

### Interest Rates

Mortgage interest rates are fixed, variable or adjustable.

**Fixed:** A fixed mortgage interest rate is a locked-in rate that will not change for the term of the mortgage.

**Variable:** A variable rate fluctuates pending market conditions while the mortgage payment itself remains unchanged.

**Adjustable Mortgage Interest Rate:** With an adjustable rate, both the interest rate and the mortgage payment change based on market conditions.

### Open or Closed Mortgage

- **Closed Mortgage:** You cannot pay the closed mortgage fully or partially before the end of its term. A closed mortgage is a good option if you'd prefer a fixed monthly payment and wish to predict your monthly expenses. However, because there are often penalties

or restrictive conditions if you pay an additional amount, a closed mortgage may be a poor choice if you decide to move before the end of the term or if a decrease in interest rates is anticipated.

- **Open Mortgage:** An open mortgage is flexible. You have an option to pay off part of it or the entire amount at any time without incurring penalty. This may be a good option if you plan to sell your home in the near future or if you intend to off a large sum of your mortgage loan. Most lenders allow open mortgages to be converted to closed mortgages at any time, though often for a small fee.

### Amortization

The time period that it takes to repay the entire mortgage debt is called Amortization. In many cases this period is over 25 years. The longer the amortization, the lower your monthly mortgage payments, but the more interest you pay at the end in the long run.



### Conventional vs. High Ratio Mortgages

- **Conventional Mortgage (Uninsured):** A conventional mortgage is a mortgage loan that is totaling to, or less than, 80 percent of the lending value of the home. The lending value of the mortgage is the property's purchase price or bank appraised value, whichever is lower. The down payment has to be at least 20 percent of the purchase price or market value to qualify for Conventional Mortgage.
- **High-ratio Mortgage (Insured):** If your down payment is less than 20% percent of the property price, you have to get a high-ratio mortgage. A high-ratio mortgage usually requires mortgage insurance. CMHC and Genworth are major providers of mortgage loan insurance. You can add the mortgage loan insurance premium to your mortgage or be asked by your lender to pay it in full upon closing, it's dependent on your lender.

### Mortgage Term

The term is the length of time that the mortgage contract conditions, including interest rate, are fixed for the term. It varies from six months up to 10 years. Generally there are several options for a mortgage term and it's important to evaluate the pros and cons of each option. A longer term may allow you to plan in advance and avoid any interest rate increases, but in contrast you may lose on an opportunity if interest rates fall.

### Optimizing Your Mortgage

Work with your lender to optimize your mortgage payment schedule for your unique situation. More frequent installments can result in a quicker mortgage pay off for the homeowner. Your mortgage may also be structured to allow an increase in payments as cash flow permits, and you can set up an anniversary lump sum payment opportunities each year to be applied directly to the principal.



Costs involved in purchase of a home

Besides the purchase price of your new home that you budgeted for, you must also budget for the other costs that incur during the process of purchasing a home:

- Appraisal.....\$250 – \$350

This fee is paid to get the property appraised value for mortgage purposes. This value may differ from the market value/purchase price of the home.

- Home Inspection Fees.....\$250 – \$500

The home inspector evaluates the structures, electrical, plumbing, appliances, HVAC and many other components of the home looking for both patent and latent defects and provides you with a written report. Home Inspection is an optional expense but it's worth every penny, many savvy buyers make their offers conditional on a satisfactory home inspection report produced by a professional inspector.

- Insurance Premiums for High-Ratio Mortgage.....2.40-4%

You must pay a one-time insurance premium amount of your mortgaged amount. If your down payment is less than 20% of the purchase price of your new home. The amount is calculated based on the mortgage as outlined below:

Mortgage Amount	Insurance
Up to & including 80% of purchase price	2.4%
Up to & including 85% of purchase price	2.8%
Up to & including 90% of purchase price	3.1%
Up to & including 95% of purchase price	4.0%

Premiums in Ontario are subject to provincial sales tax. The provincial sales tax cannot be added to the loan amount.



- Real estate lawyer fees.....\$500 – \$1000

The legal fee amount depends on the lawyer you choose and level of experience. They include disbursements, such as:

- Title Searches
- Execution Certificates
- Conveyancing Charges
- Couriers
- Certification of Cheques
- Postage.

Ensure your lawyer’s quote includes all related expenses.

- Title Insurance Cost.....\$350 - \$775

This official record includes the names of the legal owners, lists any registered mortgages and liens, it describes any easements, and provides many other crucial details. Given the negative impact that any errors or misrepresentations on your title can have on your property’s value, buying a little insurance protection is a no brainer, especially when you compare a one-time premium cost of about \$350 for a \$500,000 home or \$775 on a \$1,000,000 Home, to the potential cost of a major title defect.

- Land Transfer Tax.....See Below

Land transfer tax fees are paid to the government whenever the ownership of a property changes. According to the Ontario Ministry of Finance, the land transfer tax values in Ontario are as follows:

- Amounts up to and including \$55,000: 0.5%
- Amounts exceeding \$55,000, up to and including \$250,000: 1.0%
- Amounts exceeding \$250,000, up to and including \$400,000: 1.5%
- Amounts exceeding \$400,000: 2.0%
- Amounts exceeding \$2,000,000, where the land contains one or two single family residences: 2.5%.

These taxes are essentially doubled when you buy in Toronto. However, if you are a first-time home buyer and permanent Ontario resident, you may be eligible for a land transfer tax rebate of up to \$4,000, or \$8475 in Toronto.

Speak to your real estate lawyer about whether you are eligible for the credit.



- Home Insurance.....\$1200 – \$2000  
Homeowners insurance is an important part of your financial security net, and in many cases a requirement if you have a mortgage.

- Moving Costs.....\$500-\$3000  
This includes packing supplies, boxes, protective coverings for your furniture, cleaning supplies, moving truck rental and if you hire professional packing company.

- Temporary Lodge and Storage.....\$200-\$1000  
If the closing dates on your old and new home don't align exactly, you may be required to find temporary accommodations for you and your family until your new home is ready. You'll also have to find storage space for all your furniture and belongings in the meantime.

- Bridge Financing.....Prime + 2-3%  
Unless you're a first time home buyer, most homeowners will want to take equity from their existing home and use it towards the purchase of their new home.

Unfortunately, sometimes you get stuck in a situation where the closing date for the home you're purchasing is before the closing date of the home you're selling, leaving you without a down payment for the new home because it's tied up in equity.

Bridge financing is the tool used to help borrowers who find themselves in this situation.

- New Furnishings.....Based on size  
Sometimes buyers lose track of budgeting and end up in a situation where they are pretty much "House Poor", after paying for all expenses, they don't have enough to furnish their new place. Keep a sufficient budget for your new furniture.

- Adjustments.....\$400-\$700  
If the seller prepaid property taxes or utilities, you'll have to repay them the prorated amount.



Cost of Home Ownership

Monthly Ongoing Costs of Home ownership: Once you buy a home you know how much your monthly mortgage payments are. However, that's not the only monthly expense related with owning a home, there are additional costs and they can add up quickly. Depending on where your location, and which utilities it's hooked up to, the additional monthly costs will vary from home-to-home.

Here are estimated monthly ongoing costs for a Condo worth \$350,000 with a \$300,000 mortgage at 3.24% amortized over 25 years:

• Mortgage Payment	\$1,457
• Property Tax	\$250
• Utilities	\$300
• Home Insurance	\$100
• Internet	\$90
• Cable	\$70
• Condo Fees (If applicable)	\$300
Total	<hr/> <b>\$2,567</b>

Financing During Covid-19 Pandemic

Effective July 1, 2020 the following changes will apply for new applications for homeowner transactional and portfolio mortgage insurance:

- Limiting the Gross/Total Debt Servicing (GDS/TDS) ratios to our standard requirements of 35/42;
- Establish minimum credit score of 680 for at least one borrower;
- Due to the number of job losses, lenders will be requiring full documentation upfront in order to approve you for a mortgage such as: proof of income and a dated job letter (showing that you've been working during the last 30 days), pay stubs, your T-4 or Notice of Assessment.
- For people who couldn't traditionally qualify for a mortgage, private lenders were the option. With the new situation they are scaling back their risk, creating less options for private mortgages.





# HOUSE HUNTING

Purchase the Right Home



# Purchase the Right Home

## Define your Wants and Needs

Shopping for the right home while keeping your budget in mind can sometimes mean differentiating between your wants and needs. In this section we can help you distinguish between the needs (Must have) and the wants (It would be lovely to have).

You might find yourself piling up a list of features you want to see in your new home, keep in mind, our goal is to help you buy the Right Home for the Right Price with all of your needs and all/some of your wants.

The reasons why you need to do this before looking at homes:

- You don't want to end up buying a home that has all you wants and some of your needs, and end up with buyer remorse since the home doesn't meet all of your needs. Therefore; *it's not the right home!*

- Save time, because you won't bother looking at houses that don't "fit your needs".
- Put your emotions aside to the best of your ability.
- Get on the same page with a spouse or partner, align your wants and needs.
- Make the best decisions when your budget meets reality, which in most cases does.
- Act quickly and confidently when the right home comes along, for example if the home meets all your needs and some of your wants.

To identify the needs from the wants, ask yourself these questions:

- **What are the features that are absolutely a deal breaker (Needs)?** 3 bedrooms because you have kids and you need 3, home close to mom or in a certain school zone. Maybe a Condo, because you don't have time or the right health to do maintenance. Anything essentials that would be impossible, or very hard, to change.

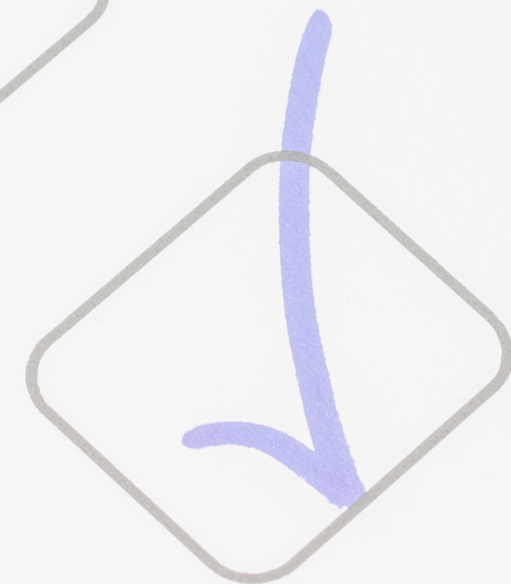
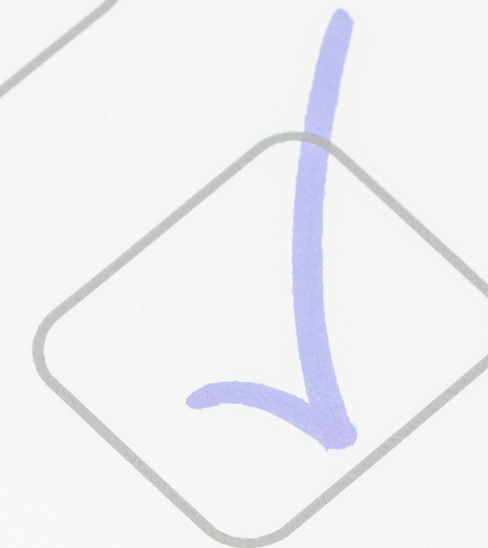
- **How long will you live in this home you're buying?** Think of your long and short term goals, if you're planning to stay long, your wants and needs may be different, plan for it.
- **Are your expectations realistic?** You probably won't get everything you want in one house. Home buying is about compromises and trade offs — and being smart about how you make them. On the weekend start visiting open houses well before you intend to buy.
- **What do you love and hate about your place you living in now?** Your current place can help you come up with the list.
- **If a home doesn't have one of your needs as is, Can you remodel it?** Can you just add your must-have third bedroom? Are you able to? If you have to make this kind of decision, make sure building codes won't stand in your way. And get a realistic quotes cost wise. Do you have the money? One of the biggest surprises for new homeowners is how expensive renovations are.

Get our Home Buying Checklist to help you organize the process, here are some of the factors to consider:

1. Type of Home - Freehold vs Condo, Detached, Semi or Townhome, Single floor bungalow or high-rise condo.
2. Location: Urban City Center, Suburb, Suburb with acreage, rural, country side or water front.
3. Nearby Proximity: Specific Schools, Public Transportation, Employment, Community Center, Parks, Playgrounds, Airport, Church/Mosque/Temples, Bike Paths.
4. Bedrooms: Number of bedrooms, actual bedrooms vs office and dens.
5. Bathrooms: Full vs halves and their location in the home.
6. Kitchen: Eat-In, Island, Pantry, New Appliances, Stone Counter Tops, Remodeled Cabinetry.
7. Parking: single, Double or Triple car Garage, Driveway, Indoor Parking, Private Parking or Off-Street.



8. Flooring: Hardwoods, Carpet, Stone, Tiles, or Laminates
9. Basement: Finished, Unfinished, Partially Finished, Walk-out, Separate Entrance, Basement Kitchenette, Apartment.
10. Master Bedroom: Walk-in Closet, Ensuite, His and Her Closet.
11. Home Office: It's Location, Size, Privacy.
12. Other Features: Location of Laundry room, Foyer style, Mudroom, Open Concept, Formal Dining Area...etc.
13. Exterior: Brick, Stone, Stucco, Wood, Low Maintenance.
14. Outdoor Space: Deck, Patio, Fenced, Trees, Landscape, Garden, Covered Porch, Courtyard, Pool, Shed.
15. Heating/Cooling: Natural Gas, Electric, Central Air, Fireplace.
16. Energy Efficiency: Solar Panels, Insulation and Air Sealing, Dual or Triple Pane Windows, Low Flow Toilets, Energy Star Appliances, Programmable Thermostat.
17. Universal Design Feature: Elevator, Ramp, Walk-in Shower.





## Select Your Areas and Research Neighborhoods

When moving to a new area, city or country, do your homework by researching the neighborhood and narrowing down your specific area:

- If you have kids, ensure the home is in the right school zone.
- Check if the home is by the right school type, Elementary, Secondary, Catholic, French Immersion or IB/AP School.
- If you're unfamiliar with crime rate in the area, check local police website or with the police station.
- Drive by the home in the evening to check for the noise level and the night life in the area.
- Ask the neighbors about the area.
- Check the proximity to work during rush hours.
- Find the distance to the highway, public transportation and GO Train.
- Research the walk-ability to local restaurants, super markets, shopping, parks, walking trails and gym.

Your Real Estate Agent should provide you with local MLS Map for your area to help you recognize the area for the MLS listing you receive in your inbox.

## Select Your Team of Professionals

Since you're at this stage, you must have selected the right mortgage advisor/broker. Purchasing a home is significant investment you are about to make, here are the list of other professional you need on your side to guide you:

**Real Estate Agent:** One of the biggest mistake buyers make is calling the listing agent to represent their interest in the transaction. Remember that the listing agent is first hired by the seller and is always representing the seller, you may be added to dual agency agreement but how well can your interest be represented especially when it comes down to negotiating.

Hiring your own local agent has many benefits:

- Save you thousands of dollars during negotiations on your behalf since your motive and final price stay Confidential.
- Access to Exclusive and Private Properties that usually sold within days, many of our buyers loved these deals.
- Asks questions you may never think about regarding the home and provide information that you otherwise won't get since Listing Agent is working for the Seller.



- The best of all it doesn't cost you anything to hire your independent agent to represent you in a transaction, some listing agents will promise to save you money by buying through them, they will be receiving both ends of the commission and the seller will pay the same either way. Why not protect your interest by being represented independently?

**Professional Home Inspector:** Make sure the Inspector you're hiring is certified, insured and reliable. Ask your Real Estate Agent for Referral.

**Real Estate Lawyer:** Hiring a lawyer who specialize in Real Estate is a must. There is a lot of due diligence that's done by the lawyer and you need the right expert on your side.

**Moving and Packing Professionals:** Hire a reputable insured company, your agent can refer you to some.

Our Concierge Department provide our buyers with the list of every top experts in the industry they may need in the buying process.

## Follow these Tips when Touring Homes

- If the seller and/or listing agent present during the showing, don't disclose any information that may later harm you during negotiations, such as; how long you been looking for a home, what's your price range, by when do you need to move, Why are moving.
- If the seller and/or listing agent present stay neutral to the home, don't love it or hate it.
- Before putting an offer on any property, we recommend that our buyers view the home at least twice, you always miss something the first time plus seeing the home the second time gives you a better prospective.
- Don't tour homes that are way out of your budget. Your mind will always compare the homes that are within your budget to these and you will end up unsatisfied.
- Look beyond the furniture if they're unpleasant but also don't fall in love with the beautiful staged furniture, it won't come with the home.
- Make sure you document your input about each home you see and write down your questions, otherwise, by the fifth home, they'll all look the same. *Use our House Hunting Checklist.*
- Don't tour the home while distracted, leave kids with babysitter.



## Touring Homes during Covid-19

While touring homes are allowed during the pandemic, follow these guidelines for your and other safety:

- Get set up to receive auto listing if you haven't already.
- Check the listing of the property you'd like to tour thoroughly, check measurements, floor plans, video, all pictures and the 3D walk through before going out in person to view the home.
- Drive by the home, check the neighborhood and research it.
- Tour the home virtually with your agent, many of our buyers narrow their search this way.
- It's more important than ever to hire an agent to help you, research the home, create a comparable market analysis for the home for you to help you determine the best price to offer during this time of uncertainty.
- For in person viewing, follow the Covid-19 Guidelines and limit the number of people going to see the home.







# THE CONTRACT STAGE

Putting an Offer on a  
Property and Closing it



# The Contract Stage

## Before Putting an Offer

Hire an agent to guide you through if you haven't already done this step. It's crucial!

Research the neighborhood and the area. Some questions you should ask include:

1. What kind of development plans are in the works for the neighborhood?
2. Is the street likely to become a major street or a popular rush-hour shortcut?
3. Is there talk of a bridge or a highway to be built very nearby in five years?
4. Is there a lot of undeveloped land? What is likely to get built there?
5. Have home values in the area been declining or rising?

Look the prices of the homes in the area, recent solds, currently for sale and expireds/terminated, your agent can provide you a market evaluation for the home you're purchasing that include all this information and more.

Research the property history, the number of times the home listed, whether listed and not sold previously. All of this information can become handy during negotiation.

Make sure you've seen what else is there for your price range before jumping to put an offer on this home.

Visit the home at least twice before putting in the offer.

Review the utility bills, tax bill, list of rental items such as water tank rental and any warranties that are still applicable.

Check for age of the following items; Windows, A/C, Furnace, Shingles, Hot Water Tank if owned...etc. These are big ticket items and can be cost to replace, especially as soon as you move.

Get a written copy of your pre-approval if you haven't yet and attach it to the offer. This gives the seller confidence.

At this point you should be sitting with your agent and figuring out the Completion/Possession date and the Conditions that you needs to be on the offer. Ask for Seller Disclosure Statement too.



Draft a personable letter to attach with the offer to the seller, sometime that is all it takes to accept the offer.

Don't forget to include the number of visits to the home after the offer gets accepted. You'll need to measure for furniture.

Make sure the Offer includes the condition of the home and all of its systems on possession date.

### **During an Offer**

Hopefully you've done your research and chosen a top quality agent, so you'll be going into the negotiation phase of buying your home with an expert. Your agent will use his or her excellent negotiating skills and detailed knowledge of the current market, local area and particular features of your home to drive down your purchase price and get you the home for the lowest price.

Given you may have never bought a property before, or only ever do this once every 10 years, it's great to have that negotiating expert in your corner.

Here are 5 top negotiating tips and strategies to help you get to the home you really want with the best price;

- Even if there is an offer date, ask your agent to check if seller would take preemptive offer. You would be surprised how many of our buyers avoided bidding wars this way. Only resort to this if property is priced correctly and your agent believes that it will sell on offer date.
- Don't jump too fast but also don't drag your feet. Good homes usually don't last on the market for too long, so be sure to consider putting an offer on the homes that meet most of your needs and wants. Carefully draft an offer with your agent and negotiate seriously, because you may not get that type of home again.
- Everything's negotiable. It's not just about the purchase price either. You may be able to get closer to the price you want by being flexible on other terms. Does the seller desperately need a longer possession date or prefer a 10% deposit? A bit of give and take on your side may get you the price you want, with terms that suit both parties.



- Don't offer too much, if the house doesn't appraise at or above the amount of your offer, the bank won't give you the loan unless the seller reduces the price or you pay cash for the difference. If this happens, the shortfall on your bid as opposed to your mortgage will have to be paid out of pocket. Second, when you go to sell the house, if market conditions are similar to or worse than they were when you purchased, you may find yourself upside down on the mortgage and unable to sell. Make sure the purchase price for the home you buy is reasonable for both the house and the location by examining comparable sales and getting your agent's opinion before making an offer.
- Don't forget about the Inspection; it's tempting to skip on the Inspection Condition if you've fallen in love with a home, but Keeping your emotions in check until you have seen the inspection report and checked the house's physical condition and the soundness of your potential investment, this will help you avoid making a serious financial mistake.

## **After an Offer Accepted**

Make sure you drop off the deposit cheque as soon as you can to secure the deal.

Arrange for inspection date and book it quickly.

If you find some minor problems with the home and still want to purchase it, don't be afraid to re-open the negotiations. The seller already mentally sold the home and moved out, you would be surprised how many of our buyers saved on the price at this stage.

Prepare for closing, your agent can coordinate the deal with the lawyer, you will be sitting with the lawyer around two weeks before possession day.

Arrange for home insurance, your insurance broker will need information from the seller, make sure your agent have all the answers before putting in the offer.

Arrange for locks to be changed as soon as you move in.





# UNDERSTANDING THE LEGAL PROCESS

Offer to Sale & Purchase



# Understanding the Legal Process\*

An Agreement of Purchase and Sale is a written contract between a seller and a buyer for the purchase and sale of a particular property. In the Agreement, the buyer agrees to purchase the property for a certain price, provided that a number of terms and conditions are satisfied. The process begins when the purchaser makes an offer, which is irrevocable for a certain time-period. If there are no counter-offers, the Agreement becomes a legally binding agreement if the offer is accepted by the seller, within the time-period set by the buyer. At this point, the Agreement cannot be cancelled unless both the buyer and the seller agree.

All agreements for the purchase and sale of land must be in writing to be legally enforceable. Most local real estate boards and the Ontario Real Estate Association have established standard form Agreements of Purchase and Sale. Although these forms contain standard terms and conditions, the Agreement can be changed if both the buyer and the seller agree and initial any additions or deletions.

## **Terms contained in the agreement**

Most standard form Agreements begin with some basic information about the buyer, the seller, and the property in question. There will also be an area to record the purchase price being offered by the buyer, and the deposit being paid by the buyer to the seller's real estate agent in trust for the seller. The exact date and time that the offer is open (and irrevocable) is also specified. It is usually a few hours or days. If the offer to buy the property is not accepted by the seller before that date, it will become void.

## **Fixtures and chattels**

The Agreement also deals with fixtures and chattels. Fixtures are generally improvements that have been made to a property that are attached or cannot easily be removed without causing damage to the property. Hot water heaters, built in cabinets and light fixtures are a few examples of fixtures. Fixtures are assumed to be included in the sale of the home, unless they are specifically excluded in the Agreement. Chattels, however, are moveable items of personal property contained on the property, and must



specifically be listed in the Agreement if they are to be part of the sale of the home. For example, if the seller agrees to include a refrigerator and stove or gardening equipment in the sale, these items must be specifically identified in the Agreement. If there is any doubt as to whether an item is included or excluded, it should be clearly specified in the Agreement.

### **Title and Other Searches, Closing Arrangements, and Completion Date**

Included in the Agreement are clauses dealing with:

The requisition date, which is the time within which the purchaser has to examine the title, and complete all other searches. It is generally set for 15 days to one month before the closing date of the transaction. Before this date, it is the purchaser's responsibility to do a number of searches to ensure that there are no problems with the property. These are usually handled by the purchaser's lawyer, and include things such as searching the registered ownership of the property with the land registry, checking that the property complies with zoning regulations, and searching for any

outstanding municipal work orders. The closing arrangements and completion date is when all relevant documents are exchanged by the parties' lawyers and the sale is finalized.

This is the date that the seller must give vacant possession of the property to the purchaser.

### **Conditions**

Most Agreements also establish a number of conditions and any special arrangements they are agreeing to.

Common conditions include:

- That the buyer's entire offer to purchase the home is conditional on the seller being the legal and registered owner of the property,
- The buyer may agree to assume the seller's existing mortgage, rather than arranging separate financing through a bank,
- That the agreement is conditional on the sale of the purchaser's current home, or on the purchaser arranging financing,



- If the buyer's lawyer discovers any problems while doing the various document searches, the buyer must send a letter to the seller's lawyer before the requisition deadline explaining the problem. If the seller is unable to fix the problem, then the entire agreement may come to an end unless the buyer chooses to take the property with the particular defect,
- That unless the buyer makes an objection in writing before the requisition date, the buyer cannot later complain about any defects in the seller's ownership of the property. For this reason, it is very important for the buyer's lawyer to perform all the necessary searches to ensure that there are no hidden problems that may arise at a later date,
- That the agreement is conditional on the sale of the purchaser's current home, or on the purchaser arranging financing,
- That the seller provide a survey of the property, In the case of a condominium purchase, that a Status Certificate be provided, and
- That the offer can be voided by the purchaser if problems are discovered during a home inspection.

## Standard clauses

The remaining clauses in the Agreement deal with a number of technical issues in relation to the future use of the property, the production of documents, insurance, the Planning Act, tax arrangements, adjustments, spousal consent, and other standard clauses. Your lawyer or real estate agent can provide a more detailed explanation of these terms.

Completing an Agreement of Purchase and Sale can be complicated and technical. Before the Agreement becomes final, it may get modified as the result of negotiations between the buyer and the seller, and counter-offers presented to the buyer by the seller.

To be certain that you understand all the terms of the Agreement, it is best to have your Agreement reviewed by a lawyer before your purchase or sale of land is finalized. For more information on Agreements of Purchase and Sale, contact the Ontario Real Estate Association, or visit the Canadian Real Estate Association website at [crea.ca](http://crea.ca).

\*[www.legalline.ca/legal-answers/agreement-of-purchase-and-sale/](http://www.legalline.ca/legal-answers/agreement-of-purchase-and-sale/)





# MOVING DAY CHECKLIST

What Do We Do Now?



# Moving Day Checklist

As we all know, moving day can be quite a headache if not well planned ahead of time. Here is a helpful guide to make planning and organizing for the big move much easier. Follow this easy-to-use guide and hopefully your moving day will be a success!

## Moving Day Minus Six Weeks

- Change address at post office (effective on moving day). Keep a list of needed address changes. check off as you notify. (If your agent offers Concierge Service, they will have tools to help you).
- Update your address for newspaper and magazine subscriptions.
- Create a moving file to organize your moving-related receipts and bills. You'll want to keep a list of moving-related expenses to claim as a deduction at tax time.
- Get estimates from moving companies or truck rentals if you move yourself. Plan ahead if moving in peak season of June-September. (If your agent offers Concierge Service, they will be able to help you pick a licenced and reliable Moving Company).

- Request time-off from work for the moving day/days.
- Pick up boxes at local hardware store or Collect free boxes from restaurants liquor, grocery, bookstores and office supply stores.

## Moving Day Minus Five Weeks

- Select moving company, confirm moving date and decide who will pack you, professionals or yourself. Paid packers typically come the day before moving day. (If your agent offers Concierge Service, they will be able to help you pick a reliable Packing Company).
- Start sorting. Decide what to move, what to sell, give away, or discard. Trim down as much as possible before take off.
- Sketch floor plan of new home, decide furniture placement.
- Establish staging area for packed cartons in extra room or garage.

## Moving Day Minus Four Weeks

- Update your driver's license.
- Change your address for your auto insurance and car registration.



- Take care of legal contracts (on your own or with the help of a lawyer, insurance agent, and/or accountant). Include:
  - Credit cards bank accounts,
  - Utilities and telephone services
  - Insurance: home, auto, medical, life & disability
  - Employment agreements
  - Wills, trusts, and other legal matters, Safety Deposit Box
  - Leased products and services
  - Talk with veterinarian about moving Pets. get records.
- Cancel or transfer your membership at the gym, yoga studio, Crossfit facility, etc.
- Update your address with Amazon and any monthly subscriptions boxes you receive.

### **Moving Day Minus Three Weeks**

- Buyers usually request further appointments to come by and Measure, try to be flexible in the scheduling of showings if you've already agreed upon.
- Set up trash removal and recycling for your new home, and cancel your current service.
- Fill prescriptions and get copy from doctor for new pharmacist or optometrist.

- Compile medical, dental, and optical records for everyone in your home and children's birth certificates and school transcripts. Ask doctor/dentists to recommend colleague in the new location.

### **Moving Day Minus Two Weeks**

- Check your address change list. Everyone notified?
- Have major appliances serviced for move, if needed. Check owner's manuals.
- Start packing the not often-used belongings.
- To keep little ones safe during a move, line up a babysitter or make arrangements for a play date.
- Find somewhere safe for pets to go during your move. Look into doggy daycare or ask a friend to watch them for a day – who wouldn't love to dog sit Fido, Fluffy or Muffin?
- Last but not least for this section, pack a little every day. You don't want to find yourself packing all of your belongings the night before.



## Moving Day Minus One Week

- Plan meals and snacks, to minimize shopping and use up on hand food. Have quick-fix foods ready for moving day, or plan to eat out/order in.
- Make sure your pets have ID tags for their collars, in case they get lost. Take photos of all electronics before unplugging them. This will help jog your memory when you're reconnecting things such as your TV and stereo.
- Label your moving boxes using different colored stickers/tape for each room. This will make your life a ton easier when you're all moved in and ready to start unpacking.
- Measure doorways, stairways, and elevators to make sure all your furniture will fit. Measure twice – move once!
- Empty oil and gas from grills, heaters, lawn mowers, and snow blowers.
- Pack an essentials box with everything you'll need for your first 24 hours in your new home.
- Clean your current home for the next resident.
- Return your library books.
- Arrange to have utilities turned on in the new location on estimated move-in date.

## Moving Day Minus One Day

- Finish packing yourself or by professionals
- Gather all the extra keys and leave them for the new owners.
- Unplug your fridge and freezer to defrost the night before. Make sure you lay a towel in front of it to absorb any water that leaks.
- Leave a note or small gift for new residents.
- Watch the weather channel and prepare for rain or snow.
- Pack an essentials box with everything you'll need for your first 24 hours in your new home.

## Two weeks, post move checklist

Finally, you've made it to the last two checkpoints on this epic moving checklist! Make sure you've completely settled in. Now that you're comfortable, take a night off and call a babysitter!

- Aim to unpack all your stuff within two weeks of moving in.
- Last, but not least, make copies of your new keys for the babysitter, nanny, and dog walker.
- Don't forget the House Warming Party!

Phew! We're out of breath. But congrats, you survived!





RE/MAX Realty One Inc.

Office: 905.277.0771

Direct: 647.335.4444

[moe@moepeyawary.com](mailto:moe@moepeyawary.com)

[moepeyawary.com](http://moepeyawary.com)