

BUYERS GUIDE

In this section:

- [What are your costs?](#)
- [What are Market Conditions?](#)
- [Why a Pre-Approved mortgage?](#)
- [Elements of an offer](#)
- [Making an offer](#)
- [Home Inspections are a must](#)
- [Homeowner's Insurance](#)
- [Land Transfer Taxes](#)
- [Helpful Moving Tips](#)
- [Why hire a legal professional?](#)

What Are Your Costs?

- Purchasing a home involves one-time costs and monthly expenses.
- The largest one-time cost is the down payment. It usually represents between 5-25% of the total price of the property.
- In addition to the actual purchase price, there are a number of other expenses that you might be expected to pay for. These are listed below:

EXPENSE	PAID
Mortgage Application and Appraisal Fee	At time of application
Appraisal Fee	At inspection
Property Inspection (optional)	At inspection
Legal Fees	Closing
Legal Disbursements	Closing
Deed and/or Mortgage Registration	Closing
Property Survey (sometimes provided by seller)	When completed
Land Transfer, Deed Tax or Property Purchase Tax (in Quebec within 3 months following signing)	Closing
Mortgage Interest Adjustment and Take Over Fee (if applicable)	Closing
Adjustments for Fuel, Taxes, etc.	Closing
Mortgage Insurance (and application fee if applicable)	Closing
Home and Property Insurance	Closing and on-going
Connection Charges for Utilities such as Gas, Water and Electricity	Date of move
Moving Expenses	Date of move

Other Costs May Include:

- landscaping
- redecorating
- furnishings

- appliances repairs

Typical monthly costs incurred with home ownership are mortgage payments, maintenance, insurance, condo fees, property taxes and utilities.

What Are Market Conditions?

- The real estate market is always changing. It helps to understand how market conditions can affect your position as a buyer.
- Your agent can provide you with current real estate market conditions and explain their impact.

Buyer's Market

The supply of homes exceeds the number of buyers (supply is greater than demand). In this market, prices tend to drop and the homes stay on the market longer. Thus your home may take longer to sell and you will have less negotiating power in terms of the selling price. Fortunately, you will be in the driver's seat when making an offer on your next home.

Seller's Market

The number of buyers exceeds the number of homes on the market (demand greater than supply). In this market, prices are increasing and homes sell quickly. As a seller, you will probably have more negotiating power and obtain a higher selling price for your property. Unfortunately, you will be on the other side of the fence when purchasing your next home.

Balanced Market

The number of homes on the market is equal to the number of buyers (supply equals demand). In this market, prices are stable and homes sell within a reasonable period of time. It is a calm atmosphere with buyers having a satisfactory number of homes from which to choose

Why A Pre-Approved Mortgage?

Having a pre-approved mortgage will give you the confidence of knowing exactly what you can spend on a home before you start looking. You will also be protected against interest rate increases while you look for your new home.

Your Mortgage Specialist will answer your questions and help you determine which financing terms and options are right for you. Your Mortgage Specialist and I work as a team to help you find the right home and select the best financing.

Finalizing Your Mortgage

Once you've found the home you want to purchase, there are some documents you'll probably be asked for in order to finalize your financing. They will include:

- A copy of the real estate listing of the property. If the home is still to be built, the

mortgage lender will need to see the architect's or builder's plans and details on lot size and location.

- A copy of the offer to purchase or the building contract, if this document has been prepared.
- Documents to confirm employment, income and source of pre-approval.

If you have a pre-approved mortgage, it's a simple matter of finalizing a few details which your Mortgage Specialist will explain to you.

Elements Of An Offer

There are six key components to the elements of an offer. They are:

Price

Depending on the local market conditions and information provided by me, your Real Estate Professional, the price you offer may be different from the seller's price.

Deposit

Your deposit shows good faith and will be applied against the purchase of the home when the sale closes. As your Real Estate Professional, I can advise you on an appropriate amount.

Terms

Includes the total price offered and the financing details. You arrange your own financing or ask to assume the seller's mortgage, especially if it has an attractive interest rate.

Conditions

These might include "subject to home inspection", "subject to you obtaining financing", or "subject to you selling your property".

Inclusions And Exclusions

These might include appliances and certain fixtures or decorative items, such as window coverings or mirrors. These items would remain in the house.

Closing Or Possession Date

Generally, the day the title of the property is legally transferred and the transaction of funds finalized.

Making An Offer

When it comes time to make an offer, I can as your Real Estate Professional provide current market information and will assist you in drafting your offer.

As your Real Estate Professional, I will communicate the offer, sometimes known as an Offer to Purchase, to the seller, or the seller's representative, on your behalf.

Sometimes there may be more than one offer on a property coming in at the same time. As your Real Estate Professional, I can guide you through this process.

Firm Offer To Purchase

Usually preferable to the seller, because it means that you are prepared to purchase the home without any conditions. If the offer is accepted, the home is yours.

Conditional Offer To Purchase

Usually means that you have placed one or more conditions on the purchase, such as "subject to home inspection", "subject to financing" or "subject to sale of buyer's existing home". The home is not sold until all the conditions have been met.

Acceptance Of Offer

Your Offer to Purchase will be presented as soon as possible. The seller may accept the offer, reject it, or submit a counter-offer. The counter-offer may be in reference to the price, the closing date, or any number of variables. The offers can go back and forth until both parties have agreed or one of you ends the negotiations.

Home Inspectors Are A Must

Buying a home is one of the most important investment decisions you will make in your lifetime. As such, it makes sound financial sense to enlist the services of a qualified home inspection company to ensure your home is as solid and secure on the inside as it is on the outside.

A home inspection will determine the structural and mechanical soundness of your home. Your home inspector will identify existing and potential problem areas, suggest practical low-cost solutions, and provide estimates regarding costs for any work required. Shortly after the inspection has taken place, a report summarizing the findings is generally provided to the potential purchaser.

By commissioning a home inspection prior to purchase, you're protecting both yourself and your investment, as well as buying a little peace-of-mind.

Home inspection costs often range according to size, age, and location of the home. Your sales representative can recommend a reputable home inspection service or arrange for a home inspector to visit your property.

Homeowner's Insurance

When you purchase a home, consider how you will protect your investment.

Most mortgage lenders insist on fire insurance coverage at least equal to the loan amount or the building value, whichever is less.

You should also consider a homeowner's policy that combines fire insurance on the building and its contents with personal liability coverage. Consult your general insurance agent or broker for professional advice on home insurance.

Mortgage Life Insurance

Mortgage life insurance (MLI) is inexpensive coverage on your life which protects your family or beneficiaries by paying off your outstanding mortgage in the event of your death. For just pennies a day, you will have peace of mind knowing your beneficiaries will be mortgage free. MLI premiums are based on two factors: your age and mortgage amount. Your premium is added to your mortgage payment so there's no extra paperwork, and it remains the same until your mortgage is paid off. Joint coverage for spouses is also available.

Disability Insurance

Disability Insurance is important if your mortgage payments depend entirely or in part on your income. Disability insurance provides replacement income if an accident or illness prevents you from working.

Job Loss Mortgage Insurance

Recently insurance companies have started to offer Job Loss Mortgage Insurance. This insurance covers the mortgage payments in the event that you involuntarily lose your job.

Land Transfer Taxes

Purchasers in most large Canadian centers can add Land Transfer Taxes to their list of closing costs. [Land Transfer Tax Calculator for the province of Ontario.](#)



Helpful Moving Tips

Use this helpful checklist as a reminder of the things you need to do before you move.

Book the movers. You can choose to have the movers pack everything, or just the breakables, or you can pack yourself. It's a good idea to obtain estimates from several different companies.

If You Own Your Present Home

- Arrange to have our gas, water, and electric meters read on the day you leave and have the bills forwarded to your new address.
- Have your oil tank read and filled before your sale closes, and provide a receipt to your legal professional if required.
- If the water heater or furnace is rented, arrange for a transfer of the rental agreement to the purchaser.
- Disconnect your telephone, cable TV, and water softener.

If You Rent Your Present Home

Give necessary written notice to your landlord and make arrangements for the return of any rent monies you have on deposit. The Tenant Protection Act states it is illegal for the deposit monies to be collected.

At Your "New" Home

Make arrangements for the gas and electric utilities, water softener, telephone and cable TV to be connected on the day the sale closes.

Helpful Hints

- Get "Change of Address" cards from the post office and send out well before moving day.
- Have the post office forward your mail to your new address.
- Cancel any contracted services and pre-authorized cheques.
- Inform gardening, dry cleaning, garbage pick-up, newspapers, magazines, diaper

- and other home services. Arrange for service at your new address.
- Obtain a letter of introduction from your current branch to help establish new accounts. Transfer trust or bank accounts and securities.
 - Cancel or transfer social, athletic, civic, religious or business affiliations and memberships.
 - Arrange for transfer of medical, dental, prescription and optical records.
 - Change the address on your driver's license(s) effective the day of the move.
 - Collect all items out for cleaning, repair or storage. e.g. fur coats, dry cleaning.
 - Make special arrangements for the moving of perishables, such as plants.
 - Make special arrangements for the moving of your pets.
 - Dispose safely of all flammable liquids as it is illegal for movers to carry them.

Why Hire A Legal Professional?

A legal professional is there to represent your interests and to process the legal documentation required. As your Real Estate Professional, I can provide you with the names of legal professionals who specialize in real estate.

The legal process differs from province to province. Your lawyer will advise you on the steps to be taken before the keys to your new home are presented to you