

Home Buyer's Guide

Understanding Your Biggest Investment

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If you're reading this, you've made a great decision. The purpose of this book is to help breakdown the intricate process of buying a house. Whether you are buying your first home, or 15th home, this book will help you understand the process, and teach you a thing or two along the way.

This book will teach you how to better understand the process of buying a home, steps involved and includes advice to prepare for buying a home. You will increase your opportunity to make your next real estate investment go smooth, save money on your next purchase and learn how to protect your investment.

Contact a Mortgage Broker to get a Pre Approval

Before you start your home buying process, you must speak with a Mortgage Professional to find out how much your budget will be. When you go shopping for a mortgage, make sure that a full pre approval is conducted including credit check. You want to be able to shop for your next home with confidence the lender will give you the money you need. I have seen many times buyers fail to secure financing because they did not properly get pre-approved. Don't just ask one professional, shop around. Ask up to three Mortgage Professionals for quotes. If you don't know who to speak with, ask me and I will give you a short list of people to contact.

Find the right Real Estate Salesperson for you! How do you do this? If you do, or do not know a Real Estate salesperson, this can be a tough decision. How do you select the right one? What are the important things to consider when selecting a Realtor?

You NEED TO pick an agent you can trust. This person is going to be responsible for likely the biggest investment you will make in your entire life. Whomever you choose, question their integrity. Do this by asking others about which Realtor they would trust. Who will work in your best interests, and not put their own before yours.

Next, an important consideration is finding a Realtor with excellent communication abilities. There will be a number of times you will need to speak with Realtor, and you need a Realtor that knows the importance of top notch communication and will be honest with you. I recommend that you meet with more than one Realtor when deciding whom to work with.

Now that you know your price range, and have a Realtor here are some tips when looking for your home. Your needs will determine what to look for. You may be a single guy looking for a pad, married with kids looking for a family home, or could be a DIY master, and are looking to flip a house.

When you find a home you'd like to buy, some things to consider are.

- For long term appreciation, a lesser valued home in a nice neighbourhood will appreciate more than a nice home in a rough (less desirable or lower-priced) neighbourhood.
- If you want more bang for your buck now, you may want to consider a nicer home in a rough neighbourhood. (less desirable or lower-priced) neighbourhood

When you buy a home, typically a home that has been on the market longer will have more room for negotiation compared to a home recently put on the market. Ask your Realtor for DOM (Days on Market) for the property.

The Negotiation Process / The Offer

The offer is the legal document that determines the agreement for buying a home. Following are important factors within an offer. An offer includes a lot of legal jargon that will not be discussed here because it will take forever, and is boring. Let your Realtor do that for you.

Parties involved: Buyer(s) and Seller(s).

Price: Being offered.

Closing Date: This is the day the buyer would like to take ownership, and typically move in.

Deposit: The amount you will deposit to purchase the home. You should have an opportunity to get the deposit back if you decide not to purchase the home during your conditional period. You will have up until the end of your conditions to have the chance to get this money back if you can not comply with your conditions. However, it's expected that you show good faith and do your best to meet your conditions. *Conditions explained below.*

Irrevocable Date: This is the date the buyer has given the seller to respond to the offer. If the offer has not been responded to in this time frame, the offer becomes null and void.

Chattels: Chattels are items in the house that the buyer would like to be included with the purchase of the home. Ie. Fridge, stove, washer, dryer, etc.

Fixtures: Fixtures are items which are affixed to a home. Ie. Toilet, light switches, and a tv wall mount is even considered to be a fixture!

Rental Equipment: Anything in the home which is rented, typically a water heater.

Conditions: There are almost an infinite amount of conditions that can occur when buying a home, but the three most common are financing, home inspection, and insurance.

This allows the buyer a set amount of time to ensure they can obtain:

- Mortgage/arrange the proper financing to purchase the home.
- Home inspection conducted to inspect the condition of the home.
- Insurance for the property.

NOTE: It is important to know how long you have to meet these conditions. There will be a due date, similar to the irrevocable date, but now It will be your responsibility to complete the tasks within the conditions.

Upon completion of satisfying conditions, you will now be agreeing to purchase the home, and is pretty much your last opportunity to exit the deal if you are unsatisfied with your due diligence during conditions.

It is highly recommended by me to conduct a professional home inspection after agreeing to buy a home. When purchasing a home, a condition should be in the agreement to have a home inspection completed. Do a home inspection!

This will cost you approximately \$400. \$400 is a minor fee compared to not getting a home inspection done, and missing something in a property that may cost you thousands, if not tens of thousands of dollars to repair.

How do you find a good home inspector? First, ask your Realtor for options. Ask your friends, or colleagues whom they used for their inspection, and if they were satisfied with them. In our area, there are a number of options, and an inspection averages \$400.

Finding The Right Home for You:

When you are shopping for your next home, I have created a matrix to help you assist in your major decision-making process. This chart is an example of how to weigh the different options you encounter; fill in your own needs and wants as they will differ from the example to follow.

Buyers Needs and Wants Matrix: Example

	Price	Style	Privacy	Garage	Modern	Total
Weights	5	4	3	2	1	
House 1						
House 2						
House 3						

Land Transfer Tax: Ontario 2016

Provincial Land Transfer Tax (PLTT)

- Up to \$55,000 X 0.5% of total property value
- From \$55,000 to \$250,000 X 1% of total property value
- From \$250,000 to \$400,000 X 1.5% of total property value
- From \$400,000 up X 2% of total property value

Land Transfer Tax Rebates: First Time Home Buyers

If you are a first time home buyer you are eligible for a land transfer rebate.

- Provincial Land Transfer Tax (PLTT): Maximum \$2,000

Land Transfer Tax Amounts

\$55,000 Home = \$275

\$100,000 Home = \$725

\$150,000 Home = \$1,225

\$200,000 Home = \$1,725

\$250,000 Home= \$2,225

\$300,000 Home= \$2,775

\$350,000 Home= \$3,225

\$400,000 Home= \$3,775

\$450,000 Home= \$4,775

\$500,000 Home= \$5,775

Closing Costs When Buying a Home:

Purchase Price

Lawyer's fees: I tell my clients to budget \$2,000 for lawyer fees. Within lawyer fees, title insurance is approximately \$500. The lawyer will have disbursements and searches, and charge a fee. This fee is also based on the purchase price of your home.

Do Not hire the cheapest lawyer you can find. Hire a lawyer with a good reputation. If there is a problem with the closing process of your property, you need a lawyer that will best represent you. Ask me who is the best Lawyer for you.

Land Transfer Tax: Refer to chart above, if applicable (if not your first home). First time home buyers can avoid the first \$2,000 of land transfer taxes.

Utilities: Utility companies may ask for a deposit, this is because so many people have defaulted on payments. "\$100-\$500" This amount should be credited back to you after approximately 1 year. Speak with your utility company for terms.

Moving Costs: These prices will vary based on your needs. All my clients are able to use my enclosed trailer for their moving needs. If you require more than this, there are several moving company options in the area. You can rent a trailer, rent a truck, or hire a company to move your belongings.

The Next Steps in Buying Your Home:

Now that you are armed with a pre-approval from your Mortgage Agent. You know your spending budget. You have selected the area you want to live, and determined the attributes you want in your new home. Start shopping around for your real estate agent.

As I wrote above, meet with many before making your decision. I am eager to show you why working with me is the right choice! Once you have picked your real estate agent, me, I will set you up on my *exclusive* automated email which will give you access to homes for sale up to 24 hours before most of the general public will have access.

Once you have selected the homes you wish to view, I will make appointments for you to view up to 5 properties at a time. When you find your dream home, I will guide you through the negotiation process, and then help you navigate the tricky waters during your conditions period.

This may sound like a lot, and it is! I will be working with you side by side from day one, until you move into your home. I will make the process as seamless as possible and offer you professional, reliable advice at every step of the process. Looking forward to finding your next home! Email me at joe.gonzalez@century21.ca or call, text me at (289) 969-1935 anytime.