

Step-By-Step Home Buying Guide



THE HOME BUYING PROCESS STEP BY STEP

1. GET A MORTGAGE PRE-APPROVAL

The first step to Home Buying is finding out how much you can comfortably afford, based on your income, credit rating and debts. Speak with a mortgage broker to obtain a mortgage pre-approval before you start house hunting. A pre-approval doesn't cost you anything and there is no commitment to buy a home, but it is necessary in order to buy a home. A mortgage broker will require your personal info, last years NOA, a recent pay stub and a letter of employment. When you have a pre-approval in place you can look with confidence and be ready move forward when you do find the right home. Contact me to connect with my mortgage broker and we can discuss the next steps.

2. YOUR 'NEEDS' VS 'WANTS'

Whether you're buying a home for yourself, with a partner or for your family; determining your needs and wants is important step to home buying. There are features you will need and cannot do without which may be the number of bedrooms or location. Then there are your wants which are all the features that would be really nice to have but not necessary. I suggest writing out a list of your needs vs wants. Its important to keep in mind that compromising your wants may be necessary during your home search and your wants/needs may change when you actively start looking at homes in your price range. Being realistic and flexible while keeping your must have's top of mind will reduce the stress of house hunting.

3. BOOKING SHOWINGS TO VIEW HOMES

Now that you know how much you can afford to buy a home for and what features you need and want in your next home; get ready to start seeing homes! When you find a home that you would like to go see - call, text or email me. I will arrange a showing of the home/homes at a time that is convenient for you and agreed upon by the Home Seller. We will meet out front of the home at the day/time we discussed. During our showing I will provide you with additional the details of the home and answer any questions you have. Showing Tip: Dress comfortably. Wear shoes that are easy to slip on and off.

4. SUBMITTING AN OFFER TO PURCHASE A HOME

You found your home! Let's discuss the process of submitting an offer. I will provide you with info on comparable sold homes in the area which is a good indicator of the home's current market value. We will discuss the details of the offer such as price, deposit, closing date, conditions, etc. We will review the clauses, conditions and terms of the agreement of purchase and sale. I will answer any questions you have and make any changes requested as we discuss the details of the offer. Next we sign the agreement and I submit your offer to the Sellers agents for presenting. Making an offer is exciting and can be a little scary. I strive to make the process as stress free as possible and I always work with your best interests at heart.

5. MULTIPLE OFFER SCENERIO

There are various reasons multiple offers occur. For example in a sellers market when there are more home buyers looking to buy a home and not as many homes for sale to choose from. When market conditions are like this, often buyers and sellers will experience 'multiple offers'. A multiple offer situation is when a home that is for sale receives more than one offer to purchase. If this happens upon your decision to submit an offer, we will be notified by the sellers agent and be kept up-to-date with the number of competing offers on the home. If this occurs we will discuss in detail the best strategy for your offer to purchase.

6. DEPOSIT WITH AN OFFER

When your offer on a house is accepted by the seller, you must provide a Deposit. A deposit can be made by a certified cheque, bank draft or electronic funds transfer. The deposit is due within 24 hours of the offer being accepted. Standard deposit amounts typically range from \$20,000 - \$50,000+ depending on the purchase price of the home. When your deposit is provided to the listing brokerage it will be held in a trust account and those funds will be applied toward your down payment, or your closing costs on the closing date through your real estate lawyer.

Note: If your offer has a conditional period and during that period your agreement falls through, your deposit will be returned to you in full without deduction.

7. THE CONDITIONAL PERIOD OF YOUR OFFER (IF APPLICABLE)

When we created your offer we discussed the conditions of the offer (if any). Your offer may be conditional on you to arrange a final mortgage approval, possibly a home inspection and

any other conditions pertaining to your home purchase that were agreed upon in the accepted offer. Conditions are written to include specific details such as what, who and when. The 'when' determines the timeline of the conditional period. During this period you will fulfil your conditions to your satisfaction. When all conditions have been fulfilled, you will sign a waiver, amendment or notice of fulfillment to make your home purchase transaction a firm and binding agreement.

8. A HOME INSPECTION

A home inspection is a visual inspection that identifies the condition of the physical structure and mechanical systems of the house. A home inspection costs approximately \$400 to \$500 and usually takes 2 to 3 hours. You will be present at the inspection and guided through the process with the inspector. Upon completion of the inspection you will be provided with a detailed report of the findings. If your offer is conditional upon a Home Inspection, I can recommend a home inspector to help you with this step.

9. HIRE A REAL ESTATE LAWYER

To close your home buying transaction you will need to retain a lawyer who specializes in Real Estate. Your lawyer searches title for the property, prepares documents to complete the transaction, pay fees on your behalf and registers ownership in your name; amongst other things necessary to complete the sale. When factoring in the costs to close your home purchase, a good rule of thumb of closing costs is to plan for 1.5% to 2% of the homes purchase price. The major closing cost expenses are: Land Transfer Tax, Lawyers Fees and Title Insurance. I can recommend a reputable lawyer to help you with the closing process.

10. PREPARE FOR CLOSING DAY

Its time to prepare for your house closing. Your closing date is the date that ownership is transferred, the transaction is complete, the house is officially yours and you can now take possession. There are a few tasks you need to complete before the closing date.

- o Arrange House Insurance for your home
- o Call the utility companies to set up your accounts (Hydro, Water, Gas, Cable)
- o Provide a change of address to employers, bank, insurance co, etc.
- o Make arrangements for moving day
- o Share your exciting news with family & friends!

BUYER CLOSING COSTS

Whether buying your first home, trading up to a larger home or downsizing, there are costs on top of the purchase price that you must figure into your calculation of affordability. Some of these costs are one-time fixed payments; others are an ongoing monthly or yearly commitment. *Not all of these costs will apply in every situation; however, it's better to know about them ahead of time so you can budget properly.*

1. APPRAISAL FEE

Your mortgage lender may request a property appraisal which would cost you approximately \$300 - \$500.

2. PROPERTY TAXES

Your lending institution may include your property taxes in your monthly mortgage payments or you can arrange to pay them directly to the municipality. If the property taxes are not added to your monthly payments, your lender may require annual proof that your taxes have been paid.

3. PROPERTY INSURANCE

Home insurance covers the replacement value of your home (structure and contents). Your lending institution will request proof that you are insured to protect their investment on the loan. You can obtain home insurance coverage once you have a firm agreement in place.

4. SERVICE CHARGES

Any new utility services, such as telephone or cable, may charge an installation fee to do the hookup. Service options will vary depending on where you move.

5. LEGAL FEES

You must obtain the service of a real estate lawyer to close your transaction. Average lawyer's fees including hst range from \$2,000-\$3,000 depending on if you are buying only or buying and selling a home.

6. MORTGAGE DEFAULT INSURANCE FEE

Mortgage loan insurance is required if you put down less than 20% of the purchase price. This insurance costs up to 4.5% of the mortgage amount based on your down payment. Usually payments are made monthly in addition to your mortgage and tax payment. Speak to your Mortgage agent to discuss your situation.

7. MOVING COSTS

A professional mover can cost in the range of \$75-\$150/hour for a van and 3 movers, 10-20% higher during peak demand seasons. Do your research and gather quotes if you are looking to hire movers. Tip: Keep in mind that majority of closings and key transfers will occur in the afternoon, not first thing in the morning.

8. CONDOMINIUM MAINTENANCE FEES

Condos charge monthly fees for common area maintenance such as grounds keeping, hallway carpet cleaning, garbage and snow removal. Some condominiums offer additional amenities such as a gym. Maintenance fees will vary depending on the condominium and will often be considered when obtaining mortgage financing.

9. LAND TRANSFER TAX

This tax is applied whenever property changes ownership at the home buyer's expense.

Total Land Transfer Tax in Ontario, outside of Toronto, is 0.5% of 1st \$55,000 of purchase price, plus 1% of amount from \$55,000 to \$250,000, plus 1.5% of amount from \$250,000 to \$400,000, plus 2% of amount over \$400,000.

FREQUENTLY ASKED QUESTIONS

DO I HAVE TO PAY MY REAL ESTATE AGENT?

No, as a home buyer you do not pay us. The Buyer's agent involved in the sale of a house is paid a portion of the seller's fee paid to the Listing Brokerage.

IF I FIND A HOUSE I'M INTERESTED IN WHAT SHOULD I DO?

Call, text or email me. No matter what company the home is listed with, contact me to arrange your showing. I will provide additional information about the home you are interested in viewing and will quickly arrange a showing at a convenient time for you and agreed upon by the home seller.

WHAT IS MLS?

MLS is the Multiple Listing Service for real estate properties. It is an open board available to all Realtors. As a Realtor, I have access to the full listing details on all properties currently available for sale and previously sold listings by any real estate company using the Toronto Real Estate Board membership or the Peterborough Kawartha Association of Realtors membership.

DO WE HAVE TO PAY A FEE TO ARRANGE A MORTGAGE?

No you do not. Lender staff are on salary. Mortgage Brokers are paid by the lender.

WHAT IS A POWER OF SALE?

The lender has taken title of the property from the previous owner for failure to make mortgage payments or failure to pay property taxes.

DOES HST AFFECT THE COST OF MY HOME PURCHASE?

HST is not applicable to resale homes. HST on new construction is applicable over \$400,000.

HOW QUICKLY AFTER OUR OFFER IS ACCEPTED CAN WE CLOSE? (MOVE IN)

Typical closing dates can be 30 day - 90 days from the purchase date. This closing date is agreed upon by the buyer and seller when the offer is submitted and accepted.

HOW MUCH OF A DEPOSIT MUST I MAKE WITH MY OFFER AND WHO HOLDS THE DEPOSIT?

When your offer on a house is accepted by the seller, you must provide your Deposit. A deposit can be made by a certified cheque, bank draft or electronic funds transfer. The deposit is due within 24 hours of the offer being accepted. Standard deposit amounts typically range from \$20,000 - \$50,000+ depending on the purchase price of the home. When your deposit is provided to the listing brokerage it will be held in a trust account and those funds will be applied toward your down payment, or your closing costs on the closing date through your real estate lawyer.

DID I MISS YOUR QUESTION?

I am always available to help answer any real estate questions you have.

There is no such thing as a dumb question.

If you are looking for an answer it is important to ask.

You can call, text or email me anytime and I am more than happy to help.

GETTING STARTED

Nervous about your property adventure? Don't be. Whether you're getting ready to buy or sell now, or just looking for some answers; I am dedicated to providing you with professional, experienced advice and current market information to help you determine your next steps. Information is key to making good decisions and I am here to help. I am ALWAYS available to discuss your estate goals whether your plan is for now or in the future.

MY COMMITMENT TO MY CLIENTS

My priority is to ensure you get the best experience possible when buying a home and/or selling your home. I provide every client with open-honest, reliable and knowledgeable service that I have gained through my years of experience in real estate while we work together to achieve your real estate goals.

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