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# Buyer Guide

FINDING YOUR DREAM HOME



**Suzanne & Tiffany Miller**  
EXP Realty of Canada

📞 905-252-6610

✉ [itsmillertime.team@gmail.com](mailto:itsmillertime.team@gmail.com)

# Table of Contents

3	How We Can Help	10	Virtual Tours & Showings
4	Benefits of Owning vs. Renting	11	Desires vs. Needs
5	Pre-qualified vs. Pre-approved	12	Home Inspections
6	Let's Get Pre-Approved!	13	Closing Time
7	Types of Mortgages	14	Organizing your Move
8	Grants for Homebuyers	15	Home Improvements that Improve Value
9	Which Home Is Best for You?		

# How We Can Help



Our goal is to help you go from “wanting to buy” to “getting the keys to your new home” easily and with as little stress as possible.

As our client, you can rest easy knowing that you have an experienced advisor to help you find the best deal, make a good offer, expedite the process, and avoid costly mistakes. As your agents we can help you...

## 1. Access All Your Options

From new-build developments to fixer-uppers, we have access to the entire market. We can put buying opportunities in front of you quickly, so you can act fast and win the deal.

## 2. Avoid Overpaying

We know the value of properties in this market. We look at home values every day. We can tell you at a glance if a property is overpriced or underpriced, so you never pay more than you have to.

## 3. Prepare the Paperwork

Buying a home takes a lot of tedious paperwork, and getting it wrong can cost you. We can take most of that paperwork burden off your hands and ensure that it's done right.

## 4. Review Properties with an Expert Eye

If you don't review properties every day, it's easy to miss things that will cost you down the road. Our expertise with property review will catch things that most buyers miss.

## 5. Negotiate the Deal

Make no mistake — every home purchase is a negotiation. Someone always makes key concessions. We can make sure you do not make concessions without getting something in return. That's the essence of a win-win deal, and that's what we deliver.

## 6. Connect With Experts

Buying a home is a team effort. As your agents, we can reach into our deep network, built from years spent doing deals in this market, and recommend trusted professionals, from lenders to inspectors to handymen.

## 7. Make Good Decisions

Ultimately, our value is the peace of mind we can provide for you. Buying a home is a big investment. Homebuyers are understandably worried about making a mistake. We provide insight, help you set expectations, and act as experienced mentors and guides so you know you're making the best decision possible for your family's future.



# Benefits of Owning vs. Renting

## Pros of Owning

- **Build Wealth.** Renting is not as financially forward-thinking as owning. With your home payment, you are getting something in return. As you pay down your mortgage and your home appreciates in value, your net worth increases, building a legacy you can pass on.
- **Stable Costs.** Whereas rents can increase every year, locking in your mortgage to a fixed payment keeps your housing cost stable — and probably lower — over time.
- **Make the Home Your Own.** As a homeowner, you are free to personalize your home to your heart's content!
- **Source of Cash.** As your home appreciates, you can refinance your mortgage to pull out cash for improvements, renovations, vacations, college tuition, or passion purchases.
- **Tax Advantages.** \*\*You could receive property tax credits when filing your tax return
- **Builds Credit.** Paying your mortgage on time builds your credit score, enabling you to qualify for more loans at lower rates.
- **Possible Investment.** If you move, you could always rent out the home to a tenant instead of selling, creating cash flow.

## Things to Keep in Mind

- **Responsible for Repairs and Improvements.** While your house payment will be lower over time, make sure to budget for repairs and improvements and form good relationships with home service professionals and contractors.
- **Less Flexible.** It's easy to leave an apartment. Selling a home is a much longer process. If you plan to move around a lot, it's harder to build wealth with a home.



# Pre-qualified vs. Pre-approved

You can either be "pre-qualified" for a mortgage, or "pre-approved." They sound similar, but they're actually very different. Let's make sure you understand the difference and how to leverage that difference to make a stronger offer.

## Pre-Qualified

- Pre-qualification for a mortgage is an informal evaluation of your financial situation that ends with an estimate of how much you can borrow. It requires very little paperwork... but it also carries very little weight with sellers.

## Pre-Approved

- Pre-approval for a mortgage is a longer process with more paperwork. You will have to submit tax returns, proof of income, supporting documentation, agreement to have your credit pulled... it takes a little more effort. But at the end of the process, you get a **pre-approval letter** — an official statement from the lender of how much they are willing to lend you and at what terms.

Sellers take pre-approval much more seriously because a lender has actually agreed, in writing, to lend you money and stated exactly how much.





# Let's Get Pre-Approved!

As you can see, pre-approval is the superior option. It can help you win deals and save money. It takes more time and paperwork, but if we get started now, we can have a pre-approval letter in our pockets as a tool to make stronger offers.

## Here's what you need to get pre-approved:

### 1. Proof of Income

Usually two years' worth. Recent pay stubs, tax returns, W-2s, proof of other income.

### 2. Proof of Assets

Bank statements, investment account statements, deeds and titles ... everything you own with resale value.

### 3. Credit Report

The lender will usually pull your credit report. This is a "hard pull," which does lower your credit score, — but the score reduction is minor and temporary.

### 4. Employment Verification

Employment is verified through recent pay stubs, W-2 forms, or a written verification of employment (VOE) from your employer. Self-employed borrowers may need to submit additional documentation.

### 5. Other Documentation

The lender will want to see your ID and will need your Social Security Number, so be prepared!

# Types of Mortgages



## Hi Ratio Mortgage

A high-ratio mortgage is a home loan in which the buyer's down payment is less than 20%, meaning they have to borrow more than 80% of their home's value.

## Conventional Mortgage

A conventional mortgage is a loan of no more than 80 per cent of a home's purchase price or appraised value – meaning you pay 20 per cent of the price as a downpayment

## Fixed Rate Mortgage

With a fixed-rate mortgage, the interest rate you agree to with your lender at the outset of your loan will remain the same for the entirety of your loan term.

## Variable Rate Mortgage

The rate of interest charged on variable-rate mortgages may rise or fall depending on which way the Bank of Canada moves its overnight rate. The higher the overnight rate goes, the more your monthly mortgage payments will increase.

## Open, Closed and Convertible Mortgages

An open mortgage allows you to increase your regular payments or make extra lump-sum payments without being penalized. The flexibility can be great for borrowers looking to pay off their mortgages early, but open mortgages tend to come with interest rates that are higher than those attached to closed mortgages.

Closed mortgage terms, including how much you're allowed to pay back each year are determined at the outset. There are generally allowances to make some prepayments or pay on a bi-weekly rather than a monthly schedule, but making any significant changes often requires you to break your mortgage contract and pay steep penalties.

There's also the option to go for a convertible mortgage, which allows you to switch from open to closed, or closed to open, at some point during your mortgage term. Interest rates are generally lower for convertible mortgages than they are for open mortgages.



# First Time Grants for Homebuyers

## Home Buyers Plan ( HBP)

You can use the Home Buyers' Plan (HBP), if you are eligible, to make a tax-free withdrawal from your registered retirement savings account (RRSP) to buy or build a home. Ideal for first-time buyers, the HBP allows each borrower to withdraw up to \$35,000 (\$70,000 for a couple). You then have 15 years to repay what you've borrowed, interest-free, starting two years after you make your withdrawal.

## Tax Free Home Savings Account FHSA

The FHSA is a new account that allows you to save for your first home. It also allows you to make tax-deductible contributions of up to \$8,000 per year, up to a lifetime maximum of \$40,000. Your contribution room starts to accumulate as soon as you open your first account. You can carry forward your unused FHSA contribution room, up to a maximum of \$8,000, to use in the following year.

## Tax Credits

Tax credits can also reduce some of the costs of buying your first home at both the provincial and federal levels. There are two credits for buyers who meet certain criteria.

1. You (or your spouse or common-law partner) acquired a qualifying home and you intend to occupy it, or have a related person with a disability occupy it, as a principal place of residence.

You did not live in another home owned by you (or your spouse or common-law partner) during the year of acquisition or in any of the four preceding years (first-time home buyer).

2. In some provinces, including Quebec, individuals who co-own a new (or substantially renovated) home may be entitled to a partial or full tax rebate (GST and provincial sales tax), provided that the home is used as the primary residence of one of the purchasers or one of their relatives.





# Which home is best for you?

The type of home you want to buy can affect which types of funding are available to you, so it's good to have an idea of the kind of home that will best suit your lifestyle and needs. Below are some pros and cons of each:

## Condo

A home that forms a part of a cooperative association for the maintenance of common areas. Think of it as an apartment that you own. Condos usually cost less to purchase and may have community amenities, but they are usually less spacious, come with association fees, and tend to appreciate more slowly.

## Townhome

A bridge between a condo and a single-family home, townhouses are attached multi-story homes. Many of the disadvantages of condos apply, but one benefit is that townhouses can feel more "homey." They are more likely to have a backyard or front porch, and are often brighter, more spacious, share fewer walls, and so on.

## Single-Family Home

More privacy, more space, all the comforts of a complete property. They tend to be found in more suburban or remote areas and may be situated on larger plots of land. Single-family homes have increased in popularity as remote work has increased due to the demand for home offices and no more need to live close to a workplace for a short commute.

## Multi-Family Home

Duplex, triplex, or small apartment building. Great for "house hacking" — living in one unit and renting out the other units for extra income.



# Virtual Tours & Showings

*Virtual tours and showings have become more common and more sophisticated. Many buyers now opt to buy sight-unseen based on advanced video, 3D, AR, and VR technology that puts you "right there in the room."*

*Initially a matter of safety, virtual showings have evolved into a huge convenience. We may be able to identify and act quickly on your dream home without ever having to make the drive or set foot in it! Perfect for people relocating from a different city – fewer trips.*



# Desires vs. Needs



Which items on your new home wishlist are a “need,” and which ones are a “desire?” You can be flexible on desires, but not on needs.

Buyers are different – a “need” for one may only be a “desire” for another, and it may not even make the list of another buyer. Here are some home characteristics to qualify as either needs, desires, or non-factors...

- Location
- Quality of the Neighborhood
- Quality of Schools
- Tolerance of Pets
- Private Swimming Pool
- Community Amenities (pool, clubhouse, gym, etc.)
- Number of Bedrooms and Bathrooms
- Square Footage
- Parking and Garage Space
- Storage
- Kitchen Capacity
- Backyard and Outdoor Space
- Privacy

We will work together to come up with a list of your “needs” to find your perfect dream home!



# Home Inspections

The purchase contract usually includes an inspection contingency — a period of time when the buyer can inspect the property or order a professional home inspection, and pull out of the contract with no penalty if the buyers don't like what they see.

A professional home inspector will usually look at:

- Heating system
- Central air conditioning system (temperature permitting)
- Interior plumbing and electrical systems
- Roof
- Attic, including visible insulation
- Walls
- Ceilings
- Floors
- Windows and doors
- Foundation & Structural components
- Basement

Inspections are usually performed at the buyer's expense. The average cost of a home inspection in the US is \$277-\$399, but depending on the home, it could be a lot less, or a lot more.

Don't be alarmed if the inspector reports a long list of defects. No home is perfect. We will help you identify which defects are no big deal and which ones might be grounds to renegotiate or even cancel the contract.



# Closing Time

Here's a brief rundown of what happens on closing day:

- Final review of the purchase contract, closing statement, and title work by the title officer or attorney to make sure that the title is clear and all conditions of the purchase contract have been satisfied.
- You execute the loan documents. Once all the lawyer's documents are signed, the mortgage is official.
- Once the lawyer is satisfied that the purchase contract is complete and all required money has been wired:
  1. The lawyer then releases funds.
  2. The deed is sent to the county to be recorded, and title is officially transferred to your name. At that point, you are the legal owner of the property. You get the keys, and it's time to move in!

Much of the paperwork and signing is done several days before closing, so everything is ready and done and ready for things to go quickly on closing day.

In recent years, remote closing has become more common, using electronic signatures, digital notary services, and bonded couriers to transfer documents. If you don't want to go to the title



# Organizing Your Move



As closing day approaches, it's time to get ready to move in. Get excited!

Moving can be a chore, but there are things you can do to make them go more smoothly. Here's what we recommend:

- **Get a Checklist.** Create and print out a moving checklist. This will ensure nothing is forgotten.
- **Make a Binder.** The binder should include all your contracts, checklists, receipts, phone numbers for utilities ... everything you need for your move at your fingertips.
- **Color-Code and Label Boxes.** Have an easy visual cue for which box comes from which room.
- **Pack Strategically.** Pack one room at a time, starting with the closet and moving to the door.
- **Keep a List of What's In Every Box.** It's an extra step, but you will thank yourself when you unpack.
- **Tie Off Cords.** Don't punish yourself with a tangle of electrical cords when you unpack.



# Home Improvements that Add Value

Congratulations on your new home! One of the great joys of homeownership is improving and renovating the home, adding amenities, and making it your own.

Of course, it may be tempting to make improvements that improve your quality of life — such as adding a jacuzzi, an outdoor deck — but it's also important to think about which improvements will actually add value to the home.

Home improvements are expensive, and not every improvement increases the resale or refinance value. Here are some that actually do ...

- Kitchen and Bathroom Upgrades
- Additional Dwelling Units (ADU)
- Extra Storage
- Dedicated Home Office
- Outdoor Spaces
- Wellness Spaces and Home Gyms
- Laundry Rooms
- Architectural Details
- Sustainability Features

## *Thinking of Buying?*



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EXP Realty of Canada

📞 905-252-6610  
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**exp**<sup>TM</sup>  
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