

Home Buyers Guide

Amit Arora PREC*

Realtor | Rental Property Manager

 (604)440-4336

 amit.arora011@gmail.com

 AuroraHouses.ca

 201-13049 76th Ave, Surrey, BC V3W 2V7



RENT VS OWN

Consider the long-term impact of renting versus owning a home. Over the next five years, every \$1,000 paid in rent accumulates to \$60,000, without accounting for potential rent increases. Choosing to rent means missing out on \$12,000 towards mortgage payments each year and delaying the journey to a mortgage-free life.

Furthermore, real estate appreciates at an average annual rate of 5%, translating to an additional \$5,000 lost in appreciation for every \$100,000. In Metro Vancouver, where the average home price exceeds \$1 million, this equates to a yearly increase of \$50,000.

Table: Rent vs Own Calculations

Year	Rent Paid	Condo Appreciation (5%)	Total Loss/Gain
Year 1	\$30,000	\$35,000	-\$65,000
Year 2	\$30,000	\$35,000	-\$65,000
Year 3	\$30,000	\$35,000	-\$65,000
Year 4	\$30,000	\$35,000	-\$65,000
Year 5	\$30,000	\$35,000	-\$65,000

CASE STUDY: RENT VS OWN

Consider Joe, who rents at \$2,500/month and plans to buy a \$700,000 condo. By delaying his purchase for one more year, he incurs losses of \$65,000. On the flip side, if he had bought, he'd be a year closer to paying off his mortgage, gaining \$12,000 in mortgage paydown and \$35,000 in appreciation. Ultimately, he'd be \$48,000 wealthier than if he had continued to rent.

8 STEP BUYING PROCESS

Step 1: Get Prequalified

Before starting your home search, determine the loan size you qualify for. Knowing your price range is crucial to avoid disappointment later. Lending rules are stringent, and a prequalification helps you understand the

'stress test,' the interest rate used by banks to assess affordability. I recommend a broker for first-time buyers, as they advocate for you, maintain confidentiality, and assist in gathering required application paperwork.

As a first-time homebuyer, various programs offer lower down payments and reduced transfer taxes, allowing you to buy with less money down. I can recommend excellent brokers if needed.

Step 2: Refine Your Search Based on Budget and Area

In Vancouver's competitive market, strategic thinking is essential. If you can't afford your dream home immediately, consider interim steps like a presale, small investment property, or a fixer-upper. Starting with a stepping stone ensures you're not left out of the market as rents rise and property prices escalate.

Multiple listing platforms, such as realtor.ca, offer property listings. We can discuss your long-term goals and develop strategies to help you achieve them.

Step 3: Make an Offer and Negotiate Terms

Don't shy away from making an offer—it's a crucial step in securing the property you want. Your offer should detail price, deposit, conditions, and possession dates. Negotiations may ensue until an agreement is reached. Missing out on a property is easy in this active market, making timely offers essential. Drafting a contract depends on market activity; higher demand requires cleaner conditions, highlighting the importance of pre-approval.

Step 4: Present an Offer to Lender

Subject to financing will likely be in your offer. Your lender, who provided a preapproval in Step 1, will send an appraiser to assess the property's value. Be prepared for potential adjustments to your down payment if the appraised value is lower than the purchase price.

Step 5: Inspection and Due Diligence

Deep involvement in this step is crucial. Arrange inspections, WETT tests, and review property documents. Contacts for inspection services can be provided.

Step 6: Remove Subjects

By the subject removal date, complete due diligence, including financing and inspections. If satisfied, remove subjects, making the deal binding. If unsatisfied, renegotiate or terminate the contract.

Step 7: Arrange Lawyer/Notary, Insurance, Mover

Coordinate with lawyers or notaries for closing documents. Provide necessary paperwork, including lender details and insurance binder.

Step 8: Prepare Bank Draft and Close

Visit your lawyer/notary a week before possession to sign closing documents. Bring a draft for the required cash. Possession day is the day you finally get the keys!

Congratulations!

You are now a homeowner. Post-possession, transfer utilities, connect with your strata, and relish in your achievement.

COSTS TO CONSIDER

Prepare for various expenses when buying a home:

- Inspection
- Appraisal
- Mortgage Broker Fee
- Legal Fees
- Insurance
- Survey Certificate/Title Insurance
- GST (applicable to new builds)
- Foreign Buyers Tax (if applicable)
- Mortgage Default Insurance
- Property Taxes, Utility Bills, Condo Fees (reimbursements)
- Property Transfer Tax
- Deposit

DOCUMENTS FOR MORTGAGE APPROVAL

Income Earner – Employee

- Letter of employment
- Most current paystub
- 2 years NOA (Notice of Assessment)
- 2 years T4

Income Earner – Self Employed

- Articles of Incorporation (if applicable)
- Most recent 2 years accountant-prepared business financials
- 2 years T1 Generals
- 2 years NOA

Other Properties Currently Owned

- Current Year property tax notice & confirmation paid

Subject Property Purchase

- City tax cert. or bank statement
- Mortgage statement
- Confirmation of month strata (if applicable)
- Lease agreement for rental property (if applicable)
- Strata documents; Form B, AGMs, strata mins
- Signed Accepted Offer

- MLS feature sheet
- PDS

Down Payment

- Confirmation of your down payment (90-day history)

Other

- ID – driver's license or passport

WHY CHOOSE AURORAHOUSES?

Trusted Source: As immigrants ourselves, we understand the challenges of moving to a new home. Our agency provides a reliable and trusted source for buyers, ensuring you find a home in a community where you can thrive.

Cultural Sensitivity: We are culturally sensitive and multilingual, ensuring clear communication and understanding throughout the process.

Community Expertise: Our REALTOR® have an in-depth knowledge of the Lower Mainland communities, helping you find a neighborhood that aligns with your cultural preferences, lifestyle, and aspirations.

Community Expertise: We provide personalized service, recognizing that each family's needs are unique. Your satisfaction and comfort are our top priority.

CONTACT US

Embark on your journey to find the perfect home with AURORAHOUSES. Contact us today to discuss your requirements and let us help you settle into your new life in Lower Mainland communities. Your dream home awaits!

Sincerely,

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