

A CONSUMER'S GUIDE TO HOME OWNERSHIP

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**“HOME
IS WHERE
OUR STORY
BEGINS”**

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My Commitment To You

For most people, the purchase of a home is the largest single financial investment they will make. That also means that it can be a very stressful process if you do not have the right team supporting you.

As a consumer, you have a lot of options when it comes to finding the right team of professionals to assist you in making the best decisions for your circumstances. Surrounding yourself with the right people can make a huge difference in your homeownership experience.

As a Referral Mortgages Mortgage Broker, I will work closely with you and your team to ensure that your needs are first and foremost.

I want your home buying experience to be as smooth as possible so that you can focus on this exciting new chapter in your life.

My pledge to you is simple; I will:

- 1 Provide you with the best possible options so that you can make an informed decision.
- 2 Provide you with clear communication, both during and after the mortgaging process.
- 3 Provide you with a mortgage payoff plan suited to your financial position.

A home is more than just a roof and four walls; it is a place where memories are made and is an investment in your family's future. It is important that you can make decisions based on as much information as possible so when you look to the future, you are confident that you have done everything you can to protect your investment.

My duty is to not only find you the best rate, but to ensure that the mortgage you acquire provides you with the flexibility you need to achieve your financial goals. That's why I work with multiple lenders, so that you can determine who the best fit for your financial needs is. Sometimes consumers focus too closely on the lowest rate, and while that is important, I will ensure we also focus on your pre-payment privileges, penalties and portability of your mortgage.

This guide has been developed to help you navigate the homeownership process and I hope that this tool is informative and helpful as you embark on this exciting new stage in your life.



INTRODUCTION

So, you've finally decided to fulfill a lifelong dream and buy your own home. How exciting! You will finally have a place to call your own and the power to make your home improvements and renovations.

A home may also be an important way for you to grow financially.

You may feel the excitement fade when you discover the steps it takes to become a homeowner. It's true that it can be challenging. You'll have to deal with lots of different people along the way and you're bound to have lots of questions:

What should I be asking my real estate agent?

What is the difference between an appraisal and an inspection report?

Can I add renovation costs to my mortgage?

Where can I find information on the Home Buyers Plan?

Those are all very good questions, and I am sure you will have many more! This Referral Mortgages Home Ownership Guide is here to make things easier for you by providing the information you need to make a wise home buying decision.

This is a hands-on workbook which provides examples and worksheets that will guide you through the entire home buying process. From the moment you decide to buy your own home, to the moment the movers carry the first box through the front door; AND as your Referral Mortgages Mortgage Broker, I will be here for you every step of the way.

Referral Mortgages's Home Ownership Guide provides you with clear, straightforward information on who to consult, what to ask and what to do.

You'll know what to expect and be in control every step of the way, and you can sign on the dotted line with peace of mind.

You will soon see that owning your own home can be exciting and rewarding!

IS HOMEOWNERSHIP RIGHT FOR YOU?



Buying a home is one of the biggest financial decisions you'll ever make, so prepare yourself to make an informed choice.

Although buying a home almost always seems like a great idea, it is important to understand what homeownership involves. Of course, being a homeowner is something to be proud of but it also means having to invest money, time and energy and take on added responsibilities. So, before you decide to buy a home, make sure you're ready.

HERE ARE SOME THINGS TO CONSIDER:

Financial Security.

If housing prices rise, your home can provide you with some financial security due to gaining equity.

Stability. Having a place of your own

Financial Stress.

Coming up with the down payment, meeting regular mortgage payments and other ongoing costs will tie up a lot of your cash, and can put considerable stress on your finances.

Maintenance. Keeping your home in good shape requires time and money.

Responsibility. You alone are responsible for payments, repairs and maintenance.

Flexibility. You can decorate or renovate your home to meet your family's tastes and needs.

Now that you have an idea of what to expect, the worksheet on the following page will help you determine if homeownership is right for you.

Advantages of Renting

Disadvantages of Renting

Advantages of Buying

Disadvantages of Buying

Here are some questions to consider:

- 1 Are you certain you will not move to a new community in the near future? Y N
- 2 Do you expect your income to change in the near future? Y N
- 3 Can you handle the financial responsibility of a mortgage? Y N
- 4 Do you want to have the responsibility of taking care of home repairs and maintenance? Y N
- 5 Based on your assessment of advantages and disadvantages, and your answers to the questions, is buying a home the best choice for you? Y N

ARE YOU FINANCIALLY READY?

So, you've decided that homeownership is right for you. Now you need to determine if you are financially ready to buy a house. In this Step, you will find a number of simple calculations that you can do to evaluate your current financial situation, how much house you can afford and the maximum home price that you should be considering.

TEST YOURSELF

To avoid any future surprises, you can do some financial exercises to see where you stand. They include calculating your net worth, determining your current monthly expenses and what your current monthly debt payments are.

Knowing your net worth is important because you will need this information when you discuss a mortgage with your Referral Mortgage Mortgage Broker. Your net worth is the amount left over once you've subtracted your total liabilities from your total assets.

It will also give you a snapshot of your current financial situation and show you how much you can afford to put as a down payment. Below and on the following pages, you will find some useful tools that you can use to help you better understand if you are financially ready, and what you can afford as a homeowner.

ASSETS

Value of any property you currently own	\$
Value of vehicles you currently own	\$
Amount in savings, chequing, and other bank accounts	\$
Savings certificates, Bonds, etc.	\$
RRSP funds you can use for down payment	\$
Other RRSP funds	\$
Investments, stocks, GIC's, Mutual Funds, etc.	\$
Other Assets	\$
Total Assets	\$

LIABILITIES

Any loans for property you currently own	\$
Car Loans	\$
Personal Loans or Lines of Credit	\$
Credit Cards	\$
Student Loans	\$
Other Debts	\$
Total Liabilities	\$
NET WORTH (Total Assets minus Total Liabilities)	\$

CURRENT HOUSEHOLD BUDGET

DETAILS	Average Monthly Payment
CURRENT HOUSING EXPENSES	
Rent	\$
Electricity (if paid separately)	\$
Heating costs (if paid separately)	\$
Water (if paid separately)	\$
Maintenance/Repair	\$
Parking fees (if paid separately)	\$
CURRENT NON-HOUSING EXPENSES	
Cable TV/Satellite/Media Subscriptions	\$
Car fuel	\$
Car insurance and license	\$
Car repairs and service	\$
Charitable donations	\$
Child care	\$
Child support/Alimony	\$
Clothing	\$
Content insurance	\$
Dental, medical expenses, prescriptions, eyewear	\$
Entertainment/Recreation (including dining out)	\$
Furnishings	\$
Groceries	\$
Internet	\$
Life insurance	\$
Newspapers, magazines, books	\$
Personal items	\$
Savings (bank account, RRSP's, etc.)	\$
Telephone/Cell phone	\$
Other expenses	\$
Total Monthly Expenses	\$

Note: You may have other costs not shown on this worksheet. Make sure you add these other items when you fill out this form.

MONTHLY DEBT PAYMENTS

MONTHLY DEBT PAYMENTS	Average Monthly Payment
Loans for properties you own	\$
Car loans or leases	\$
Personal loans or lines of credit	\$
Credit cards	\$
Student loans	\$
Other loans	\$
Total Monthly Debt Payments (Add up all the above costs)	\$



HOW MUCH CAN YOU AFFORD?

Now that you have a clear picture of your current financial situation, it's time to find out what you can afford in monthly housing costs. Lenders follow two simple affordability rules to determine how much you can pay.

The first affordability rule is that your monthly housing costs shouldn't be more than 35% of your gross household monthly income. Housing costs include monthly mortgage principal and interest, taxes and heating expenses—known as P.I.T.H. for short. For a condominium, P.I.T.H. also includes the monthly condominium fees.

Lenders add up these housing costs to determine what percentage they are of your gross monthly income. This figure is known as your Gross Debt Service (GDS) ratio. Remember, it must be 35% or less of your gross household monthly income. In some cases with individuals who have exemplary credit (680 or more) lending institutions may allow you to go to 39% GDS and 44% TDS. If you don't know your credit, use 35% for GDS and 42% TDS for your calculations.

Use the table below to calculate your GDS ratio.

GDS CALCULATION	
Your gross monthly salary (before deductions)*	\$
Your Spouse's gross monthly salary (before deductions)	\$
Other monthly income (from investments or other nonemployment sources)	\$
A Total monthly income (add up all amounts)	\$
B Multiply amount (A) X 0.35 = GDS	\$

*Gross salary is income before taxes.

The second affordability rule is that your entire monthly debt load shouldn't be more than 42% of your gross monthly income. This includes housing costs and other debts, such as car loans and credit card payments.

Lenders add up these debts to determine what percentage they are of your gross household monthly income. This figure is your Total Debt Service (TDS) ratio.

Use the TDS Calculation table to calculate your TDS ratio and to determine the monthly housing costs you can afford after making other monthly debt payments.

TDS CALCULATION	
A Total monthly income (A) from your GDS Calculation	\$
B Multiply (A) X 0.42 = TDS	\$
Add up your monthly payments for loans, credit cards and other debts	
Monthly auto payment	\$
Monthly line of credit or personal loan payment (3% of balance)*	\$
Monthly credit card payment (3% of balance)*	\$
Monthly student loan payment	\$
Any other monthly payments	\$
C Add up the total monthly payments listed above	\$
D Subtract (C) from (B) to find the monthly housing costs you can afford	\$

*When calculating TDS, banks typically use 3% of revolving credit as a payment. This includes credit cards, and line of credit.

Your Maximum Home Price

The maximum home price that you can afford depends on several factors, but the most important are your gross household income, your down payment and the amount of debt you have.

This is where your Referral Mortgages Mortgage Broker comes in to help you determine what

you can afford based on the budget calculations that you have made above.

There have been many recent changes made to the requirements needed to own a home, including how a person can qualify. That means that it can become quite complicated, but don't worry that is exactly why a Referral Mortgages Mortgage Broker is here,

to help you navigate through the process.

For most people, the hardest part of buying a home—especially the first one—is saving the necessary down payment. Many people will not have 20% of the purchase price to put down. With mortgage loan insurance, you can purchase a home with as little as a 5% down payment. Mortgage loan insurance protects the lender and, by law, most Canadian lending institutions require it for any down payment less than 20%. The way it works is if the borrower defaults (fails to pay) on the mortgage, the lender is paid back by the insurer. The cost for this type of insurance is in the form of a premium that is added to your mortgage and included in your monthly payments.

Most mortgage loan insurance products require homebuyers to provide the down payment from their resources, such as savings and RRSPs. Gifted down payment from immediate relatives is acceptable.

Getting a Mortgage Pre-Approval

Now that you have decided that homeownership is right choice, you have made the needed calculations and now feel you are ready to obtain a mortgage, it is time to take the next step.

A mortgage pre-approval is obtained when your Referral Mortgages Mortgage Broker works with a lender who will determine if you do in fact qualify for the amount of money you are seeking. By going through this process before you start shopping for your new home, you can have more confidence knowing that once you have found the right property, you can safely present an offer to the seller.

Some of the important things that you need to have readily available to ensure your home buying experience is smooth are:

- Your personal information, including identification such as your driver's license
- Details about your job, including confirmation of salary in the form of a letter from your employer, most recent paystub, Notices of Assessment, etc.
- Your sources of income
- Information and details about all bank accounts, loans and other debts
- Proof of financial assets
- Source and amount of down payment and deposit



- Proof of source of funds for the closing costs (these are usually between 1.5% and 4% of the purchase price)

Will You Have Trouble Qualifying for a Mortgage?

There are a lot of things that impact your ability to qualify for a mortgage, such as your debt service ratios, credit rating, amount of your down payment, etc.

As an experienced Referral Mortgages Mortgage Broker, it is my role to help you better understand any issues and to help you resolve them if needed. I will take the time to explain your options and we will work together so that you can achieve your dream of homeownership.

The Importance of Your Credit Rating

Before approving you for a mortgage, lenders will want to see how well you have paid your debts and bills in the past. To do this, they get a copy of your credit history from a credit bureau. This provides them with information on your financial past and use of credit. You can get a copy for yourself to make sure the information is complete and accurate but this is not necessary. Simply contact one of the two main credit-reporting agencies (Equifax Canada Inc. or TransUnion of Canada) to get a copy of your credit report. There is often a fee for this service.

Lack of Credit History

If you have no credit history, it is important to start building one by, for example, applying for a standard credit card with good interest rates and terms, making small purchases and paying for them as soon as the bill comes in.

Fixing a Credit Record

If you have bad credit, lenders might not want to give you a mortgage loan until you can re-establish a good credit history by making debt payments regularly and on time. Most unfavorable credit information, including bankruptcy, is dropped from your credit file after seven years. If you have bad credit, your Referral Mortgages Mortgage Broker can provide you with ways to rebuild your credit rating.

Despite your poor credit history, you might still be able to get a mortgage loan if you have a relative such as a family member willing to co-sign on the loan. This person must meet the lender's borrowing criteria, including good credit history, and is legally obligated to make the mortgage payments if you do not.

HOW MUCH WILL IT REALLY COST?

Once you have figured out the home price range you can afford and the type of mortgage you qualify for, you will need to calculate the associated costs of the transaction to make sure you are financially ready.

Upfront Costs

You will need to plan to cover the many upfront costs of buying a home. Timing is important to help make sure things go smoothly.

- **Mortgage Loan Insurance Premium.** If yours is a high-ratio mortgage (less than 20% down payment), your lender may require mortgage loan insurance. Your lender may add the mortgage insurance premium to your mortgage.
- **Appraisal Fee.** Your mortgage lender may require that the property is appraised at your expense. An appraisal is an estimate of the value of the home. The cost is usually between \$300 and \$450 and must be paid when you contract for those services.
- **Deposit.** This can form part of your down payment and must be paid when you make an Offer to Purchase. The cost varies depending on the area, but it may be up to 5% of the purchase price. If you wish to make a down payment of 5% and you give a deposit of 5%, then your down payment is considered to be made.
- **Down Payment.** With mortgage loan insurance from CMHC, you can own your home with as little as a 5% down payment. At least 20% of the purchase price is usually required for a conventional mortgage.
- **Estoppel Certificate/Form B** (does not apply in Quebec). This applies if you are buying a condominium or strata unit and could cost up to \$100 and is typically paid by your Real Estate Lawyer or Notary.
- **Home Inspection Fee.** CMHC recommends that you make a home inspection a condition of your Offer to Purchase. A home inspection is a report on the condition of the home and generally costs around \$500, depending on the complexities of the inspection. For example, it may cost more to inspect a large home or one where issues such as moisture problems, pyrite, radon gas or urea-formaldehyde are suspected.
- **Land Registration Fees** (sometimes called a Land Transfer Tax, Deed Registration Fee, Tariff or Property Purchases Tax). You may have to pay this provincial or municipal charge upon closing in some provinces and territories. The cost is a percentage of the property's purchase price and may vary. Check with your real estate lawyer/notary to find out the exact cost for you.
- **Prepaid Property Taxes and/or Utility Bills.** To reimburse the seller for prepaid costs such as: property taxes, filling the oil tank and so on.
- **Property Insurance.** The mortgage lender requires this because the home is security for the mortgage. This insurance covers the cost of replacing your home. Property insurance must be in place on closing day.
- **Survey or Certificate of Location Cost.** The mortgage lender may ask for an up-to-date survey or certificate of location before finalizing the mortgage loan. If the seller does not have one or does not agree to get one, you will have to pay for it yourself. It can cost between \$1,000 to \$2,000.
- **Water Tests.** If the home has a well, you will want to have the quality of the water tested to ensure that the water supply is adequate and the water is potable. You can negotiate these costs with the vendor and list them in your Offer to Purchase.
- **Septic tank.** If the house has a septic tank, it should be checked to make sure it is in good working order. You can negotiate the cost with the seller and list it in your Offer to Purchase.
- **Legal Fees and Disbursements.** Must be paid upon closing and cost a minimum of \$800 (plus GST/HST). Your lawyer/notary will also bill you to check on the legal status of your property.
- **Title Insurance.** Your lender or lawyer/notary may suggest title insurance to cover loss caused by defects of title to the property.

Besides upfront costs, there are other expenses to consider:

1. Appliances. Check to see what comes with the house, if anything.
2. Gardening equipment.
3. Snow-clearing equipment.
4. Window treatments. Check to see what comes with the house.
5. Decorating materials. Paint, wallpaper, flooring and tools for redecorating.
6. Hand tools. You will need some basic hand tools for your new home.
7. Moving expenses.
8. Renovations or repairs.
9. Service connection fees. Charged for utilities—telephone, gas, electricity, cable TV, satellite TV, Internet and so on. You may be asked to pay a deposit for some utilities.
10. Condominium fees. You may have to make the initial payment of these monthly fees.



WHAT SHOULD YOU BUY?

Your Current and Future Needs

Before you start searching for a home, you need to think about your needs both now and in the future. Here are some things to consider:

- **Size requirements.** Do you need several bedrooms, more than one bathroom, space for a home office, a two-car garage?
- **Special features.** Do you want air conditioning, storage or hobby space, a fireplace, a swimming pool? Do you have family members with special needs? Do you want special features to save energy, enhance indoor air quality and reduce environmental impact?
- **Lifestyles and stages.** Do you plan to have children? Do you have teenagers who will be moving away soon? Are you close to retirement? Will you need a home that can accommodate different stages of life? Try to buy a home that meets most of your needs for the next 5 to 10 years, or find a home that can grow and change with your needs.

Choosing a Location That is Right for You

Even if the home you choose has everything you need, the location might not be appropriate. When deciding where to live, you should consider:

- Whether you want to live in a city, a town or the countryside
- Where you work, how easy it will be to get there and the commuting costs
- Where your children will attend school and how they will get there
- Whether you need a safe walking area or recreational facilities such as a park nearby
- How close you would like to be to family and friends

New Home, Previously Owned or Build Your Own?

When thinking about the kind of home you want the first thing you should consider is whether you want a previously owned home (often called a resale), or a new home.



New Home

- **Modern design.** A new home has an up-to-date design that takes into account the latest trends, materials and features.
- **Personalized choices.** You may be able to upgrade or choose certain items such as siding, flooring, cabinets, plumbing and electrical fixtures.
- **Up-to-date with the latest codes/standards.** The latest building codes, electrical and energy-efficiency standards will be applied.
- **Maintenance costs.** Lower maintenance costs because everything is new and many items are covered by a warranty. You should still set aside money every year for future maintenance costs.
- **Builder warranty.** This is a warranty that may be provided by the builder of the home. Be sure to check all the conditions of the warranty. A homebuilder's warranty can be important if a major system such as plumbing or heating breaks down.
- **New Home Warranty programs.** Generally new home warranty programs are provided by provincial and territorial governments, but there are private new home warranty programs. These warranty programs are not available in Nunavut and the Northwest Territories. Check with your real estate agent or lawyer/notary to find out what the new home warranty program in your province or territory covers.
- **Neighbourhood amenities** such as schools, shopping malls and other services may not be complete for years.
- **Taxes** such as the Goods and Services Tax (GST) (or, in certain provinces, the Harmonized Sales Tax (HST)) will apply. However, you may qualify for a rebate of part of the GST or HST on homes that cost less than \$500,000. For more information about the GST New Housing Rebate program, visit the Canada Revenue Agency website at www.cra-arc.gc.ca
- **Extra costs.** You may have to pay extra if you want to add a fireplace, plant trees and sod, or pave your driveway. Make sure you know exactly what's included in the price of your home.

Resale Home

- **You can see what you are buying.** Easy access to services. Probably established in a neighbourhood with schools, shopping malls and other services.
- **Landscaping is usually done and fencing installed.** Previously owned homes may have extras like fireplaces or finished basements or swimming pools.
- **No GST/HST.** You don't have to pay the GST/HST unless the house has been renovated substantially, and then the taxes are applied as if it were a new house.
- **Possible redecorating and renovations.** You may need to redecorate, renovate or do major repairs such as replacing the furnace, roof, windows or doors.

Building Your Own Home

Some people prefer the challenge and flexibility of building their own home. On the one hand, you make all the decisions about size, design, location, quality of material, level of energy-efficiency and so on. However, you should expect to invest lots of time and energy.



DECIDING ON THE TYPE OF HOME TO BUY



There are many types of homes to choose from and each has its advantages and disadvantages. Think about your needs before deciding. Don't forget to look beyond the walls. The environment surrounding your home can be almost as important as the environment inside of it.

Single-family Detached: A home containing one dwelling unit that stands alone, sits on its own lot, and thereby offers greater privacy.

Semi-detached: A single-family home joined to another one by a common wall. It can offer many of the advantages of a single-family detached home and are usually less expensive to buy and maintain.

Duplex: Two single-family homes located one above the other in a building. Often, the owner lives in one unit and rents the other.

Row House or Townhouse: Many similar single-family homes; side-by-side and separated by common walls. They can be freehold, condominiums, or rental units. They offer less privacy than a single-family detached home but might still provide outdoor space. These homes can cost less to buy and maintain—but they can also be large, luxury units.

Stacked Townhouse: Usually consists of two-storey homes stacked one on top of the other in a row of four or more homes. The units may have more than one level. All units have direct access from the outside.

Link or Carriage Home: Houses joined by garages or carports which provide access to the front and back yards. Builders sometimes join basement walls so that link houses appear to be single-family homes on small lots. These houses can be less expensive than singlefamily detached homes.

Manufactured Home: Is a factory-built single-family home that is transported to your chosen location and is placed on a foundation. The term manufactured home has replaced the term "mobile home."

Modular Home: Also, a factory-built single-family home constructed in compliance with local building codes. The home is typically shipped to a location in two or more sections and placed on a foundation.

Condominium: A condominium is a form of ownership, not a type of construction. Condominiums can be high-rise residential buildings, townhouse complexes, individual houses and low-rise residential buildings. Condominiums are known as strata's in British Columbia and syndicates of co-ownership in Quebec.

Purchasing a home is likely to be the largest investment you will ever make, and that means that it is very important you have a team of professionals working with you throughout the entire process. On the next page are the key players you will need.

YOUR PROFESSIONAL TEAM

The Mortgage Professional

More and more consumers are discovering the benefits of utilizing the services of a professional Mortgage Broker to help them secure financing for their homes.

Why is this? It is simple really.

The banks are filled with a lot of great people who are knowledgeable, friendly and do good jobs. The challenge is that they are employees of the bank. That means that their first responsibility is to look out for the best interest of their employer. It also means that they can only offer you a single line up of products.

As a **Referral Mortgages Mortgage Broker**, I have access to many different lenders, some that are simply not available to the consumer except through the services of a mortgage broker. This means that you, as my customer, have greater choice and can truly customize your home financing. It also means that generally I have access to lower rates. More choices and better rates results in the best solution for you!

Do you have to pay me for my service? Mortgage brokers usually get paid by the lender so our service to you is offered without charge. In some rare cases, however there may be a broker fee, but if that ever happens your Referral Mortgages Mortgage Broker will always explain that to you upfront so that you can make an informed decision.





Real Estate Agent

A Realtor® is an integral part of your homeownership experience. Their job is to find you a home, write the contracts, negotiate on your behalf, and to provide you with important information about the home and the community. They can provide you with details that would take you hours of research, or you may not have access too, and can help you make an informed decision about your purchase.

When the time comes to select a Real Estate Agent, do not be afraid to ask questions, especially about any possible service charges. Usually, the seller pays a commission to the agent, but in some cases, there might be charges incurred to a buyer.

If you would like to know more about a real estate agent's ethical obligation, visit the Canadian Real Estate Association's website at www.crea.ca or call your local real estate association.

The Lawyer/Notary

You need a real estate lawyer or a notary to protect your legal interests, such as ensuring the property you are thinking of buying does not have any building or statutory liens or charges or work or clean-up orders associated with it. They will review all contracts before you sign them, especially the Offer (or Agreement) to Purchase. Having a real estate lawyer/notary involved in the process will give you peace of mind and ensure that things go as smoothly as possible. Law associations can refer you to lawyers who specialize in real estate law. In Quebec, contact the *Chambre des notaires du Québec* for the names of notaries specializing in real estate law.

Lawyer/notary fees depend on the complexity of the transaction and their experience. For instance, if you are buying a condominium, you will want a lawyer/notary experienced in condominium transactions.

Remember that a lawyer/notary:

- Should be a licensed full-time lawyer/notary.
- Should be local and understand real estate laws, regulations and restrictions.
- Should have realistic and acceptable fees.
- Should be able and willing to explain things in plain language.
- Should be experienced with condominiums (if you are purchasing a condominium).

The Insurance Broker

An insurance broker can help you with your insurance needs, including property insurance and mortgage life insurance. Lenders insist on property insurance because your property is their security for your loan. Property insurance covers the replacement cost of your home, so premiums may vary depending on its value.

We also recommend that you consider obtaining mortgage life insurance. This provides coverage for your family if you die before your mortgage is paid off. As a Referral Mortgages Mortgage Broker, we can offer you the benefit of Mortgage Protection Plan offered through Manulife Financial. We also have disability insurance available in the event that you are injured and as a result cannot meet your mortgage payment obligations. If you are interested in finding out more information on MPP, please do not hesitate to ask.

Be careful not to confuse property or life insurance with mortgage loan insurance, which may be required for high-ratio mortgages.

The Home Inspector

You should consider having any home you are thinking of buying—whether it is a resale home or a brand-new home—inspected by a knowledgeable and professional inspector. An inspection by a home inspector is a visual inspection.

The home inspector's role is to inform you about the property's condition. The home inspector will tell you if something is not functioning properly, needs to be changed or is unsafe. You will also be informed of repairs that need to be made and maybe even where there may have been problems in the past.

Every inspection should include a visual assessment of at least the following:

- Foundation
- Insulation (where visible)
- Doors and windows
- Ventilation
- Roof and exterior walls
- Septic tanks, wells or sewer lines (if qualified)
- Attics
- Any other buildings such as a detached garage
- Plumbing and electrical systems (visible)
- The lot, including drainage, slopes and vegetation
- Heating and air conditioning systems
- Overall opinion of structural integrity of the buildings
- Ceilings, walls and floors
- Common areas (condominium/strata or co-operative)

Home inspector fees are generally in the \$500 range and depend on the size and condition of the home. There is presently no mandatory certification and no legislated requirements for home inspectors to take any courses or to have passed any tests. Anyone can say that they are a home inspector. However, a good home and property inspector generally belongs to a provincial or industry association.

For more information about the home inspection industry's voluntary National Certification Program, visit the National Certification Authority's website at www.nca-anc.com

The Appraiser

Having an independent appraisal done on a property before you make an offer is a good idea. It will tell you what the property is worth and help ensure that you are not paying too much. Your lender can also request for a recognized appraisal to complete a mortgage loan.

The appraisal should include an unbiased assessment

of the property's physical and functional characteristics, an analysis of recent comparable sales and an assessment of current market conditions affecting the property.

Appraisal fees may vary but you should pay around \$500 in most areas for a typical single-family house.

The Land Surveyor

If the seller does not have a Survey or Certificate of Location, you will probably need to get one for your mortgage application. If the Survey in the seller's possession is older than five years, it will likely need to be updated. Remember that you must have permission from the property owner before hiring a surveyor to go onto the property.

Ask your real estate agent to help co-ordinate this with the owner.

The Builder/Contractor

If you are buying a newly constructed home, you will have to hire a builder or contractor. If the house you are buying needs renovations, you may also require a builder or contractor.

Here are some things to keep in mind when choosing builder or contractor:

- Ask for references and talk to other customers about the builder's performance.
- Check with the New Home Warranty program in the area (if applicable).
- Visit other housing developments that the company has built.
- Ask builders or contractors if they are members of a local homebuilders' association or ask for a provincial license number.

If you are having a custom home built, remember that:

- You may want to hire an architect to design the house, and supervise construction.
- Builders of custom homes usually work on either a fixed-price or a cost-plus basis. Authorize any changes to your contract by writing your name or initials beside the change.

On a final note, make sure your contract is as specific as possible about construction details, right down to the brand name or model number of any finishes. Make sure that you initial any changes to your contract.



Closing Day

Closing day is the day when you finally achieve your goal—you take legal possession and finally get to call the home your own.

You are sure to feel great relief and satisfaction but remember that the home buying process isn't over just yet. There are quite a few things that need to be done on closing day:

- Your lender will provide the mortgage funds to your lawyer/notary.
- You must provide the balance of the purchase price to your lawyer/notary along with the closing costs.
- Your lawyer/notary pays the seller, registers the home in your name and gives you the deed and the keys to your new home.

Hiring a Mover

It is now time to hire a mover. Friends or relatives may be able to recommend a professional moving company but don't forget to ask the mover for references. You will also want an estimate and outline of fees (flat rate or hourly charge, etc.). Once you've selected a mover, it is a good idea to have the representative come to your home to see what will be moved and revise the estimate if necessary.

During the move, you'll want to ensure that your belongings are insured. Your home or property insurance may cover goods in transit but call your insurance broker or insurance company to be safe and to ask about the extent of coverage. Many moving companies offer additional insurance coverage. Be aware that professional movers are not responsible for items such as jewelry, currency or important papers. You will have to move these items yourself.

If you decide to do your own packing, keep in mind that you will need the proper materials and that packing can take up a lot of time.



THE BIG DAY

On moving day, go through the house with the van supervisor and provide any special instructions. The supervisor will make a note of the condition of your goods on an inventory list. Go through the house with the supervisor to make sure the list is complete and accurate. Then, when the van arrives at your new home, mark off the items on the mover's list as they are unloaded. Remember that even if the movers unload and unpack boxes and remove packing materials, they will not put dishes or linens into cupboards.

Saying goodbye to one home and neighbourhood and discovering a new one can be very exciting. Just make sure it is not hectic as well. Plan to make the transition as smooth as possible for everyone involved; that way, you can breathe easy and enjoy your new home without having to worry so much.

SUMMARY

As you can see homeownership can be a very complicated experience, but it can also be highly rewarding. As a Referral Mortgages Mortgage Broker, I am here to help you better understand what your options are, and how to make this experience a positive one.

As an industry professional, I also have partnerships with other professionals, such as Real Estate Agents, Appraisers, Lawyers, and many others. If you need any assistance in finding the right professional to suit your needs, I am pleased to provide you with referrals.

This guide should help you to navigate the homeownership process, but there may be more questions that you have. Please do not hesitate to ask me and I will always do my best to provide you with the answers you are seeking.



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