



**GRASSROOTS**

REALTY GROUP

# **BUYERS PACKAGE**

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## DECIDING TO BUY

### Can You Afford to Buy?

The first and most essential step to undertake when you make the decision to buy a home is to consider the costs involved and then to determine if you have the financial capacity to cover these costs.

The first question you should ask is, can you afford additional housing costs each month to your monthly budget without risking your financial stability? The following are 2 affordability rules that can help you determine this:

- your monthly housing costs should be at or under 32% of your gross monthly income
- your monthly debt load (including your mortgage) should be at or under 40% of your gross monthly income

### Can You Afford the Upfront Costs of Buying a Home?

Upfront costs include:

- the down payment
- home inspection and appraisal fees
- insurance costs
- land registration fees
- prepaid property taxes or utility bills (the buyer reimburses the seller or builder)
- legal or notary fees
- potential repairs or renovations
- moving costs
- GST on a newly built house or mortgage loan insurance

**\*\*NOTE:** If you hire a realtor to represent you as a buyer you **do not** pay your realtor a commission, the seller does, so you don't need to factor this into your budget. That's right, you get the valuable assistance of a professional realtor for free when you purchase a home!

Finally, can you demonstrate your ability to consistently pay bills and debts with a good credit score? If you have answered yes to these questions, then it sounds like you can afford to buy. You should now begin the process of trying to get pre-approved for a mortgage!



## PREPARING TO BUY

### Will You Qualify for a Mortgage?

Your lender will have further requirements before being able to approve you for a mortgage;

- lenders like consistency, if you have been employed or even at the same job for less than 2 years you may have trouble qualifying for a mortgage
- salary is treated very differently than commission or bonus - make sure you explain every detail to your lender/mortgage broker so she can give you the right guidance
- have your financial documents prepared in advance so you can give exact answers
- be prepared for your credit to be run and to have your interest rate depend on that score - if you have any open collections or other issues on your credit pay them off immediately - it's also a smart idea to keep credit card balances below 50% of their limit

If you're able to meet these requirements, you should be able to receive pre-approval for a mortgage. At this point your mortgage broker will be able to tell you how much you are approved for, what your monthly mortgage payments will be, whether you require mortgage insurance, and what financing options are available to you such as interest rate, period of amortization etc. Not only should you now feel empowered and educated after learning this information, having pre-approval will also improve your chances of having an offer accepted. It is therefore highly recommended that you seek pre-approval soon after you decide to begin the process of buying a home.

### Don't Qualify for a Mortgage?

Don't despair! You can still take several steps toward homeownership.

- meet with a credit counselor to improve your financial situation
- pay off some loans or other debts
- save for a larger down payment
- lower your home price range
- adjust your budget to spend less or save more



## CHOOSING A REALTOR

### Should You Hire a Realtor?

Owning your own home is one of the most rewarding experiences you will ever know. But how much you know about the buying process, and whom you choose to help you, can save you from unnecessary headaches and unforeseen hassles.

There are many aspects of the home buying process that require explanation, and the more you know, the better position you will be in when it is time to sign the papers. This is where a realtor becomes valuable, offering the guidance, information and assistance that only a qualified real estate professional can provide.

Staying on top of all the latest real estate laws and regulations, as well as being well researched on current market statistics, you can rest assured that you will be getting the expert advice and service that you deserve. A realtor can also help you team up with a proven financial expert to put the best mortgage package together for you.

When you have a dedicated team working together on a planned strategy, chances are you'll be moving into your dream home sooner than you might imagine.

When choosing a realtor, here are some things to consider;

- How long have they been in business?
- Have they ever had someone file an ethics complaint against them for any reason?
- How well do they know your neighborhoods of choice?
- Do you like, respect and enjoy being around this realtor?
- Do you expect an enjoyable overall experience if you choose them as your realtor?

I would love the opportunity to sit down with you for an interview so that you can get to know me and decide if I am the right Realtor for you!



## TIME TO GO SHOPPING

### Ready to Search for a Property?

If you know how much you can afford, how much this is all going to cost, and if you have now hired an experienced realtor, you are ready to search for a property! CONGRATULATIONS! Now the fun part can begin!

To start, request a meeting with your realtor to explain what you are looking for in a home such as location, size, number of bedrooms, with/without garage, price point etc. Finding the right home can be overwhelming so it is important to avoid wasting time and complicating things by looking at homes that do not meet your needs and wants.

An excellent tool to assist in your search is the internet. Your realtor can set up automatic email alerts for any new listings that meet your criteria. As well, you can surf the net on various sites such as realtor.ca or your realtor's website to help you find homes that you would like to view.

Once you have a list of chosen properties to view, your realtor will schedule the appointments, make sure everything runs smoothly, and answer any questions you have along the way. Depending on your schedule, the process of looking for and finding a home can take from 1 week to several months. Once you have found your dream home it is time to make an offer!

### How Do You Make an Offer?

Once you find the home that you want, your realtor will research market stats so that you both can determine your purchase strategy, which is basically how much you should offer. In addition to the purchase price, both you and your realtor will need to decide on what kind of terms to include in the contract such as;

Conditions – Typical conditions subject the offer to financing approval, home inspection and sale of your home.

Deposit - The offer needs to be accompanied by a cheque or bank draft for a deposit which acts as security for the seller that you will fulfill your commitment to purchase the home. The higher the deposit the higher the security for the seller, which will make your offer look more favorable for the seller's consideration.

Relevant Dates – Dates to be determined include when the offer will expire, when the deposit will be paid, when conditions will be lifted and the closing date.

Chattels - Your realtor will also include any chattels that you want included in the contract. These are items that aren't 'fixed' to the property, such as appliances, light fixtures, draperies, garage door openers etc.

Land Survey – Your realtor will include a request for a current land survey of the property to ensure that all existing structures are compliant. If one is unavailable you can request that the seller provide title insurance to prevent any financing issues arising due to non-compliance.

## How Do You Negotiate?

Once your offer to purchase contract has been completed, the document will be sent to the seller's realtor and negotiations will begin. The time it takes to negotiate can vary wildly with some people taking hours and some days. Regardless of the timing, the experience of a realtor becomes extremely important during the negotiation process as they utilize their negotiation skills to get you the best price possible for the home. Both realtors will go back and forth, with your permission, passing counters to one another until an agreement is reached. The updated contract is then sent to both parties for signatures and you are now officially under contract!



## CLOSING

### What Is The Closing Process?

#### Home Inspection

Once your offer is accepted you will want to arrange for the home to be inspected by a licensed home inspector. This will cost approximately \$300-\$500 for an average sized home. Any issues found during this inspection would then be brought to your attention. You then need to decide if you wish to proceed with the purchase of the home or renegotiate if you would like the seller to fix some or all of the issues. If you renegotiate terms, your realtor will prepare an amendment to the contract which all parties need to sign noting any additional terms. Once all is in order you can proceed to lift the inspection condition on your offer.

#### Financing

Now that the inspection condition has been lifted, you can visit your lender or mortgage broker so they can finalize the details of your mortgage. Your realtor will forward much of the paperwork on your behalf such as the signed offer to purchase, MLS listing, land survey etc. Once your mortgage has been approved, you can lift the mortgage condition. If no other conditions remain, such as the sale of your own home you can now move on to the next step.

#### Final Walk Through

With all details of the deal finalized and financing secured, it is time to conduct the final walk through in anticipation of closing. The final walk through exists so you and your realtor can lay eyes on the property as close as possible prior to closing to ensure no new issues have popped up and that any issues you and the seller agreed would be taken care of have been addressed. In most cases, everything will be fine but occasionally something may not be done or a new issue has come up. Not to fear, your realtor with the help of your lawyer will still likely be able to work something out at the closing table to ensure you stay on track to close on time!!

### What Happens On Closing Day?

Once the final walk through is finished, there is now only one more hurdle standing in your way before you get keys and it's official, and that is the closing! This is when the final signing of all the legal documents take place either at your lawyer or notary's office, along with the following;

- your lender gives the mortgage money to your lawyer or notary
- you give your down payment (minus the deposit) to your lawyer or notary along with the closing costs (typically 1.5% to 4% of the purchase price) to cover legal fees, land transfer taxes and other costs
- your lawyer or notary pays the seller, registers the home in your name, and gives you the keys and deed to your new home



 HOME OWNERSHIP

What Can You Expect Moving Forward As a New Home Owner?

Here are some amazing perks of homeownership that you may not even realize;

- you have made a sound investment

If you choose a home you can afford, the payoff can be great. When you make a mortgage payment each month, you build equity in a place of your own (unlike a rent payment). Equity is the difference between the value of the home and your outstanding mortgage.

The longer you stay in your home (and the more payments you make), the more equity you'll have. And, unlike most things you buy, a home will almost certainly increase in value over time – which builds even more equity. As you build up equity in your current home and comfort level in being a homeowner, it may be easier to move up to another home in the future.

- satisfaction and security as a homeowner

As a homeowner, you can decorate and renovate your home any way you like. You don't have that luxury as a renter. Owning a home also gives you a new sense of pride in your surroundings. Your family may also feel strong ties to your community.

CONGRATULATIONS & ENJOY YOUR NEW HOME!!