

The Buying Process

Buying a new home is an exciting event! With the proper guidance, you will find yourself in a home that fits your needs and your budget.

Here are the key steps in the process:

1. Find a great agent! I will assist you confidently in the acquisition of your largest asset.
2. Get pre-qualified for a mortgage – Sit down with your banker or a mortgage broker to discuss financing options. They will establish your financing comfort zone, enabling you to focus on properties that you can afford.
3. Establish your search criteria with the help of your agent. Determine your wish list in terms of location and features (number of bedrooms, baths, etc).
4. Your agent will then search the MLS system to find properties that match your needs. Your agent will arrange to show you desirable properties at your convenience. Your agent has access to all available properties, including those listed with other companies.
5. Once you find a property that you want to buy, your agent will prepare an offer that meets your needs in terms of price, closing date and other critical issues.
6. Your agent will present the offer on your behalf, and will negotiate an agreement with seller that is acceptable to you.
7. Once the deal is made, you will pick a lawyer to handle the closing of the purchase. Typically the closing date is 60 to 90 days after the deal is made. The closing date is one of the key terms that is negotiated for you. Your agent will coordinate the closing process with the lawyer you.
8. Prior to closing, you will arrange for a moving company, and you will also arrange for telephone, heating and electrical service for your new home.
9. Your lawyer will handle the closing process for you, and on the closing date will arrange with the seller's lawyer to get you the keys to your new home.

Closing Costs for the Buyer

Here is a list of the expenses typically incurred by a buyer of residential property;

1. **Legal Fees:** Lawyers' fees vary. It is an issue for each buyer to raise at the time he/she engages the lawyer to close the deal. I have a couple of lawyers that I send my clients to. They are strictly real estate lawyers and will do a fantastic job representing you at a reasonable price. This will cost you around \$600.

2. **Land Transfer Tax:** This is a sales tax charged by the provincial government. The formula used to assess the tax is as follows:
 - 0.5% of the first \$55,000 of the purchase price,
 - 1.0% of the next \$195,000 of the purchase price,
 - 1.5% of the next \$150,000 of the purchase price, and
 - 2.0% of the balance of the purchase price (for residential properties).-For example, the land transfer tax on a \$400,000 purchase is \$4,475, and it rises at a rate of 2% thereafter (e.g. the tax on a \$600,000 purchase is \$8,475)

- *First time homebuyers may qualify to get their Land Transfer Tax back. Talk to your lawyer.

3. **Property Inspection Report:** Before you buy a property, it is wise to have it inspected by a qualified professional property inspector. The inspector will provide you with a written report. Such inspections cost around \$400, depending upon the inspector and the size of the property. Ask me for my preferred Inspector for a thorough analysis of your future home!

4. **Mortgage Financing Fees:** Many mortgage companies charge appraisal and processing fees. These fees can be several hundred dollars. If you are borrowing more than 80% of the property's value ("high ratio financing"), there will be mortgage insurance premiums added to the face amount of the mortgage, including H.S.T.

5. **Discharge Penalties:** If the buyer is discharging a mortgage on the property he/she is selling, there may be early discharge penalties amounting to three months interest on the mortgage to be discharged. Other penalties may be imposed

depending upon the terms of the contract. The mortgage company may be prepared to waive all or part of the early discharge penalty if the buyer agrees to mortgage the new property with the same mortgage company.

6. **Survey:** You may want a new survey, or your mortgage company may require one in order to advance the mortgage funds. Surveys start at about \$900. The price goes up depending upon the size and configuration of the property.
7. **Title Insurance:** Most mortgage lenders are prepared to accept title insurance instead of a survey. A Title Insurance policy costs about \$250 - \$300 for most residential properties. The fee will vary to some extent with the value of the property.
8. **Disbursements:** When your lawyer closes the purchase, he/she will have to pay a variety of expenses for you. He/she will add these costs to the bill he/she sends you. Such disbursement costs include fees for registering the deed and mortgage, building and tax certificates, hydro and water status reports, etc. On a standard residential purchase, these costs will run between \$300 and \$500.
9. **Adjustments:** The annual real estate taxes will be apportioned to the seller and the buyer as of the date of closing. If the seller has prepaid the taxes for the year, the buyer will be required to reimburse a pro rata portion to the seller. If the property is heated by oil, the buyer will be required to reimburse the seller for the value of the oil remaining in the storage tank on closing. The buyer's lawyer arranges these adjustments with the seller's lawyer as part of the closing process.
10. **Moving Costs:** Moving costs vary depending upon the distance moved and the weight and volume of possessions moved. It is wise to get an estimate from more than one mover. It is also wise to book your mover well in advance of closing.
11. **Insurance Policies:** You may wish to consider a closing insurance policy (about \$40) and/or a home warranty policy (\$230-\$350). As well, you will need property insurance and occupier's liability insurance. Contact an insurer well in advance of closing in order to ascertain the costs, and to have the policies in place at closing. You can use my Insurance Agent for your transaction!
12. **Condominium Purchase:** There are some special costs involved with a condominium purchase. For example, you will want a Status Certificate, which includes all important documents concerning the financial affairs of the

condominium corporation, as well as the by-laws and the rules that owners are required to abide by. The Status Certificate costs \$100, plus photocopying. Also, a condominium owner pays a monthly maintenance fee to the condominium corporation. This fee will be apportioned between the seller and the buyer as of the date of closing.

13. Rental Property Purchase: If you are buying a tenanted property, any prepaid rents will be accounted for as part of the closing process. If the seller has collected the last month's rent, which is standard, you will be credited with that sum on closing.

14. Rural/Recreational Properties: There are a number of issues that must be canvassed by buyers of rural/recreational properties. They included water quality and quantity, the condition of the septic system, road access, and availability and cost of municipal services (e.g. garbage collection, schools, busing, road maintenance). All such issues need to be investigated fully at the time of purchase. Some of these investigations will cost money. For example, you may be required to pay a fee for the water quality and quantity tests. Also, if you wish to have a professional assessment of the condition of the septic system, there will be a fee. You will want to consider all of these issues at the time you are considering the purchase.

15. New Home Purchases: The biggest extra cost that attaches to new home purchases is HST. HST is a 13% sales tax imposed by the federal government on new homes, as well as most other goods and services. It is not applied to purchases of resale ("used") homes. Many builders include the HST in the purchase price. Make sure that the issue of who pays the HST is resolved in the Agreement of Purchase and Sale. Read your contract carefully. There may be additional costs for a wide variety of items, including paving of the driveway, landscaping, etc. On some new home purchases, the bill for these "extras" can be thousands of dollars.

16. Commission: In some cases, it is in the buyer's best interests to pay the real estate broker's commission directly, instead of having the seller pay it. By taking the commission out of the purchase price, thereby lowering the purchase price, both the land transfer tax and the commission (if it is a percentage of the purchase price) are lower, saving the buyer money. We can talk more about this because it is dependent on your financial situation because it does come out of your down payment.

Benefits of Client Status When Buying Real Estate

If you do not hire an agent to represent you when buying real estate, you will be a “Second-Class Citizen” in the buying process. Agents have a legal duty to show newly-listed properties to their buyer-clients first! Also, agents have a legal duty to negotiate on behalf of their client. If you do not have client status with “your” agent, he or she will be required to negotiate the best deal for the vendor, at your expense!

Services Provided to Buyers	Vendor’s Agent <i>(Buyer is Customer)</i>	Buyer’s Agent <i>(Buyer is Client)</i>
1. Arrange property showings	YES!	YES!
2. Assist with financing	YES!	YES!
3. Provide accurate information	YES!	YES!
4. Explain forms and agreements	YES!	YES!
5. Give you advice and counsel	NO	YES!
6. Keep your bargaining and financial position confidential	NO	YES!
7. Promote and protect your best interests	NO	YES!
8. Negotiate the best price and terms for you	NO	YES!
9. Point out reasons not to buy	NO	YES!
10. Pass on information that may enhance your bargaining position	NO	YES!
11. Assist in writing the offer with your best interests in mind	NO	YES!
12. Show you listed AND unlisted properties	NO	YES!
13. Give you a market analysis prior to preparing your offer	NO	YES!

Buyer's Needs Questionnaire

Name (s)			
Current Address:			
Phone	H:	W:	C:
Children & Ages:			
Price Range:			
Desired Location(s):			
Desired Features :			
Type (Detached, condo, etc.) :			
Style (Bungalow, two storey) :			
Bedrooms :			
Baths :			
Condition (Renovated, Needs work, etc.) :			
Lot :			
Drive/Garage/Parking :			
Other (fireplace, central air conditioning, finished basement, etc.):			
MUST HAVE! :			

Buyer's Needs Interview Agenda

1. Agency Disclosure – Legal & Ethical Duty
2. Working With Another Agent? Signed a Buyer Agency Agreement?
3. Contact Information – Name(s), Address, Phone, E-mail, Fax.
4. Price Range – Down payment (amount/ source), financial institution, mortgage broker etc.
5. Disclosure of Extra Costs – LTT, moving, legal, survey, etc.
6. Desired Area(s).
7. Buyer's Needs Questionnaire – Wants, Must Haves, "Must-Not-Haves"
 8. How the MLS System Works
 9. Current Market Conditions
 10. Availability For Showings
 11. Review Agreement of Purchase & Sale Form
 12. Property Inspection Condition
 13. Condition on Financing
 14. Condition on Property Insurance
 15. Home Warranty & Closing Insurance Policies
 16. Benefits of Client Status
 17. Service Guarantee
 18. Buyer Agency Agreement



Thank you for choosing to work with me. I promise to do a great job for you and your family, by making this an educational, comprehensive, fun and lucrative process.

- Stephanie Pinet