



# *Buyer's Guide*

#WelcomeHome

**SOLID ROCK**  
— REALTY —   
BROKERAGE



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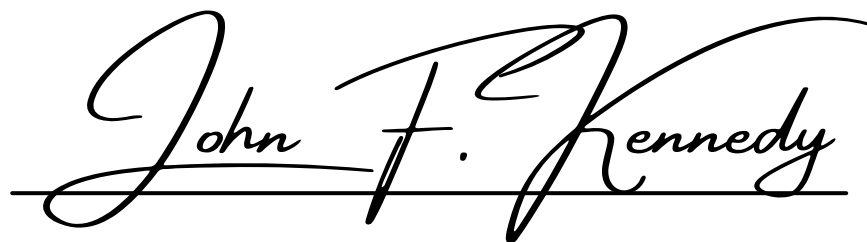


<http://ottawa-homes-for-sale.ca/>

You are about to embark on the exciting journey of finding your ideal home. Whether it is your first home or your tenth home, a retirement home, or an investment property, I will make the process fun and exciting. I can help you find your ideal home with the least amount of hassle, and I am devoted to using my expertise and the full resources of my Office to achieve these results!

Purchasing a home is a very important decision and a big undertaking in your life. In fact, most people only choose a few homes in their lifetime. I am going to make sure that you are well equipped and armed with up-to-date information for your big decision. I will be guiding you through every phase of the home-buying process. This package gives you helpful information during and after your transaction. Use its reference pages, note pages and agency explanations, as an invaluable guide on your home-buying journey.

So let's get started together! I look forward to meeting your real estate needs every step of the way!

A handwritten signature in black ink that reads "John F. Kennedy". The signature is written in a cursive style with a horizontal line underneath the text.

REALTOR®





# Why use a Realtor®?

As a licensed real estate professional I provide much more than the service of helping you find your ideal home. Realtors® are expert negotiators with other agents and superb navigators around the local neighbourhood. They are members of the Canadian Real Estate Association (CREA) and must abide by a Code of Ethics and Standards of Practice enforced by RECO (The Real Estate Council of Ontario). A professional REALTOR® is your best resource when buying your home.

**And the best thing about me as your REALTOR® is that all this help normally won't cost you a cent. Generally, the seller pays the commission to the REALTOR®.**





## 01 REPRESENTATION

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# Representation

01

## **Seller's Representation (Single Agency)**

The Agent will represent the best interest of the Seller owing them fiduciary duties. They must give the buyer all material facts so that the buyer can make an educated decision.

## **Buyer's Representation (Single Agency)**

The Agent represents the best interest of the buyer owing them fiduciary duties. They must give the buyer all material facts so that the buyer can make an educated decision.

## **Multiple Representation (Dual Agency)**

The Agent represent both the Seller and Buyer equally giving them both all their options. The Agent's pbjective is to get a mutually satisfactory agreement among all parties.







## MARKET CONDITIONS

### **Buyer's Market:**

When the market is considered a buyer's market, the prices tend to drop giving you more time to search for the right home for you. There is a high inventory of homes that usually stay on the market for longer.

### **Seller's Market:**

In a seller's market, the number of buyer's wanting homes exceed the supply of number of homes on the market. This is when the prices rise and homes sell quickly. There are less options than a buyer's market and conditional offers may be rejected.

### **Balanced Market:**

A balanced market is when the number of homes on the market is equal to the demand or number of buyers. The prices are generally stable and Seller accept reasonable offers. It allows for a more relaxed atmosphere and there are on an average number of homes available to choose from.



# RENTING

## PROS

- Less maintenance and repairs
- Lower monthly and upfront Costs
- Shorter-term commitment, making it easier to move to a new home, neighbourhood or city
- Protection from decrease in property
- Possibility to free up cash to investor to save up cash to invest or to save a larger down payment for a home

## CONS

- Monthly payments may increase year after year
- The risk that your lease won't be renewed
- You are paying someone else's mortgage rather than building equity of your own
- You can't paint or remodel without the landlord's permission





# BUYING

## PROS

- Freedom to renovate or modify your home as you wish
- You are building up equity in a safe, secure investment as you pay down for your mortgage
- Potential for rental income if you include a secondary suite
- Stability and peace of mind that comes from being in control of your investment and owning the place where you live

## CONS

- The risk of financial loss if your home has lost value when you sell
- Responsibility for all ongoing costs including mortgage principle and interest, property taxes, insurance and maintenance
- Monthly payments can increase significantly if interest
- Possibility of unexpected and potentially costly repairs



# HOME BUYING PROCESS

When buying a home, it is important to find a Realtor you trust. This will be the first step towards finding your new home. You then need to obtain financial pre-qualification and pre-approval. Once that is done, you may start looking into properties. When you find a property you love, make an offer to purchase. If applicable, you may need to negotiate the counter offer.



You can then choose to accept the agreement and submit a deposit or reject it. If you choose to accept, your mortgage will be sent for approval. Once that it is approved, remove the conditions, select a lawyer to represent you. They will then preform a title search. The property will then be closed and you are now ready to move into your new home!



## Money upfront

- Deposit with offer
- Inspection fees
- Appraisal



# HOME BUYING PROCESS



Find a Real Estate Agent you can trust

Analyze your needs in a consultation

Obtain financial pre-qualification and pre approval

Select properties

View properties

Write an offer for purchase

Negotiate and counter offer



Close on the property and move into your new home!

Lawyer preforms title search

Select Lawyer to represent you

Remove Conditions Sold to you!!

Mortgage approval

Secure underwriting of mortgage approval

Mortgage sent for full Approval

Inspections/ fulfill other conditions

Accept the agreement and submit deposit

Reject the agreement

# FINANCING

## Loan Application Checklist

### General

- Payment to cover application fee.
- Picture ID with Social Insurance Number
- Name and complete address of all landlords (past 2 years).

### Income

- Employment history, including names, addresses, phone numbers, and length of time with that company (past 2 years).
- Copies of your most recent pay stubs and T-4 form (past 2 years).
- Verification of other income (social security, child support, retirement).
- If you are self-employed: Copies of signed tax returns including all schedules (past 2 years), and a signed profit and loss statement of the current year.
- If you are retired: Tax returns (past 2 years).
- If you have rental property income: Copies of all lease agreements.





# FINANCING

## Assets

- Copies of all bank statements from checking/savings accounts (past 3 months).
- Copies of all stock/bond certificates and/or past statements/retirement accounts.
- Prepare a list of household items and their values.
- Copies of title documents for all automobiles, boats, or motorcycles.
- Face amount, monthly premiums, and cash values of all life insurance policies (Cash value may be used for closing costs or down payments. You need documentation from the carrier indicating cash value).

## Creditors

- Credit cards (account numbers, current balances, and monthly payments).
- Installment loans (car, student, etc.) Same details as for credit cards.
- Childcare expense/support (name, address, phone number).
- Mortgage loans (property address, lender with address, account numbers monthly payment and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale of properties sold.

## Other

- Bankruptcy – bring discharge and schedule of creditors.
- Adverse credit – bring letters of explanation.
- Divorce – bring your Divorce Decrees, property settlements, quitclaim deed modifications, etc.
- Retirees – bring retirement and/or Social Security Award Letter.

# 05 FINANCING

## How much home can you afford?

It is important to find out how much you can afford to spend before you start looking for a new home. One of your biggest expenses will be your mortgage but there are other costs to be aware of.

These calculations will help you prepare for when you meet with your Broker or lender. It will clarify your current financial picture and help you figure out what you can afford.

## How much are you currently spending?

First make a calculation of what you spend on a monthly basis. Here are some examples.

### Household expenses

- Groceries
- Tuition
- Clothing
- Gifts
- Housing maintenance
- Child care

### Loans and debts

- Credit Cards
- Car loans
- Personal loans
- Lines of credit
- Student loans
- Mortgages for properties already owned

### Entertainment expenses

- Dining out
- Events
- Hobbies
- Travel

### Savings and donations

- RRSP
- TFSA
- Savings account



# 05 FINANCING

## Calculations 2:

Calculate how much you can afford to spend on housing each month without putting your financial health at risk. These two simple rules will show you what you can afford to pay for a home.

### Affordability rule 1

Your monthly housing cost should be no more than 32% of your average gross (before tax) monthly income.

### Affordability rule 2

General monthly debt load should be no more than 40% of your average gross (Before tax) monthly income.

#### Housing costs include:

- Your monthly mortgage payment
- Property taxes
- Heating expenses
- 50% condo fees (if applicable)
- 50% of homeowners association fees (If applicable)
- 100% of the site rent for leasehold tenure (If applicable)

#### Your monthly debt load includes:

- Housing costs (amount calculated in rule 1)
- Car loans or leases
- Credit card payments
- Line of credit payments
- Other mortgage payments

## Calculation 3:

### Figuring out Upfront Costs

Figure out how much you need to save to cover the upfront costs of buying a home. Have you saved enough to pay the following expenses?

- Down payment- part of the home price payed when you make an offer to purchase
- Home inspection and appraisal fees
- Insurance cost ( property insurance, mortgage loan insurance,etc
- Land registration fee
- Prepaid property taxes and utility bills
- Legal or notary fees
- Potential repairs or renovations
- Moving Costs
- GST/HST/QST on the purchase price  
(for newly built homes\_ or on the mortgage loan insurance (if appilcable)



# 05 FINANCING

## What will your budget look like as a homeowner?

Now that you have gone through the first steps of planning a budget for your future home. Make sure you include every expense. More is better than less.

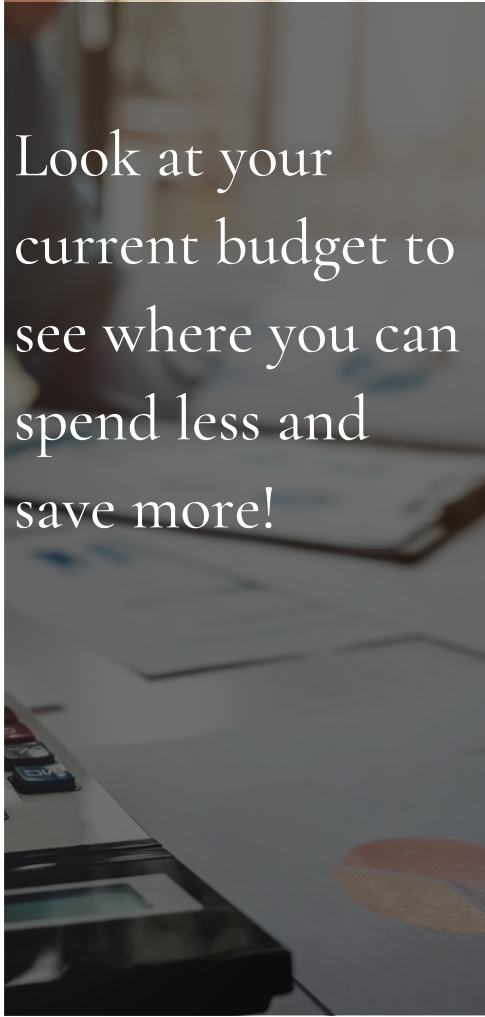


# What's Next?

Once you know you can afford your new home, you are now ready to move on to step 3.



Meet with a credit counsellor or your lender and make plans to improve your current financial situation



Look at your current budget to see where you can spend less and save more!

Pay off loans and/or other debts

Lower your price range for your home

Save for a few more years and set a bigger down payment



## Step 3

# Financing your new home

The next step is to meet with your mortgage lender or Broker to discuss financing options and confirm you are ready to do so. They will discuss interest rates and ensure that you will be approved for a mortgage once you find your new home.

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### Get pre-approved

Before you start looking for a home, the best way to do it is to be pre-approved for a mortgage


A pre-approved mortgage will help you understand what you can afford, what your monthly payments will look like and the interest rate of those payments.

### What you should know about a mortgage

Your total monthly PITI and all debts (from installments to revolving charge accounts) should range between 33-38% of your gross monthly income. These key factors determine your ability to secure a home loan: Credit Report, Assets, Income, and Property Value.

# Remember to bring these!

When going to meet with your lender or mortgage broker, bring this information to help them determine whether you qualify for a mortgage.

- Contact information for your employer and your employment history
  - Proof of address and your address history
  - Government-Issued ID with your current address
  - Proof of income for your mortgage application
  - Proof of down payment
  - Proof of savings and investments
  - Details of current debts and other financial obligations
- 



## Step 4

# FINANCING

# Finding the right home

Now that you have looked into the financing and mortgage options, it is time to start thinking about the kind of home you want to buy.

## What do you want or need in a home?

Make a list of your requirements and preferences considering these factors on your list.



### Location

Are you thinking of living in the city or a quieter area?



### Size

Do you have a family? Are you planning or retiring soon? Do you have teenagers leaving soon?



### Special Features

Is a swimming pool or air conditioner on your list? Do your family members have allergies to certain environmental factors? Will you need to adapt to changes as you age?



### Lifestyle

Are you planning on having children? Are there any schools nearby? What services are provided near the home?

# Homebuying or homebuilding?

## New home

Is the home fully built and ready to move-in or is there still construction to be completed? If the move-in date is pushed back, how will that effect your plans and finances?



## Previously owned

Look at the condition of the home. Are there any major repairs or renovations needed in the short, medium or long-term? If so, are you able to add that cost onto your mortgage?



## Building your own

Building your home is a great way to get the exact size, style, features and quality you want.



# 05 FINANCING

## Working with Home Builders

When working with Home Builders, it is always best to be as aware of everything as possible.

Here are some questions to ask during the home building process.

In what areas have you built?

What type of warranty program do you offer?

What are your fees for building a home (fixed price, costs plus management fee)?

How do you charge for extras?

Who will I be dealing with during construction?

How often will we be updated on the progress of the home?

How often, during the week, are you at the job site?

Will that person have the authority to make final decisions?



## Step 5

# Making an offer and closing the deal

Congratulations! You now have a financing plan and been approved for a mortgage. Now it's time to make an offer and close the deal!

## Submitting an offer

- Your legal name, the name of the seller and the address of the property
- The purchase price ( your offer)
- The amount of your deposit
- Any extra items you want to include in the purchase ( Window coverings or appliances)
- The closing date ( The date you want to take possession of the home. Usually 30 to 60 days after the agreement is signed)
- A request for current land survey of the property
- Any other conditions that must be met such as a satisfactory home inspection or lender approval of your financing

# Moving Checklist

## Two months before moving

- Sort through your belongings to reduce the number of things to move.
- Have a garage sale or donate items you no longer need.
- Decide whether to move yourself or hire professionals. Make reservations with a moving company or truck rental company. Tip: Call three companies for estimates to compare.
- Gather packing supplies: boxes, packing material, tape, felt markers, and scissors.
- Purchase insurance coverage for valuables to be moved.
- If you're moving a long distance, make travel arrangements with the airline, hotel, and rental car agency. If you're driving to your new home, get maps and plan your travel route.

## One Month before moving

- Start packing items that aren't regularly used such as off-season clothes and decorations and items in storage areas (garage, attic, and closets).
- Make travel arrangements for your pets.
- If you're driving, have your car tuned up.
- Get medical records from your doctors, dentist, optometrist, and veterinarian. (if changing provinces)
- Send items (rugs, drapes, clothing, quilts, bedding) to the cleaners.
- Back up important computer files!.

## Two weeks before moving

- Contact your utility companies and notify them of your move.
- Sign up for services at your new address.
- Contact your long distance phone company and notify them of your move.
- Call friends and family and recruit help for the moving day.
- Confirm your travel reservations.
- Arrange to close or transfer your bank account, if appropriate. Pick up items in your safety deposit box.

## One week before moving

- Pick up items from the cleaners, repair shops, or friends.
- Pack a survival kit of clothes, medicines, special foods, etc. to carry you through the day while you unpack.
- Finish packing all boxes except what you'll need in the final week.  
Inform the post office of your upcoming move.
- Banks, insurance companies, credit card companies, and other financial institutions
- Magazines and newspapers  
Doctors, lawyers, accountants, agents, and other service providers
- State and federal tax authorities and any other government agencies as needed
- Workplace, schools, and alma maters





# The day before

- Set aside moving materials, such as tape measure, pocketknife, and rope.
- Pad corners and stairways of the house.
- Lay down old sheets in the entry and hallways to protect floor coverings.
- Remove hanging fixtures.
- If you are moving yourself, pick up the rental truck and a dolly to move heavy boxes.
- If you are driving, check oil, tire pressure, and gas in your car.
- If you are flying, make sure you have tickets, charge cards and other essentials.

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