

The Knowledge Resource for First-Time Home Buyers



Your Real Estate Professional Is the Best Guide

Save Time, Money, and Frustration

The Keys to Homeownership

Unlock the Canadian Dream

Is Buying the Right Choice?

Advantages of Owning a Home

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Checklist

Here is a list of what you can expect from your professional:

Your professional should understand your price range and type of house you are interested in before he or she starts showing you houses.

Your professional can provide you with the facts you need to make your own purchase decisions.

Your professional can act as a knowledgeable representative when you make an offer and negotiate the price.

Your professional should be able to advise you on obtaining financing for your home.



Your Real Estate Professional Is the Best Guide

A good professional knows the housing market inside and out and will help you avoid a wild goose chase. He or she can help you purchase a home whether it is his or her own listing or listed by another professional or is being sold by the owner directly. Your professional may be aware of homes that are available through sources that you wouldn't be able to find on your own. These professionals also know home prices and can advise you on the value of specific homes.

Most importantly, a real estate professional will guide you through the complex process of buying a home. The maze of financial options, legal documents, disclosure requirements, inspections and a host of other details are simplified by the use of an experienced specialist.

In addition, professionals are often your best source for general information about a community; specific information about schools, churches, stores; and tips on house inspectors and comparable prices. Perhaps you're wondering how much a professional is going to charge you for all this help. Well, the good news is that normally it won't cost you a cent.

Professionals receive payment by a commission that the seller pays. However, that does not affect the dedication or the spirit of teamwork that your professional will put into helping you find and buy the home of your dreams. After all, his or her success depends on your success.

How to find your new home faster. Be specific.

- Tell your professional what you can afford.
- Let your professional know exactly what you are looking for in a house.
- Be as specific as possible at all times with your professional so he or she can better serve your needs.



The Keys To Homeownership

Welcome to your first home-buying experience. Within these pages, you will find basic information that will help you begin the home-buying process and make your experience more rewarding.

Before you start looking for a home

- Determine the kind of home you want, need
- Determine what you can afford
- Apply for a home loan
- Get mortgage pre-approval
- Understand your mortgage options

You are ready to start looking

- How to look for a home
- Home buyer's checklist
- How a real estate professional can help

Now that you have found your home

- Make an offer
- The home inspection
- Homeowner's insurance
- Determine closing costs
- The closing
- Keep paperwork organized



Is Buying the Right Choice? Advantages of Owning a Home

In spite of the risks and responsibilities, millions of people enjoy the rewards of homeownership. There are many reasons to take this significant step.

A home is a sound long-term investment.

When you carefully choose a home you can afford, the potential payoff is great. Each month when you pay your mortgage, you are building equity by reducing the amount that you owe your lender. The longer you stay in your house, the more equity you will have. Unlike most things you buy, a home will generally increase in value as time passes, building more equity. Remember, however, there is no guarantee that your home's value will appreciate.

Homeownership offers great tax advantages.

One is that the profit or capital gain made on the sale of your principal residence is tax free. Seek professional tax advice to help you protect and optimize tax benefits.

A first home often leads to a better second home.

As you build up equity in your current home, it is usually easier to move up to an even nicer home in the future.

You are better able to plan your housing costs.

Rent increases are unpredictable and usually beyond your control. One thing is certain: over time, rent will increase, while the cost of homeownership is much more predictable.

You gain the satisfaction and security of ownership.

You can decorate and improve your home according to your own needs and desires. Owning a home may give you a new sense of pride in your surroundings and encourage you and your family to plant deeper roots in your community.

Tired of Renting? Need Tax Advantages?

Buy Now! What a difference an advantage makes.

Are tax-free capital gains on the sale of a principal residence a significant advantage? Consider a statement by P.J. Wade in *Realty Times*: “With real estate selling for thousands and even hundreds of thousands over the original purchase price, many Canadians have a lot of tax-free profit to celebrate.”

First-time home buyers, as well those in the trade-up market, might want to discuss this advantage with their real estate professional when buying.

See the CRA guidelines presented here for what qualifies as a “principal residence.”

CRA GUIDELINES

How does a property qualify?

According to the CRA (Canada Revenue Agency), property qualifies as your principal residence for any year if it meets the following four conditions:

- it is a housing unit, a leasehold interest in a housing unit, or a share of the capital stock of a cooperative housing corporation you acquire only to get the right to inhabit a housing unit owned by that corporation;
- you own the property alone or jointly with another person;
- you, your current or former spouse or common-law partner, or any of your children lived in it at some time during the year; and
- you designate the property as your principal residence.

The land on which your home is located can be part of your principal residence.

The Rent You Pay ... Could Build Equity in Your Own Real Estate

Per Month	10 Years	15 Years	20 Years	25 Years	30 Years
\$300	\$61,453	\$124,341	\$227,811	\$398,050	\$678,146
350	71,696	145,065	265,779	464,392	797,171
400	81,398	165,788	303,748	530,733	904,195
450	92,180	186,511	341,116	597,075	1,017,220
500	102,422	207,235	379,684	663,417	1,130,244
550	112,665	227,959	417,652	729,758	1,243,268
600	122,907	248,682	455,621	798,100	1,356,293
650	133,149	269,405	493,590	862,442	1,469,317
700	143,391	290,129	531,558	928,783	1,582,341
750	153,634	310,853	569,527	995,125	1,695,366
800	163,576	331,576	607,495	1,061,467	1,808,390
850	174,118	352,280	645,464	1,127,808	1,921,415
900	184,360	373,023	683,432	1,194,150	2,034,439
1000	194,603	393,766	759,369	1,326,833	2,260,488

Do you realize how much you pay in rent over a period of years? In addition to the monthly payment, you should figure in the amount you would have accumulated had you invested your payments and earned 10 percent interest. This gives you a total picture of what is happening to your money. The rent you pay adds up to a sizeable sum.

Using this chart, find your per month rental payment to discover how much money you are “giving away” in rent and interest over 10, 15, 20 or 30 years ... money which could be used to build equity in your own real estate!



Before you start looking for a home . . .

What kind of home do you want? Need? Before you get out there and start looking at houses, it is a good idea to determine not only what you want in a house but also, more importantly, what you need. It focuses your house hunting and saves valuable time trudging through houses you would not dream of living in.

You can use the worksheet on page 10 to list your wants and needs, but first, here are some things to think about as you set your priorities:

Where do you want to live? Close to where you work? Close to your extended family, or as far from them as possible? Do you need schools? How important is it to be close to shopping, hospitals, entertainment, community amenities, and how about traffic? Looking for a house really starts with looking for a neighbourhood. Deciding where you want to live will save you a lot of time, and is key to narrowing your search.

How long do you expect to live in your first house? For instance, if you plan on living in your first home for only a few years and intend to move before you have children, proximity to schools may not be an issue, but resale value probably will be. On the other hand, if you plan on staying for ten years or more and having a family, schools and square footage will be priorities.

What do you not like about where you are currently living? Making a list of what you definitely do not want in a home will help you weed out houses without having to waste your valuable time looking at them.

It may seem obvious, but take a good look at your lifestyle. Do you entertain a lot? Then you will want a home that lends itself to that. Do you work from home? You will need a home with a place to create an office. Are you a gardener? Then lot size is a priority.

Keep these things in mind as you make your list of wants and needs. Remember, your list should be flexible in case you cannot find a home in your price range with all the amenities you want. It is a good idea to put the list in order of importance. For instance, an eat-in kitchen may be more important to you than a fireplace.

Home Buying: One Step at a Time And How I Can Help

- 1. Select a professional and establish a relationship**

I am a real estate professional with extensive market knowledge. We will work closely together to find the right home for you.
- 2. Initial consultation with your professional to evaluate your needs and resources**

Once I determine your needs, I will help you evaluate financial institutions and loan programs in order to make a wise choice. We will meet to discuss your needs and analyze your resources.
- 3. Identify property to buy**

I will show you homes based upon the criteria we establish. The more precise and direct you are, the more successful our search will be.
- 4. Determine seller's motivation**

Once you have found the home you wish to purchase, I will do the necessary research to help you structure an effective offer.
- 5. Write offer to purchase**

I will draft the purchase agreement for you, advising you on protective contingencies, customary practices, and local regulations. At this time, you will need to provide an "earnest money" deposit, usually from 1 to 3% of the purchase price (the deposit is not cashed until your offer has been accepted by the seller).
- 6. Offer presentation**

I will present your offer to the seller and the seller's representative. The seller has three options: he or she can accept your offer, counter your offer, or reject your offer. My personal knowledge of your needs and qualifications will enable me to represent you in the best way possible.
- 7. Seller's response**

I will review the seller's response with you. My negotiating skills and knowledge will benefit you in reaching a final agreement.
- 8. Arrange escrow**

When the purchase agreement is accepted and signed by all parties, I help you arrange the settlement agent and escrow account. At this time, your earnest money will be deposited. The settlement or escrow agent will receive, hold and disburse all funds associated with your transaction.



9. Contingency period

This is the time allowed per your purchase agreement to obtain financing, perform inspections, and satisfy any other contingencies to which your purchase is subject. Typical contingencies include:

- Approval of the seller's disclosure statement
- Approval of the preliminary report from the title company
- Loan approval, including an appraisal of the property
- Property inspection and certification

10. Homeowner's insurance

I will coordinate between your insurance and settlement agent to make sure your policy is in effect at the closing date.

11. Down payment funds

You will need to ensure that the funds are available. If need be, arrange a money transfer several days prior to the closing date.

12. Closing

When all conditions of the purchase agreement have been met, you will sign your loan documents and closing papers. You will deposit the balance of your down payment and closing costs with the settlement agent, and your lender will deposit the balance of the purchase price. The home will be registered in your name and you will take ownership of your home.

House Hunting Priorities Worksheet

APPROXIMATE PRICE RANGE:	
Minimum:	Maximum:
Minimum Number of Bedrooms:	
Minimum Number of Baths:	
Minimum Square Footage of Home:	
GENERAL HOME FEATURES:	
<input type="checkbox"/> Newer Home (0-5 yrs)	<input type="checkbox"/> Older Home (75+ yrs)
<input type="checkbox"/> Single Story	<input type="checkbox"/> Two or More Stories
<input type="checkbox"/> Cabin Style	
INTERIOR FEATURES:	
<input type="checkbox"/> Central Air	<input type="checkbox"/> Fireplace
<input type="checkbox"/> Bedroom on 1st Floor	<input type="checkbox"/> Bathroom on 1st Floor
<input type="checkbox"/> Family Room	<input type="checkbox"/> Breakfast Area
<input type="checkbox"/> Recreation Room	<input type="checkbox"/> Great Room
<input type="checkbox"/> Library/Study	<input type="checkbox"/> In-Law/Guest Suite
<input type="checkbox"/> Laundry Room	<input type="checkbox"/> Basement
<input type="checkbox"/> Finished Basement	
EXTERIOR FEATURES:	
<input type="checkbox"/> Swimming Pool	<input type="checkbox"/> Spa
<input type="checkbox"/> Tennis Court	<input type="checkbox"/> Patio or Deck
<input type="checkbox"/> 2 or More Car Garage	<input type="checkbox"/> Irrigation System
<input type="checkbox"/> Attached Parking Facilities	<input type="checkbox"/> Mature Planting
LOT FEATURES:	
<input type="checkbox"/> 1/2 or More Acres	<input type="checkbox"/> 1 or More Acres
<input type="checkbox"/> 2 or More Acres	<input type="checkbox"/> 5 or more Acres
<input type="checkbox"/> 10 or More Acres	<input type="checkbox"/> 20 or More Acres
<input type="checkbox"/> Waterfront Property	<input type="checkbox"/> Fenced Yard
COMMUNITY AMENITIES:	
<input type="checkbox"/> Swimming Pool	<input type="checkbox"/> Clubhouse
<input type="checkbox"/> Security Features	<input type="checkbox"/> Hospitals



How much home can you afford?

Few things are more frustrating than falling in love with a house only to discover it is not affordable. How do you know what you can afford? By knowing how much money you qualify to borrow. Use the following worksheet and your calculators to estimate your price range.

Your loan consultant will help determine exactly how much you can qualify for, but there are two things you will want to consider before applying with a lender.

How's Your Credit? Check your credit report. It contains your credit score, which is vital for qualifying for a loan. Order your credit report from the major credit bureaus, check them carefully for discrepancies and errors, and have each bureau clear them from your report.

Monthly Payment. Calculate how much of a monthly payment you are comfortable paying. You may qualify for a loan amount that would require a higher monthly payment than you would like to pay. Sit down and figure out your monthly expenses in a new home. Remember, with homeownership, you will incur financial responsibilities such as maintenance, improvements, taxes, insurance and possibly association fees.

The practices described herein may vary depending on province and municipality.
Not intended to solicit clients/customers who are currently under a Listing Agreement or Buyer Representation Agreement with another Brokerage.

Home Affordability Worksheet

It's important to determine things like your monthly payment, how much you can afford to borrow, how much house you can afford to buy and much more. Here's the type of information you'll need to have on hand.



LOAN TYPE YOU'RE CONSIDERING	
Down Payment	
Mortgage Term (in years)	
Monthly Payment Desired	
MONTHLY INCOME	
Wages Before Taxes or Deductions	
Investment Income Before Taxes	
Other Income	
EXISTING MONTHLY PAYMENTS	
Auto Loans	
Student Loans	
Credit Cards and Other Loans	
OTHER MONTHLY DEBT	
Alimony	
Child Support	
TAXES & INSURANCE YOU EXPECT TO PAY	
Yearly Property Tax	
Yearly Property Insurance	