Step – by – Step

Home Buyers Guide

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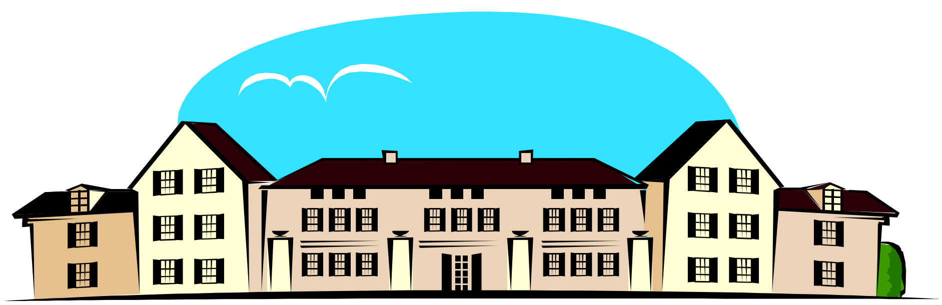
Using This Guide

This guide will walk you through the entire process and will help make buying a home an easy, stress free and exciting process. This guide will show you what you need to apply for a mortgage, how to go about finding a home, how to make an offer and what to plan for at closing. You'll be able to make informed decisions, get the right financing and find the right home for you and your family!



Whether it's your first time or you've gone through the process before, buying a home is one of the biggest purchasing decisions you can make in your life. It can be an exhilarating and overwhelming experience . There are a lot of preparation and details to take care of when looking for a home, making an offer and many costs to plan for at closing.

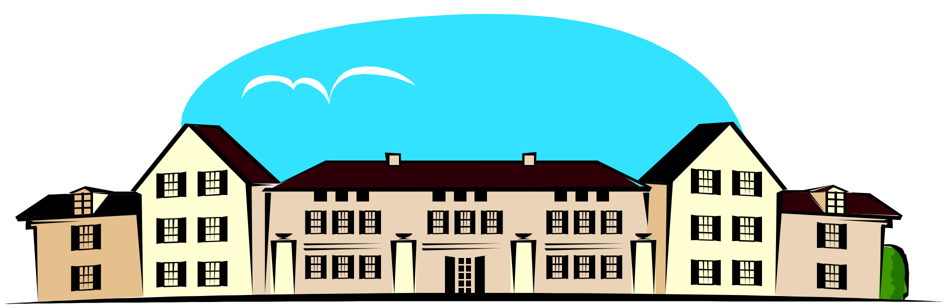
What's Inside

Make Sure You're Ready

Owing a home is exciting and has many advantages, but it's also a big commitment. There are a number of questions to ask yourself when determining whether you're ready. Here are a few things you may want to consider:

- Will you be able to afford the many financial costs of home ownership? In addition to everything else your current budget covers (groceries, clothes, entertainment etc.), you'll have to factor in the following costs:

✓ Mortgage
✓ Home Insurance
✓ Property Taxes
✓ House Repairs and Renovations
✓ Utilities
✓ Maintenance costs (lawn mower, snow blower etc.)



- Do you have stable employment, stable income or an emergency fund should something happen to limit your income?
- Do you have time for home maintenance?

If you answered yes to the above questions, you are well on your way for preparing yourself for home ownership.

Planning for a Mortgage

You can plan for a mortgage even before contacting a mortgage lender. There are two main measures lenders will use to determine the value of the mortgage they are willing to lend. You can use these measures yourself to estimate how much home you'll be able to afford.

Gross Debt Service Ratio (GDS)
Your GDS is the percentage of your gross income that goes towards paying housing costs. Costs include mortgage payments (including both the principal and interest), property taxes and heating costs. Your GDS shouldn't exceed 32%.

Let's say you and your partner have a gross monthly income of $8,800. You decide to purchase a house in town for $500,000. To calculate your monthly costs, let's take a look at an example.

- With a 10% down payment ($50,000).
- Your mortgage amount is $450,000.
- You get a fixed interest rate of 3.39% amortized over 25 years.
- You choose monthly payments

Your total monthly mortgage payments = $2,220.67

You would pay $100/month on heating, and the property taxes on your home are $3,728.83 yearly or $310.74/month. Your total housing costs would be

	$2,220.67 (Mortgage payments)
+	$ 100.00 (Heat costs
+	$ 310.74 (Monthly property taxes)
	$2631.41 total monthly housing costs

To calculate GDS, dived the monthly housing costs of 2631.41 by the total monthly gross income of $8,800 and multiply the answer by 100 to get your percentage.

Gross Debt Service (GDS) $\frac{\$2,631.41}{\$8,800.00} \times 100 = 30\%$

Your GDS is 30% and therefore under the max ratio of 32%

Total Debt Service (TDS) Ratio

Your TDS is the percentage of your monthly income that goes towards paying off debt. Debt includes the housing costs and any other debts the household may be incurring, such as car loans, student loans, credit card or line of credit payments, and so on. Your TDS shouldn't exceed 40%.

So assuming the following as your TDS, we already know your monthly gross income ($8,800) and your total monthly housing costs ($2,631.41). If you also have monthly credit card payments of $100, monthly student loan of $295, and a car payment of $400, your monthly debt load is $795. Your total household debt would be:

	$2,631.41	(Monthly housing cots)
+	$ 100.00	(Monthly credit card payment)
+	$ 295.00	(Monthly student loan payment)
+	$ 400.00	(Monthly car payment)
	$3,426.41	**Total monthly household debt**

To calculate TDS, we would divide the monthly household debt of $3,426.41 by the total monthly gross income of $8,800 and multiple the answer by 10 to get the percentage.

Total Debt Service (TDS)	$\frac{\$3,426.41}{\$8,800.00} \times 100 = 39\%$

Your TDS is 39%, below the 40% limit.

Based on these GDS and TDS examples, you would in principle be able to get a mortgage, although there are also other factors that lenders take into consideration, such as down payment, credit history and credit score.

Down Payment

How Much Down Do You Need?

The larger the down payment you're able to save the smaller the loan you'll need. This will allow you to get a better interest rate.

You will need at least a 20% down payment in order to qualify for a conventional mortgage. You can still get a mortgage if you have less than that, as long as you have at least a 5% down payment.

If your down payment is 5% or higher but under 20%, you will qualify for a high-ratio mortgage, meaning your loan value will be more that 80% of the price of your home. Lenders will require you to get mortgage insurance.

When you're saving up for buying a home, don't forget to set aside at least 4%, (depending on your situation) for closing costs.

What is Mortgage Loan Insurance?

Lenders require mortgage loan insurance if your down payment is under 20%. This protects themselves in case you default on your mortgage payments. Should you default, the insurance will cover the cost of your mortgage, with the lender being the beneficiary of the payout money.

To get mortgage insurance, you would pay an insurance premium, either as a lump sum or on a monthly basis. It usually gets added to your mortgage payments. The premium is a percentage of your total mortgage amount and will vary according to the size of your down payment. It typically ranges from 0.5% to 3%.

There are three mortgage loan insurance providers in Canada: the government-owned housing agency Canada Mortgage and Housing Corporation (CMHC), Genworth and Canada Guaranty.

Your Credit Score

Why It Matters

The better your credit score, the better the interest rate you will be able to get.
You should get a copy of your credit report before applying for a mortgage. Credit reports can sometimes include errors so before you speak to a lender, take the time to go over your report. If you find possible mistakes, contact the credit reporting agency to have your information corrected.

How to Find Out Your Credit Score

In Canada, there are two major credit-reporting agencies: Equifax Canada and TransUnion. You might have to pay a fee to get a copy of your credit report. It's a good idea to check your rating with both companies, as they don't necessarily include the same information and your rating might differ a little from one to the other.
Your credit score will be given as a number between 300 and 900. The higher the number, the better your score will be. High numbers indicate to the lender that you are less likely to default on your loan.

Curious to know how credit scores work? The Financial Consumer Agency of Canada has a detailed guide.

What to Do If You Have a Bad Credit Score

Bad credit is a pain for mortgage lenders and yourself. It can delay the home buying process for you but it can be overcome. Lenders might be more reluctant to give you a mortgage.
To offset it, you could try to make a bigger down payment to show you are capable of managing your money and to show that the risk for lenders isn't as big as your score might indicate. Whether the lender accepts this will depend on the lender and your circumstance.

If you need to get mortgage loan insurance, CMHC will also be less likely to insure you with bad credit. You could try with the other major providers, Genworth or Canada Guaranty.
If after having tried the above and you still can't get approved for a mortgage, here are some tips you can follow to improve your credit rating:

- Pay your bills on time
- If you have debt, make payments towards reducing it.
- If you can, pay off your credit cards in full every month
- Avoid reaching your credit card limits
- If you can't pay them off at least make the minimum monthly payments.
- Don't apply for more or new credit if you don't need it. Too many credit hits on your bureau are not a good sign for lenders.

Nothing can give a major boost to your rating overnight, and with following the tips mentioned above and practicing good financial management you should see an improvement in a few months.

What to Do If You Have No Credit History

If you have nor credit history at all, you will likely need to build it in order to show lenders that you can be trusted with a loan. An easy way to do this is to get a credit card, either through a bank or through a department store. Using it a little and paying it off in full each month will help you build good credit.

Government Programs and Tax Credits for Home Buyers

Houses aren't small investments and it makes sense to get all the help you can get! There are a number of federal programs and tax credits designed to help home buyers with their purchases.

CMHC Green Home Program

If you get mortgage loan insurance through CMHC for the purchase of an energy-efficient home or to make energy-saving renovations to the home you're purchasing, you can get a 10% refund on the mortgage insurance premium.

Check the CMHC website at www.cmhc.ca for details and eligibility.

First Time Home Buyers' Tax Credit (HBTC)

The HBTC is an income tax credit for those buying a home for the first time. The amount of credit you can get is equal to the lowest personal income tax rate (15%) multiplied by $5,000. So you can get an income tax credit of up to $750.

See the Canada Revenue Agency Website for eligibility criteria.

GST/HST New Housing Rebate

The GST/HST Rebate reduces the GST or the federal part of the HST from 5% to 3.5% for homes below $350,000. You can still get a rebate for homes priced in excess of $350,000 up to $450,000, though it will be less, depending on the exact value of your home

See the Canada Revenue Agency Website for eligibility criteria.

RRSP Home Buyers' Plan (HBP)

The HBP is a way to help you finance the down payment for your first home. IT allows you to withdraw up to $25,000 (or ($50,000 for a couple) from your Registered Retirement Savings Plan (RRSP). If that amount helps you make a 20% down payment, it will help you avoid mortgage insurance premiums. You should consider the HBP gives you 15 years to repay the withdrawn amount in full, and you must pay back at least 1/15 of the amount you withdraw each year.

Who is Eligible?

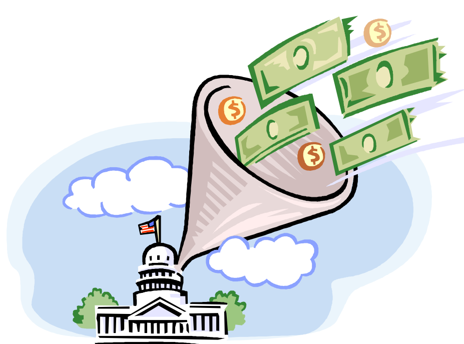
- You must be a first time home buyer
- You must withdraw o more than $25,000.00
- You must have a written agreement to buy or build a home.
- You must occupy the home within one year of buying or building it.
- You must receive all withdrawals in the same year
- You must be a resident of Canada

Quick Numbers

- All withdrawals must be repaid within 15 years.
- You must restart repayment in second year following the year in which you made your withdrawal.
- When repaying, make your contribution in the year the next payment is due or in the first 60 days of the next year.

Other Programs

You may be eligible for other programs or tax credits. Check with your provincial and municipal regulations as well as your accountant, and or financial planner.



Understanding Mortgages

Getting Pre-Approved

Once you've figured you have saved up enough, you're ready to go to the bank. Getting pre-approved for a mortgage is a good idea for a number of reasons:

- You'll have a clearer idea of how much you'll be able to afford and how much you'll have to pay monthly towards your mortgage.
- It will be an advantage when you make an offer, as sellers will know that you're serious about buying a home. This is also helpful when the house you are interested in receives, several offers.
- If you get a fixed mortgage, the rate could be guaranteed for a number of days. The days will vary according to the lender.

Getting pre-approved for a mortgage does not guarantee that you will be approved for a mortgage loan. A number of factors could lead a lender to reject your mortgage application despite pre-approving you, such as if you acquired more debt or lost your job since getting pre-approved. The lender could also reject your application if the home is valued at less than you paid for it.

It's important to know how much you can reasonably afford before you start looking.

Bank vs. Mortgage Broker

Banks are institutions that offer a range of financial services, including personal banking, credit card and loan services. If you get your mortgage from your banking institution, you can consolidate your loans and maybe even negotiate better rates.

Understanding Mortgages

Mortgage brokers are independent from banks and do not themselves offer mortgages, but they can take charge of finding you the best possible lender given your situation. They can negotiate a better interest rate on your behalf. They can also sometimes get volume discounts if they can sign up a certain number of people with a given lender. These discounts then get passed on to you. Mortgage brokers sometimes take a fee for these services.

When you use the services of a mortgage broker to shop for a mortgage, the mortgage broker only does one credit check on you regardless of how many financial institutions he or she evaluates to find the best mortgage to suit your needs. If you go from bank to bank yourself, each bank will be doing it's own credit check. The number of credit checks performed on your credit history can negatively impact your credit score.

Negotiating a Better Mortgage

To get the best possible mortgage here are a few tips to keep in mind:

- Make your application sound as appealing as possible. Do you have a bigger down payment? Is your job stable? Are your GDS and TDS well below the maximum allowable limits? Do you have a stellar credit rating? Emphasize that and show the lender what a great customer you would be.
- Shop around. If you find a lower rate somewhere else, see if your lender will match it.
- See if you can get any of the mortgage fees reduced, such as processing fees, appraisal fees and legal fees for mortgage registration.

Understanding Mortgages

- Consider accepting a slightly higher rate in exchange for more flexibility in your mortgage terms, such as prepayments or financing. Assess your needs and decide which would benefit you most the long term.

Your Mortgage Options

There are different types of mortgages to choose from. Understanding the difference between them can help you choose the right one.

Fixed Rate vs. Variable Rate Mortgage

- **Fixed Rate Mortgage:** You agree on an interest rate with your lender and the rate gets locked in for the term of the mortgage. You won't pay off more if interest rates go up, but you also won't pay less if they go down.
- **Variable Rate Mortgage:** Your interest rate is the current rate. At specified intervals, your interest rate may change to reflect the current rate. In that case, your monthly payments do not change, but if the interest rate rises, less of your payment goes towards the principal and more goes towards the interest. If the interest rate falls, more of your payment goes towards the principal and less towards the interest.

Conventional Mortgage vs. High Ratio Mortgage

- **Conventional Mortgage:** A mortgage loan values at a maximum of 80% of the home price (meaning you've made at lease a 20% down payment)
- **High Ratio Mortgage:** A mortgage in which the loan finances more than 80% of the home cost, up to 95%. The buyer is required to get mortgage loan insurance for high ratio mortgages.

Understanding Mortgages

Closed Mortgages vs. Open Mortgages vs. Convertible Mortgages

- **Closed Mortgage:** You get a lower interest rate than with an open mortgage, but you can't make prepayments, renegotiate or refinance your mortgage (or you might have to pay a penalty)

- **Open Mortgage:** A mortgage that allows you to make the prepayments or refinance your home without penalty. It affords you more flexibility if you anticipate being able to pay off part or all of the loan early, but it comes with a higher interest rate.

- **Convertible Mortgage:** A mortgage that allows you to move into a closed term or fixed rate mortgage at any time without penalty.

Mortgage Terms and Features:

Amortization Period: The time to pay off your entire mortgage. High ratio mortgages are now limited to 25 year amortization periods. Conventional mortgages by some financial institutions may still offer up to 40 years depending on the situation and consumer.

Mortgage Term: The period of time during which you are locked in to the existing conditions, interest rate and terms of your mortgage. After this period of time, you can renew your mortgage, refinance it, move it to a new lender or pay it off. Mortgage terms can be as much as 10 years or as little as less than a year.

Portability: Having the option to port your mortgage means that if you move, you can transfer your existing mortgage to the new home without penalty. You would keep the same interest rate and terms.

Understanding Mortgages

Payment Frequency: You can choose from 6 payment schedules: monthly, semi-monthly, bi-weekly, weekly, accelerated bi-weekly, accelerated weekly. With accelerated payments, you still make the same number of payments in a year, but each payment is slightly larger. The extra amount you pay with accelerated payments goes towards your principal and over the course of the year equals one month's payment. This reduces the time it takes you to pay off your mortgage and can very much reduce the amount of interest you pay over the life of your mortgage.

Prepayments: If you choose a closed mortgage, there will be terms that specify the dollar amount of payments and the number of payments you can make on top of your monthly payments (if any) without having to pay a penalty charge. You can either make monthly prepayments or a lump sum prepayment towards your mortgage.

Calculating Mortgage Payments

How much will your monthly mortgage payments be?
Multiply principal amount of your mortgage (in thousands) by monthly payment factor in appropriate amortization period, opposite your mortgage interest rate.
For a mortgage amount of $100,000 amortized over 20 years, at a interest rate of 4.75%, the mortgage payment per month, would e calculated as follows:

$100,000.00 = 100 x 6.43 = 643.00/month

Interest Rate %	10 YEARS	15 YEARS	20 YEARS	25 YEARS
2.00	9.20	6.44	5.06	4.24
2.25	9.31	6.55	5.18	4.36
2.50	9.43	6.67	5.30	4.49
2.75	9.54	6.79	5.42	4.61
3.00	9.66	6.91	5.67	4.87
3.25	9.77	7.03	5.67	4.87
3.50	9.89	7.15	5.80	5.01
3.75	10.01	7.27	5.93	5.14
4.00	10.11	7.38	6.04	5.26
4.25	10.22	7.50	6.17	5.39
4.50	10.34	7.62	6.30	5.53
4.75	10.46	7.75	6.43	5.67
5.00	10.58	7.88	6.57	5.82
5.25	10.70	8.01	6.71	5.96
5.50	10.82	8.14	6.84	6.10
5.75	10.94	8.27	6.98	6.25
6.00	11.07	8.40	7.12	6.40
6.25	11.19	8.53	7.26	6.55
6.50	11.31	8.66	7.41	6.70
6.75	11.43	8.80	7.55	6.85
7.00	11.56	8.93	7.69	7.00
7.25	11.68	9.07	7.84	7.16
7.50	11.81	9.21	7.99	7.32
7.75	11.94	9.34	8.13	7.47
8.00	12.06	9.48	8.28	7.63

Insuring Your Home

There are a few types of insurance that you can get to protect your property or to protect your family against mortgage payments in case something happens to you.

Mortgage Loan Insurance: The insurance you are required to get for high-ratio mortgages. It protects the lender against the risk of you defaulting on your mortgage payments. Should you be unable to meet the terms of your mortgage, the lender will receive a payment from the insurance provider.

Mortgage Life Insurance: Mortgage life insurance would cover you should you be unable to meet the terms of your mortgage. With this type of insurance, if something were to happen to you, the insurance would pay off the remaining amount of your mortgage. The premium you would pay is calculated over the life of the mortgage and would remain the same until the end of the mortgage. As your mortgage decreases, the payout you could receive also decreases.

Life Insurance: Mortgage life insurance is not the same as traditional life insurance. Life insurance can financially protect your loved ones if something happens to you. Rather than protecting your loved ones solely against the value of the mortgage, it replaces your income over a period of time for them.

Home or Property Insurance: Property insurance covers damages to your home. Mortgage lenders will insist you get home insurance, as your home is the collateral against your mortgage.

Choosing a Lawyer

Your home purchase will require the services of a professional to handle the legal aspects of your purchase and mortgage financing. The lawyer will act on behalf of both you and your mortgage lender to "close" the real estate and mortgage transactions. Look for an experienced solicitor who practices primarily in the real estate field, as he or she will be knowledgeable about title, boundary definitions, planning by-laws, and subdivision regulations. A lawyer can spot such issues and protect your interests, including anything that is important to you which you wish to remain private and confidential and which need not be shared with other parties to the real estate transaction.

The lawyer will search the title, order the survey and tax information, look for liens, advise you on any restrictions which would greatly affect the enjoyment of the property and generally oversee most aspects of your purchase. Most lawyers live and work in the same community.

What is a Home Inspection

In all of the emotions and excitement, it’s sometimes easy to overlook major deficiencies in the home. A home inspector will inspect the structure and the major systems of the house and give you their professional opinion of it’s condition and any recommendations.

Many people have some knowledge about house systems, but few have a broad range of knowledge, expertise and diagnostic skills of a professional home inspector. It’s best to have a professional do the inspection for you as an inspector will not be emotionally attached to the home.

I would be more than happy to recommend a reputable, qualified home inspector to ensure all your systems (plumbing, electrical, roof, decking and structures) are all up to code. The inspector will take a closer look through their thermal imaging at walls, ceilings, floors and windows to see if there any signs past or present of water penetration. The inspector will go over any questions you may have as to how the mechanical systems, or how any of the features and inclusions of the home work.
The inspection usually takes 3 hours and its very beneficial for you to attend.

What is Title Insurance

Title Insurance is your legal ownership of your property. Title gets transferred to you when you purchase a home. Title insurance protects you in case there are issues with the title that could make your ownership unclear, such as:

- Existing liens (unpaid debts against the house from the previous owners , for reno's done or hydro and tax bills)

- Encroachment issues (something on your property is also partly on your neighbours property, could be a building, could be eaves trough overhang)

- Fraud (if someone steals your identity and then sells your house or remortgages your house to get the money)

- Permits that were unknown to you and never closed prior to your purchasing (previous owner built a deck but never got the approval, you bought the home with the deck, but when you decided to sell , the unopened permit arose)

- Any other title issues that puts your ownership in question or can hamper your ability to sell your property.

Land Transfer Tax

Land transfer tax is assessed on a property when a deed is registered transferring ownership of the property from one party to another. The tax uses a sliding scale of percentages based on property value.

Calculation

Currently, the land transfer tax in Ontario is as follows:
0.5% on the first $55,000
1.0% on the portion between $55,000 and $250,000
1.5% on the balance over $250,000

Calculation example:

A single family home purchased for $450,000, will require the following payment for Land Transfer Tax:

$0-$55,000	.005 x $55,000	= 275.00
$55,000 - $250,000	.01 x $195,000	=1,950.00
$250,000 - $400,000	.015 x $150,000	=2,250.00
$400,000 plus	(.015+.005) x $50,000	=1,000.00

Total Land Transfer Tax Payable:	**$5,475.00**

Why is the Assessment Value Different from the Listing Price

To establish your property's assessed value, MPAC analyzes property sales in your community.
In addition to sales, MPAC looks at the key features of every property. As many as 200 factors are considered when assessing the value of a residential property.

Five major factors usually account for 85% of the value:
location
lot dimensions
living area
age of the property, adjusted for any major renovations or additions and
quality of construction

Other features that may affect value include: number of bathrooms, fireplaces, garages, pools, whether properties have water frontage, and so on.

REALTORS® are often asked why the assessed value of their home that appears on their municipal property tax notice is frequently different from the property value determined by a REALTOR®.

When a REALTOR® determines your property value, they scrutinize the most recent comparable market analysis data for homes sold in your neighbourhood using the MLS®. They then examine both the exterior and the interior of your property in detail, noting renovations, views, landscaping, architectural styles and neighbourhood zoning, whereas the assessed value placed on the home by MPAC doesn't account for the interior condition of the home.

Working with a Real Estate Agent

If it ‘s your first time buying a home, you might be confused about how to work with an agent. Here are some answers to commonly asked questions:

Do I Need a Real Estate Agent?

When buying a home, you could chose to work with the listing agent, or you could get your own real estate agent. From a buyer’s perspective, it makes more sense to get your own agent, for many reasons:

- The listing agent’s interest may be in selling you a home at the highest price possible.
- Having your own Real Estate Agent to represent solely your best interests without presenting conflict
- Your own agent doesn’t make a commission unless they help you find the home you want.
- Real estate agents have the education, legal knowledge and years of experience to walk you through the process, down to its most intricate details.
- They have expertise on the type of home and the neighbourhood that you choose. They can also give you information about different types of homes or neighbourhoods if you’re still undecided.
- They will help by searching for and showing you the homes that match your desired criteria.

Working with a Real Estate Agent

How to Find the Right Agent?

Here are a few things to consider to help you find the right agent:

- Knowledge of your desired neighbourhood. Do they know the pros and cons of the neighbourhood and how much homes go for in the area?

- Do they have knowledge on the home you are looking for?

- Do you personally click? You and the agent will be working closely and they will be negotiating on your behalf. It's important that you trust your agent and you get along.

- Ask for references

Working with a Real Estate Agent

Common Questions about Real Estate Agents

How does commission work?

Typically, real estate commission for both the seller's agent and the buyer's agent are paid for by the seller out of the proceeds of the sale received by the seller.

Will my agent put less effort into finding me a home if my price range is lower that other clients' and therefore results in a small commission?

No. Good agents will help you find the home that best matches your criteria, regardless of the commission they stand to earn. It's in their best interest to do so regardless of your budget. The faster they help customers find the perfect home, the happier customers will be. Which means customers will be more likely to rely on the same agent for future sales or purchases but also refer the agent to someone else.

Plus agents have a fiduciary duty (legal obligation) that requires them to place their clients' interest above all else except the law. This means the agent has an obligation to put your interest ahead of their own regardless of the commission they stand to earn from a transaction.

You should also know that all agents who are members of the Canadian Real Estate Association in Canada (CREA) have agreed to follow a strict Code of Ethics and Standards of Business Practice.

Working with a Real Estate Agent

Will my agent put less effort into finding me a home if they've been referred by another agent and will be sharing their commission?

No. A professional agent's focus is on finding you the best possible home as quickly as possible, guiding you through the process and making sure the contract you sign works for you. The better they are as an agent, the more commission they'll have from the influx of business.

Will my agent purposely avoid showing me homes that have lower commissions?

No, for the same reasons above! The agent will show you the homes that match your criteria to help you find the most suitable one for you.

Other Tips for Working with an Agent

- Your agent's interest is in helping you find the home that you want to live in. Don't be afraid to set expectations. Explain clearly what you are looking for.

- If you don't understand a form, a condition, a clause or any part of the process, don't be afraid to ask your agent for clarification. Your agent is an expert on the process and should be willing to explain to you.

Knowing What You Want

Types of Home Ownership

Do you know what kind of ownership you want? Are you happy to spend time renovating and maintaining your home, if it means paying less monthly fees? Or would you rather pay fees to have the maintenance taken care of for you? There are 3 main types of ownership options to know about when considering buying a home.

- **Freehold Ownership:** You own the home, the property and everything else that falls on the property and you can do with it as you please. All the responsibility (paying the bills, maintenance) is all your responsibility.

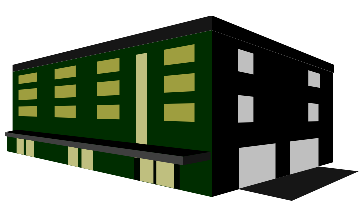
- **Condominium Ownership:** You purchase a unit in a complex and own everything within the unit. The common elements are jointly owned by al the unit owners and the condo corporation. You pay a monthly fee to have the maintenance and repairs taken care of on your behalf. The monthly fee may also include some or all of the unit's bills. There may also be rules you must adhere to, such as strict restrictions or pet limitations.

- **Co-Operative Ownership:** Co-ops are not very different from condos, instead of owning the particular unit you live in, you own a share in the property. You pay fees for the maintenance, as with a condo, and you may also be required to put in a certain number of volunteer hours towards the upkeep of the building. The co-op board may reject your prospective buyer if you eventually decide to sell.

Know What You Want to Own

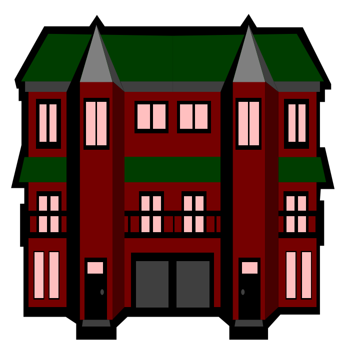
Types of Homes

- **Detached Homes:** A house that does not share a wall with another house.
- **Attached House:** Houses that are attached on one or both sides to other houses, including duplexes and town houses. Generally less expensive than detached houses, but this will depend on the neighbourhood of the property and the features of the house.
- **Condo:** is actually a type of home ownership. Nevertheless, the word is frequently used to refer to purchased units in apartment buildings. You can get a condo in a high rise or low rise building.



Condo

Detached



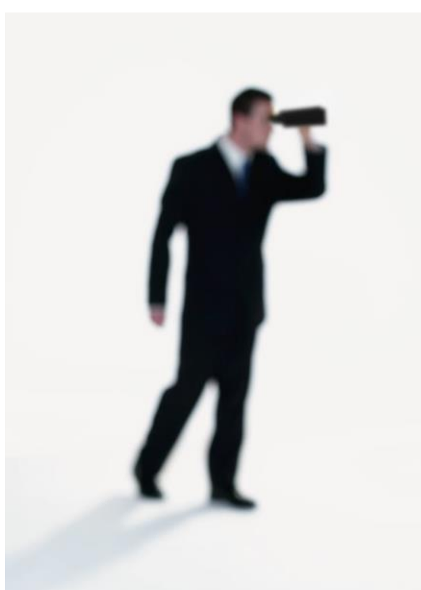
Attached

How to Find the Right Home

Looking for Homes

Finding the right home can be a long process, but you can increase your chances of finding the right home quickly by viewing more homes that match your criteria. There are a number of things you can do to look for the right house.

- You can look for "For Sale" signs in your target areas. Of course, this is inefficient as you won't know whether the home has any of the features you want before you visit.
- You can visit open houses.
- Hire me as your real estate agent. You can tell me what you want and I will do the work of finding you the right home.
- Look online! You can get listings from any area and detailed information on the homes that interest you.



Making an Offer

Yay! You've fallen in love with a home and want to make an offer. The Offer to Purchase is a legal document that, if accepted by the seller is binding on both parties, provided all conditions specified within the offer are met. A real estate agent can be a huge asset through this whole process, to ensure that you don't miss anything important and that you understand the conditions of the contract.

Here's what you need to know about the offer process.

What to Include in your Offer:

- Full legal names of all parties, civic address and legal description.
- Your offering price for the home.
- Any inclusions you would like included in your purchase price (appliances, furniture, shed etc.)
- Deposit Amount
- Closing Date
- Offer expiry date
- Conditions of the Offer; These are the conditions that must be met for the offer to be valid. A time limit is placed on the conditions, and ensure the offer can be cancelled if any of the conditions are not met. (home inspections, finance, insurance etc.)

Making an Offer

Once you've made your Offer:

After you've signed the offer your real estate agent has drawn up for you, your agent will present it to the seller. The seller can respond in 3 ways:

- **Accept the Offer**: If the seller accepts the offer as you've made it, you'll receive the signed copy and the contact becomes legally binding (providing the conditions are met).

- **Reject the Offer**: If the offer is far from what the seller is seeking, it may get rejected. At that point you are not legally bound to any of the terms in the offer.

- **Send a Counteroffer:** If the seller likes some of the terms in the offer but takes exception to others, you may receive a counter offer with modifications (changes on the price, inclusions or condition etc.) At this point you, yourself are free to accept, reject or send another counteroffer.

Closing Costs

In addition to the deposit and the down payment, there are many costs you'll incur around closing time. This list will help you plan for them, so you have one less thing to worry about the day you take possession of your new home. Please note that these are estimates only and can vary greatly from home to home. There may also be other closing costs unique to your transaction and municipality.
Your agent will be well versed in explaining the typical closing costs in their market. The amounts below are only estimates. Buyers should obtain quotes, confirm actual costs and seek professional local advice before committing to a transaction. Keep track of the prices you get quoted.

Appraisal Fee: ($200.00 - $600.00)
The mortgage lender may require an appraisal fee before approving your loan application. The appraisal is an evaluation of the value of the home, which may or not be the same as the purchase price. It takes into account the characteristics of the home, a comparison between your home and similar sales, and current market conditions that might affect the value of the home.

Home Inspection Fee: ($300.00 - $500.00)
A home inspection is not mandatory but is nevertheless very important to protect yourself against damages in the home that you may not notice and may not be able to afford. The inspector can check the foundation, ensure there's no water damage and check for any other structure and safety issues or building code violations that are of concern.

Closing Costs

Property Survey: ($1,000.00 - $2,000.00)
The property survey is an assessment of the land boundaries and measurements, and it details the structures on the property as well as encroachments.
The property survey may be required by your mortgage lender. You may be able to obtain the necessary documentation from the Seller, if a survey has been done within the last 5 years.

Insurance Premiums: ($ will vary)
You will have to pay the premiums for any insurance you took out in relation to the home, including your mortgage loan insurance premium, the title insurance premium, and the mortgage life insurance.

Land Transfer Tax: (approx. 1.5% of purchase price)
The land transfer tax is levied in some provinces or municipalities when property is transferred from one owner to the next. It is calculated as a percentage of the purchase price of the property. Your lawyer can give you an exact dollar figure.

Prepaid Property Taxes and Utility Bills: ($ will vary)
You will have to pay back to the Seller any prepaid property taxes or utility bills. This too is usually done through your lawyer.

Legal Fees: ($500.00 to $2,500.00)
You will need a lawyer to investigate title and handle the transfer of money on closing day. To avoid a surprise when you receive the bill, make sure the price your lawyer quotes you includes all related expenses, not just legal fees.

Closing Costs

Title Insurance: ($300.00 - $600.00)
Title insurance protects you against fraud, errors in public surveys, encroachment issues with neighbours and much more. Talk to your lawyer regarding this.

New Home Warranty Programs: ($500.00 – $1,200.00)
Many new homes carry some form of New Home Warranty Program. The warranty protects new home buyers against various issues that may emerge, including structural defects to the home.

Mortgage Insurance: (approx. 0.5% -2.5%)
If the down payment on your home is less than 20% of its sale price you will be required to buy mortgage insurance. Rates depend on how much you are borrowing.
Visit www.cmhc-schl.gc.ca for more information

G.S.T./H.S.T.: (depends)
HST is generally charged to vacant or severed lots, farms or brand new builds but not on resale homes. To clarify, your lawyer or accountant will know best.

Interest Adjustments: ($10.00 to $1,000.00)
If there is a difference in the interest rate on your closing date and on the date of your first mortgage payment you'll have to pay the difference. You can avoid this extra cost by having your first mortgage payment be exactly one payment period after your closing date.

Don't forget to factor in Government rebates and rebates from other sources, when keeping track of your quotes and estimates.

Moving into Your Home

So you're ready to take possession of the house! There are just a few things left to take care of before you can live comfortably in your new home. Planning for these ahead of time will make moving into your new home a smoother transition for you and your family.

Moving

You might need to hire movers. If so it's a good idea to research moving companies. Will your movers pack and transport your belongings or will you do the packing yourself? You will save money by packing yourself, but it can also be time consuming and the moving company will not replace or repair damaged items they haven't packed themselves.

Storage

If you take possession of the house on a later date than required to leave your current residence, you might have to put your belongings in storage.

Repairs and Renovations

If there are major repairs and reno's to be done in the house, getting those taken care of before your family and furniture move in might save your family a lot of discomfort. (i.e. painting the walls would be a lot easier without all the furniture), If you can afford to not move into the home on possession day, this might be best.

Service connection

Hydro, phone, internet, cable and so on can sometimes take several weeks to get connected, so it's a good idea to plan ahead.

Interest Adjustments: ($10.00 to $1,000.00)

If there is an difference in the interest rate on your closing date and on the date of your first mortgage payment you'll have to pay the difference. You can avoid this extra cost by having your first mortgage payment be exactly one payment period after your closing date.

Moving Tips Checklist

Send your Change of Address to:

- ❑ Post Office
- ❑ Credit Cards, Department Store Cards
- ❑ Friends and Relatives
- ❑ Subscriptions
- ❑ Banking Institutions
- ❑ Insurance (Life, Health, Fire and Auto)
- ❑ Driver's License, Health Card, SIN
- ❑ Utility Companies (gas, electric, water, telephone, cable, fuel)
- ❑ Obtain refunds of any deposits made and arrange for service at your new location
- ❑ Newspaper
- ❑ Schools, Churches, Clubs, Organizations
- ❑ Medical, Dental, Prescriptions, Veterinarians

Don't Forget To:

- ❑ Empty the freezer
- ❑ Defrost the fridge/freezer. Place an opened box of Baking Soda inside
- ❑ Contact your cable company and arrange for the return of any equipment

On Moving Day:

- ❑ Carry documents, jewellery and important documents yourself
- ❑ Plan for transporting pets
- ❑ Let friends and relatives know your route and your schedule
- ❑ Double check closets, drawers and shelves to make sure they are empty
- ❑ Leave all old keys needed by the new owner with your lawyer or real estate agent

About our Brokerage

For over 50 years, you, your parents and your grandparents have trusted Bowes & cocks since our first office opened in Peterborough in 1956. Today, Bowes & Cocks remains true to our original heritage. We are leaders in quality service and trusted by generations.
Being family owned and operated, family values are the foundation of the culture of the Bowes & Cocks family. We have a team of the best real estate experts who continue to educate and train to ensure you receive the highest quality service available in the marketplace.

About Myself

I was born and raised in Peterborough and currently reside in town with my husband and children.
I previously enjoyed working for a number of years in customer service.
In Real Estate I am part of a family team which includes my mother in law and father in law.
I personally want your transition of buying and selling real estate to be a smooth, easy transition, so that you will refer me to your friends, family, co-workers and neighbours.
My testimonials are always available on my website along with further information on buying and selling. Please visit: www.tammycameron.ca for more information about me, my properties and how I can best serve you.

Conclusion

Hopefully this guide was of some help!
Should you have any questions about anything in this book, I would be happy to answer them for you.

I would also love to assist you in finding the perfect home for you and your family.

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