

# FINDING A PLACE TO CALL *HOME*

A BUYER'S GUIDE



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# BUYING A HOUSE IS A *BIG* DEAL

Whether it's your first home or you're moving up or possibly downsizing, the purchase of a house is probably going to be one of the biggest financial transactions of your life. It's a momentous occasion that many people like yourself strive toward, and when you achieve homeownership, it's a reason to celebrate.

But beyond the financial aspect of it, buying a home is also one of the most exciting life changes you can make. Altogether, everything feels fresh and new. You can already picture your life in your new home; the dinner parties, family gatherings, cozy nights at home—it's a lot to look forward to.

In this guide, I'm going to share what you need to know about buying a home. Whether it's your first time, or if you've been out of the market and just need a refresher on the process, this guide will help.

**Let's get started.**





Andrew M.



My wife Kate and I were looking for something affordable and not too far from work. It was no challenge for Christal, she was able to help 24/7 always online and always caring about meeting our criteria when choosing the right home.

With her help, we were able to score a great location home, which was perfectly suitable for our newborn and us. And even to this date, we keep in touch quite often, as she is a great guide and advisor.

## WHEN YOU'RE READY TO GO FROM ONLINE BROWSING TO *REAL-LIFE* SHOWINGS

Most buyers these days start their home search online. With so many online tools available, and houses getting posted for sale almost instantly, it's easy to browse properties passively in your downtime.

If you're ready to move from browsing to actively looking for a home, that's when a professional REALTOR® comes in.

Your REALTOR® will ask questions and get to know you and your likes and dislikes before you start house-hunting to find your dream home.

In many cases, they will ask you to sign a Buyer's Agreement that is an outline of your professional agreement with the agent. This is a good way to firmly set up the expectations between you and your REALTOR® for a transparent, and successful transaction.

# START WITH A PRE-APPROVAL

Before starting your home search, it's a good idea to get a mortgage pre-approval from your bank or mortgage broker. A pre-approval is an estimate of the maximum amount of money you can borrow to finance a house. There are many benefits to getting pre-approved.

- You will get a better idea of the budget and type of home you can afford
- You can estimate how much your mortgage payments will be
- You will show agents and sellers that you are a serious buyer since you've already taken a critical step toward buying

## MORTGAGE LENDER VS. MORTGAGE BROKER: WHAT'S THE DIFFERENCE?

You might hear the two terms used interchangeably, but there's actually a big difference between the two.

A **mortgage lender** is a business that you deal with directly to get a mortgage. This could be your bank, credit union, or specialized, private mortgage lenders.

A **mortgage broker** is a professional you hire who brokers the mortgage deal for you. They shop around and find the best rates for you and negotiate on your behalf to secure a mortgage. Some brokers may have relationships with specific vendors, so, although mortgage brokers are regulated by the government, they may be able to secure you a different deal based on their personal relationships. Brokers typically do not charge for their services, rather, they take a commission from the lender when the deal goes through.



The background of the page is a photograph of a bedroom. On the left, a bed is partially visible with a grey headboard, white pillows, and a thick, cream-colored knitted blanket. To the right of the bed is a white nightstand with two drawers, each featuring a black round knob. In the foreground on the right, a clear glass vase holds several dried, pressed leaves. The floor is a light-colored wood or laminate.

## YOUR MORTGAGE PRE-APPROVAL CHECKLIST

When applying for a mortgage, there are several things you need to provide your lender or broker to get started.

- **Proof of employment and salary**
- **A list of your assets and liabilities (debt)**
- **Information about other financial obligations such as car payments, student loans, etc.**
- **Proof that you can afford to pay the down payment and closing costs**
- **Tax returns or notices of assessment for two years**









# HOW LONG DOES A PRE-APPROVAL LAST?

Since your lender will include an interest rate in your mortgage pre-approval, you should expect that it will expire so it is important to be aware of the length of the pre-approval.

Typically the lender ensures the pre-approval remains valid for the duration of time it takes to find a home and get the offer accepted.

In most cases, the interest rate is locked in for 60-120 days, which is usually sufficient for finding a home. If more time is required you can always reach out to your lender to discuss.

It is important to note that the market is constantly changing so be aware that the lender may adjust the parameters of the original pre-approval. Also, if your situation changes or you decide not to purchase now, and you want to hold off buying, you may need to go through the pre-approval process again at a later date.

# HOW MUCH COMMISSION DO I PAY TO MY REALTOR®?

This is a common question, and the answer might surprise you. Working with a real estate agent to buy a home costs you nothing.

**Zip, zero, zilch.**

In Ontario, the buyer's agent commission is paid by the seller and negotiated between the buyer's agent and seller's agent. So for example, the seller's agent might charge a 5% commission to the seller and then split the commission with the buyer's agent, so both parties get a 2.5% commission.

The buyer is not at all responsible for paying anything extra to their agent. However, there are circumstances where a Buyer will pay the agent and that commission is based on what is agreed on when you sign the Buyer's Representation Agreement. An example of a time when you may have to pay a Buyer's agent could be if they assist you with the purchase of a For Sale By Owner sale or sometimes for the purchase of a new construction home. These could be two examples where the Seller has chosen not to cooperate with a buying agent.

A responsible and prudent agent will be transparent about commission with you and you should feel comfortable to always ask questions about this or any other topic during the buying process.





Amber W.



I recently bought my first house using Christal as my REALTOR®. She is amazing to work with. Christal always is professional, honest, and helpful throughout the entire process. It was a much smoother, easier experience and transition than I was expecting. I would highly recommend her to anyone looking for an agent!

# YOU'VE FOUND *THE ONE*



Once you and your REALTOR® have found the perfect home, it's time to put in an offer. This is where things start to get exciting and the prospect of moving into your dream home starts to become a reality.

Here is a few important offer definitions you should get familiar with:

## **LIST PRICE**

This is the price that has been advertised to the public.

## **PURCHASE OR SALE PRICE**

This is the price you are offering to pay for the property and that will be listed as the final amount the seller accepted.

## **DEPOSIT**

A deposit is a buyer's way of showing how serious they are about the purchase. The deposit is typically 5-10% of the purchase price and must be paid in cash (online E-Transfer, certified check or money order) within 24-hours of an accepted offer.

## **IRREVOCABLE**

This is the amount of time that you give the seller or the seller gives you to review and reply to your offer.

## **COMPLETION DATE**

Sometimes this is also known as the 'closing date.' It is the date that you wish to take possession or occupancy of the property. Typically completion dates are within 60-90 days of the offer.

## **CONDITIONS AND CLAUSES**

Schedule A of your offer always includes a section that states you will pay the balance owing on the completion date. This means the balance owing minus the initial deposit. Conditions and clauses can also be added to the offer to help protect the buyer. For example, perhaps you want the purchase to be conditional upon a home inspection or you'd like it to be conditional upon the sale of your current property.









## HOW DO I SUBMIT AN OFFER?

When you're ready to make an offer on a home, your REALTOR® will draw up the necessary paperwork to get started. Offers must contain a few specific details to be official, such as your legal name as well as all the seller's information and property details, your purchase price and deposit amount, the irrevocable and completion date, and any conditions or clauses.

From there, the seller can review your offer and reply to it by either accepting the offer outright, rejecting it, or going into negotiations. During this time, your REALTOR® will advocate on your behalf and keep you informed on the developing situation.

# CONDITIONAL OFFER VS. FIRM OFFER



In a strong seller's market, it's common to see buyers submit "firm" or "all cash" offers. This means, there are no conditions like inspection or financing for the buyer to satisfy before the sale is final. If the seller accepts a firm offer, it's basically a done deal—there's no backing out now. For sellers, a firm offer is often the most appealing.

However, in some cases, it's more advantageous for a buyer to include some conditions in their offer. Some examples of common conditions include:

## **CONDITIONAL ON THE SALE OF THE BUYER'S HOME**

If you are selling your current home, you can propose a conditional offer that is reliant on your home selling first. This isn't advantageous for sellers, but may be important to you if you are waiting to secure financing from your home sale to fund the new purchase.

## **CONDITIONAL UPON A HOME INSPECTION**

It's a good idea to know what you're buying when it comes to putting in an offer on a house. A home could look great from the outside, but upon closer inspection, might have a few issues that would make it undesirable to purchase.

## **CONDITIONAL ON FINANCING**

For first-time buyers, this is a common condition. In many cases, once they put in an offer, they will want to take a few days to secure financing from their lender.



# ARE PRE-EMPTIVE OFFERS A GOOD IDEA?

Pre-emptive offers or bully offers as they are sometimes known are popular in seller's markets. Many sellers stipulate an "offer date" when they list their property. This means that the property is listed and then they will only accept offers on or after the stated offer date. A bully offer is when you disregard this request and try to get your offer in before the official date.

Pre-emptive or bully offers can be tricky, however, they are almost always advantageous for the seller. In most cases, bully offers must go above and beyond to attract a seller's attention and get them to accept the offer before anyone else has a chance.

When it comes to these types of offers, it's best to listen to the advice of your REALTOR®. They can help you navigate the tricky waters of bully offers and ensure you come out on top.









# WHAT ARE THE CLOSING COSTS?

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In addition to the purchase price of your home, you will also need to budget for the closing costs. These typically add up to about 3-5% of your total home price and include:

- **Land transfer tax**
- **HST/GST (charged on new builds only)**
- **Lawyers fees**
- **Interest adjustments**
- **Appraisal and home inspection fees if applicable**
- **Moving fees if applicable**

# WHAT CAN I EXPECT ON CLOSING DAY?

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Closing day and moving day are not the same. Closing day is the completion date of your offer.

It's the date that you officially take possession of your new home. On closing day, your mortgage lender provides your lawyer with the funds to pay the seller. At this time, you also pay your

closing costs, register the home in your name, and receive the keys and deeds to your home.

From there, all you need to do is pack your things, and organize your move which may fall on the date of closing or any time after.



# HOW IS PRE-CONSTRUCTION DIFFERENT?

Pre-construction is a popular choice for many homebuyers these days. Not only do you get to live in a home that no one else has ever lived in before, but you also get a say in some of the fixtures, floor plans, and design features like wall colour, countertops, cabinets, flooring, and more.

For many buyers, this is reason enough to invest in the pre-construction market. However, there are a few main differences you need to know about when buying pre-construction. In fact, it's not like a resale home at all.

For example, when buying a pre-construction home, you typically tour a showroom and don't get to see your home until it's been built. Additionally, you are buying from a salesperson who typically works for the builder, whose loyalty might not always be getting you the best deal.

Additionally, pre-construction homes may also be subject to HST/GST, which means they often come at a higher cost for buyers.

If the pros of preconstruction still outweigh the cons, I always recommend working with an experienced REALTOR® who has a background in negotiating new construction projects. That way, you get the best of both worlds: a brand-new beautiful home, plus all the benefits of working with an experienced professional who is looking out for your best interests.







# BUYING A HOME IS BOTH EASIER AND HARDER THAN EVER BEFORE...

In today's digital world, it's easy to browse hundreds of home listings at the tip of your fingers. As imaging, video, and even 3D tour technology become more advanced, it's easier than ever to see the inside of a home for sale without even leaving your couch.

However, when you're ready to move your search to the real world, nothing compares to working with an experienced REALTOR®

Some of the biggest benefits of working with a REALTOR® to buy a home include:

- **Access to better listings as well exclusive off-market listings**
- **Help with offers and negotiations**
- **Assistance with critical paperwork and the reassurance that everything will get done correctly**
- **Professional guidance and honest advice from experts**
- **Access to the most up-to-date information about various home buyer grants and other financial aid that can help save you money**
- **Smooth closings**

The REALTOR® takes care of all the details, from start to finish, eliminating stress, and making the process smooth and successful, and the best part? Working with a REALTOR® to buy a home doesn't actually cost you anything. The REALTORS® commission comes from the seller, so all you get is the benefit.





Kim



# HI, I'M CHRISTAL MOURA.



I'm passionate about real estate—but more importantly, I'm passionate about helping people. Whether that means purchasing your first home, building a dream house in the country, or finding an investment property to start or expand your investment portfolio.

We are all unique individuals and so are the homes we live in. I love getting to know my clients, learning what makes them smile, what excites them about life, and what they want in the perfect home. By getting to know them through conversations and time spent together, I can easily zero in on what they want in a home.

It's an honour to be asked to help someone find a house, and it's a task I take very seriously and hold with much gratitude and appreciation. It's an opportunity to be a part of their future, like planting a seed and watching how it grows with time.

I find great joy in giving people knowledge about the real estate industry so that they can build a secure life that will provide stability, balance, and financial appreciation in their investment.

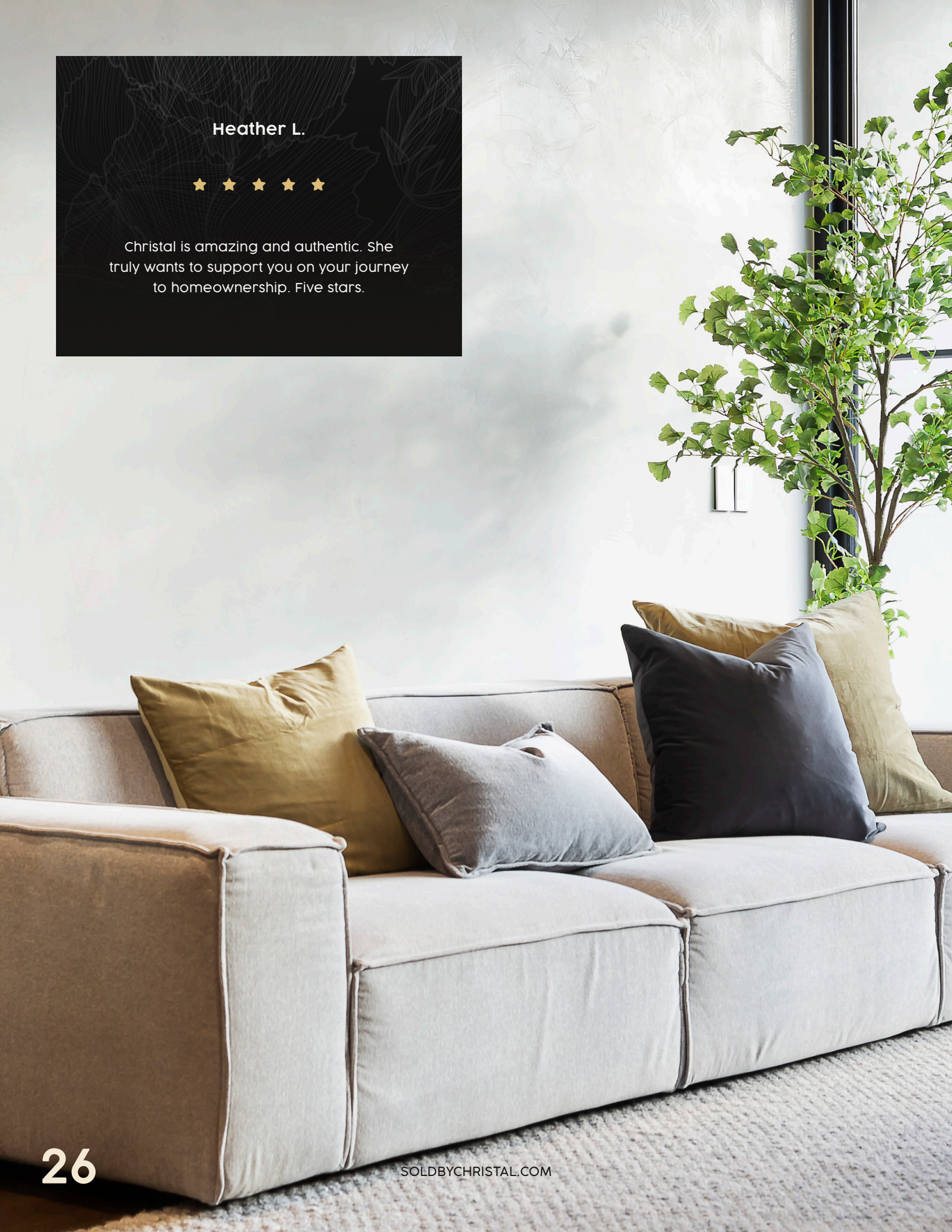
Real estate has many complexities. Having one of the most passionate Cambridge real estate agents on your side to see that your best interests are at the heart of it all is of the utmost importance to me.



Heather L.



Christal is amazing and authentic. She truly wants to support you on your journey to homeownership. Five stars.







# THANK YOU

Buying a home is one of the most exciting decisions you can make. I hope this guide provided some essential information to get your search started!

If you're looking for a Cambridge REALTOR® to help make your buying dreams a reality, I am always here to connect. Give me a call or send me an email and we can get started!





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