

Buyer's Guide to a Successful Home Purchase



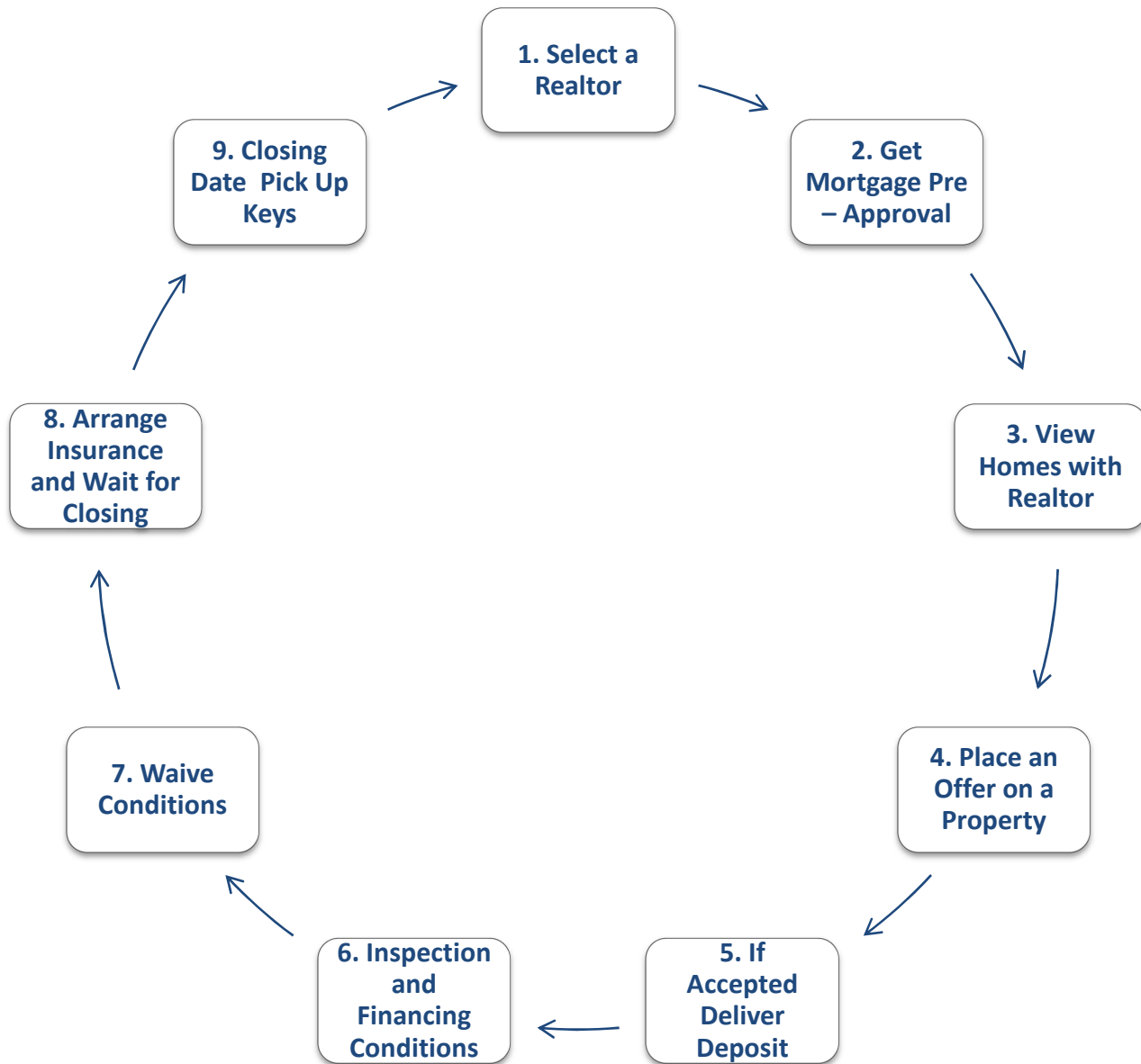
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Steps in a Buying Process



Mortgage Pre- Approval

The first step before viewing any properties should be a mortgage pre- approval. It is a simple process that does not take much time and it is free. You can either visit your local bank and ask to speak with a Mortgage Specialist or you can speak to a Mortgage Broker. They will be able to tell you exactly how much you can afford and what the monthly payments will be. If there are any concerns such as low credit score or low income, they will be able to tell you the steps needed in order to correct this.



Tip: Check out your current Credit Score.

Visit www.consumer.equifax.ca and get a FREE credit report (does not affect your score)



| Mortgage Amount | Payment Per Month (4.5% Interest at 25 Year) |
|-----------------|-----------------------------------------------|
| \$ 100,000 | \$ 555 |
| \$ 200,000 | \$ 1,111 |
| \$ 300,000 | \$ 1,667 |
| \$ 400,000 | \$ 2,223 |
| \$ 500,000 | \$ 2,779 |
| \$ 600,000 | \$ 3,335 |
| \$ 700,000 | \$ 3,890 |
| \$ 800,000 | \$ 4,446 |
| \$ 900,000 | \$ 5,002 |
| \$ 1,000,000 | \$ 5,558 |

Additional Monthly Costs

Taxes: Taxes are mandatory payment to the City, the amount will depend on the property size. A One Bedroom Condo could have taxes of \$2,200 Per Year while a large Detached House could have taxes of \$5,400 Per Year (approx.) This results in **\$180 - \$450** in monthly payments.

House Insurance: Each home must have home insurance; it can be obtained from companies such as State Farm, RBC, TD, Meloche. The payment will average from **\$50 - \$100** depending on the size of the property.

Utilities: This includes Gas, Hydro and Water, the monthly payments will directly relate to the usage. A good estimate would be **\$80** for a condo (only hydro) and **\$400** for a house for all utilities.

Making an Offer

Once you have found the home that you wish to purchase, you will need to determine what offer you are willing to make for the home; your Realtor will help you to determine a good offer price based on comparable properties sold. It is important to remember that the more competition there is for the home, the higher the offer should be – sometimes even exceeding the asking price. When the seller accepts an offer it becomes a **legal contract**.

Deposit

After an offer is accepted the Buyer must provide a **Deposit within 24 Hours** of acceptance. The deposit amount will vary based on the price it can be anywhere from **\$10,000 – \$35,000**. Insure that this amount is available in your bank account. The deposit is also part of your down payment.

Conditions

Most offers will contain conditions that are there to protect the buyer, these conditions usually include **financing and inspection** and the standard amount of time to satisfy these conditions is **5 business days**. If the financing does not go through (not approved) or inspection report finds major issues with the house. The Buyer can sign a Mutual Release and **the deposit will be refunded**.

Financing

After the offer is accepted all documents must be forwarded to your chosen mortgage agent who will process the deal and approve the financing. This usually takes 2 business days to complete but can take longer. The bank will usually request appraisal which is sometimes paid by the buyer.

Inspection

If you are purchasing a resale home, a home inspection is highly recommended. Inspection will highlight items that the buyer needs to pay attention to. It is intended to report on major damage or serious problems that require repair. The inspection will cost **\$400 – \$500**

Status Certificate

The Status Certificate clause would only apply to condos, once the offer is accepted the Seller will request a copy of the Status Certificate from their property management company. Once the Buyer's Lawyer receives a copy of the Status they have two business days to review it and see whether there are any anticipated special assessments or common expense increases, and whether the corporation is involved in any litigation. If there are major concerns with the financial status of the building the Buyer can back out of the deal and get the deposit refunded.

Once all conditions are satisfied, Notice of Fulfillment of Conditions is signed and the deal is considered to be **firm and final**. At this point the deposit is not refundable if you back out, as you are now in a firm and binding contract.

Waiting for Closing Date

Once the offer becomes firm and final, there are a few tasks which must be completed by the Buyer while they wait for closing:

1. Lawyer

Buyer must choose a lawyer who will be responsible for the closing of the transaction. The lawyer will do the title search and complete necessary tasks before closing

2. Insurance

Buyer must arrange insurance before closing date. Some of the main insurance companies include: State Farm, TD, RBC, Meloche etc. The quote will vary depending on the house and the size. Insurance will cost \$45 - \$100 per month. This information has to be forwarded to the lawyer

3. Arrange Services for the New Property

Contact the main service providers to arrange transfer of services to your name and the payment method for the bills. This should be done a week before closing.

Services to Call if Applicable (condos usually only require hydro transfer)

Enbridge: 1-877-362-7434

Alectra: 1-833-253-2872

Water: 905-791-8711

4. Pre-Closing Walk Through

This usually happens a day or two before closing date. This gives the buyer a chance to ensure the property is in the same condition as it was at the time the offer was made and all appliances are in good working condition.

Closing Costs

Buyer will receive a phone call from the Lawyer about a week before closing. The lawyer will inform the buyer an amount which needs to be paid by a certified check, this amount will be provided to the Lawyer a few days before closing.

| | | |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------|
| ✓ Down payment | 5% of the purchase price and up. This amount varies depending on the mortgage approval. | |
| ✓ Land Transfer Tax Extra Municipal Tax applies to properties in Toronto | Price of Home | Provincial Land Transfer Tax |
| | \$500,000 | 6,475 |
| | \$600,000 | 8,475 |
| | \$700,000 | 10,475 |
| | \$800,000 | 12,475 |
| | \$900,000 | 14,475 |
| | \$1,000,000 | 16,475 |
| | \$1,300,000 | 22,475 |
| | \$1,500,000 | 26,475 |
| * First Time Buyers will Receive \$4,000 Off the Land Transfer Tax. * | | |
| ✓ Lawyer Cost | \$1,500 – \$2,000 | |

Example of Closing Costs

If the home price is **\$500,000** with **10% Downpayment**, you are a **First Time Buyer**.

| | |
|---------------------|----------------------------|
| ✓ Downpayment | \$50,000 |
| ✓ Land Transfer Tax | \$6,475 - \$4,000 (rebate) |
| ✓ Lawyer Fee | \$1,500 |
| TOTAL | \$53,975 |

If the home price is **\$1,000,000** with **20% Downpayment**, you are **Not First Time Buyer**.

| | |
|---------------------|------------------|
| ✓ Downpayment | \$200,000 |
| ✓ Land Transfer Tax | \$16,475 |
| ✓ Lawyer Fee | \$2,000 |
| TOTAL | \$218,475 |

Once all documents are signed with the Lawyer and the Closing Costs are paid, the Buyer will **receive a call from the Lawyer on the Closing Day** when the deal is completed in order to pick up the keys. Usually this will occur from 1 pm – 5 pm .If for any reason there are issues with the closing either from Sellers side or the Buyers side, the closing date will get delayed, however this happens very rarely.

Congratulations on the purchase of your new property!

Working with a Realtor

There are many benefits that you would receive by committing to working with one Realtor.

Because I am committed to preparing you to be an educated buyer, I will:

- ✓ Give you the most vital and up to date information on available homes
- ✓ Provide neighborhood information on municipal services, transportation, schools, etc
- ✓ Disclose all known facts about properties shown
- ✓ Point out strengths and weaknesses of all properties you choose to view
- ✓ Explain forms, contracts etc.
- ✓ Provide ready access to all MLS listed properties
- ✓ Create a prospect match report which will deliver daily emails with new properties as they come on the market
- ✓ Help you select for viewing only homes that fit your needs
- ✓ Show you only homes in the price range most suited to your finances
- ✓ See that you get a complete estimate of all costs involved
- ✓ Write and negotiate your Agreement of Purchase and Sale with suitable conditions to protect you.
- ✓ Keep your personal information confidential
- ✓ Coordinate all aspects of the sale and closing

FAQ

Is it expensive to use a buyer's Realtor?

The compensation that a buyer's Realtor receives typically comes from the seller. In such a case, there is **no cost** for a buyer to be represented by a Realtor.

Can my Realtor provide information on properties listed with other companies?

Yes, provided your agent is a member of the MLS where the property is listed, they will have access to all available listings.

Can I go to open houses without my Realtor?

Yes. However, when meeting the agent hosting the open house its best if you immediately identify yourself as working with another agent. It is also a good idea to provide the other Realtor with the business card of your Buying Realtor.

Can I work with more than one Realtor?

Nothing is more frustrating to a Realtor than a buyer who is working with multiple real estate agents. Without a commitment from you to work with just one Realtor, it's not likely that the Realtor will do their best work for you.

What if I am unhappy with my Realtor?

Let your Realtor know that you're unhappy, and the reasons why. It may be a simple misunderstanding that can be corrected. If the issues are more substantial, or the relationship simply isn't the right fit, tell the Realtor you no longer wish to work with them.

Type of Representation

There are two types of representation that a Realtor can provide you, a Client Relationship and a Customer Relationship. The difference is that a Client relationship is more comprehensive and requires the buyer to sign **Buyer Representation Agreement**.

Client

- ✓ Full Disclosure
- ✓ Undivided Loyalty
- ✓ Confidence
- ✓ Loyalty
- ✓ Avoid Conflict of Interest

Self-Represented Party

There are significant risks to representing yourself in a real estate transaction if you do not have the knowledge and expertise required to navigate the transaction on your own.

You will be dealing with a seller or buyer who is benefitting from the services, opinions, and advice of an experienced real estate agent.

It is very important to choose the type of representation that you prefer, if you do decide to go for the “Client” relationship, **Representation Agreement** needs to be signed, it usually outlines the location where the Realtor will be helping you find a home and the time period of this agreement, it is usually signed for 3 months but can be cancelled at any point. It can also be as short as a few weeks, this way you can really realize if the Realtor is the right fit.

Wondering how **Elena** ensures top-tier service in the Real Estate industry,

- ✓ She has been in the business since 2010 and has worked with many first time Buyers as well as experienced Buyers and Sellers.
- ✓ She has achieved **Accredited Buyer Representative Designation** which allows her to provide a higher level of customer service to the Buyers.
- ✓ She also has a **Broker Designation** which holds her to a higher standard when dealing with clients.

By working with me, I will provide the service of helping you find your ideal home, save significant amount of time, money and frustration. I can also discuss down payment, closing costs and monthly payments. I am experienced at presenting offers and can help you through the process of negotiating the best price and terms. Entering into a Buyer’s Agency Relationship has countless advantages. You are simply agreeing to “hire” a personal representative who, by law, must represent your best interests to the best of her ability. All of this personal service is available at absolutely **no cost to you**.

Buyer Questionnaire

This questionnaire will help the Realtor and yourself determine the criteria for the property.

1. Number of family members to live in a property?
2. Special school requirements (Public/Catholic/French Immersion)?
3. Why are you moving?
4. How quickly to you want to move and why?
5. Have you been pre-approved for a mortgage?
6. What is your price range?

7. Do you have a deposit and down payment available if we find you a home?
8. Do you have to sell a house?
9. Location, First Choice, Second Choice?
10. Required number of bedrooms and bathrooms?
11. Type of a property, condo, detached, semi, townhouse?
12. Other requirements or features you would like to have in your home?

Top 10 High Schools in Mississauga

| School Name | 2018-2019 Rank |
|-----------------------|----------------|
| John Fraiser | 8.5 |
| The Woodlands | 8.2 |
| Port Credit | 8 |
| Lorne Park | 7.6 |
| Streetsville | 7.5 |
| Applewood Heights | 7.2 |
| Glenforest | 7.2 |
| Clarkson | 7.1 |
| Erindale | 6.9 |
| Mississauga Secondary | 6.8 |

MLS Community Names

