



LETS TALK *REAL ESTATE*...

BUYER'S GUIDE

Comprehensive Guide to Buying Real Estate





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Where Do I Begin Looking For A Home?

Location, Budget & Preferences

The first thing you should do is to begin focusing on what you're looking for in a home. You can start by establishing priorities in the following three areas:

Location

- Are you relocating to a new town or city because of a new job, or to be closer to your current job?
- How will the location of schools, shops and transportation affect your choice of neighbourhood?
- Have you thought about what type of neighbourhood you'd like to live in?

Budget

- How much can you afford without over-extending yourself?
- As you consider these criteria, do a little research of your own. Look through local real estate papers and magazines for ideas about home styles and features.
- Drive through neighbourhoods that appeal to you to see what homes are selling for. Search online to learn about various condominium and house features.
- Also, talk to homeowner friends and get suggestions about the features that you'd really like to have in your home. The more knowledgeable you become, the better your final decision is likely to be.
- After doing some research, sit down and consider carefully all the things you're looking for in a home.
- Talk to your bank/mortgage broker to see what is available lending.

Preferences

- How large a home do you need? What style of architecture do you prefer?
- On what type of lot?
- Would you like a condo, a townhouse, a detached home, duplex?
- After doing some research, sit down and create a checklist of all things you're looking for in a home.

18 Steps To Buying A Home

Working With You All The Way



- 1) Talk to your bank or mortgage broker to get a pre-approval/commitment letter before starting your search
- 2) Look through Realtor.ca and get a sense of what size of home or location will fit into your budget.
- 3) Look for a real estate agent to help you through the maze.
- 4) Interview real estate agents. Set an appointment with agents to find out if they have the skills, services and professional attitude you're looking for.
- 5) Discover if the agent is working "for" you or "with" you. Client or unrepresented party?
- 6) Clarify your budget wants and needs to your agent. Let them know your objectives and timetable.
- 7) Select the best three to five properties to see, more in a busy market.
- 8) View each property objectively following the "Simple 3-Step" approach. (See next page)
- 9) Write the offer to purchase with your agent.
- 10) Have your agent present your offer ASAP. Time is of the essence.
- 11) Handle all counter offers and negotiations with a win/win attitude. BIG Picture Mentality.
- 12) Avoid "Second Guessing Syndrome" also known as "Buyer's Remorse". Almost EVERYONE gets it at some point in time. Let it pass.
- 13) Finalize any mortgage to get final approval. If you haven't been pre-approved, you need to get the ball rolling NOW!
- 14) Any inspections or repairs that need to be addressed should be done in a timely fashion.
- 15) Address snags and problems as part of life. Keep focused on your goals.
- 16) Do a "walk-through" prior to closing with your agent.
- 17) Show up early to closing with all necessary items from your closing checklist.
- 18) After closing, keep in contact with your agent. They want to assist you with questions, concerns and problems whenever you have the need!

The 3 Step Approach

Objectivity, Knowledge & Trust

There is a lot to consider when you decide to buy a home, especially if it is your first.

How much home you can afford?

What kind of mortgage should you choose?

Which neighbourhoods are both affordable and a good investment?

These are just a few of the questions you'll be asking yourself. But with an experienced agent to help you, you'll get the guidance you need to come up with the right answers and a home you love.



Approach The Home Buying Process Objectively...

- The home may not have all the items on your checklist
- The good ones go quickly
- Avoid Second Guessing Syndrome commonly referred to as "Buyer's Remorse"

After Viewing Each Property Ask Yourself 3 Important Questions...

- What did I like about the property?
- What, if anything, would I want or need to change?
- If the price were right, could I see myself owning this property? If yes, at what price?

Remember You Have 3 Safety Nets Available To You...

- Your judgment as an educated/informed buyer
- The Customized Market Analysis (CMA) prepared by your agent
- The option of a home inspection

What Is A Real Estate Agent?

Bound By Ethics & Law To Be Honest & Thorough



Your Relationship With A Real Estate Agent

Real estate licensees work within a legal relationship called Agency. The Agency relationship exists between you, the principal, and your agent, the company under which the individual salesperson who is representing you, is licensed. The essence of the agency relationship is that the agent has the authority to represent the principal in dealings with others.

What to Expect as a Client

When you become the client of a real estate professional, they owe you special legal duties as your agent.

- **Loyalty**
They must put your interests before their own.
- **Avoid Conflicts of Interest**
They must avoid any situation that would affect their duty to act in your best interests.
- **Protect Your Confidentiality**
They must not reveal your private information without your permission.

What to Expect as an Unrepresented Party

If you choose not to have a real estate professional represent you, you are an unrepresented party. You are not entitled to the special legal duties a client receives.

- **NO Loyalty**
The real estate professionals involved in the transaction are representing clients with competing interests to yours. They must be loyal to their clients, not you.
- **NO Duty to Avoid Conflicts of Interest**
No real estate professional is acting in your interests.
- **NO Full Disclosure**
The real estate professionals involved in the transaction do not have a duty to give you all the relevant information.
- **NO Confidentiality**
The real estate professionals involved in the transaction must share any information you tell them with their client.

Advantages Of Using A Real Estate Agent

They Educate, Guide & Answer



Buying a home is certainly one of the most rewarding experiences most of us will ever have; it's also one of the most challenging. If you're buying for the first time, the process may seem overwhelming. And even if you've bought several homes, every move is different and presents new challenges.

- 1) With a REALTOR® you don't have to "Do it alone." A good REALTOR® has the training, the know-how, and the experience to help you through each step of the process and to make the process of finding, buying and moving into your home as smooth, quick and enjoyable as possible.
- 2) A REALTOR® has valuable sources of information about market trends, neighbourhoods and, especially, information about homes for sale throughout the areas that appeal to you. Remember, not every home seller runs an ad in the local paper or puts up a sign in the yard; you could be driving by some outstanding properties for sale that may be just what you're looking for in a home, but you don't know it. An agent, on the other hand, offers you access to complete, regularly updated information about every home listed by area agents through the Multiple Listing Service® (MLS®).
- 3) In general, as a buyer, all of these services come to you free of any charge or obligation. In the past, REALTOR® always worked for the vendor, or seller, of homes, but as of January 1, 1995, you now have the choice to hire a REALTOR® to work exclusively for you!

Commissions from the sale of the home will still be paid by the seller from the proceeds of the sale. There is usually no direct, out-of-pocket cost to the buyer to hire a Buyer Agent. These rules put you in a "win-win" situation. As you'll understand after reading the following several questions and answers, an agent's professional expertise and effort can be of considerable help throughout the buying process.

Do I Work With Just One REALTOR® When I'm Buying A Home?

Yes. Your REALTOR® will provide you with special treatment, educate you, look out for your interests, guide you along the way, answer all your many questions and, overall, act as your complete source of real estate information. In return, your REALTOR® expects your commitment to purchase a property using their services and if you are impressed with their level of service, provide an excellent referral to your friends who might want to buy or sell a home. There are often emotional needs to be met at the same time and they are able to listen carefully to what they are in order to satisfy them.

How Do I Find The Right Agent To Work With?

The key word is right. While there's certainly no shortage of nice and "fun to work with" REALTOR® to choose from, it's important that you find one who can fully understand your wants, needs and individual tastes. At the same time, you'll want to be able to respect his or her personal and professional judgement.

Above all, look for someone who makes you feel comfortable and whose advice you trust.

Here are some important points for you to consider...

Choose an agent who you feel comfortable with AND who has the skills you need. A good listener, with experience in the industry who isn't in the business for 'one transaction' ... but who will treat you as a 'Client For Life.' Find a REALTOR® who really understands the benefits and advantages to you of Buyer Agency. Pick an agent who has strong negotiating skills... Once you find your 'dream' home, and it's time to put in the offer, you want someone who will be a strong advocate for you when negotiating the offer! The right buyer agent can literally save you thousands of dollars at the negotiating table!

Select a REALTOR® who will be 'around' after the offer has been accepted and even after you take possession of your new home. So many agents are tempted to just take the \$\$ and run. Without any thought to building a long-term, helpful relationship with their clients, or being consultants to them.

What Will An Agent Charge?

In general, agents work on a commission basis and receive payment only after the successful completion of a sale. As a buyer, you will not typically pay for this as the seller offers, a buyer agent commission as a fee for the agent's services.

If you have a client relationship, or agent will disclose the commission that they expect to receive from the seller with each other.

If, however, you find a home that is for sale by owner with no Buyer Agent commission or less than what you and your agent agreed to previously, you may have to cover some or all of your agents commission. This is rare but be sure to ask about the commission offered when considering a property.

Choose an agent who takes the time to listen and understand your needs.



40 YEARS OF NEGOTIATING FOR YOU!

Buyer Consultation

Sitting Down With Your REALTOR® Before You See Any Homes

No one likes to waste time, but many purchasers end up doing it. Their REALTOR® didn't take the time to sit down with them to teach them about the home-buying process and to find out, in specific detail, about what their ideal home looks like. That's what a Buyer Consultation is all about!

During a Buyer Consultation you generally will cover:

- 1) Previous experience you've had purchasing homes and your knowledge of the home-buying process
- 2) An overall review of the home-buying process (as a refresher if you've purchased before.)
- 3) Your budget
 - Current mortgage rates and their impact on your budget.
 - Current market prices for various areas and home types
 - Current market conditions (sellers or buyers market).

At this point, we will ask the question. "Can you afford this large payment monthly or should we be looking for a home in a lower price range?"

Next, we'll do a walk-through of the complete home-buying process, including:

- 1) Discussing the size of deposit required with your offer and when the balance of the actual "cash" will be needed.
- 2) Reviewing some of the special clauses and conditions that should be included in your offer, such as home inspection and financing and Status Certificate.
- 3) Discussing how offers are presented and counter offered before a deal is a deal.
- 4) Reviewing what lawyers do between the date the offer is accepted and closing day.
- 5) Talking about what insurance is required for your new home and for your mortgage.
- 6) Inspections.
- 7) Subject removal and finalizing a deal.

Perhaps you can afford more than you think. Perhaps the neighbourhood where you would like to live is not affordable for you and you must 'downsize' a bit to fit your comfort-zone budget.



Buying a home is always making a series of compromises and this is where you may have to decide what features (from your Wish List) you are willing to compromise on in order to achieve your dream home. Even those lucky few with a “sky is the limit” budget may still have a problem finding that absolutely perfect house that meets all of their needs.

The last thing we’ll discuss is Buyer Agency. We’ll explain what it is, why it came into effect and what the advantages are to you, the buyer, of having a consultant working exclusively on your behalf and representing your interests at the negotiating table... All this at absolutely no cost to you.

**LET OUR 40 YEARS OF
EXPERIENCE HELP
GUIDE YOU!**

Don't Use The Listing Agent Without Understanding your full legal obligations

Many of us have driven by a For Sale sign and wondered "Should I call the listing agent and find out what the list price is?" As innocent sounding as this, is you may be opening yourself up to some serious problems.

Most importantly you must understand that under Agency Law, the listing agent's primary loyalty and duty is to the seller of the home. They have been hired by the seller to represent their interests and are being paid to do so.

So what does that mean for the buyer who innocently asks the listing agent to show them the home?

First of all, you need to know what the listing agent can and cannot do for any buyer!

One of the most important ways to calculate how much a home is really worth is by doing what Realtors® call a comparative market analysis or CMA. To do this, all the recent sales similar to the property in questionnaire compared to the home that you're looking at (known in the trade as the 'subject property'.

From looking at those sold properties and comparing which features are the same and which differ from the home you like, we can determine, what the relative 'fair market value' range is. As you can appreciate, it is very important to do this CMA to find out what the home that interests you is really worth.

By ethics rules, the listing agent will prepare a CMA for the buyer ONLY if they ask for it. They will not be doing it automatically! Additionally, if they do prepare the CMA for the buyer, they cannot, by Agency Law, use that CMA to provide advice on what the purchaser should offer, or what the property is really worth.

So why is the listing agent not allowed to do this? Well, to do so might give the buyers a negotiating edge and violate the listing agent's duty to put the interests of the seller first!

The ethics primer concludes by stating "Remember, if you are the listing agent or sub-agent to the seller, your principal fiduciary duty is to the sellers, even if you're working with the buyers as customers."

Agency Law states that a licensed REALTOR® is bound to give a different, higher level of service and confidentiality, to a 'client' rather than to an 'unrepresented party'!

These rules clearly show that the listing agent's FIRST and PRIMARY loyalty is to the seller... NOT the buyer!

Frequently Asked Questions

And More Great Information About Home Buying!

“When I Start Visiting Homes, What Should I Look For?”

The home you ultimately choose to call your own will play a major role in your family’s life. A home can be an excellent investment, of course, but more importantly, it should fit the way you really live, with space and features that appeal to everyone in the family.

As you look at each home, pay close attention to these important considerations...

- Is there enough room for you now and in the near future?
- Is the floor plan right for your family?
- Is there enough storage space?
- Will you have to replace the appliances?
- Is the yard the size you want?
- If it’s a condo, is there good security? Is the maintenance fund sound? What’s the view like?
- Are there enough bathrooms?
- How much renovating and/or decorating will you need to do right away... Or within the first 2-3 years?
- Will your furniture suit this home?
- In what condition are the “guts” of the house, such as the furnace, the wiring, the plumbing, the foundation, or the roof?

“How Many Bedrooms Do I Need?”

Whether or not you are married, or do or do not have kids, spare bedrooms come in handy when family and friends come to stay. When you’re not entertaining guests, extra bedrooms are useful as a library, den, or TV room.

Another good reason to choose a home with extra bedrooms is the extra space will make your home more appealing to a larger number of interested buyers when it comes time to sell.



“How Do I Know For Sure How Much Home I Can Afford?”

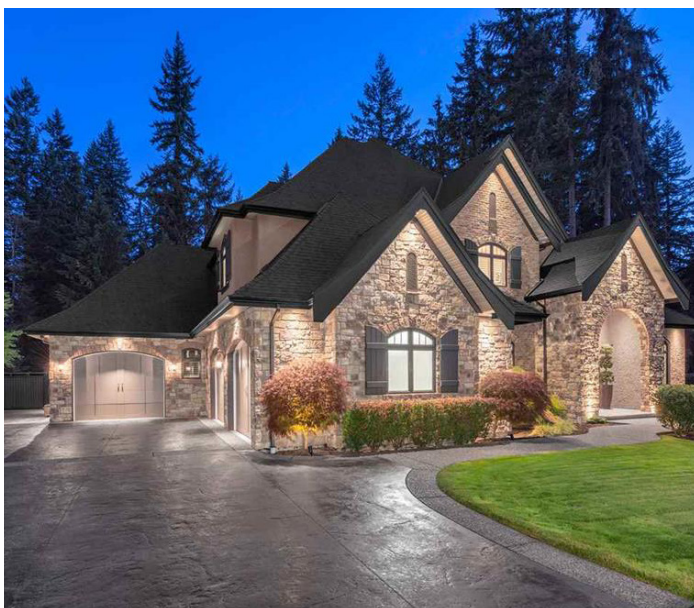
Affordability is probably the single biggest concern of today’s home buyers. Given the wide range of media coverage regularly devoted to the issue, it’s not surprising that many young people wonder how long it will take before they can afford their first homes.

Don’t sell yourself short. Talk to your REALTOR®. As real estate consultants, they are committed to honestly and responsibly working with you to determine your affordable price range. There are many financing options available today and some include low down payments. Find an option that fits your budget and you may be surprised at just how much home you can afford.

“What Should I Ask About Each Home That I Tour?”

As a rule of thumb, ask any questions you have about specific rooms, features, or functions. Pay particular attention to areas that you feel could become “problems,” such as additions, defects, or areas that have been repaired. Take note of the age of the heating system and roof; the type of windows; the state of the foundation; and the amperage of the electrical system, etc. And, above all, if you don’t feel your questions have been answered, ask until you do understand and are satisfied.

In most cases, your real estate agent will be able to provide you with detailed information about each home you see. We will provide you with worksheets to note room sizes, features that need a second look and other comments.



“What Should I Tell My Agent About Homes We Look At?”

Open communication is critical. Tell your REALTOR® everything you liked AND, more importantly, didn’t like about each home that you see. After all YOU are their client and they are working for you.

Don’t be shy about talking about a home’s shortcomings. Is the home too small for your needs? Let your agent know. Was the home perfect except for the carpeting?

Let your agent know that, too. The more open and descriptive you are, the easier it is for your REALTOR® to “zero in” and find a home you’ll love... To find a house that feels like home!

“How Many Homes Should I Look At Before I Buy?”

There is no set number of homes you should look at before you decide to make an offer for one. That’s why providing your agent with as many details as possible up front is so helpful. The perfect home may be waiting for you on your first visit! Even if it isn’t, the house-hunting process will help you get a feeling for the homes in each community and narrow your choices to a few that are worth a second look.

Sometimes seeing many houses can become confusing! An excellent way to differentiate each home is to name it! Call it the “cat house” if there were several cats, or the “deck house” if the main feature is the deck. This will make it easier to remember and to reach a decision.

10 Buying Mistakes to Avoid

But There Are More!

1) **Looking for a house without getting pre-approved by a lender**

When you are pre-approved, you are effectively a cash buyer. This makes it much easier to negotiate with the seller. Do not mistake pre-approval with pre-qualification; pre-qualification is only the first step in gaining pre-approval. Ask your banker or REALTOR® for details.

2) **Failing to check out the neighbourhood thoroughly before buying**

How do traffic patterns change depending on the day, or even the time of day? Are there any future developments in the works? Is that nice green space down the road actually zoned for high-rise development? Ask around - check it out first.

3) **Making an offer based upon the asking price, not the actual market value**

Do your homework. What have similar properties sold for in the immediate area? How long were they on the market? How does this one compare? Is it over-priced, under-priced, or fair value? Ask your REALTOR® for an up-to-date market summary.

4) **Letting “first impressions” affect your decision too much**

There are entire books written on how the first impression of a home is the single most decisive factor affecting many purchasers' decision to buy. Don't let bad decor or messy housekeeping scare you away from a home that is structurally sound and that meets all your needs. Remember that you are buying the house, not the furnishings.

5) **Not knowing your rights and obligations**

If you do not know your rights, then you can be taken advantage of. If you do not know your obligations, you may inadvertently cause friction between yourself and those with whom you are about to enter a contract. Both your REALTOR® and lawyer are great sources of

information concerning this – make use of their expertise and resources.

6) **Assuming that the Bank's quoted mortgage rates are written in stone**

Like many industries, banks are experiencing increased competition and are often willing to negotiate mortgage rates. Depending upon the market and profit spreads, it is sometimes possible to negotiate substantial savings. Ask your banker or REALTOR® for details.

7) **Not shopping for home insurance until you are ready to move**

If you wait until the last minute, you will be rushed in finding insurance. Allow time to shop around and get the best deal.

8) **Signing documents without reading them**

Do not wait until the last minute before reading the documents; there probably will not be time. Try to get copies of all documents early on in your home search so that you can peruse them at your leisure.

9) **Making verbal agreements**

Not only are they harder to enforce, but any written contract you sign will override a verbal agreement. Contract law says that verbal agreements are not enforceable when they deal with Real Property. Always get it in writing!

10) **Buying a house without a professional home inspection**

When buying a house, consider getting a professional property inspection. Not only will you know what you are buying, but these reports will protect you from unforeseen nasty surprises in both the short and long run. Let our 40 years of Experience work for you!

Home Hunting Tips

- 1) How much do the utilities cost on a monthly basis?
- 2) Have you (the owner) had any problems with water or dampness in the basement if it is a detached home?
- 3) Are there defects or problem areas that need to be fixed now?
- 4) How old is the furnace and central air conditioning system?
- 5) How old is the roof? Has it leaked? Has it been repaired or replaced recently?



Don't Do These Before Purchasing

Failure To Follow This Advice Can Seriously Affect Your Credit

Don't Move Money Around

When a bank reviews your mortgage package for approval, one of the things they are concerned about is the source of funds for your down payment and closing costs. Most likely, you will be asked to provide statements for the last two or three months on any of your liquid assets. This includes chequing accounts, savings accounts, money market funds, certificates of deposit, stock statements, mutual funds and company retirement accounts.

If you have been moving money between accounts during that time, there may be large deposits and withdrawals in some of them.

The mortgage underwriter (the person who actually approves your loan) will probably require a complete paper trail of all the withdrawals and deposits. You may be required to produce cancelled cheques, deposit receipts, and other seemingly inconsequential data, which could get quite tedious.



Perhaps you become exasperated at your lender, but they are only doing their job correctly. To ensure quality control and eliminate potential fraud, it is a requirement on most loans to completely document the source of all funds. Moving your money around, even if you are consolidating your funds to make it “easier,” could make it more difficult for the lender to properly document.

So leave your money where it is until you talk to a loan officer. Oh... don't change banks, either.

Should You Change Jobs?

For most people, changing employers will not really affect your ability to qualify for a mortgage loan, especially if you are going to be earning more money. For some home buyers, however, the effects of changing jobs can be disastrous to your loan application.

If you are a salaried employee who does not earn additional income from commissions, bonuses, or over-time, switching employers should not create a problem. Just make sure to remain in the same line of work. Hopefully, you will be earning a higher salary, which will help you better qualify for a mortgage.

Hourly Employees

If your income is based on hourly wages and you work a straight forty hours a week without over-time, changing jobs should not create any problems.

Commissioned Employees

If a substantial portion of your income is derived from commissions, you should not change jobs before buying a home. This has to do with how mortgage lenders calculate your income. They average your commissions over the last two years.

Changing employers creates an uncertainty about your future earnings from commissions. There is no track record from which to produce an average. Even if you are selling the same type of product with essentially the same commission structure, the underwriter cannot be certain that past earnings will accurately reflect future earnings.

Changing jobs would negatively impact your ability to buy a home.

No Major Purchase of Any Kind

Do not make any major purchase that would create debt of any kind. This includes furniture, appliances, electronic equipment, jewellery, vacations, expensive weddings... and automobiles, of course.

Bonuses

If a substantial portion of your income on the new job will come from bonuses, you may want to consider delaying an employment change. Mortgage lenders will rarely consider future bonuses as income unless you have been on the same job for two years and have a track record of receiving those bonuses. Then they will average your bonuses over the last two years in calculating your income.

Changing employers means that you do not have the two-year track record necessary to count bonuses as income.

Part-Time Employees

If you earn an hourly income but rarely work forty hours a week, you should not change jobs. There would be no way to tell how many hours you will work each week on the new job, so no way to accurately calculate your income. If you remain on the old job, the lender can just average your earnings.

Over-Time

Since all employers award overtime hours differently, your overtime income cannot be determined if you change jobs. If you stay on your present job, your lender will give you credit for overtime income. They will determine your overtime earnings over the last two years, then calculate a monthly average.

Self-Employment

If you are considering a change to self-employment before buying a new home, don't do it. Buy the home first.

Lenders like to see a two-year track record of self-employment income when approving a loan. Plus, self-employed individuals tend to include a lot of expenses on their tax returns, especially in the early years of self-employment. While this minimizes your tax obligation, it also minimizes your income to qualify for a home loan.

If you are considering changing your business from a sole proprietorship to a partnership or corporation, you should also delay that until you purchase your new home.



How Do I Make An Offer?

Only When You Have Found The Home That You Love

When you've found a special house you want to call home, you'll probably feel excited and a bit nervous.

Your REALTOR® is ready to help you during this important time. With your agent, you'll draw up the Contract of Purchase and Sale. This is a written document that declares how much you will pay for the home, provided that certain conditions are met.

We will explain the entire process. This is a legally binding contract that you will sign and date. Your offer will have a time limit for the seller to accept, reject, or make a counter-offer. If a counter offer is made, you have time to respond. Often, offers go back and forth until accepted, or until one party decides to end negotiations.

Be prepared to encounter a phenomenon called "buyer's remorse."

This occurs after you make a large purchase of anything, let alone a house. You will ask yourself "Did I make the right decision?" The answer is usually "YES". Consider this self-analysis to be entirely normal!

What Should The Offer Contain?

All offers to purchase your property will contain a number of important details which you must consider.

The offer should include:

- Date of the offer
- Full legal names and addresses of both the buyer and the seller
- Full legal description of the property
- Amount of the deposit
- Sale price
- Amount of the cash down-payment and details as to how the remainder of the purchase price will be financed
- Date for completion of the sale
- Date of possession of property
- A list of the conditions which must be fulfilled before the sale can take place (normally called subject clauses or conditions precedent)
- A list of items which are not attached to the building (normally called chattels) but which are to be included in the sale price; for example, drapes, refrigerator, stove, etc.
- Date and time at which the offer expires
- The signature of the buyer and his or her occupation

How do I determine the amount of my initial offer?

There is really no rule to use to calculate a realistic offer. Naturally the buyer wants the best price, but negotiations can be influenced by many factors.

After you've looked at the home's features and asked questions all your questions, your REALTOR® will research comparable sales in the neighbourhood to give you a good idea of the home's current market value. Then you consider what you can afford and make a fair offer.

If you're working with a REALTOR® they have a few techniques to discover information from the listing agent. Most buyers and sellers negotiate the price, with both sides "giving" a little until they agree.

When the price is agreed upon, the paperwork will be initialled by both parties.

After the offer is accepted, you typically begin the process of arranging a home inspection and arranging to get a firm mortgage commitment. (You should have a full pre-approval for a mortgage prior to signing an offer.)

Subject Clauses

The purpose of a subject clause contained in an offer to purchase is to set out a specific condition that must be fulfilled before the sale can go through. One common subject clause you might encounter is one in which the buyers make the sale conditional upon their finding the exact amount and type of financing which will enable them to purchase your home.

Remember that, if you accept an offer that contains a subject clause, you are effectively taking your property off the market for the period in which the buyers are attempting to meet the condition they have set. Therefore, you should ensure that an agreed upon time for the condition to be met is specified in the offer to purchase.

If one of the conditions contained in a subject clause cannot be met after every reasonable effort has been made to do so, the contract ends and there is no legal obligation to complete the purchase or sale.

As a seller, you may wish to accept an offer containing a subject clause (e.g. subject to the buyers selling their own house) yet still leave yourself free to consider other offers, just in case the buyers are unable to remove the condition. You can do this by having the buyer agree to

inserting a time clause in the contract. A time clause will permit you to require the buyer to remove all subject conditions within a short, specified time period if you receive another offer that you would like to accept. If the buyer does not remove the conditions within that time, the conditional contract comes to an end and you are free to accept the second offer.

What is Happening on the Seller's Side?

When you make an offer to purchase your home, the seller will give considerable time and attention to re-viewing each offer carefully. Their agent will assist them in understanding the terms and conditions contained in your offer, and will provide them with any advice they request, but ultimately the decision is the sellers. The Sellers REALTOR® should prepare a revised estimate of the net cash proceeds they will receive on completion of the sale, based on the sale price and financing arrangements stated in the offer.

The Seller Has Three Options:

1) Accept an offer exactly as it stands

If they decide they would like to accept an offer the seller signs a Contract of Purchase and Sale agreeing to its terms. It becomes a legally binding contract. Legally binding means both you and the seller will be bound by the terms of the contract and must perform your respective obligations as stated. Your performance can be enforced in a court of law.

If you are uncertain about any of the clauses contained in the offer, you may wish to consult a lawyer before signing the contract; however, keep the expiry date of the offer in mind if you decide to postpone acceptance!

Be sure you know the precise meaning of each term in the offer to purchase

2) Make A Counter-Offer

If the seller changes anything at all in the original offer, they are considered to have rejected that offer and to be making a new offer to you the buyer. This new offer is usually referred to as a "counter-offer."

The risk in making a counter-offer is that if you, the buyer has changed your mind and rejects the counter-offer, they do not have the option to return to the original offer and accept it.



But, you as the buyer may decide to make another counter-offer back to the seller and the process of counter-offers could continue until an agreement is reached.

If, after making a written counter-offer, the seller decides they don't want to sell the property, it may be possible to revoke the counter-offer. Many legal problems can result from the revocation of a counter offer, so you should seek professional advice about the correct procedure to follow.

3) Reject The Offer

The seller is under no obligation to accept any offer or to make a counter-offer. If, however, they reject an offer which exactly meets all the terms you agreed to in the Listing Contract which they signed with their listing agent, they could be/are legally obligated to pay the commission.

What's a "deposit" and how much do I need?

When you sign an offer to purchase, you will require a "good faith" deposit. That is, money that shows you are serious about wanting to buy the home.

When you sign an offer to purchase, you will require a "good faith" deposit. That is, money that shows you are serious about wanting to buy the home.

Usually, the amount is 5% of the purchase price and comes in the form of a bank draft. The deposit bank draft is typically provided within 24 hours of removing all subjects. Once the offer is accepted your deposit money will be held in a special trust account by the agent's company. Once your offer becomes firm, your deposit will be included as part of your down payment. If your offer is not accepted, you'll get back all of your deposit without interest or any deductions.

Keep in mind, though, that if you back out of an offer once it's accepted and all conditions have been removed, you forfeit the full amount of the deposit and may be liable for other costs incurred by the seller.

Should I Get Pre-Approved for a Mortgage?

YES! We will Guide You to the finish line. Ask us for a List of Qualified Lenders

The pre-approval process

A pre-approval is when a potential mortgage lender looks at your finances to find out the maximum amount they will lend you and what interest rate they will charge you.

With a pre-approval, you can:

- know the maximum amount of a mortgage you could qualify for
- estimate your mortgage payments
- lock in an interest rate for 60 to 120 days, depending on the lender

The pre-approval amount is the maximum you may get. It does not guarantee that you'll get a mortgage loan for that amount. The approved mortgage amount will depend on the value of your home and the amount of your down payment. It may be a good idea to also look at properties in a lower price range so that you don't stretch your budget to its limit.

Remember that you'll also need money for:

- closing costs
- moving costs
- ongoing maintenance costs

Check your credit report

Before you start shopping around for a mortgage, order a copy of your credit report. Make sure it does not contain any errors. A potential lender will look at your credit report before approving you for a mortgage.

If you don't have a good credit score, the mortgage lender may:

- refuse to approve your mortgage
- decide to approve it for a lower amount or at a higher interest rate
- only consider your application if you have a large down payment
- require that someone co-sign with you on the mortgage

What to provide to your lender to get pre-approved

Before pre-approving you, a lender will look at your current assets (what you own), your income and your current level of debt.

You'll need to provide your lender or mortgage broker with the following:

- identification
- proof of employment
- proof you can pay for the down payment and closing costs
- information about your other assets, such as a car, cottage or boat
- information about your debts or financial obligations

For proof you can pay the down payment, your lender or mortgage broker may ask you to provide recent financial statements from bank accounts or investments.

Your debts or financial obligations may include:

- credit card balances and limits, including those on store credit cards
- child or spousal support amounts
- car loans or leases
- lines of credit
- student loans
- other loans

Questions to ask your lender or broker when getting pre-approved

When getting pre-approved, ask your broker or lender the following:

- how long they guarantee the pre-approved rate
- will you automatically get the lowest rate if interest rates go down while you're pre-approved
- if the pre-approval can be extended

Qualify for a mortgage

To qualify for a mortgage, you'll have to prove to your lender that you can afford the amount you're asking for.

Mortgage lenders or brokers will use your financial information to calculate your total monthly housing costs and total debt load to determine what you can afford.

Lenders will consider information such as:

- your income (before taxes)
- your expenses (including utilities and living costs)
- the amount you're borrowing
- your debts
- your credit report and score
- the amortization period

Total monthly housing costs

Your total monthly housing costs shouldn't be more than 32% of your gross household income. This percentage is also known as the gross debt service (GDS)

ratio.

These housing-related costs include:

- mortgage payments
- property taxes
- heating
- 50% of condo fees (if applicable)

Total debt load

Your total debt load shouldn't be more than 40% of your gross income. This includes your total monthly housing costs plus all of your other debts. This percentage is also known as the total debt service ratio.

Other debts may include the following:

- credit card payments
- car payments
- lines of credit
- student loans
- child or spousal support payments
- any other debts

Qualifying interest rates for mortgages

To qualify for a mortgage loan at a bank, you will need to pass a "stress test". You will need to prove you can afford payments at a qualifying interest rate which is typically higher than the actual rate in your mortgage contract.

Credit unions and other lenders that are not federally regulated may choose to use this mortgage stress test. They are not required to do so.

The qualifying interest rate your bank will use for the stress test depends on whether or not you need to get mortgage loan insurance.

If you need mortgage loan insurance, the bank must use the higher interest rate of either:

- the Bank of Canada's conventional five-year mortgage rate
- the interest rate you negotiate with your lender

If you don't need mortgage loan insurance, the bank must use the higher interest rate of either:

Assume that:

- After you have negotiated your interest rate with your lender
- And depending on what the Bank of Canada's conventional five-year mortgage rate is, then,

You will need to qualify at the higher of the two interest rates, which is the Bank of Canada's conventional five-year mortgage rate, even if you'll be paying the lower interest rate in your mortgage contract.

Calculate your gross debt service and total debt service ratios

Use the Mortgage Qualifier Tool to see if you can qualify for a mortgage based on your income and expenses.

The maximum amount you calculate may actually overestimate what you can really afford. Also think about the extra costs associated with buying a property, such as closing costs, mortgage loan insurance premiums, moving costs, unexpected expenses, maintenance costs and major home repairs.

Compare the result with the estimated costs for the home you'd like to buy. If the total costs you estimate are lower than the maximum amount you calculated, you'll probably qualify for a mortgage with the lender.

If you find that your debt service ratios are too high, consider:

- buying a home in a lower price range
- saving for a larger down payment
- reducing your debts

Questions to ask when shopping for a mortgage

Compare the whole package offered by each lender.

Ask about:

- the interest rate
- the term
- the amortization period
- the fees you have to pay
- your payment options
- your prepayment options
- ways you can save on interest
- optional life, critical illness, disability and employ-

ment mortgage insurance

- penalties if you sell your property before the end of your term
- options if you want to pay your entire mortgage off early
- transferring the remaining amount of your mortgage and the terms to a new property without paying a penalty if you sell your home
- registering the mortgage with a standard or collateral charge

Negotiate your mortgage contract

Once a lender decides to lend you money, you'll have to negotiate the terms and conditions of the mortgage, such as:

- the amount
- the amortization period
- the term
- how often you'll make payments
- the interest rate
- if it's an open or closed mortgage

Read your mortgage contract carefully and be sure to ask about anything you don't understand.

Federally regulated financial institutions, such as banks, must clearly give you key details about the loan agreement in an information box at the beginning of your contract.

Source: Government of Canada



Meet The Lamb Team

Licensed REALTORS®



The experienced team of Brian Lamb Marketing understands both the challenges and opportunities facing today's Real Estate marketplace.

With our number one priority being a trusted, valued relationship with each of our clients, we can offer a multi-faceted program designed to focus on the most important aspects of a successful creative marketing campaigns, hands-on sales performance, rapid absorption levels and profitable results for each one of our Sellers, Buyers and Investors. Brian Lamb Marketing and Associates our goal is create a professional sales campaign within an efficient period, while attaining the best possible prices for you in today's ever-changing marketplace. Our team brings a wealth of experience to each client relationship, having a combined experience of over five decades successfully marketing and selling a wide variety of thousands of homes and different new home communities in all types of market conditions.

Experience certainly brings results...especially in today's competitive landscape.

Our personalized and detailed approach is a few of the many reasons to choose the services of Brian Lamb Marketing and Associates - With that said, because our top priority is the value and experience with each of our clients, we strive to work together and earn your trust!

Let's meet for coffee and discuss how our team can help you Buy a home, Sell you home, Purchase an investment and use our 40 years experience to help you make the best decision for you.

"Our clients get the best of both worlds...caring personalities and proven experience...all with a bit of humor to take the real estate stress away."



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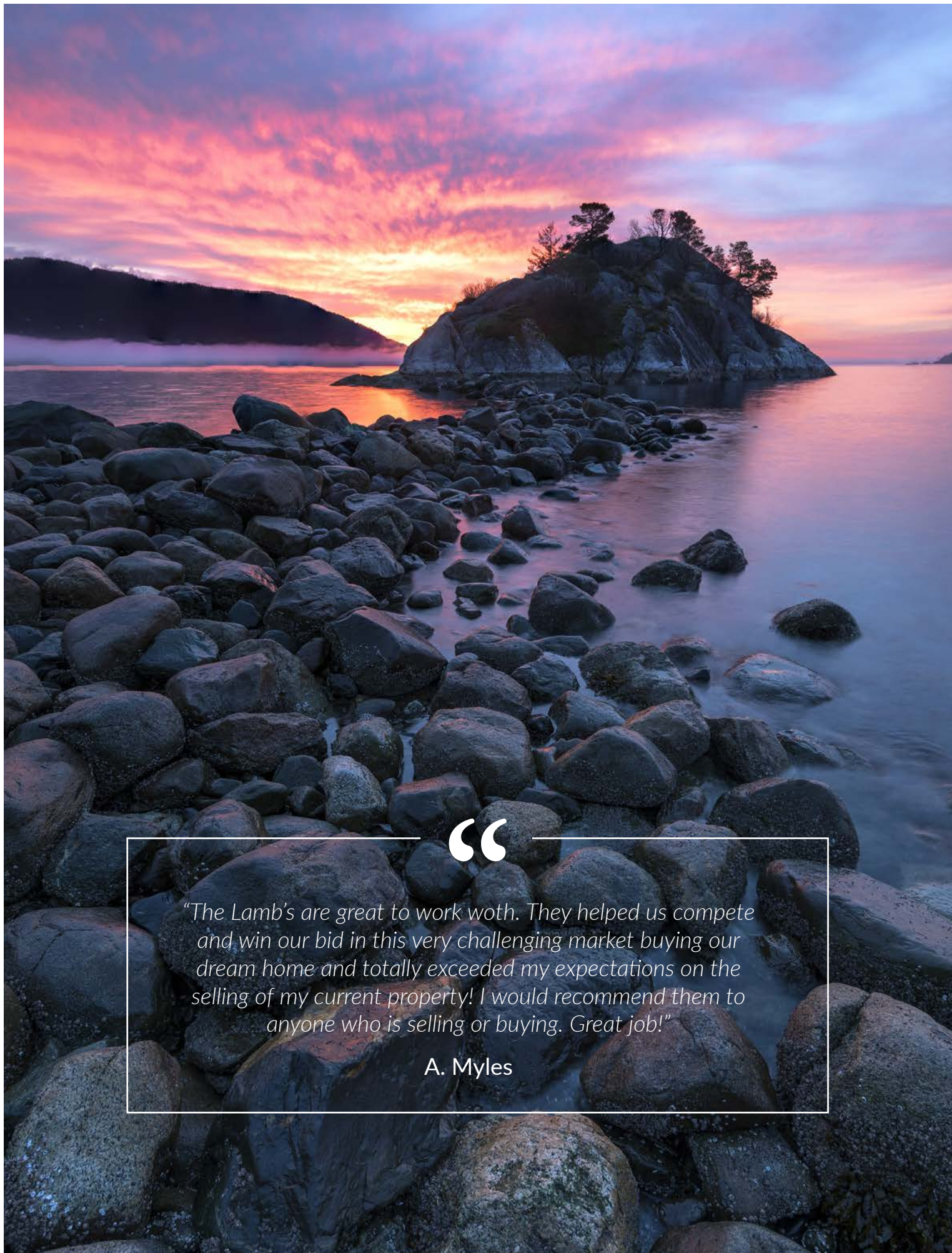
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“The Lamb’s are great to work woth. They helped us compete and win our bid in this very challenging market buying our dream home and totally exceeded my expectations on the selling of my current property! I would recommend them to anyone who is selling or buying. Great job!”

A. Myles



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