



The Mortgage Centre

We work for **you**, not the lenders.

BUYING A HOME IS A BIG DEAL!

For most of us, buying a home is the single biggest financial transaction we will make. It's exciting and fulfilling, but it can also be overwhelming, and even downright frightening. While the pitfalls are many, we're here to help you avoid them and make the process as stress free as possible!

Here are some key suggestions to help you move through the home buying process and eliminate the stress and mistakes many home buyers make.

- 1. Know what you want** - Don't start looking before you figure out what you are looking for. Knowing what you want will ensure you don't waste time now or regret your choice later. Realize that it's important to satisfy the needs first and the wants last.
- 2. Factor in future needs** - What will you need in five years, or ten? Try to estimate your future needs as well as your current ones. Buying a home now that's big enough to accommodate a larger family, a home-based business or in-laws may be a better financial move than having to find a larger place in just a few years.
- 3. Become an informed buyer** - Be familiar with the real estate market. There's lots of information available on the local and national housing situation; check the Internet; attend seminars offered by real estate professionals or check out books and magazines. At The Mortgage Centre (Guelph) we have access to resources that can help you get informed.
- 4. Hire a Real Estate Agent to help you buy** - Hire your own Real Estate Agent! Most of us think of a real estate agent as solely representing the seller, but real estate agents represent Buyers as well! Having your own agent to help you buy a home can save you time and money. It doesn't have to cost you anything and it can save you thousands! It is essential to communicate exactly what your needs are to your real estate agent, so you are both looking for the same home. Choose your agent carefully and if you enter into a formal agreement, make sure it includes a cancellation clause in case you aren't satisfied with the service.
- 5. Hire a lawyer** - Hire your own lawyer! You must have a lawyer for mortgage purposes when buying a home so make sure to choose one you are comfortable with and trust. Your lawyer's only job is to look out for your best interest, so having the right lawyer is a win- win situation.
- 6. The benefit of a Home Inspector** - Have the house professionally inspected. You can include this as a condition when presenting the offer. The inspector's job is to check the property and tell you what defects need to be repaired or replaced. Based on their report, you might want to walk away from the property or negotiate with the seller for repairs or an allowance for repairs. In most jurisdictions, sellers are required to make complete disclosure of defects in writing. Make sure you and your home inspector have this disclosure. To find a good inspector, ask for recommendations, then make sure the inspector is certified (the home-inspection industry is not licensed or regulated). Ask how many inspections they have performed and what kind of report is provided to you. Confirm how long it will take to get the report and ask if you can be present during the inspection. If they say no, find someone else.
- 7. Check the zoning of the surrounding area and find out about restrictions, conditions and covenants governing the subdivision.** The best surprise is no surprise. Know if the subdivision has covenants barring you from making changes such as additions to your home or determining the color you can paint it. If you are looking at condominiums or a strata-titled development, ask to see the bylaws put in place by the board of directors. You may find rules which will make for uncomfortable living, such as restrictions on visits by the grandchildren in some adult-oriented complexes. Knowing if other development such as a shopping mall or airport will be built behind your home may impact your decision to buy. A Buyers Agent would be a big help here!



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8. Keep your emotions under control. Here are four emotional mistakes first-time home buyers often make:

1. *Falling in love with a home.* As discussed in the beginning of this article, the buyer has to reconcile dreams with realities. It's often difficult to look at the pros and cons of a home rationally if you let yourself become too emotional about a particular property. So remember to factor in your budget and list of needs when considering an offer and beware of any real estate agents that play on your emotions to encourage you to say yes.
2. *Losing control of the situation.* Don't let yourself be swayed or sidetracked by an assertive agent or by undue advice from family or friends, they don't have to live there, you do! While personality clashes with agents, mortgage broker or others with whom you are trying to work can also be upsetting don't let your frustration lead to imprudent decisions that you'll later regret.
3. *Committing to home ownership.* If you're simply worried that something better will come along after you've made your offer, remember that there's more than one home out there with your name on it. Take the time you need to make a sound decision, but don't be afraid to commit to a new home purchase.
4. *Buying before you are ready.* If you are suffering from cold feet due to the idea of becoming a homeowner, sit down and take stock of the situation. Examine your motives for thinking you should take this important step, and determine what it will mean to your lifestyle and budget. Talk it over with your financial counselor, your real estate agent and your mortgage professional.

9. Location is the key. The value of your home is affected by those around you. The home may be perfect, but don't forget to also assess the neighborhood that surrounds it. No home is an island and home value is affected by location. Factors that determine the best location include:

- Surrounding homes - the condition of other homes, including buildings and the property.
- Size Matters - the relative size of your potential home compared to others in the same area.
- Placement - the outer edge of an area is less desirable than being in the middle, surrounded by similar homes, except if the property borders woods, a park or other open space such as a golf course.
- Best Buy - the least expensive home in the best area or in an area of transition is a best buy. You can buy low now to sell high later.

10. Making an offer

- Low-balling - New Buyers often offer too small a bid or want too many concessions from the Seller. This can alienate the Seller, and result in a complete rejection with no counter offer.
- Paying too much - Avoid bidding wars at all costs. Sometimes the threat of another buyer is simply a ploy to scare you into increasing your offer. Even if there is another buyer, don't play the game. Whoever eventually "wins", actually loses, because the price will be too high. In case there isn't another buyer, let the Seller know you'll be interested if the "deal falls through."
- Being afraid to negotiate - Most of us hate to haggle, but negotiation is the key to the best deal. Know your bottom line and be prepared to walk away if you can't meet it. Knowing as much as possible about the seller's situation, including his time frame, is an enormous help (a Buyers Agent can be very helpful here). Likewise, try to keep information about your own financial situation to yourself; the seller will be looking for information about you that they can use to their advantage during negotiations.



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- Being pressured into a quick deal - Don't let the seller's side pressure you to a quick close. It could be a sign that there's something wrong with the property. If the property has been on the market for a while, there's probably no rush. Remember, there will always be another place that's right for you.
- Not asking the seller to pay for extras - Don't be afraid to ask the seller to pay for the home inspection and a survey of the property. You're entitled to know where the boundaries are and exactly what you are purchasing. Your Real Estate Agent can advise you.

11. Closing considerations

- Possession Date - Make sure you and the seller both know when you are to have vacant possession - that is, when they and their stuff is to be gone. If you think its 12:01 a.m. and the seller thinks its noon, there can be big problems.
- Insurance - Make sure you have arranged for adequate home insurance and that it's timed to come into effect so there is no gap between the seller's insurance and yours.
- Final Check - Do a thorough walk-through before you close and before you take possession to ensure that all conditions are met. Are the light fixtures all in place? Are all the appliances you agreed to buy still there?
- Boot Them Out - Don't let the seller stay in the property after the time of possession. If this happens you will need to get your lawyer involved.

Buying a home is a big deal! You'll likely spend more on a home than on any other purchase you make in your lifetime. Many people do their homework before they buy a major appliance or vehicle –shouldn't the same effort be devoted to your home? Applying that same determination to get the features you want at the best possible price when buying a home will make for a more confident and stress-free process.

Once you've done your homework make sure you surround yourself with the right professionals to begin looking for your dream home, at your dream price. At The Mortgage Centre (Guelph) we have helped thousands of people buy their dream property. Is it time we help you?