



## Survival Guide for Buying a Home

When it comes time to buy a house, it can be one of the biggest purchases of your life. It can also be the most exciting, frustrating, and confusing things that you may have to endure, especially if you're a first time home buyer or have been out of the market for some time.

1. Contact a bank or mortgage broker of your choice and figure how much you can afford. It's always a good idea to get pre-approved at a lending institution in order to know what price range you should be considering for your new home. There's not much sense in looking at homes that are worth \$400,000 when you can only afford \$200,000.

When you are pre-approved, the lender has already checked your credit and employment situation fairly closely. That way, there will be no surprises when it comes time to put an offer on a house.

Don't be afraid to shop around if you don't like the terms offered by your bank.

Lending institutions are in the business to make money and want your business. It may seem daunting trying to understand all the percentages and terms but don't be afraid to ask. It's a good idea to do some research on-line to compare the lenders in order to be better informed before you meet them.

2. Once you know what your price range is, contact a real estate agent. Of course, you can look on-line and in the newspapers for a property but by using the services of a realtor, they can guide you through the whole process of purchasing a new home. Also, if you let them know what you're looking for, they usually know the best areas to look in, can save you a great deal of time, and reduce any frustration. When it comes to looking at houses, having a real estate agent with you gives you an extra set of eyes that might see something you might not. There is quite a bit of emotion that is involved in the purchase of a home. The agent should act as an impartial observer and help you note key elements in the house either good or bad.

3. Now that you've decided on a house that you like, it's time to place an offer. Let the agent know how much you'd like the initial offer to be as well as the other terms such as possession date, deposit and conditions. Most offers will have certain conditions that must be met within a time frame such as the buyer getting a mortgage by a certain date in order the offer to proceed. Other common conditions are home inspection and insurance. The agent will help you determine the contents of the offer if you're not too sure.

There are also other forms that must be included with the offer that establish who is representing you and for how long and any government identification forms. The agent will explain those to you and answer any questions you may have.

4. Once the offer and associated paperwork has been completed, it's time for the realtor to present your offer to the Seller.

The majority of the time, the Seller usually doesn't accept the first offered price and will sign it back something more to their liking. Of course, you can sign it back at a different price. The same process can occur with the other terms in the offer. Once both parties, buyer and seller, agree to the contents and terms of the offer, you have a deal. However, if there are conditions in the offer, you have a conditional deal. Once the conditions are met, the offer then becomes firm and you've bought a house!

5. After the offer has been accepted by both parties, you need to submit a deposit to the listing brokerage with a cheque or money order. A deposit is usually around \$1000 to \$5000, established in the offer, and is applied to the purchase price. The listing brokerage then places the deposit in their trust account until the possession date. If the deal doesn't come together due to a problem in the offer such as one of the conditions not being met, the deposit is usually refundable.

During this time, if there are conditions to be met, it is in your best interest to work on those as quickly as possible in order to avoid any potential complications. The agent will help you figure out the order of importance in order to help save time and money. If you have a condition for obtaining a Mortgage, the lender will need a copy of the offer so they can establish a Mortgage for you. They will also explain how much money you will need at closing (possession date), based on the terms of the Mortgage, as well as extra fees such as land transfer tax (approximately 1% of the purchase price), etc.

6. Finally, you have a firm deal for the purchase of your new house! The offer then goes to the lawyer of your choice who start to work on the transfer of title and funds. The lawyer also makes sure that there is no problems with the property such as any liens that may hamper the purchase.

When it is close to the possession date, the lawyer would have you go the their office to sign paperwork and arrange to transfer any funds required by the lender. There may be extra expenses such as legal fees and any money that was spent by the seller toward the house such as property tax which would need to be adjusted accordingly. The lawyer should explain all those to you in detail. It's a good idea to have some money put aside just in case there are any extra expenses.

At last, it's the day of possession of your new home and you've managed to survive. The lawyer will then give you the key and the rest is easy.