

# Home Buyers Guide



Presented By:

Susan Bowie

Sales Representative

Royal LePage Frank Real Estate, Brokerage

Independently owned and operated

705-748-4056 office

705-760-3352 cell

705-748-5244 fax

[susanbowie@royallepage.ca](mailto:susanbowie@royallepage.ca)

[www.susanathome.ca](http://www.susanathome.ca)





Thank you for the opportunity to discuss the search for your new property.

With many years of experience in real estate, a design background, and a commitment to volunteering at my board, I believe I can be a valuable asset in your home buying experience.

The purpose of this Home Buying Guide is to help you understand the home buying process and to acquaint you with how Royal LePage and I can assist you in achieving the purchase of your next property. My hope is that you will be delighted with the home buying process.

I have access to virtually every property for sale in this market and will show you the homes that best match your requirements.

I'm committed to searching until we find the best home for you, and to help negotiate the best possible deal.

Again, thank you for allowing me to assist you in the purchase of your next property.

Sincerely,

Susan Bowie  
Sales Representative



Royal LePage Frank Real Estate, Brokerage  
Independently owned and operated  
244 Aylmer Street,  
Peterborough, ON, K9J 3K6  
705-748-4056 office  
705-760-3352 cell  
705-748-5244 fax  
susanbowie@royallepage.ca

[www.susanathome.ca](http://www.susanathome.ca)

[www.susanbowie.ca](http://www.susanbowie.ca)

<http://susanonhomes.blogspot.com>

Susan Bowie  
Sales Representative

## Advantages to Home Ownership

Whether you are looking for more space to raise a family or the perfect place to make your own there are many advantages to owning your own home, ranging from the purely personal to the very practical.



### Scheduled Savings

When you buy a house, your monthly mortgage payments serve as a type of scheduled savings plan. Over time you will gradually accumulate what lenders call “Equity,” an ownership interest in the property that you can often borrow against or convert in cash by selling the house. In contrast, renters must continue paying rent to a landlord for as long as they rent, without the opportunity to build equity.

### Stable Housing Costs

Another advantage to home ownership is that while rent typically increases year after year, mortgage payments can remain unchanged throughout the entire repayment period. In fact, because of the effect of inflation, over the years you pay the same amount but with devalued dollars. So, what may seem like a substantial payment now will become very affordable after cost-of-living increases.

### Increased Value

Houses typically increase in value or “appreciate,” over time. It’s not unusual to find a house that sold for \$150,000 fifteen years ago to be valued at much more than that amount today. This increased value is as good as money in the bank to the homeowner.

### Benefits

Home owners get significant tax breaks that are not available to renters. Most importantly, interest paid on a home mortgage is usually deductible. This factor alone can save you a substantial amount each year in federal income tax.



## Royal LePage Frank Real Estate

Royal LePage has been a provider of real estate services since 1913. Our name is recognized Canada-wide as a leader in the industries in which we operate. The Company has emerged from a three year restructuring program with a strong balance sheet and innovative programs.

It all started in 1913 with a man named Albert E. LePage, a Canadian.

Albert LePage revolutionized the real estate industry in the country by being the first agent in Toronto to turn buying and selling homes into an accessible and professional enterprise. He actively sought clients through follow-up inquiries, took buyers from house to house by car and used descriptive ads in newspapers -- all industry standards today. He was also instrumental in establishing the Toronto Real Estate Board which helped raise the standards of the industry. By the time he retired in 1953, Mr. LePage had moved the company beyond the residential market and into home building and the subdivision and sale of estates.

Albert E. LePage began with a vision of what a company with his name on the door (and the words 'For Sale' on a sign) should represent: impeccable professionalism, principled conduct and the highest moral and ethical standards. Today, more than 80 years later, these principles still guide us in everything we do.

### **Here, at a glance, is how we got where we are today:**

1955 - 1960 commercial division developed

By 1967, A.E. LePage had expanded beyond Toronto and by 1970, beyond Ontario through a series of mergers and acquisitions

A series of purchases from 1970 to 1976 gave LePage a residential brokerage presence from British Columbia to Quebec

In 1974, the company moved into real estate development with the incorporation of Canlea Ltd.

In 1984, A.E. LePage and Royal Trust merged their real estate brokerage and fee business, naming the new company Royal LePage

In 1987 Royal LePage became a 54% owned division within the Trilon Financial Group

Today we are a privately owned company.

### **About our Future**

Royal LePage is Canada's fastest growing real estate franchisor with over 10,000 sales representatives and staff in more than 550 offices from coast-to-coast. Recognized as a North American industry leader in technology, Royal LePage is committed to providing its sales force with the tools and training they require to meet the needs of a changing consumer. As our industry continues to change, our commitment to our leadership role and investment in this future grows, and with it the success of our people.

Susan Bowie  
Sales Representative



## A Little about Me...

I have been working with buyers and sellers in the real estate market for more than 7 years. My belief is to provide you with all the knowledge you need to make the right buying decision. I continually take courses to better my services for my clients.

### **These are some of the course I have taken:**

(Currently working on my Home Efficiency Course)

Website & Online Marketing

Increasing your competitive edge

MPAC Residential

Filogix Tips and Tricks

Title Insurance

Caring for the Oak Ridges Moraine

Crea Technology Products: Working with WEBforms and REALTORLink

Filogix DMS Presentation

Building and Sustaining Your Business

Land Planning Information Session (every year)

CMHC Mortgage Financing: Potential Pitfalls

CREA Technology Products

Spring into Technology

What's new in Technology

Curb Appeal

Residential Investment Properties

Principles of Appraisal

Recognizing Structural Deficiencies in Homes

Real Property Law

Commercial Real Estate

Multiple Offers

Successful Real Estate Investing,

From Well to Faucet

Celerity Computer Training

2010 Completed RECO Update Course

2008 Completed RECO Update Course

2006 Completed RECO Update Course

2002 – 2004 Completed Commercial Real Estate, Real Property Law, and Principles of Appraisal

2002 Completed all Real Estate Courses required

2000 – 2001 Owned and Operated Avenue Living and Design, Toronto, ON

Susan Bowie  
Sales Representative



Susan Bowie  
Sales Representative

## Testimonials

“Thanks for doing such a great job. The staging extras were also much appreciated.”

*Mary Bays*

“Thank you very much for all the hard work you did for us on my Mom & Dad’s home. You really don’t know how much we appreciate it. Some day I may be able to return the favour.”

*Barb and Roy Sarginson*

“I'm sure she'd tell you that she was just ‘doing her job’ but Susan gives the impression that she really cares about her client and their needs. I have been so impressed and confident in her selling our current home and search for our "new" home that the process seemed completely comfortable. Susan is entirely dedicated, hardworking, flexible and excellent at her job. I recommend her to ANYONE.”

*Mary Walke*

“Thank you so much for everything you did for Matt & I. We appreciate all the hard work you did, helping us buy our first home.”

*Matt Hopkins and Kara Fogel*

“Thank you so much for all of your help & guidance. Against all odds, You are the wind beneath our wings.”

*Kimberly Kovak and Paul Pfeiffer*

“Susan Bowie was very good and helpful for me in selling & buying a house.”

*Thomas Kennedy*

“Great Service!! Very satisfied!!”

*Margaret Moore*



## What Can You Afford?

### **GDS Gross Debt Service (32%)**

Lenders add up your housing costs including principle, interest, taxes, and heating to determine what percentage they are of your gross monthly income.

### **TDS Total Debt Service (40%)**

Similar to the GDS but includes your entire debt load such as car loan or credit card payments.

#### *Example:*

*Jane's gross monthly income is \$2,500 and Deepak's is \$2,000 for a total of \$4,500 per month. They should pay no more than \$1,440 ( $\$4,500 \times 32\%$ ) for their monthly housing expenses.*

### **Cost of Home Ownership**

**Down Payment:** 5% to 25 % is high ratio (added cost of CMHC mortgage loan insurance).

**Land Transfer Tax** is based on a percentage of the selling price of the home. (.5% of \$55,000, 1.0% from \$55,000 - \$250,000, 1.5% from \$250,000 - \$400,000, and 2% of \$400,000)

**Legal Fees** can range around \$1,000. It is worthwhile to call around for a quote as each lawyer charges different prices.

**Home Inspection** ranges around \$300.

**Moving Expenses**

**Mortgage**

**Property Taxes**

**Heat/Hydro**

**House Insurance**

**Maintenance**



## Helping You with your home purchase

### Financing

Organizing your finances is the critical first step in your home purchase:

- ✓ Consider the one-time costs associated with a home purchase, including a down payment, legal fees, inspection fees, taxes and moving expenses
- ✓ Understanding ongoing monthly costs, including mortgage payments, insurance, utilities, property taxes, maintenance and, if applicable, condo fees
- ✓ Take into account the equity you may have in your current home and the applicable mortgage options available for your next move
- ✓ Pre-qualifying for a mortgage gives you the comfort of knowing how much you can afford and what your monthly payments will be
- ✓ A pre-approval from a mortgage lender protects you against interest rate increases for a given period during your home search

### Needs & Wants

With an appreciation of what you can afford, determine your needs and wants within your home purchase price range:

- ✓ Consider your current lifestyle as well as any lifestyle changes you foresee longer term
- ✓ Select an urban suburban or rural location that best serves the needs of your evolving lifestyle
- ✓ Choose neighbourhoods in close proximity to the amenities that are most important to you like schools, shopping, entertainment, recreation, and transportation
- ✓ Consider your commute times to work, school, friends, and family
- ✓ Determine the size of home you require, such as the minimum number of bedrooms, as well as any other space requirements, like room for a home office
- ✓ Understand the home features most important to you, such as additional bathrooms or a large yard
- ✓ Decide on a property type that suits your lifestyle, needs and finances whether condo, townhouse, single or multi-family dwelling

Susan Bowie  
Sales Representative

## Helping You... with your home purchase

### *Home Search*

Begin your home search when you know what you need and want, and what you can afford. As your chosen real estate professional, I will:

- ✓ Provide access to both MLS® listed properties and properties listed exclusively with Royal LePage
- ✓ Send you listings of the properties that match your specific criteria
- ✓ Ensure you receive new listings of properties that match your criteria as soon as they become available on the market
- ✓ Supply supplement neighbourhood information like historical property values for the area, property taxes, schools and public transportation
- ✓ Help you hone your home search criteria, as required with an appreciation for current market conditions
- ✓ Show you the properties that you are interested in viewing

### *Viewing Homes*

When viewing properties you are interested in, it is important to remain objective. I will help you understand the importance of looking beyond surface aesthetics at:

- ✓ A home's exterior features from the foundation to the walls, the roof, the eaves and downspouts, drainage, windows, doors, fencing and landscaping
- ✓ A home's interior fittings such as walls, floors, outlets and switches, lighting, kitchen and bathroom fixtures, and appliances
- ✓ A home's heating, cooling, plumbing and electrical systems
- ✓ Visible signs of problems such as water or pest damage
- ✓ The benefits of having all of the above investigated thoroughly by a qualified home inspector
- ✓ Noise levels from neighbouring properties, the street, cars and public transport, and where applicable, highways and railways

## Helping You with your home purchase

### *Making an Offer*

There are a number of considerations to make before the offer is written for your next home. As your chosen real estate professional, I will guide you through the offer process to help you:

- ✓ Appreciate what comparable houses are selling for, how current market conditions can impact your offer, and where applicable, whether there is any competition from other interested homebuyers
- ✓ Understand the benefits of investing in a qualified home inspector who can expose any property deficiencies.
- ✓ Determine any offer conditions such as a satisfactory home inspection or arranging financing, and the potential impact of such conditions on the acceptance of your offer
- ✓ Sort through the key elements of your offer including price, deposit, financial terms, inclusions and exclusions, and your closing or possession date
- ✓ Present the offer to the sellers or the seller's representative on your behalf
- ✓ Manage all offers and any counter offers, negotiating to get you the best possible deal

### *Closing*

Your home purchase becomes a reality on closing day when ownership is officially transferred to you. Before and on closing day there are a number of tasks to complete:

- ✓ If you are renting, give notice to your landlord and arrange for the return of your deposit
- ✓ Confirm your home purchase with your mortgage lender and finalize your mortgage details
- ✓ Hire legal professional to represent your interests and manage closing documentation
- ✓ Obtain home insurance and notify your lawyer and mortgage lender of the selected insurer
- ✓ Arrange for your self-move requirements or obtain estimates from reputable moving companies and book as far in advance as possible
- ✓ Coordinate cancellations, transfers and change-of-address notification for medical, financial and contracted services, utilities, license, subscriptions, memberships, and personal mail (full list on the 'Moving Checklist')
- ✓ Meet with your lawyer a few days before closing to sign required mortgage and property closing documentation, pay associated balances and fees, and collect the keys to your new home



## Glossary

### **Amortization**

The period of time, most often 15, 20 or 25 years, required to reduce a debt to zero when payments are made regularly.

### **Appraisal**

A process for estimating the market value of a particular property. It can help the purchaser determine what price to offer. It can also be used by the lender for mortgage purposes. The appraised value seldom matches the actual purchase price exactly as other factors influence price.

### **Approved Lender**

A lending institution authorized by the Government of Canada through CMHC to make loans under the terms of the National Housing Act. Only Approved Lenders can negotiate mortgages which require mortgage loan insurance.

### **Assumption Agreement**

A legal document signed by a home buyer that requires them to assume responsibility for obligations of a mortgage by the builder or original owner.

### **Blended Payment**

A mortgage payment that includes principal and interest. It is paid regularly during the term of the mortgage. The payment total remains the same, although the principal portion increases over time and the interest portion decreases.

### **Building Permit**

A certificate that must be obtained from the municipality by the property owner or contractor before a building can be erected or repaired. It must be posted in a conspicuous place until the job is completed and passed as satisfactory by a municipal building inspector.

### **Closing Costs**

Costs, in addition to the purchase price of the home, such as legal fees, transfer fees and disbursements, that are payable on the closing date. Closing costs typically range from 1.5%-4% of a home's selling price.

### **Closing Date**

The date on which the sale of a property becomes final and the new owner takes possession.

### **CMHC**

Canada Mortgage and Housing Corporation is a Crown corporation that administers the National Housing Act for the federal government and encourages the improvement of housing and living conditions for all Canadians. CMHC also creates and sells mortgage loan insurance products.

### **Conditional Offer/ Conditions of Sale**

An offer to purchase that is subject to specified conditions, for example, the arranging of a mortgage. There is usually a stipulated time limit within which the specified conditions must be met.

### **Collateral Mortgage**

A mortgage which secures a loan by way of a promissory note. The money which is borrowed can be used to buy a property or for another purpose such as home renovation or for a vacation.

**Commitment Letter / Mortgage Approval**

Written notification from the mortgage lender to the borrower that approves the advancement of a specified amount of mortgage funds under specified conditions.

**Conventional Mortgage Loan**

A mortgage loan up to a maximum of 75% of the lending value of the property. Mortgage loan insurance is not required for this type of mortgage. Covenant A clause in a legal document which, in the case of a mortgage, gives the parties to the mortgage a right or an obligation. For example, a covenant can impose the obligation on a borrower to make mortgage payments in certain amounts on certain dates. A mortgage document consists of covenants agreed to by the borrower and the lender.

**Deed**

A legal document which is signed by both the vendor and purchaser, transferring ownership. This document is registered as evidence of ownership.

**Default**

Failure to abide by the terms of a mortgage loan agreement. A failure to make mortgage payments (defaulting on the loan) may give cause to the mortgage holder to take legal action to possess (foreclose) the mortgaged property.

**Deposit**

Money placed in trust by the purchaser when an Offer to Purchase is made. The sum is held by the real estate representative or lawyer until the sale is closed, and then paid to the vendor.

**Discharge of Mortgage**

A document signed by the lender and given to the borrower when a mortgage loan has been repaid in full.

**Down Payment**

The portion of the house price the buyer must pay up front from personal resources, before securing a mortgage. It generally ranges from 5%-25% of the purchase price.

**Easement**

A right acquired for access to or over, or for use of, another person's land for a specific purpose, such as a driveway or public utilities.

**Encumbrance**

A registered claim for debt against a property, such as a mortgage.

**Equity**

The difference between the price for which a home could be sold and the total debts registered against it. Equity usually increases as the outstanding principal of the mortgage is reduced through regular payments. Market values and improvements to the property also affect equity.

**Foreclosure**

A legal procedure in which the lender gets ownership of the property if the borrower defaults on the mortgage loan.

**Gross Debt Service Ratio (GDS)**

The percentage of the borrower's gross monthly income that will be used for monthly payments of principal, interest, taxes, heating costs and half of any condominium maintenance fees.

**High-ratio Mortgage**

A mortgage loan in excess of 80% of the lending value of the property. This type of mortgage must be insured — for example, by CMHC — against payment default.

**Holdback**

An amount of money withheld by the lender during the progress of construction of a house to ensure that construction is satisfactory at every stage. A standard holdback amount is 10% of the total cost of the building project.

**Interest**

The cost of borrowing money. Interest is usually paid to the lender in installments along with repayment of the principal loan amount.

**Lending Value**

The purchase price or market value of a property, whichever is less.

**Lien**

A claim against a property for money owing. A lien may be filed by a supplier or a subcontractor who has provided labour or materials but has not been paid. A lien must be properly filed by a claimant. It has a limited life, prescribed by statute that varies from province to province. If the lienholder takes action within the prescribed time, the homeowner may be obliged to pay the amount claimed by the lien-holder. Alternatively, the lienholder may force a sale of the property to pay off the debt.

**Loan-to-value Ratio**

The ratio of the loan to the lending value of a property expressed as a percentage. For example, the loan-to-value ratio of a loan for \$90,000 on a home which costs \$100,000 is 90%.

**Maturity Date**

The last day of the term of the mortgage agreement. On this day the mortgage loan must be either paid in full or the agreement renewed.

**Mortgage**

A mortgage is security for a loan on the property that you own. It is your personal guarantee to repay the loan as well as a pledge of the property as security for the loan.

**Mortgage Loan Insurance**

If you have a high-ratio mortgage (more than 75% of the purchase price), your lender will require mortgage loan insurance — available from CMHC or a private insurer. The insurance premium will cost between 0.5% and 3.75% of the amount of the mortgage (additional charges may apply).

**Mortgage Life Insurance**

This insurance guarantees that if you die your mortgage will be paid in full. This insurance can be conveniently purchased through your lender and the premium added to your mortgage payments. However, you may want to compare rates for equivalent products from an insurance broker.

**Mortgage Payment**

A regularly scheduled payment that is blended to include both principal and interest.

**Mortgagee**

The lender who provides the mortgage loan.

**Mortgagor**

The borrower who pledges the property as security for the loan.

**Net Worth**

Your total financial worth, calculated by subtracting your total liabilities from your total assets.

**Offer To Purchase**

A written contract setting out the terms under which the buyer agrees to buy. If accepted by the seller, it forms a legally binding contract subject to the terms and conditions stated in the document.

**P.I.T.**

Principal, interest and taxes - payments due on a regular basis under the terms of the mortgage agreement. Generally, payments are made monthly and include one-twelfth of the estimated annual municipal and school taxes. Since these taxes change from year to year, this section of the mortgage will change accordingly.

**P.I.T.H.**

Principal, interest, taxes and heating - costs used to calculate the Gross Debt Service ratio (GDS).

**Principal**

The amount of money actually borrowed.

**Realtor**

A real estate representative who is a member of an organization of persons engaged in the business of buying and selling real estate, such as the Canadian Real Estate Association.

**Refinance**

To pay off a mortgage or other registered encumbrance and arrange for a new mortgage, sometimes with a different lender.

**Second Mortgage**

An additional mortgage on a property that already has a mortgage.

**Term**

The length of time during which a mortgagor pays a specific interest rate on the mortgage loan. The entire mortgage principal is usually not paid off at the end of the term because the amortization period is normally longer than the term.

**Title**

A freehold title gives the holder full and exclusive ownership of land and buildings for an indefinite period of time. In condominium ownership, land and common elements of buildings are owned collectively by all unit owners, while the residential units belong exclusively to the individual owners. A leasehold title gives the holder a right to use and occupy land and buildings for a defined period of time.

**Total Debt Service Ratio (TDS)**

The percentage of gross monthly income required to cover all monthly payments for housing and all other debts, such as car payments.

**Vendor Take Back Mortgage**

Mortgage financing arranged between the seller of the property and the buyer. The title is transferred to the buyer. Often this type of loan is a second mortgage which the seller is willing to arrange at below market rates to ensure the buyer can purchase the house. Most of these arrangements are not renewable or transferable to the next owner of the house.

**Zoning Bylaws**

Municipal or regional laws that specify or restrict land use.

# MOVING CHECKLIST

Before you leave...

## CHANGE OF ADDRESS

- Post Office (Master Change)
- Financial Institutions (Bank, Trust Company)
- Driver's License & Car Ownership
- Charge Accounts / Credit Cards
- Memberships
- Insurance Companies (Life, Health, House, and Auto)
- Gas, Hydro, Water, Telephone, Cable (Get refunds on any deposits made.)
- Subscriptions, Newspaper Delivery (These require several week's notice.)
- Universities/Colleges (i.e., your alma mater)
- Friends and Relatives



## HEALTH

- Ask Doctor, Dentist, Optometrist, Chiropractor, etc., for referrals
- Transfer needed prescriptions, medical records, etc.
- Don't forget about your pets... give your vet your address change and arrange for file transfers

## SCHOOL RECORDS

- Advise your children's school(s) of your new address. (The new school will arrange for the transfer of records.)

## DON'T FORGET TO

- Empty the freezer; use up perishable foods.
- Defrost the freezer and/or refrigerator.
- Contact the cable company and arrange for the return of any rental equipment.
- Clean clothing and the rugs that will go with you.
- Talk to the moving company agent about: labour for packing and unpacking, any shipping papers that are required, the day and approximate time of arrival and the method and time of payment

## ON MOVING DAY

- Carry currency, jewelry, and important documents yourself or use registered mail.
- Plan for transporting pets. (They may be unhappy travelling companions.)
- Double check closets, drawers, and shelves to be sure that they are empty.
- Leave all old keys needed by the new owner with the real estate associate.