

First Time Buyers

With mortgage rates at historic lows there's never been a better time to buy your first home.

Let me help you understand the options available to you at this important stage in your life.

Take comfort knowing that I will provide you with all the information, sound advice, and assistance you need, every step of the way.

Below is a list of topics you'll want to read over as you plan what may be your largest purchase ever. If there's anything you're unsure about, please don't hesitate to reach out at any time. I'm prepared to do what we can to help make things proceed smoothly, quickly and effortlessly.

- Choosing a Realtor
- Finding and Purchasing the Right Home
- Making House Hunting Fun
- Affordability and Financing
- Selecting the Right Mortgage
- Applying For Your Mortgage - A Checklist
- Before You Sign the Offer
- On Closing Day
- Mortgage Life Insurance
- Prepayment Privileges

Choosing a Realtor

Choosing the right realtor can help ensure you get the right house at the right price. You want a real estate agent whose attitude and availability inspire your trust. Start by seeing who's most active in your neighbourhood. An agent who makes regular sales calls and keeps you informed of listings and sales in your area probably pursues business aggressively.

Set up appointments with a few agents from different companies and assess their presentations. Are they prepared? Have they done their homework in advance? Be sure to ask if the realtor is acting for a vendor or for you. Work with someone you relate to, with whom you have some chemistry, and who offers excellent service and value.

Here's a checklist of some questions to ask potential realtors before deciding which is right for you:

Qualifications

Ask to see a personal brochure or resume. Look for experience in your area, in your price range, and letters of reference.

Full-time realtor

Ask if this is their full-time career and whether they're committed to it in the long term.

Track record

How many properties have they sold in the last 3 months? How do they rank among peers? How many current listings do they have? What has their ranking been over the last 5 years? Where does their company rank in sales and market share?

Strategy

Ask how they'll approach your home search. Will they only rely on MLS listings, or do they have other sources of homes to show you? Are they willing to change their strategy to adapt to market conditions?

Length of time for search

How long do they think it'll take? What's the average length of time in your area and in the current market?

Price negotiation

What's the current selling price versus asking price in your area and in the current market? Is their personal sell vs. ask price better than average?

Support staff

Ask whether they have support people to assist in the process. This also gives you an additional contact should you need it.

Viewing appointments

Do they prefer to pre-book viewing excursions or are they able to show you listings as they become available?

Affiliations

Do they have any special affiliations or packaged discount programs with other corporations that can save you money on your mortgage, moving costs, or on purchases for your new home?

Consider transportation, distance to work, and proximity to schools, daycare, recreational facilities, shopping, healthcare, and so on. If the listing realtor claims "10 minutes to downtown," ask them to quantify with specifics.

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Making Home Hunting Fun

There's no shortage of information available to help you make an informed purchase decision. Lenders, as well as CMHC, the Canadian Bankers' Association, the Ontario Real Estate Association, and the Home Builders' Association, among others, have information to make home hunting stress-free and fun. Visit their websites for more information.

Take the guesswork out of shopping for a home by taking advantage of professional resources available to guide you through the many choices available when purchasing your first home.

Affordability and Financing

Talk with your Mortgage Centre specialist to review your current income and expenses. We'll help you take into account how your new mortgage may change your monthly expenses. Securing a pre-approved mortgage with a lender that checks your credit rating will allow you to get an idea about how much mortgage you may qualify for, so you can have a price range in mind when you look at different properties.

Lenders determine affordability by looking at your Gross Debt Service ratio (GDS) and your Total Debt Service ratio (TDS). The GDS ratio is based on what you can afford to pay each month; it includes mortgage payments, taxes and utilities. The TDS ratio includes everything covered under GDS plus all your other financial obligations.

A Mortgage Centre specialist can help you do a complete analysis based on net income and projected budgets to determine what you can comfortably afford.

The pre-qualifying stage is also the time to find out about the difference between conventional mortgages and high-ratio insured mortgages. Ask about assistance programs for first time homebuyers.

A Mortgage Centre specialist will also discuss closing costs with you, such as land transfer taxes, legal fees, and other disbursements. Before you're pre-qualified, your Mortgage Centre specialist will run your credit bureau report and ask for written confirmation of income, as well as how much you plan to put down on your purchase.

Once you're pre-qualified, the interest rate may be guaranteed for 60 to 90 days from the time of your application. If rates drop, you'll get the lower rate; if they rise, you're covered. And just because you pre-qualified by a certain financial institution, you're by no means committed to that lender. We'll continue to shop the market to get you the deal that we believe will suit your needs!

Selecting the Right Mortgage

Choices in selecting a mortgage include:

Conventional vs. high-ratio or insured mortgages

A conventional mortgage is a mortgage that has a principal amount that is no more than 80% of the appraised value or purchase price of the property, whichever is less. The principal amount of a high-ratio or insured mortgage is usually more than 80% of the appraised value or purchase price. An insured or high-ratio mortgage may also be referred to as an NHA mortgage because it may be entered under the provisions of the National Housing Act and in many cases must, by law, be insured. In general, the borrower pays the insurance premium as well as application, legal, and property appraisal fees.

Closed vs. open mortgages

Closed mortgages generally offer lower interest rates than open mortgages of the same term, but open mortgages let you pay off as much as you want, any time, without paying a prepayment charge.

Short term vs. long term

The term you select is important, too. Short term mortgages are appropriate if you believe interest rates will be lower at renewal time. Long term mortgages are suitable if you feel

current rates are reasonable and you want the security of budgeting for the future. This may be especially important for first time homebuyers.

Fixed rate vs. variable rate

You can choose a fixed or variable interest rate. A fixed rate mortgage makes it easier for you to budget for whatever term you select. A variable rate mortgage fluctuates with the market.

Specialty mortgages creatively combine the best of all worlds. Your Mortgage Centre specialist can help you select the options that are best for you.

Applying For Your Mortgage - A Checklist of some things you will need

When applying for a mortgage, you will need:

- A copy of the accepted Offer To Purchase and the land survey.
- A salary letter from your employer (self-employed buyers may require financial statements for the past three years as well as personal income tax returns).
- Confirmation that your down payment came from your own resources (e.g. bank statements or a gift letter).
- A list of all your assets and debts along with account numbers.
- A copy of the Real Estate Listing if buying an existing home.
- Condominium financial statements, if applicable.
- If you are buying a home to be constructed, bring a picture of the property, a copy of the building plans and specifications, the land survey, plus your agreement with the builder.

Your Mortgage Centre specialist can help you determine how much you can afford, obtain a pre-qualified approval, and select the mortgage that's right for you. This allows you to act quickly when you find the home you want. After your real estate agent draws up an Offer To Purchase between you and the vendor, contact your mortgage broker. Your deal is almost complete!

Before You Sign the Offer

Select a lawyer as you'd select a real estate agent: seek competitive fees, excellent service, knowledge, and approachability - in other words, value.

Involve your lawyer before you sign the offer, which becomes a legal Agreement of Purchase and Sale once you and the seller sign it. Have your lawyer read the document carefully and review it with you. Once it's signed and accepted, your lawyer will order a series of searches from various municipal offices to ensure that the vendors haven't been sued, that they've paid

all of their property taxes and major utility bills, and that there are no outstanding mortgages or liens on the property once you become the owner.

Your lawyer will also draft a series of closing documents and review the closing documents drafted by the vendor's lawyer.

Your lender and lawyer will co-ordinate and draft the appropriate documents. Your lawyer should disclose whether he/she is representing the lender as well. Your lawyer will notify the property tax offices as well as the utility offices that you will be the new owner as of the closing day.

A few days before closing, you'll visit your lawyer's office to sign the closing documents. Bring a certified cheque for the balance of the closing funds, because the lawyer pays the relevant parties on your behalf. Part of that amount covers the lawyer's fee and disbursement costs. The lawyer obtains the mortgage funds directly from the lender funding your mortgage.

On Closing Day

Your lawyer will close the transaction with the vendor's lawyer. At this time, the balance of the purchase price will be exchanged for the keys to your home and closing documents will be exchanged. Your lawyer will register the deed or title transfer and the mortgage. Finally, you pick up the keys to your new home!

After closing, your lawyer will send you a reporting letter and copies of all the documents you signed including the deed, the mortgage, and the survey, as well as a summary of the flow of funds. Be sure to keep these important records in a secure location.

Mortgage Life Insurance

It's a sound idea to seriously consider mortgage life insurance. Generally, the cost is low and can be incorporated into your mortgage payments. In the event of death, terminal illness, or permanent disability, your balance will be paid in full (because details vary among financial institutions, it's a good idea to read the policy carefully). Quotes are available with each approved mortgage.

Prepayment Privileges

Financial institutions vary in their prepayment privileges, which let you pay down your mortgage faster. Your Mortgage Centre specialist can discuss your prepayment options with you, based on the mortgage you select. Also be aware that the longer the amortization period

(the time it takes to pay off a mortgage), the more interest you'll end up paying. Amortization periods usually range from 5 to 25 years.

Weekly or biweekly instead of monthly payments could shave a considerable amount on your overall mortgage interest payments, depending on current interest rates.

Another option to consider is portability, which may help to ensure that you have financing if you sell your original home and purchase a new one. You may also wish to consider whether, if you sell your home, your mortgage may be assumed by the buyer. This can be a major advantage if your mortgage rate is below current market rates.

Your house is like a savings account. Start making convenient withdrawals!



Broker Advantage

We help you get a better deal. A mortgage broker works for you to shop the mortgage market, saving you time and money.

Contact me to learn more about the advantages of working with me as your mortgage broker