

Home Buyer GUIDE



NANCY HUME-MELETTI & LORI HUME, REALTORS®

Deciding to *Buy*

Ah, the allure of homeownership: the white picket fence, the garden gnome gracing the lawn, the Sunday barbecues in the backyard. It's the Canadian dream, isn't it? But deciding to take the leap from renting to buying is a huge step. Let's dive into the intricacies of making that decision.

Why Do You Want to Buy?

Every journey begins with the "why." Is it because you're tired of paying rent to a landlord every month? Perhaps you're seeking a more permanent place to hang your hat, or maybe it's the freedom to paint your bedroom any shade of blue (or pink!) you desire. For many, it's the prospect of viewing a home as an investment, a place that, with time, grows in value.

Financial Fitness is Key

Budgeting: How much can you really afford without straining your monthly finances?

Credit Check: That three-digit score will significantly impact the mortgage rates you're offered. A healthier score equates to more favorable terms.

The Saving Game: Remember, the costs don't end with the down payment. Closing costs, inspection fees, and any immediate renovations can all tally up.

The Market Pulse

Get a feel for the market. In simpler terms: Are homes selling rapidly, or is it more of a slow dance? Knowing the market dynamics you're stepping into can inform your negotiation strategies and set expectations for pricing.

Your Future Plans

Look ahead: Do you envision yourself in this city for the next decade or so? If you're in a transient phase of life, discerning the right time to buy is crucial. Moreover, consider what you need from a home now and what you might need in the future.



Understanding Your Housing

Your Needs

Needs

Before you start the home buying process, it's essential to have a clear understanding of what you're seeking in a home. Consider the following factors:

Type of Home: Are you interested in a single-family home, in a townhouse, in a condominium, or in a multi-family building with two to four units?

New or Existing Home: Would you prefer the charm of an existing home with mature landscaping and established neighbourhoods, or are you drawn to the modern features of a new home that might allow for customization?

Location: Consider the neighbourhood's suitability for your lifestyle, including commute times, school district quality, proximity to amenities, and community services.

Features: Compile a list of essential and desired features. How many bedrooms and bathrooms are necessary, and what specific features are you seeking? Are you looking for an open-concept design, or do you prefer separate rooms? Consider the importance of outdoor space, a garage, or a home office.




Establish

Your

Budget

Your Budget

Once you have a clear picture of your housing needs, it's time to assess your budget to determine how much house you can afford:




Income: Your income is a crucial factor in determining your housing budget. Generally, your monthly housing expenses—including your mortgage, property taxes, heating expenses, 1/2 condo fees and insurance—should not exceed 32% of your gross monthly income.

Down Payment: A larger down payment can reduce the amount of your mortgage and potentially eliminate the need for mortgage insurance, saving you money over time. Typically, homebuyers are expected to have a down payment saved before purchasing a home.

Credit Score: Your credit score plays a significant role in obtaining a favorable mortgage rate. A higher credit score can lead to better interest rates, thereby lowering your long-term financial commitment. If your credit score needs improvement, consider enhancing it before applying for a mortgage.

Debt: Your rent debt levels will influence the amount lenders are willing to offer you. Lenders usually prefer that your total monthly debts, including your anticipated new mortgage payment, should not exceed 40% of your gross monthly income.



Getting Pre-approved for a mortgage

A mortgage pre-approval is a statement from a lender indicating that you qualify for a certain mortgage amount, based on an evaluation of your creditworthiness and financial situation. It gives you a solid idea of what you can afford and shows sellers that you're a serious buyer.

Pre-approval can put you in a stronger position when you're ready to negotiate with sellers. It demonstrates that you've already begun the mortgage process and that a lender is willing to finance your purchase. This can give sellers confidence that the sale is more likely to go through if they accept your offer.

Getting pre-approved by several lenders is recommended to compare mortgage rates and terms. Remember, a pre-approval doesn't commit you to a particular lender, but it does enable you to understand and establish your budget.

Use your pre-approval to narrow your home search to properties within your price range. Having a clear budget can save you time and prevent the heartache of falling in love with a house you can't afford.

Pre-approvals often expire between 60 to 120 days depending on the lender. If you haven't found a home within this timeframe, you'll need to submit updated documentation to renew your pre-approval.



Searching for the *Right property*



Determine Your Must-Haves and Deal-Breakers

Before you start looking at houses, make a list of your non-negotiable features. These could range from factors such as the number of bedrooms and bathrooms to the type of neighbourhood, or even proximity to specific amenities like schools or public transportation.

Research Neighbourhoods

Consider factors such as school district quality, crime rates, and the availability of local amenities. The commute to work or accessibility to family and friends should also play a significant role in your decision. Try visiting the neighbourhood at various times of the day and different days of the week to get a genuine feel for the community.

Utilize Online Tools

Take advantage of the numerous online platforms that offer listings and virtual tours. These resources can help you save time by filtering out properties that don't match your criteria. This allows you to focus on scheduling in-person viewings only for homes that meet your requirements.

OPEN

House

Curiosity Didn't Just Kill the Cat:

Harness your inner detective and ask questions. Explore the history of the home, inquire about the neighborhood, or address any concerns. This is your opportunity.

A Closer Look Beyond the Glam:

It's easy to be swayed by freshly baked cookies and a beautifully staged living room. However, don't forget to test faucets, peek into closets, and even check out the view from each window.

Eavesdrop (Just a Little):

While it's not advisable to snoop, overhearing other visitors can provide valuable insights. They might notice something you missed or raise a pertinent question.

Neighbourhood Recon:

After touring the inside, why not explore the neighbourhood? Your potential future haunts, from parks to cafes, could play a significant role in your everyday life.

Poker Face On:

Even if you think you've found your dream home, maintain a neutral expression. Keeping your excitement in check will benefit you during negotiations.



Offering a Price for a Home

Deciding on an offer price can be one of the most nerve-wracking stages of the home-buying process. It's a delicate balance between securing a good deal for yourself and presenting an attractive proposition to the seller. Let's break down the strategies to make your offer stand out:

Market Research is Your Compass: *Before making an offer, it's essential to study recent sales of comparable homes in the area (often termed "comps"). We do this for you. This research will give you a clear understanding of the current market value, which should guide your offer.*

Know Your Budget: *It's easy to get carried away, especially for a property you love, but it's critical to know your financial ceiling. Remember, homeownership entails additional expenses such as property taxes, utilities, and maintenance.*

Consider the Home's Condition: *The state of the home can significantly influence your offer. Has it been recently updated, or does it require substantial renovations? These factors should affect your initial bid.*

Understand the Seller's Position: *The duration a property has been on the market can indicate the seller's willingness to negotiate. If the home has been listed for several months with little interest, the seller may be more receptive to lower offers.*

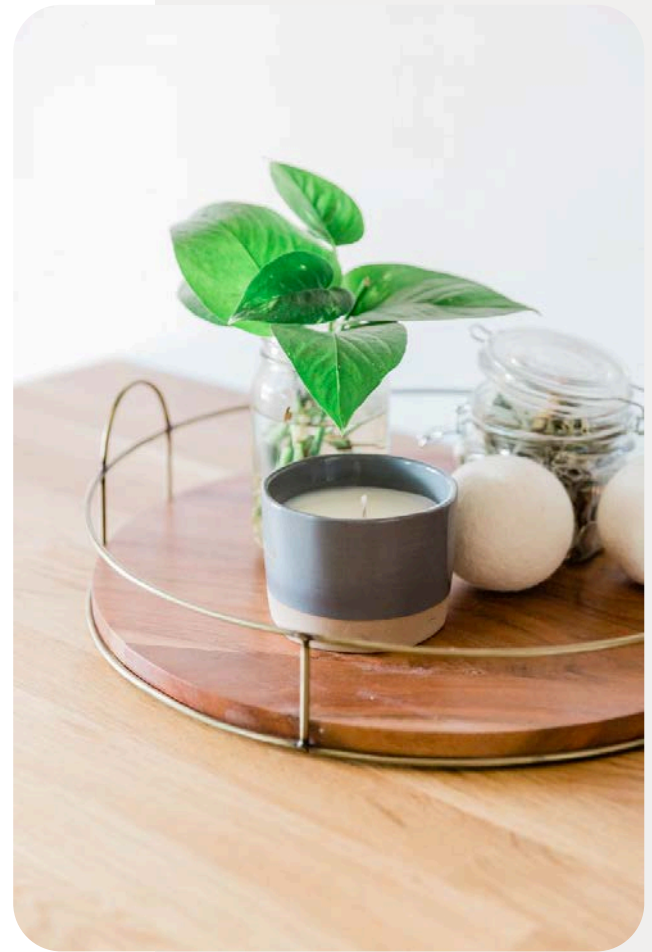


Navigating the Art of the Deal

BE COMPETITIVE, BUT REALISTIC:

In a seller's market, low-ball offers might be immediately dismissed. While everyone appreciates a great deal, it's crucial to ensure your offer is competitive, considering the current market dynamics.

Seek Guidance from Your Real Estate Agents: Leverage our expertise. With our keen understanding of market trends, we can provide essential advice on crafting an effective offer.



CONSIDER INCREMENTAL NEGOTIATIONS:

It's uncommon for a seller to accept an initial offer outright, so brace yourself for some negotiation. Determine your strategy for counteroffers beforehand and decide at what point you're ready to walk away.

As a prospective homeowner, your offer is a significant initial step in securing your claim to a property. A well-researched, thoughtful, and respectful offer sets the stage for a smoother negotiation. It's not solely about the numbers; it's the strategy that counts.



INSPECTIONS



Inspections in the Buying Process

Assessing Property Condition: A home inspection is a thorough examination of the physical structure and systems of a property, from the roof to the foundation. It's conducted by a professional home inspector who assesses the condition of the house, identifies any necessary repairs or potential concerns, and provides a detailed report on their findings.

Informed Decision Making: This inspection is vital as it gives you a clear picture of the home's condition, helping you make an informed decision about proceeding with the purchase. It can also be a powerful tool in negotiations, potentially leading to price adjustments or seller concessions if significant issues are uncovered.

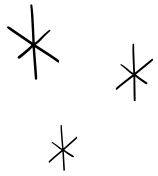
Safety and Compliance Checks: Beyond just structural integrity, inspections can reveal issues related to safety, such as electrical problems or radon levels. Ensuring the home meets current safety standards is a key aspect of the inspection process.

MOVING IN AND POST-CLOSING CONSIDERATIONS

New Home Access & Final Stages

- **Keys and Access:** Once all documents are signed and the sale is finalized, you'll receive the keys to your new home.
- **Utility Setup:** Arranging for utilities to be transferred into your name is important to ensure continuity of services.
- **Change of Address:** Don't forget to update your address for all relevant accounts, subscriptions, and official correspondence.
- **Post-Closing Financial Management:** Keep in mind that your first mortgage payment will typically be due the month after the closing. It's also wise to keep copies of all closing documents for your records.





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YOUR TRUSTED AGENTS



Working for You

