

EIGHT STEPS AND YOU'RE HOME! By Roger Bouma

1. Choosing a Realtor:

The most important step in becoming a homeowner is choosing a realtor. A good realtor will take the time to understand your needs, possess the skills to find the listings that meet those needs and have the ability to negotiate your purchase at the best possible terms.

Start by asking family or friends to recommend a realtor they had a positive experience with or perhaps you remember a realtor who impressed you when calling on an ad, a sign or visiting a website.

2. Mortgage Pre-Approval:

Pre-approval puts you in a stronger position when making an offer on a house. Your realtor should be able to refer you to a lender who is offering competitive rates, usually $\frac{1}{2}$ to $\frac{3}{4}$ percent lower than posted rates offered at a bank branch.

Many banks now have mortgage officers who work outside of the branch office and will meet you in your home or your realtor's office, at a time that's convenient to you.

You will be asked questions about your employment history, current debt load and available down payment. This info will determine how large a mortgage you qualify for and how much house you can afford.

Another advantage to getting pre-approved is that the lender will lock in a mortgage rate for a period of 60 or 90 days. If rates drop between then and the closing date you get the advantage of those lower rates. If rates increase during this time, you are protected.

3. Discuss your "needs and wants":

Now that you have a budget it's time to determine your needs and wants. For example, a four bedroom home to support a growing family is a "need"; a granite countertop in the kitchen is a "want". Focusing on your needs will help your realtor determine which homes to show you.

Also, think about where you want to live. Giving your realtor specific areas will narrow the search and result in more properties that fit your lifestyle.

4. View some homes:

The houses you visit will give you a sense of how much home the money you have budgeted will buy. This may prompt you to adjust your expectations or change your budget. Tell your realtor exactly what you like or dislike about each house. The realtor will then be able to tailor future viewings to satisfy your needs.

A good realtor will show you the best of what's available in the marketplace during the first few outings. You should then pick your top two or three homes and arrange to see them a second time.

5. Make an offer:

Now that you have found your dream home it's time to make an offer. This is the step when you most require your realtor's expertise. Your realtor should help you determine the fair market value of the property by showing you listings of comparable properties sold in the area or in similar areas. This information will help you determine an initial offering price and your upper limit. Keep in mind that a house is usually worth a little more than the buyer expects to pay and a little less than a seller expects to receive.

You will need to submit a deposit with the offer or upon acceptance of the offer. The amount of the expected deposit varies from marketplace to marketplace, seller to seller and property to property. Your realtor will advise you.

In addition to the offering price and deposit, consider what you wish to have included in the sale. Sometimes the items the seller wishes to include will show on the listing. First-time buyers often ask for all appliances and might settle for the fridge and stove. Built-in appliances are included unless they are listed

on the offer as being excluded. It is still a good idea to list them on the offer with the inclusions so that there are no surprises on the day of closing. Other items to consider are light fixtures, ceiling fans, and window coverings. Keep in mind that the more you ask to have included the less flexible the seller may be on price.

Even though your financing has been pre-approved, you should still make your offer conditional on obtaining a final commitment from the lender and on obtaining an inspection of the home by a registered home inspector.

The other consideration when negotiating a home purchase is the closing date. Does the sellers' desired closing date work for you?

6. Final mortgage approval:

Once you have successfully negotiated your offer, it's time to meet with the lender again. You do so because the bank will want to be satisfied that the property's value is sufficient to support the mortgage.

Once your financing is approved, your Realtor will ask you to sign a 'waiver' that removes the financing condition from the offer.

7. Have the home inspected:

A qualified home inspector will charge approximately \$400. This is money well spent. Your realtor should be able to recommend two or three good inspectors in the area. Call and ask each inspector about their experience, training, insurance coverage and what associations they belong to. Membership in associations like Ontario Association of Home Inspectors (OAHI) or Canadian Association of Home and Property Inspectors (CAHPI) offers the buyer some security in that they each set a code of ethics and minimum standards for their members. Also ask the inspector how long his typical inspection takes. If the answer is under 2½ hours, find an inspector who does a more thorough job.

Plan to attend the inspection and follow the inspector around. You will learn a lot about the home you are buying and home maintenance in general. What should concern you are big surprises like structural damage, water problems and deficiencies with heating, electrical and plumbing components. These could result in expensive repairs. Try not to worry about forty and fifty dollar repairs. Painting, caulking, and fixing a dripping faucet come with the privilege of home ownership.

Assuming the inspection is satisfactory, you will need to meet with your realtor again to sign a waiver for the inspection condition. If this is the final condition of your purchase, the sold sign goes on the property and you start packing.

8. Choose Your Lawyer:

The agent will forward the completed paperwork to your lawyer. If you don't have a lawyer, ask the realtor for some recommendations. It is best to select one with real estate experience. Don't choose a lawyer simply based on price. One lawyer's higher price may include some costs that another lawyer's lower price does not.

The lawyer will ensure that you are purchasing the property that you think you are purchasing without assuming obligations you don't intend to assume.

The lawyer will receive the mortgage funds from your lender, explain the mortgage terms to you and register the new mortgage against your property. On the day of closing your lawyer will combine your mortgage funds with the balance of your down payment and exchange them with Seller's lawyer for the deed and the keys to your new home.

Roger Bouma is a Broker with RE/MAX Ability Real Estate Ltd., with over 18 years experience in selling homes throughout Durham Region.