

Distinctive
Advisors

First-Time Home Buyer's Workbook



Services

— Our Distinctive service offering

OUR BUSINESS MODEL

The heart of the Company's service model is its ability to provide clients with the real estate advisory solutions and the support they desire.

Rather than employing a staff of volume-focused real estate transaction facilitators with limited after-sale service focus, as is common among most brokerages, Distinctive Advisors has created a team of talented real estate counselors, who provide in-depth market analysis and advice to long-term clients while also completing complex property transactions.

Our primary focus is on fewer, usually larger and more complicated, transactions that demonstrate our commitment to client service excellence and superior operational processes.

In all cases, Distinctive Advisors maintains the highest level of personnel and supports them with the most advanced systems. Talented and skilled professionals who insist on only the highest standards, using the most sophisticated systems, and working in an intense but enjoyable environment are what lead and direct our service model.



Buy

Whether buying to occupy or simply as an investment to lease, we advise and support clients from discovery of their needs to sourcing the right property, providing expert guidance on pre-purchase conditions and on to closing.

Sell

Our list and sell process is as proven as it is successful in getting the highest price possible. We advise clients on how to get their property really ready to sell, "packaging and presenting" their property to buyers through to the offer and sale process.

Maintain

We provide all of the adjunct services, skills, and systems necessary to maintain each client property that we buy, sell, or finance to the highest standards of quality yielding the greatest operating efficiencies and strongest profit performance.

Mortgage

Distinctive Advisors works with mortgage lenders who provide "jumbo" mortgage loan amounts that exceed the traditional cap of \$1.5 million per residential property and assists clients with coordinating loan application.

Approach

— Planning Your Work Makes it Easy to Work Your Plan

Homebuyers Checklist

This checklist gives you a summary of each step in the home buying process.

As you complete each step, put a check mark (✓) in the boxes provided.

STEP 1:	Decide what kind of home you want
<input type="checkbox"/>	Choose the neighbourhood(s) where you want to live
<input type="checkbox"/>	Consider which features are important to you (size, number of bedrooms/bathrooms, type of house, etc.)
STEP 2:	Calculate how much you can afford
<input type="checkbox"/>	Calculate how much money you have saved for a down payment
<input type="checkbox"/>	Calculate how much your closing costs will be (ask your realtor or lender for advice)
<input type="checkbox"/>	Calculate how large a mortgage payment you can afford each month
<input type="checkbox"/>	Calculate the other monthly costs you will be responsible for as a homeowner (maintenance and repairs, property insurance, taxes, etc.)
STEP 3:	Get the help and advice you need
<input type="checkbox"/>	Find a realtor to help you find a home
<input type="checkbox"/>	Get pre-approved for a mortgage so you know how much home you can afford
<input type="checkbox"/>	Hire a lawyer to look after your legal interests and review any contracts
<input type="checkbox"/>	Get an appraisal and home inspection for any property you are thinking about buying
<input type="checkbox"/>	Make arrangements to get property insurance after you purchase your home

Key Consideration

— Home Purchase Cost Estimate

The purchase price is the biggest expense in buying a home. However, there are many other costs you must be prepared to pay as well. Distinctive Real Estate Advisors works with home buyers to help them calculate how much your home will really cost.

Cost of the Home	
Purchase price	\$
+ HST (newly built homes only)	\$
Total cost of the home	\$
Up-Front Costs	
Appraisal fee (if applicable)	\$
Deposit (to be paid when you sign the Offer to Purchase)	\$
Down payment	\$
Estoppel certificate fee (for condominium/strata unit)	\$
Home inspection fee	\$
Land registration fee	\$
Legal fees and disbursements	\$
Mortgage broker's fee (if applicable)	\$
Mortgage loan insurance premium (can be included in your mortgage)	\$
Adjustment for prepaid property taxes and/or utility bills	\$
Property insurance	\$
Survey or Certificate of Location fee	\$
Title insurance	\$
Other up-front costs	\$
Total up-front costs	\$

Key Consideration

— Home Purchase Cost Estimate

There are many ways you may want to turn your residential real estate purchase into a home.

Distinctive Real Estate Advisors specializes in working with first time homebuyers to review and plan for the some of the costs related set up, move in and maintenance.

Other Costs	
New appliances	\$
Gardening equipment	\$
Equipment for clearing snow	\$
Window coverings (curtains, blinds, etc.)	\$
Decorations	\$
Hand tools	\$
Dehumidifier	\$
Moving expenses	\$
Renovations or repairs	\$
Fees to set up utilities and other services	\$
Condominium fees	\$
Total other costs	\$
Total costs (cost of home + up-front costs + other costs):	
	\$

The Wish List

— Home Features Checklist

Before you start looking for a home, make a list of all the features you and your family want or need. Every time you visit a home, fill in the following checklist by putting a check mark (✓) beside the chosen feature. Compare each home you visit to the list of features you are looking for, to find out which one best meets your needs.

Home Features Checklist			
Is the home new or resale?	<input type="checkbox"/> Resale	<input type="checkbox"/> New	
What kind of home is it?	<input type="checkbox"/> Detached	<input type="checkbox"/> Semi-detached	
	<input type="checkbox"/> Townhouse	<input type="checkbox"/> Duplex	
	<input type="checkbox"/> High-rise	<input type="checkbox"/> Low-rise	
	<input type="checkbox"/> Freehold	<input type="checkbox"/> Condominium	
How old is the home?	# of years: _____		
How large is the lot?	<input type="checkbox"/> Small	<input type="checkbox"/> Medium	<input type="checkbox"/> Large
Is it on a quiet street?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
What is the exterior finish?	<input type="checkbox"/> Brick	<input type="checkbox"/> Aluminum Siding	
	<input type="checkbox"/> Wood	<input type="checkbox"/> Vinyl Siding	
	<input type="checkbox"/> Combination (Brick and Siding)		
What is the foundation made of?	<input type="checkbox"/> Concrete block	<input type="checkbox"/> Concrete	<input type="checkbox"/> Preserved Wood
How many bedrooms are there?	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3 <input type="checkbox"/> 4+
How many bathrooms?	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
How is the home heated?	<input type="checkbox"/> Gas	<input type="checkbox"/> Oil	
	<input type="checkbox"/> Electric	<input type="checkbox"/> Wood	
Does it have air conditioning?	<input type="checkbox"/> Central	<input type="checkbox"/> Window	
Does the master bedroom have its own bathroom?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is there a bathroom on the ground floor?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

Key Consideration

— Home Features Checklist

Home Features Checklist (Continued)			
Is there an eat-in kitchen?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
A separate dining room?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
A separate family room?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
A fireplace or woodstove?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
A spare room for an office?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Does the basement have enough space for storage or a workshop?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is there a deck or patio?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
A private driveway?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
A garage or carport?	<input type="checkbox"/> Garage	<input type="checkbox"/> Carport	<input type="checkbox"/> Neither
Does the home have a security system?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is the home accessible (for seniors or people with a disability)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
How close is the home (in kms) to:	<input type="checkbox"/> Your work	<input type="checkbox"/> Your spouse's work	
	<input type="checkbox"/> Public Transportation	<input type="checkbox"/> Schools	
	<input type="checkbox"/> Shopping	<input type="checkbox"/> Parks/Playgrounds	
	<input type="checkbox"/> Recreational Facilities	<input type="checkbox"/> Restaurants	
	<input type="checkbox"/> Restaurants	<input type="checkbox"/> Dry Cleaners	
	<input type="checkbox"/> Veterinarian	<input type="checkbox"/> Fire Station	
	<input type="checkbox"/> Police Station	<input type="checkbox"/> Doctor / Dentist	

Sourcing

— Home Hunting Comparison Worksheet

HOME #1	HOME #2	HOME #3
Type of home:	Type of home:	Type of home:
Sq. ft.:	Sq. ft.:	Sq. ft.:
# bedrooms:	# bedrooms:	# bedrooms:
Year built:	Year built:	Year built:
Occupancy date:	Occupancy date:	Occupancy date:
Asking price: \$	Asking price: \$	Asking price: \$
Annual Costs	Annual Costs	Annual Costs
Property taxes \$	Property taxes \$	Property taxes \$
Utilities \$	Utilities \$	Utilities \$
Insurance \$	Insurance \$	Insurance \$
Condo fees \$	Condo fees \$	Condo fees \$
Other \$	Other \$	Other \$
TOTAL \$	TOTAL \$	TOTAL \$
Neighbourhood	Neighbourhood	Neighbourhood
Distance to work:	Distance to work:	Distance to work:
To spouse's work:	To spouse's work:	To spouse's work:
To schools:	To schools:	To schools:
To shopping:	To shopping:	To shopping:
To playgrounds:	To playgrounds:	To playgrounds:
To hospital:	To hospital:	To hospital:
To police station:	To police station:	To police station:
To fire station:	To fire station:	To fire station:
To place of worship:	To place of worship:	To place of worship:
Other notes:	Other notes:	Other notes:

Sourcing

— Home Hunting Comparison Worksheet

HOME #1	HOME #2	HOME #3
Items included in the purchase price	Items included in the purchase price	Items included in the purchase price
(make a list – e.g. appliances, window coverings, etc.):	(make a list – e.g. appliances, window coverings, etc.):	(make a list – e.g. appliances, window coverings, etc.):
Exterior	Exterior	Exterior
Exterior finish:	Exterior finish:	Exterior finish:
Exterior condition:	Exterior condition:	Exterior condition:
Condition of roof:	Condition of roof:	Condition of roof:
Windows:	Windows:	Windows:
# entrances:	# entrances:	# entrances:
Parking	Parking	Parking
Condition of landscaping/fencing:	Condition of landscaping/fencing:	Condition of landscaping/fencing:
Patio or deck:	Patio or deck:	Patio or deck:
Special features:	Special features:	Special features:
Interior	Interior	Interior
Condition of walls:	Condition of walls:	Condition of walls:
Flooring:	Flooring:	Flooring:
Lighting:	Lighting:	Lighting:
Windows:	Windows:	Windows:
Size of living room:	Size of living room:	Size of living room:
Dining room:	Dining room:	Dining room:
Family room:	Family room:	Family room:
Bedrooms:	Bedrooms:	Bedrooms:
Kitchen:	Kitchen:	Kitchen:
Basement:	Basement:	Basement:
Special features (e.g. fireplace, walk-in closet, ensuite bathroom, finished basement):	Special features (e.g. fireplace, walk-in closet, ensuite bathroom, finished basement):	Special features (e.g. fireplace, walk-in closet, ensuite bathroom, finished basement):

Qualifying

— Evaluate the Experience and Credentials of Each Professional You Meet With

Buying a home is a big step. So you need a team of qualified professionals who can give you advice and information. These can include a realtor, lender, mortgage broker, lawyer or notary, home inspector, insurance broker, appraiser, land surveyor and others. Use the following checklist to evaluate the experience and credentials of each professional you meet with.

Name:
Occupation:
Contact information:
Questions:
Which company do you work for?
How long have you been in business?
Is this your full-time career?
Do you work with other people or assistants?
How much do you charge?
What areas of the city/town are you most familiar with?
Do you understand what I am looking for in a home?
Do you have experience working with first-time buyers?
Is there anything I haven't asked about you or your company that you think I should know?
Can I have three references from other home buyers you have worked with recently?
Notes:

Budgeting

— Living Within Your Family's Budget

HOUSING EXPENSES	AVERAGE COST EACH MONTH
Mortgage payment (principal and interest)	\$
Electricity	\$
Heating costs	\$
Maintenance and repairs	\$
Parking (if paid separately)	\$
Property insurance	\$
Property taxes	\$
Water	\$
OTHER EXPENSES	
Cable TV/Satellite/Video rental	\$
Car fuel	\$
Car insurance and license	\$
Car repairs and service	\$
Charitable donations	\$
Child care (if applicable)	\$
Child support/Alimony (if applicable)	\$
Clothing	\$
Entertainment and recreation	\$
Groceries/food	\$
Home furnishings	\$
Internet	\$
Life and property insurance	\$
Medical expenses, prescriptions, eyewear, dental expense	\$
Newspapers, magazines, books	\$
Personal items	\$
Public transportation	\$
Restaurants	\$
Savings (bank account, retirement or education savings)	\$
Telephone/Cell phone	\$
Other expenses	\$
TOTAL MONTHLY EXPENSES	\$

Planning Your Move

— A Checklist to Make Sure You Don't Forget Anything During Your Move

2 to 3 weeks before you move:

- | | |
|--|---|
| <input type="checkbox"/> Buy boxes and other moving supplies | <input type="checkbox"/> Contact Canada Post to forward your mail to your new address |
| <input type="checkbox"/> Donate or throw away unwanted items | <input type="checkbox"/> Arrange for telephone service at your new home |
| <input type="checkbox"/> Take toxic household cleaners, old paint and other chemicals to your local Toxic Waste Centre (search website for location) | <input type="checkbox"/> Arrange to return any Cable TV equipment to your cable company |
| <input type="checkbox"/> Make any necessary travel arrangements or reservations | <input type="checkbox"/> Transfer your car insurance and license plates if needed |
| <input type="checkbox"/> Notify your children's old school and register at their new school | <input type="checkbox"/> Get copies of all medical, dental and veterinary records |

Contact or send change of address cards to:

- | | |
|--|---|
| <input type="checkbox"/> Driver's License, Health Cards, Insurance | <input type="checkbox"/> Memberships |
| <input type="checkbox"/> Magazines and other subscriptions | <input type="checkbox"/> Bank Accounts and Credit Cards |
| <input type="checkbox"/> Canada Customs and Revenue Agency | <input type="checkbox"/> Vendor or Service Providers for Home Service |
| <input type="checkbox"/> Employer(s), doctors, dentist | |

1 to 2 weeks before you move:

- | | |
|--|--|
| <input type="checkbox"/> Return anything you have borrowed | <input type="checkbox"/> Safely dispose of any flammable materials |
| <input type="checkbox"/> Arrange for your major appliances to be moved (if you will be taking them with you) | <input type="checkbox"/> Arrange to disconnect utilities at your old home and connect utilities at your new home |

2 to 7 days before you move:

- | | |
|--|---|
| <input type="checkbox"/> Find out what you can bring with you if you are traveling by car, bus, train or plane | <input type="checkbox"/> Pack a suitcase or small box with the clothes and other things you will need for the first few days in your new home |
|--|---|

The day before you move:

- | | |
|---|---|
| <input type="checkbox"/> Take down your curtains and curtain rods | <input type="checkbox"/> Pack all of your personal items except for anything you will need tonight and tomorrow |
| <input type="checkbox"/> Empty and defrost the refrigerator and clean the stove | <input type="checkbox"/> Collect all your keys and keep them in a safe place |

Moving day:

- | | |
|--|---|
| <input type="checkbox"/> Keep your paperwork where you can find it | <input type="checkbox"/> Clean your old home or apartment and inspect it with the landlord |
| <input type="checkbox"/> Pack all your bedding linens, toiletries, etc. | <input type="checkbox"/> Confirm your new address with the moving company and ask what time they will be arriving |
| <input type="checkbox"/> Do a final "walk through" to check every room, closet be sure you aren't forgetting anything | <input type="checkbox"/> Make sure you know how to contact your new landlord or superintendent |
| <input type="checkbox"/> If you hired a moving company, walk through your home with the supervisor to make a list of all your boxes and belongings | |
-

Maintain

— A Few Simple, Monthly Home Maintenance and Repairs

Month	Maintenance Tasks or Repairs
January/February	<ul style="list-style-type: none"><input type="checkbox"/> Clean or replace furnace filter<input type="checkbox"/> Check heat recovery ventilator (HRV) and wash or replace filter<input type="checkbox"/> Make sure all air intakes, exhausts and meters are clear of snow<input type="checkbox"/> Clean humidifier<input type="checkbox"/> Clean filter on oven range hood<input type="checkbox"/> Check and fill basement floor drain
March/April	<ul style="list-style-type: none"><input type="checkbox"/> Clean or replace furnace filter<input type="checkbox"/> Check/clean HRV; wash or replace filter<input type="checkbox"/> Clean humidifier and turn it off<input type="checkbox"/> Check sump pump<input type="checkbox"/> Check gutters and downspouts and clean if needed<input type="checkbox"/> Inspect air conditioner and service it if needed<input type="checkbox"/> Inspect basement or crawl space for signs of leaks or water<input type="checkbox"/> Open vents to outdoor crawlspaces<input type="checkbox"/> Make sure the ground in your yard slopes away from foundation wall
May/June	<ul style="list-style-type: none"><input type="checkbox"/> Open hose connection outside<input type="checkbox"/> Clean windows, screens and hardware; and install screens<input type="checkbox"/> Check that all air intakes and exhausts are clear of debris<input type="checkbox"/> Clean oven range hood filter<input type="checkbox"/> Turn off your HRV if you keep your windows open in the summer<input type="checkbox"/> (leave it running if you mostly keep your windows closed)<input type="checkbox"/> Start spring landscaping in your yard
July/August	<ul style="list-style-type: none"><input type="checkbox"/> Use dehumidifier if your basement is damp<input type="checkbox"/> Clean filter in the air handling unit if you have central air conditioning<input type="checkbox"/> Check exterior finishes and wood for deterioration<input type="checkbox"/> Check caulking and weather-stripping around windows and the door to your garage<input type="checkbox"/> Check the drainage trap in your basement floor and fill it with water if needed<input type="checkbox"/> Have your furnace or heating system serviced

Maintain

— A Few Simple, Monthly Home Maintenance and Repairs

Month	Maintenance Tasks or Repairs
September/October	<ul style="list-style-type: none"><input type="checkbox"/> Check and clean fireplace and chimney if needed<input type="checkbox"/> Clean oven range hood filter<input type="checkbox"/> Clean leaves out of all eaves troughs<input type="checkbox"/> Check roof for signs of wear or damage<input type="checkbox"/> Close outside hose connection<input type="checkbox"/> Close windows, skylights<input type="checkbox"/> Clean and reactivate the HRV if it was turned off<input type="checkbox"/> Prepare your outdoor plants and trees for winter
November/December	<ul style="list-style-type: none"><input type="checkbox"/> Check and clean furnace; and clean or replace furnace filter<input type="checkbox"/> Check/clean HRV; and wash or replace the filter<input type="checkbox"/> Clean humidifier and turn it on (if needed)<input type="checkbox"/> Check exhaust fans<input type="checkbox"/> Make sure the gas valve is clear of ice and snow<input type="checkbox"/> Test space heating system<input type="checkbox"/> Close vents to crawl spaces
Every year	<ul style="list-style-type: none"><input type="checkbox"/> Dust or vacuum electric baseboards<input type="checkbox"/> Vacuum ducts behind warm air and return air grilles<input type="checkbox"/> Test plumbing shut-off valves to make sure they are working<input type="checkbox"/> Test pressure relief valve on the hot water tank; and drain water from the tank<input type="checkbox"/> Check all smoke alarms, fire escape routes, fire extinguishers, and window and door locks<input type="checkbox"/> Check and oil door hinges if needed<input type="checkbox"/> Lubricate garage door motor, chain, etc.<input type="checkbox"/> Check attic for signs of moisture in summer or fall<input type="checkbox"/> Check septic system and clean it if needed (usually about once every three years)
Every 2-5 years	<ul style="list-style-type: none"><input type="checkbox"/> Check and repair any cracks in your driveway<input type="checkbox"/> Check and repair the chimney cap and the caulking between the cap and chimney<input type="checkbox"/> Refinish wood surfaces, including window frames and doors

Finance

— Getting Off to a Good Start in Paying For Your Home

Mortgage Down Payment Options

From a low down payment mortgage to using your Registered Retirement Savings Plan (RRSP) as a source of funds, buying a home has never been easier.

The down payment is that portion of the purchase price you furnish yourself. The balance is obtained from a financial institution in the form of a mortgage. The amount of the down payment (which represents your financial stake, or the equity in your new home) should be determined well before you start house hunting.

Conventional Mortgage

A conventional mortgage requires a down payment of at least 20% and is offered on either a fixed or variable interest rate basis. Conventional mortgages have the lowest carrying costs because they do not have to be insured against default.

Low Down Payment Insured Mortgage

Most lenders now offer insured mortgages for both new and resale homes with lower down payment requirements than conventional mortgages—as low as 5%. Low down payment mortgages must be insured to cover potential default of payment; as a result, their carrying costs are higher than a conventional mortgage because they include the insurance premium.

Mortgage default insurance is a one time premium paid when your purchase closes. You can pay the premium or add it to the principal amount of your mortgage. Talk to your mortgage specialist to find out which option is best for you.

Using Your RRSP as a Down Payment

Under the federal government's Home Buyer's Plan, first-time homebuyers are eligible to use up to \$25,000 in RRSP savings per person (\$50,000 for couples) for a down payment on a home. The withdrawal is not taxable as long as you repay it within a 15-year period. To qualify, the RRSP funds you plan to use must have been in your RRSP for at least 90 days. Even if you already have enough money for your down payment, it may make sense to access your RRSP savings through the Home Buyers' Plan.

Finance

— Getting Off to a Good Start in Paying For Your Home

For example, if you have already saved \$25,000 for a down payment-and assuming you still had enough "contribution room" in your RRSP for a contribution of that amount, you could move your savings into an RRSP at least 90 days before your closing date. Then, simply withdraw the money through the Home Buyers' Plan.

The advantage? Your \$25,000 RRSP contribution will count as a tax deduction this year. Use any tax refund you receive to repay the RRSP or other expenses related to buying your home. However, the money you borrow from your RRSP won't earn the tax-sheltered returns it would if left in your account.

Saving Money with a Larger Down Payment

It's to your advantage to put down as much money as you can because interest costs for a smaller mortgage are lower-adding up to significant savings over the long run. The table below shows how an average homeowner can save more than \$25,000 in interest costs on a \$100,000 home by making a down payment of 25% versus the minimum down payment of 5%.

Down Payment %	Down Payment Amount	Mortgage Principal	Total Interest Paid ⁽¹⁾
5%	\$5,000	\$95,000	\$122,512
10%	\$10,000	\$90,000	\$116,063
25%	\$25,000	\$75,000	\$96,717

No matter the size of your down payment, be sure to reserve some funds to cover your home inspection, closing costs, moving and other potential expenses. Ask your real estate agent how much you might want to set aside.

(1). Total interest paid assuming a constant interest rate of 8% repaid over a 25-year amortization period. The scenario does not include the default insurance premium.

Mortgage Basics

Besides the actual type of mortgage you select, there are other important characteristics of your mortgage that determine exactly how much you will pay - both monthly and over the life of your mortgage.

Finance

— Getting Off to a Good Start in Paying For Your Home

Closed Mortgage

Closed term mortgages are usually the better choice if you are not planning to pay off your mortgage in the short term. Interest rates for closed term mortgages are generally lower than for open term mortgages. Closed term mortgages offer you the ability to save on interest costs and payoff your mortgage faster. You will pay a prepayment charge if you wish to renegotiate your interest rate, prepay more than your mortgage allows or pay off your mortgage balance prior to the end of its term.

Convertible Closed Mortgage

A convertible mortgage gives you the same benefits as a closed mortgage, but can be converted to a longer, closed term at any time without prepayment charges.

Open Mortgage

Open term mortgages may be appealing if you are planning to pay off your mortgage in the near future. They can be repaid either in part or in full at any time without prepayment charges. Open mortgages can be converted to any other term, at any time, without a prepayment charge. Interest rates for open mortgages are generally higher than for closed mortgages because of the added pre-payment flexibility.

Fixed Rate Mortgage

The interest rate for a fixed rate mortgage is locked in for the full term of the mortgage. Payments are set in advance for the term, providing you with the security of knowing precisely how much your payments will be throughout the entire term. Fixed rate mortgages can be open (may be paid off at any time without breakage costs) or closed (breakage costs apply if paid off prior to maturity).

Variable Rate Mortgage

With a variable rate mortgage, mortgage payments are set for the term, even though interest rates may fluctuate during that time. If interest rates go down, more of the payment is applied to reduce the principal; if rates go up, more of the payment is applied to payment of interest. Variable rate mortgages may be open or closed.

A variable rate mortgage provides you with the flexibility to take advantage of falling interest rates and to convert to a fixed rate mortgage at any time.

Buying at a Glance

— What You Need to Know Before You Make an Offer

Before Starting Your Home Search:

- **Financing:** Establish a relationship with a mortgage broker, bank, or other mortgage lender, and find out what amount you are pre-approved for.
- **Legal Services:** Obtain the services of an experienced real estate lawyer Distinctive Advisors is able to recommend a number of reputable lawyers we have worked with in the past.
- **Search Criteria:** Determine a search area, as well as a “wants/needs list”

Before Making an Offer:

- **Confirm Financing:** Send your offer and MLS listing to the lender or mortgage broker, make sure they will approve financing on that specific property. The Lender may require an appraisal in order to finance, which is why inserting an appraisal condition is important. A pre-approval is important, but it doesn't always guarantee financing on a property. Every property is different, and many factors are considered before a lender decides to finance a property or not.
- **Confirm Insurance:** Send your offer and MLS listing to an insurance broker or home insurance company to ensure that the home is insurable at a rate satisfactory to you.
- **Prepare Deposit:** Make sure deposit funds are readily available to provide to the listing brokerage within 24 hours of acceptance of the offer.
- **Closing Date:** Determine a closing/completion date that is realistic for you. Requirements for closing include home insurance, funds for land transfer taxes, and other incidentals including lawyer fees.

Most Important Things in an Offer to Consider:

- Closing Date
- Price
- Deposit
- Conditions (financing/appraisal, home inspection, home insurance, etc.)

Buying at a Glance

— What You Need to Know Before You Make an Offer

Negotiating Process:

- **Sign-back and Negotiation:** Once your offer is submitted, the Sellers can Accept, Decline, or Sign Back your offer. A Sign Back is when the sellers make a counter offer, which often they have proposed new terms of the offer including purchase price. They may also have made edits to your conditions and/or closing date. You can then Accept, Decline, or Sign Back yourself. This may happen one or several more time before agreeable terms are come to, or the Seller or Buyer declines.
- **Deposit Upon Acceptance:** Once an offer is accepted, you must provide the deposit cheque within 24 hours of acceptance. You will receive a receipt of funds from the listing brokerage. It is then up to you to begin your due diligence in regard to any conditions that may be in the offer, such as completing a home inspection within 5 days of acceptance.
- **Satisfy conditions:** You must also complete all the necessary steps to prepare for your closing date, such as finalizing home insurance, ensuring your mortgage lender has the funds to complete the purchase, and making sure you have the funds for your lawyer on closing day for the closing costs.

Prepare for Closing Day:

- **No Major Purchases/New Credit:** Your status/eligibility for financing can change if you secure additional credit or change your financial situation between the acceptance of an offer and the completion date. As such, hold off on any major purchases until the property has closed.
- **Connect Your Professionals:** In preparation for closing, send an e-mail to your mortgage broker/bank, lawyer and realtor to connect everyone to ensure that closing day is successful and seamless. Check in with everyone periodically to ensure there are no surprises come closing day.

Closing Day:

- **Down-payment/Closing Cost Due:** Go to the Lawyer's office with the amount for down-payment and closing costs in a cheque or money draft form (lawyer's preference) and they will walk you through the process of closing. The lawyer will release the keys once the title of the property has changed hands. i

Glossary

— The Language of Real Estate Defined

Amortization: The period required to completely pay off a mortgage debt, if all payments are made on time and the terms of the mortgage stay the same.

Appraisal: An estimate of the current market value of a home.

Appraiser: An appraiser can tell you exactly how much a home is worth, so you do not pay too much.

Approved Lender: A lending institution, such as a bank, which is authorized by the Government of Canada to make loans under the terms of the National Housing Act. Only Approved Lenders can offer CMHC-insured mortgages.

Assumption Agreement: A legal document that requires a person buying a home to take over responsibility for the mortgage of the homebuilder or previous owner.

Blended Payment: A mortgage payment that includes both the principal loan amount and the interest. The payment remains the same throughout the life of the mortgage, but the percentages of the payment that go towards the principal or interest change over time.

Closed Mortgage: A mortgage that cannot be prepaid or renegotiated before the end of the term without the lender's permission and an interest penalty.

Closing Costs: The costs you will have to pay in addition to the purchase price of a home on the day you officially own the home. These costs include legal fees, transfer fees and disbursements. They usually range from 1.5% to 4% of the purchase price.

Closing Date: The date at which the sale of a property becomes final and the new owner takes possession of the home.

CMHC: Canada Mortgage and Housing Corporation. 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 develops and sells mortgage loan insurance.

Conditional Offer: An Offer to Purchase a home that includes one or more conditions that must be met before the sale is official (for example, getting a mortgage or home inspection).

Conventional Mortgage: A mortgage loan for up to 80% of the value of a property. Mortgage loan insurance is usually not needed for this type of mortgage.

Counteroffer: If your original offer to the vendor is not accepted, the vendor may counteroffer.

A counteroffer usually changes something from your original offer, such as the price or closing date.

Credit Report: The report a lender uses to determine your creditworthiness for getting a mortgage.

Curb Appeal: How attractive a home looks from the street. A home with good curb appeal will have attractive landscaping and a well-maintained exterior.

Deed: A legal document signed by both the vendor and purchaser to transfer ownership of a home.

Default: Failing to abide by the terms of a mortgage loan agreement. If you default on (fail to make) your mortgage payments, your lender can take legal action to take possession of your home.

Delinquency: Failing to make a mortgage payment on time.

Deposit: Money placed in trust by a home buyer when he or she makes an Offer to Purchase a home. The real estate representative holds the deposit or lawyer/notary until the sale is complete.

Down Payment: The portion of the price of a home that is not financed by the mortgage loan, and which you must pay out of your own savings or other eligible sources before you can get a mortgage.

Estoppel Certificate (or certificate of status): A certificate that outlines a condominium corporation's financial and legal status.

Foreclosure: A legal process where a lender takes possession of your property if you default on a loan, and sells it to cover the debts you have failed to pay.

High-Ratio Mortgage: A mortgage loan for higher than 80% of the value of a property. This type of mortgage usually requires mortgage loan insurance.

Home inspector: A home inspector will examine a home to tell you if anything is broken, unsafe or needs to be replaced. They may also be able to tell you if there have been any major problems in the past.

Glossary

— The Language of Real Estate Defined

Insurance broker: An insurance broker can help you choose and buy insurance, including property insurance and mortgage loan insurance.

Interest: The cost of borrowing money. Interest is usually paid to the lender in regular payments along with repayment of the principal (loan amount).

Land surveyor: If the seller of the home does not have a Survey or Certificate of Location, or if their Survey is more than five years old, you will probably need to hire a surveyor (with the seller's permission) before you can get a mortgage. Your real estate agent can help you coordinate the survey with the current owner of the home.

Lawyer or notary: A lawyer (or notary in Quebec) will protect your legal interests and review any contracts.

Lender or mortgage broker: Lenders will loan you money (a "mortgage") to help you buy a home. Lenders include banks, trust companies, credit unions, caisses populaires, pension funds, insurance companies and finance companies. A mortgage broker can work with many different lenders to get you a mortgage that meets your needs.

Lump Sum Prepayment: An extra payment made to reduce the principal balance of your mortgage, with or without a penalty. Lump sum payments can help you pay off your mortgage sooner and save on interest costs.

Maturity Date: The last day of the term of the mortgage. On this day, the mortgage loan must either be paid in full or renewed.

MLS (Multiple Listing Service): A service offered by Canada's realtors with descriptions of most of the homes that are for sale across the country.

Mortgage: A loan to help you buy a home or other property. The mortgage loan is usually repaid in regular monthly payments, which generally include both principal and interest.

Mortgage Life Insurance: Insurance which can protect your family by paying off your mortgage if you die.

Mortgage Loan Insurance: Insurance that protects your lender against default. If your mortgage is for more than 80% of the lending value of the property, your lender will probably require mortgage loan insurance from CMHC or a private company.

Mortgage Payment: A regularly scheduled payment that is often blended to include both principal and interest.

Net Worth: Your financial worth, calculated by subtracting your total liabilities (everything you owe) from your total assets (everything you own).

New Home Warranty Program: A program in every province and the Yukon Territory, which guarantees that any defects in a new home will be repaired, if the builder fails to repair them. There are currently no such programs in Nunavut or the Northwest Territories.

Offer to Purchase: A written offer that sets out the terms under which a buyer agrees to buy a home. If the seller accepts the offer, it becomes a legally binding contract.

Open Mortgage: A mortgage that can be prepaid, paid off or renegotiated at any time without an interest penalty. The interest rate on an open mortgage is usually higher than on a closed mortgage with an equivalent term.

Operating Costs: The monthly expenses that come with owning a home. These include property taxes, property insurance, utilities, and maintenance and repairs.

Principal: The amount that you borrow for a loan.

Property Insurance: Insurance that protects you in case your home or building is destroyed or damaged by fire or other hazards listed in the policy.

Property Taxes: Taxes charged by the municipality where a home is located based on the value of home.

Real estate agent (or "realtor"): A real estate agent can help you find a home, make an offer and negotiate the best price.

Reserve Fund: An amount of money you set aside on a regular basis for emergencies or major repairs. It is usually a good idea to save around 5% of your monthly income for emergencies.

Survey or Certificate of Location: A document that shows the legal boundaries and measurements of a property, specifies the location of any buildings, and states whether anyone else has the right to cross over your land for a specific purpose.

Term: The length of time that the conditions of a mortgage, such as the interest rate you will pay, are carried out. Terms are usually between six months and ten years. At the end of the term, you can either pay off the mortgage or renew it, usually with new terms and conditions.



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