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Before Writing an Offer

Home Purchase Expenses

There are many costs that homebuyers incur, especially upon purchasing your first home. Some of the expenses related to buying a home are one-time costs, while others are continuing costs.

Your largest outlay is the down payment. As a first time buyer, this would likely represent only 5 - 10% of the purchase price. Be prepared to pay for additional costs, such as:

- Legal Fees & Disbursements
- GST and PST (if applicable)
- Land Transfer Tax
- Property taxes and adjustments (reimbursed to the vendor)
- Interest on interim financing, if any
- Utility Payments
- Strata or Condominium Fees
- Estoppel certificate fee
- Survey Fee
- Home Inspection Fee
- Water quality and quantity certificate
- Appraisal Fee
- Mortgage broker's fee (if applicable)
- Mortgage Loan Insurance Premium (if less than 20% down)
- Mortgage Loan Insurance Application Fee (if less than 20% down)
- Moving Expenses
- Renovations and repairs
- Furniture, paint, carpeting, window coverings, etc.
- Service and Utility Hook-up Fees
- Property/Condominium Insurance
- Mortgage Application Fee
- Deed and/or Mortgage Registration Fee

Additionally, once you have purchased your home, you will incur regular expenses on a monthly, quarterly or yearly basis. Some of these costs include:

- Mortgage Payment
- Water and/or Sewer Payments
- Electricity and Gas Services
- Cable, Telephone and Internet Services
- Property Taxes
- Strata or Condo Fees
- Repair/Maintenance Expenses
- Homeowner's Insurance

How to Make an Offer

When you have found a home you are interested in buying, your RE/MAX Sales Associate will walk you through the process of drafting an offer to purchase. Your sales associate will communicate the offer to the seller or the seller's real estate agent for you. Some properties are in demand and you will not be the only interested party making an offer. Your RE/MAX Sales Associate will assist you in generating an offer that is reasonable and protects your interests using specified terms and conditions.

An offer can be drafted with or without conditions; an offer without conditions is known as a firm offer and one with conditions is known as a conditional offer. A conditional offer represents the party with the placement of certain conditions on the purchase. Some of these conditions could be "subject to financing approval", "subject to the strata council allowing pets", "subject to the buyer's house selling", "subject to an approved home inspection", among many others.

The seller may accept your initial offer, reject your offer or present a counter-offer. The counter-offer may differ from your original offer in respect to price, conditions, the closing date or any other items. Offers can be countered back and forth between the parties until one of you accepts or rejects, ending the negotiations.

There are many components of an offer that you should be aware of and understand. Your RE/MAX Sales Associate will answer your questions and explain the entire process to you so that you are comfortable with the steps involved.

Terms

An offer includes certain "terms", which specify the total price offered and how the financing will be arranged, such as if you will arrange your own with a financial institution or mortgage broker or if you wish to take over the seller's mortgage (assumability).

Inclusions and Exclusions

These are specifications within the offer that detail the items to be included or excluded from the purchase of the property. Typical inclusions are appliances, window coverings, fixtures and decorative pieces.

Deposit

A deposit is provided from the buyer to the seller as a token of the buyer's assurance and intention to buy the property involved. The deposit is applied against the purchase price of the home once the sale has closed. Your RE/MAX Sales Associate can assist you in proposing a certain and appropriate amount for the deposit.

Conditions

Items that are usually put in place to protect a party's interests upon selling or buying the property and refer to things that must occur or be in place before the sale closes.

Closing Date

This is usually the date that the legal ownership of the property transfers from the seller to the buyer and, unless otherwise noted, when the funds for the purchase are concluded.

Possession Date

When the buyer takes possession as specified in contract of purchase sale.

Purchase Price

This is the amount that the buyer is offering to pay for the property. The price is usually dependent on market conditions and may differ from the seller's current asking price.

Legal Needs

Purchasing a home involves a lot of paperwork, most of which are contractual documents that will legally bind you to the numerous terms and conditions. For this reason it is important to have a good lawyer or notary public acting for you. Someone to protect your rights and interests.

Finding a Lawyer/Notary Public

If you don't have a lawyer or notary public, you can look for a referral from friends, family or business acquaintances. Look for someone with real estate experience and discuss their fee scales. Your RE/MAX Sales Associate can help you locate a reliable professional, whom you feel comfortable working with.

Lawyer's/Notary Public's Function

You will need a lawyer or notary public to process your purchase and ensure the terms are met:

- the correct property is purchased
- transferred title to your name
- ensured title is free and clear of prior owners encumbrances
- your mortgage is registered properly on title

The legal process varies from province to province within Canada. Specifically, you will need to consult with your chosen legal professional and he/she will explain the process and the steps that need to be completed before you get the keys to your new home.

Your lawyer/notary public will prepare a "Statement of Adjustments" outlining all the financial aspects of your sale.

Legal Fees and Disbursements

The difference between legal fees and disbursements is analogous to the parts and labour you pay when fixing your car. Your RE/MAX Sales Associate can help you locate a reliable professional, whom you feel comfortable working with.

Home Inspection

A home inspection is an objective visual examination of a home's structure and systems.

Why get a home inspection?

There are a number of reasons why RE/MAX recommends a home inspection including:

- To ensure you are not surprised by major defects
- So you can be advised about the various elements of the home including - heating and cooling systems, structure, electrical and plumbing
- To learn about how the mechanical systems work and need to be maintained
- Most homeowners are not expert in the numerous components of house construction

- A third party can be objective as there is no emotional attachment

Who should you hire?

Home inspectors are often referred by family or friends. Your RE/MAX agent can also provide you with a list of inspectors. Look for one that is trained and certified by a national organization such as Canadian Association of Home Inspectors (CAHI) or National Institute of Building Inspectors (NIBI) and who has errors and omissions insurance. Do not hire someone who will do any suggested work due to the conflict of interest.

When should you call?

Order the inspection after your offer has been accepted. The contract will stipulate the length of time you have to complete the inspection.

What is involved?

The home inspection will determine the structural and mechanical soundness of the home. Your home inspector can identify existing and potential problem areas, suggest possible solutions and provide estimates for the cost of the work required. You will receive a report outlining the inspection findings. You should accompany the home inspector during the inspection or arrange to meet them at the home so they can walk you through the report. If as a result of the inspection, you have further concerns, have a specialist in that area conduct a more extensive examination.

What does it cost?

Costs vary depending on a number of factors including:

Size and location of the home, features, age, and services required. Additional services may include radon, septic and well testing. Your RE/MAX agent can assist you in obtaining a quote from a potential inspector before you enlist his/her services.

Mortgage Information

Mortgage lending is a highly competitive field. Information on mortgage rates, which can change daily, is available in local newspapers, through mortgage brokers, from individual lenders and of course through conventional financial institutions. When you are shopping for a loan, interest rates tell just part of the story. You will also need to study the various fees lenders charge and many mortgages today are almost custom-tailored to individual needs with many options available.

Ask your Agent

Your RE/MAX real estate professional can recommend lenders to check with prior to beginning any serious house hunting so you will know exactly what you can afford.