



**THE LUX REALTOR**

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David Buriev - Sales Representative

# YOUR FIRST HOUSE

**Everything a First-Time Home  
Buyer in Canada Needs to Know**



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# INTRODUCTION



For many people, the dream of owning a home remains the ultimate dream. Even so, it is not uncommon for many first-time home buyers in Ontario, Canada, to enter the buying process with unrealistic expectations. While it is natural to feel emotional about your first home purchase, it is critical to avoid allowing your emotions to cloud your better judgment.

It is often said that you should not believe everything you hear or read. This is especially true when it comes to buying a home. Many first-time home buyers fall victim to widely held but frequently untrue myths about home buying. Understanding the realities of



a home purchase can help you avoid allowing your emotions to overrule your better judgment and making a critical mistake in what will most likely be the largest purchase of your lifetime.



One of the most common myths that many first-time home buyers fall victim to is the belief that their ideal dream home exists somewhere out there. This can frequently result in months of agonizing searching and, ultimately, disappointment. While it would be ideal to find the perfect home with everything you desire, more often than not, you will have to compromise when looking for a home. It is typically unrealistic to expect to find everything on your wish list in a home. It is far better to prioritize must-have features and compromise on less important features.



When it comes to negotiating the purchase price of your home, keep in mind that a successful negotiation is about compromise, not necessarily who 'won.' It is common for buyers to feel remorse once they have settled on a price, especially if their offer was accepted right away, as they may feel they paid too much. There is no point in analyzing the transaction once it has been completed. The best bargains ensure that everyone walks away a winner. If your offer was affordable for you and reasonable for the house, and the Seller accepted it, the transaction was a success.



# HOW TO CHOOSE THE RIGHT HOUSE

Nothing beats the thrill of receiving the keys to your first home in Canada. You walk through the front door and know it's yours, and your imagination runs wild with future plans. As you carve out a life for yourself and your family, each room becomes an album for your memories and milestones, your good and bad years.

You don't want to make a hasty decision about where you're going to live. When you purchase a home, you are making a long-term commitment to that home and everything that comes with it.





How do you know when you've found a place that's worth your time? Sometimes, the moment you pull up to the curb, a place feels like home. More than likely, it will take some time for you to find something you like, and the process may become increasingly frustrating with each "not quite right" house you view.

Fortunately, there are some things you can do and suggestions to keep in mind to make the process go a little more smoothly.



### **You'll require more than just a deposit.**

It's no secret that buying a home is expensive, and while saving for a down payment should be your top priority, you should also set aside some money (generally 2 to 5 percent of the home purchase price) for closing costs. Save this extra money ahead of time, so you're not in the red when it comes to the time to sign the contract.

Get pre-approved before you do anything else.

A lender has checked your credit and approved you for a specific loan amount if you are "pre-approved." It will require some effort, but it will help you estimate your mortgage payments and understand the maximum amount of a mortgage you could qualify for. I work with several great mortgage brokers, financial advisors, and a variety of banks which help all our transactions go smoothly. I am always happy to recommend one if you shall require.



## **Working with a REALTOR is optional, but it makes things easier.**

You could technically look at homes, make an offer, and sign a contract on your own, but working with a REALTOR makes the entire process much easier. It is their full-time job to find you your dream home, negotiate the best price, and protect you from any shady legal jargon in the contracts.



## **First-time homebuyer incentives can help you save a lot of money.**



Buying a home is one of the most expensive purchases you'll ever make, but there are ways to save money. Consider some of Canada's first-time homebuyer programs, such as the Home Buyers' Plan (HBP), which allows first-time homebuyers to withdraw up to \$35,000 from their RRSP to finance a down payment. Other incentives include the \$5,000 Home Buyers' Amount, the GST/HST New Housing Rebate, and the Ontario Home Buyers' Amount for anyone in British Columbia.

All these incentive programs can be easily found on the Government of Canada website.



## **Purchasing a condo differs from buying a home**

Condo owners must pay condo fees in addition to their monthly mortgage payments. This amount – approximately 65 per square foot in the GTA and approximately 18 per square foot elsewhere – covers maintenance costs for common areas in the condo building such as the gym, sauna, pool, lawn maintenance and snow removal around your property.



I will be happy to explain to you in more detail the major differences between a condo and a house, as well as the pros and cons of each.

### **It is critical to ask the appropriate questions.**

What is the reason for the Seller's departure? It is always good to know the motivation of the seller to sell. What exactly is included in the sale? Things such as appliances, light fixtures, drapes, any furniture items etc. What is the age of the roof? What about the neighbors? You'll know you're making a competitive offer on a home that meets your needs if you ask the right questions.

### **Keep your emotions at bay during the home-buying process.**



When you emotionally attach yourself to a house, the fear of missing out can set in quickly. This is especially true in high-demand real estate markets such as Toronto and Vancouver, where multiple offers are common. Emotional buyers will pay more than their budgeted amount, waive important conditions, or do worse in order to obtain their dream home. So, before you go to an open house, check your emotions at the door. You'll be glad you did it later.

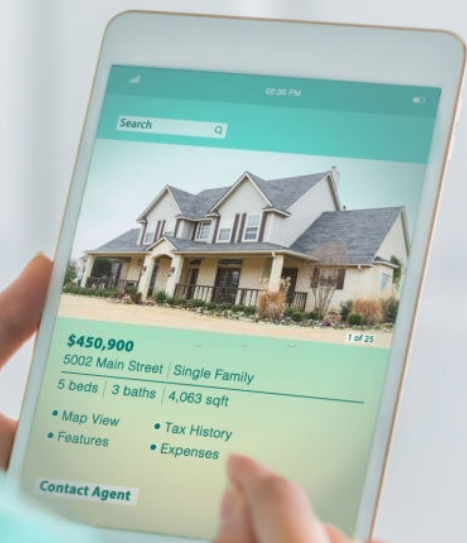
### **You should absolutely have a home inspection performed.**

Hire a home inspector after you make an offer but before you finalize anything. A good REALTOR should also advise you about a home inspection and why it's important, as well as insert an inspection clause in your offer. They will inspect your potential new home and provide you with information about

the structure, plumbing, roof, and other features. This will enable you to make an informed decision before signing on the dotted line. As a REALTOR I always provide my clients with recommendations to 2-3 inspectors I know and trust.

### **You have the option to renegotiate at any time.**

No home is perfect, and your home inspector is bound to discover some flaws. If there are underlying issues with your new home, you may be able to negotiate with the Seller to have them fixed or to receive credits toward your closing costs to compensate.



# CREATING A BUDGET FOR FIRST-TIME HOMEBUYERS

When purchasing your first home, you can expect to prepare much more than a down payment. Each step of the purchasing process necessitates a specific budget, and managing the transition between these various budgets necessitates a big-picture view of the process. From the moment you start saving to the day you move into your new home, here's some advice to help you plan your finances and avoid surprises.



## Determine your starting point.

How much do you plan to spend on your new home? Investigate the cost of homes in the area you want to live in and determine how much you can afford. A REALTOR can help you with researching the price of properties around your desired area.



## Break down your expenses.

Gather as much information as you can about your current financial situation. Examine your savings, mandatory monthly expenses, discretionary spending, debts, investment accounts, and other financial assets. Having a clear picture of these items allows you to develop a realistic plan for purchasing a home.



## Create a budget.

Add up all of your earnings. Then total up all of your expenses. Subtract the total expenses from total income. If the result is positive, you are spending less than you are earning. If it is negative, you may need to reduce your spending, your find ways to earn some extra income.

## Budget to zero

Put any extra money you have in your budget to good use. Set aside a certain amount for home savings, an emergency fund, debt repayment, or any other goals you may have.



## Have an account

Choose which bank account you'll keep your savings in each month until you can buy a house.



## Set up automatic savings transfers.

Set up automatic payments once you've decided on a bank account. If you know, you'll save \$500 each month; for example, set up an automatic deposit of \$500 into your savings account. This removes the uncertainty and stress of having to do it yourself.

## Review your budget on a regular basis.

By reviewing your budget on a regular basis, you can make adjustments to your plan as needed, ensuring that you don't lose sight of your objectives.



## How much money should I set aside for a down payment?

A down payment is the amount of money you put towards the purchase of your home. Your lender deducts the down payment from the purchase price of your home. Your mortgage covers the rest of the price of the home. While housing costs vary, the

down payment is the most expensive upfront cost for your home. The minimum down payment required is determined by the cost of the home you wish to purchase. Keep in mind that if you are self-employed or have a low credit score, some institutions may require a larger down payment.



If you put down less than 20%, your loan is considered a “high-ratio mortgage,” and you will be required to pay “mortgage loan insurance”. This additional insurance protects the lender in the event of a mortgage default. Mortgage loan insurance is frequently obtained through the Canada Mortgage and Housing Corporation (CMHC). Other companies that provide mortgage loan insurance are Genworth Canada, and Canada Guaranty Mortgage Insurance Company.

Even if you put down 20%, lenders may require you to buy mortgage loan insurance if your credit score is low or you are self-employed. Mortgage loan insurance premiums typically range from 0.60 percent to 4.50 percent of your mortgage balance. Here are the rules for a down payment in Ontario: If the Purchase price is \$500,000 or less, you can put 5% down.

If the purchase price is between \$500,000-\$999,999 you can put 5% on the first \$500,000 , but you must put at least 10% for the portion of the purchase price above \$500,000.

If the purchase price is \$1 Million or more, you must put a minimum of 20% down.



## Other up-front expenses

The down payment is not the only expense you will incur when purchasing a home. Other essential costs to factor into your budget are:



**Closing costs.** Closing costs are a mash-up of various legal and administrative fees. These may include the cost of hiring a lawyer to prepare and notarize official documents, as well as a “land transfer tax” to register the property in your name. The land transfer tax can range from 0.50 percent to 3.00 percent of the purchase price of your home. Depending on your lender, total closing costs can range from 1.50 percent to 4.00 percent of the home’s purchase price. This means that if you buy a \$300,000 home with a 3.00 percent closing cost, you will pay \$9,000.00 upfront – on top of the down payment.

If you plan to buy a house specifically in the City of Toronto, you will not only pay the Provincial Land Transfer Tax, but also the Municipal Land Transfer Tax (MLTT) so be aware of where you are planning to buy. There are Land Transfer Tax calculators online. One website that I recommend is [www.ratehub.ca](http://www.ratehub.ca) Some good news if you are a first time home buyer, you may be eligible for the Land Transfer Tax Rebate.

**Taxation.** Other taxes may be levied as well. For example, if you are purchasing a newly constructed home, you will be required to pay either GST or HST at the time of purchase. Taxes will be levied based on the terms of the sale and the legislation in your province or territory. When buying a home that is not newly built, than no tax will apply.

**Complete home inspection.** When you find a home, you should have it professionally inspected for any potential problems. The cost of an inspection varies depending on where you live and the size of your home. It can range anywhere from \$300-\$600.



## Additional ongoing costs

Aside from your monthly mortgage payment, there are recurring expenses to budget for once you buy a house:

**The cost of repairs.** When budgeting for repair costs, keep your home's size and age in mind. If you buy an older home, you may need to budget more money per month than if you bought a brand-new home. For example, if your air conditioner broke, for example, replacing it could cost around \$5,000. An experienced REALTOR can research the condition of the house, the age of the roof, the condition of the furnace, AC unit, hot water tank and other appliances and help you determine what may need to be replaced soon.



**Maintenance costs.** This includes any recurring monthly expenses such as lawn care, snow removal, pest control, pool maintenance, and fireplace maintenance. Other maintenance costs can include Condo Fees when you choose to purchase a condominium apartment or a condo townhouse. These fees cover the maintenance of the common elements such as parking lots, elevators, hallways, lobbies, as well as the pool, gym and other amenities in the building. Your REALTOR will be able to determine the exact monthly maintenance fees for you.

**Utility services.** Utilities can cost around \$300-\$500 per month for a typical-sized household. Similar to maintenance and repairs, your utilities may be higher depending on the age and size of your home, as well as the number of people living in it. Newer homes will be better insulated for temperature control and will be outfitted with more energy-efficient lighting and appliances, all of which will help you save money on utility bills in the long run. When budgeting for these new expenses, be realistic.



**Property taxes.** This tax must be paid yearly, either in one lump sum or in monthly installments. You will typically be required to pay between 0.5 and 1.25 percent of the value of your home. Still, the exact amount will be determined by the municipality of the province or territory in which you reside.

**Home insurance.** It is a good idea to obtain home insurance to protect your home and valuable possessions from unexpected damage such as theft or fire. Property insurance costs vary depending on the value of your home and its insured contents, as well as the insurer you choose.



# WHAT EXACTLY ARE CLOSING COSTS, AND HOW MUCH DO THEY COST?

Closing costs include any legal and administrative fees incurred during the home-buying process. Closing costs will be borne by both the buyer and the Seller, with the buyer bearing the lion's share. While closing costs for buyers vary depending on the mortgage lender, property type, and location, they typically range between 1.5% and 4% of the property's value.



## Who is responsible for the closing costs?

Typically, the buyer pays the majority of the fees and taxes, but sellers are also responsible for some. Buyers must bear the costs of purchasing the property and obtaining a mortgage, which include inspection fees, land transfer tax, and property insurance.

Sellers are usually liable for the real estate agent's commission, some legal fees, and any outstanding taxes or mortgages on the property.



## **Costs incurred prior to the closing of your mortgage**

Your offer to purchase the property is usually conditional on a few factors, such as the home passing an inspection and the buyer being approved for a mortgage. Costs incurred by the buyer prior to closing on a mortgage may include:

**Fee for home inspection.** While a home inspection is not required, it is a good idea because inspectors can help you discover any problems with the home, ranging from structural issues to leaks. A home inspection typically costs around \$500, depending on the inspector's experience and other factors such as the size of the home.

**Make a deposit.** When you make an Offer of Purchase on a home, you'll need to put down a deposit - and there's usually no minimum amount, unless otherwise specified in the contract. The deposit is distinct from your down payment, which is typically between 5 and 20% of the home's value (unless you have more to offer, of course). The deposit will be deducted from the down payment once your Offer of Purchase is accepted and the home is yours. As a rule of thumb, the higher your deposit, the more chances that the seller will accept your offer (especially in a multiple offer situation). And you must remember, the deposit is usually paid upon the seller's acceptance of your offer. So be prepared.



## Closing costs are borne by the buyer.

There is a land transfer tax. While costs vary by city and province, they typically range from 0.1 percent to 2.0 percent of the property's value.



**Title insurance is available.** In the event of a dispute over the land or home, title insurance protects the homeowner. This usually costs between \$100 and \$300, depending on the lawyer's fees. This is a one time payment and is valid for the entire time you own the home.

**Legal expenses.** Any documents prepared and sealed by a lawyer must be paid for, as well as registration and filing fees. These costs can vary, but they usually start around \$500 and can go up to \$1,500 or more.



# WHAT IS A CREDIT SCORE, AND WHAT DO I NEED TO KNOW ABOUT IT BEFORE BUYING A HOUSE?

Getting approved for a mortgage these days can be extremely difficult, especially with housing prices constantly rising. In Toronto, for example, you'll pay close to \$1 Million for a typical sized home. Unless you're flush with cash, that's a lot of money to come up with in order to buy a house. Furthermore, there is a lot that goes into getting a mortgage. When evaluating a borrower for a mortgage, lenders consider a variety of factors, including a substantial down payment, a good income, and, of course, a favorable credit score.

A high credit score, in particular, will not only get you approved for the mortgage but will also get you a low-interest rate. Given the importance of credit scores in the lending process, it's no surprise that we get a lot of questions about what constitutes an acceptable score for mortgage approval.

Before you find out if you're approved for a mortgage, make sure you've met the following requirements:





## The Credit Score Chart

In Canada, credit rating ranges between 300 to 900. The higher the score the better. High scores may indicate that you are less likely to default on your loan/mortgage repayment.





Below you'll see a general breakdown of credit score ranges and what each range means in terms of your general ability to qualify for lending or credit requests, such as a loan or mortgage.

- **800 to 900:** Congratulations! You have excellent credit. Keep reaching for the stars.
- **720 to 799:** You have very good credit! You should expect to have a variety of credit choices to choose from, so continue your healthy financial habits.
- **650 to 719:** This is considered good to lenders. You may not qualify for the lowest interest rates available, but keep your credit history strong to help build your credit health.
- **600 to 649:** This is fair credit. History of debt repayment will be important to demonstrate your solid sense of financial responsibility.
- **300 to 599:** Your credit needs some work.



**You should have a credit score of 620 or higher to qualify for a mortgage.**

First and foremost, if you want to qualify for lower interest rates, your credit score must be 620 or higher. If you're wondering how to improve your credit score quickly before buying a home, consider



a secured savings program to build credit - it's a low-risk option that will have an immediate positive effect on your credit. It will also leave you with some savings! Paying your bills on time is also a major factor for a good credit score.



**Even if you have a high enough credit score for a mortgage, a lack of credit history may prevent you from being approved.**

If you've only recently started using credit products, you won't have a long history for lenders to look at. It is nearly impossible to paint a complete picture of your credit habits from a short credit history, which is why you should wait and build that score before applying. The longer your good credit history goes back, the better your response from mortgage lenders will be. This is self-explanatory: a long history of maintaining a good credit score is a good indicator that you can handle more. Your credit report should show at least a year of good standing on a variety of credit products.



Before applying for a mortgage, a good first step is to check your credit score to see when you should apply. You can find out your score for free on this website [www.creditkarma.ca](http://www.creditkarma.ca)

The higher your credit score for a mortgage, the lower your interest rate. This can save you tens of thousands of dollars in the long run. You should consider improving your credit before purchasing a home to make it more affordable.





## **Your credit usage percentage should be around 30% or less.**

The credit usage percentage is the total amount of credit you have vs. how much of it you have used. For example, if you have two credit cards, one with a \$10,000 limit and a \$3000 balance, another with a \$5000 limit and a \$1000 balance, and a \$5000 line of credit with a \$2000 balance, your total credit is \$20,000. You've spent \$6000 of that \$20k, or roughly 30%. That means your credit utilization rate is 30%. If you can reduce your usage to less than 30%, you should be in good enough shape and have a good enough credit score to qualify for a mortgage. Lenders are skeptical of your spending responsibility if you have maxed out your credit cards.



## **You don't want too many recent credit inquiries on your credit report.**



If you've recently applied for a few credit cards, car loans, or lines of credit, your credit report and credit score will reflect that. If you have even a few of them in a short period of time, it will make you appear desperate to get your hands on some money. It will appear that you are a high risk to lend to.

## **Your credit report should show a wide range of credit products.**



When you successfully manage a credit card, a line of credit, and a loan, potential mortgage lenders will see you as someone who can handle one more payment every month. If you only have one credit card, even if you manage it well and keep it in good standing, your credit report will not be as good as it could be. Lenders may still be concerned about the type of risk you pose as a borrower - will you be able to handle multiple credit products, or will one be your limit? They have no way of knowing. Even if you have bad credit, there are still ways to diversify your credit products. Investigate secured credit cards, secured lines of credit, and credit-building programs.


## **You should have a debt-to-income ratio of no more than 36%.**

The debt-to-income ratio compares your monthly take-home pay to the amount you pay toward debt. For example, if your monthly take-home pay is \$5000 and your minimum payments on all of your debts total \$2500, you have a debt-to-income ratio of 50%. Keeping it as low as possible will demonstrate to the lender that you have enough income to cover mortgage payments.





**On your credit report, there should be no bankruptcies, consumer proposals, or excessively negative items.**





A disparaging item is a late payment, a missed payment, or an insufficient payment. While you can still get a mortgage with an old bankruptcy, derogatory item, or consumer proposal on your credit report, it will be much more difficult, and the interest rates you can get will be very high.

**Even if you have a high enough credit score to qualify for a mortgage, you may be required to demonstrate the source of your down payment.**

If you can't prove you've had the money for more than three months, you should keep a record of where it came from. Lenders will want to make sure you aren't borrowing your down payment, as this can jeopardize your ability to repay your mortgage. If you saved your own down payment, your account records should suffice. If your down payment was given to you as a gift by friends or family, they must write and sign a gift letter.

**You must have a consistent source of income.**



Your income stability is one factor that a mortgage lender will consider. If you've only recently started working at your job, this could be a disadvantage when it comes to mortgage approval. You may also have difficulty getting a mortgage if you are self-employed or frequently work for cash. Your mortgage provider will want to see a consistent income for as long as possible. If you've recently started a new job, it may be in your best interest to wait a few months before applying for a mortgage. If

you are self-employed, try to keep accurate records and have all of your revenue accounted for in your bank statements.

### **You should be able to make a decent living.**

The Ministry of Finance's new mortgage stress test, which went into effect at the end of 2016, looks solely at income to determine your ability to repay a mortgage. This test examines your income and determines whether you can afford to make monthly payments based on their posted rate, which is typically much higher than the interest rate you'd be approved for by your lender. This keeps you out of trouble if there is a significant interest rate increase on your mortgage. There are two workarounds for this. You can either increase your income or save up to make a 20% deposit, which will allow you to avoid the test. Unfortunately, with Canadian housing prices as high as they are, saving 20% of the purchase price is extremely difficult but is possible if you commit to start saving today!



# BEFORE YOU BUY, THERE ARE A FEW MORE THINGS YOU SHOULD KNOW



## Get Pre-Approved for a Mortgage

Attempting to purchase a home without a mortgage pre-approval is akin to attempting to hit a target in the dark. You have no idea how much money you have when you go grocery shopping. Furthermore, no one knows how long the current record-low interest rate will last – despite the fact that the Bank of Canada (BoC) has stated that it will not raise rates in the near future. My advice for mortgage pre-approval is to act quickly! Obtaining a mortgage pre-approval has the advantage of locking in the current interest rate for up to 120 days. If interest rates rise, your lender should maintain the current rate. If they fall, your

guaranteed rate should fall with them. If you need help with choosing the right mortgage broker I will be happy to recommend a few.



## Shop Around for the Lowest Prices

Rates of interest have never been lower. In response to the coronavirus pandemic, the Bank of Canada reduced its benchmark rate to 0.25 percent, and the five-year mortgage rate was reduced to less than 5%. What is the significance of this? It will determine how much you will pay in principal and interest on your mortgage each month.

## Check Out First-Time Homebuyer Rebates

The Canadian government provides the First Time Home Buyer Incentive (FTHBI), a loan designed to encourage people to pursue their home ownership dream. Borrowing options for first-time homebuyers include:

5% of the purchase price of a resale home,  
5% to 10% of the cost of a newly constructed home,  
and

The loan has no interest and can be repaid at any time within the next 25 years or when the house is sold.



Do you meet the requirements? You must be a first-time homebuyer with a household income of less than \$120,000, and the mortgage is limited to four times your maximum household income of \$120,000.



Many Canadians are struggling to finance the purchase of a home in today's ultra-competitive and expensive real estate market, particularly those living in major urban areas. This program may help alleviate some of that financial stress by making housing more accessible to those with no current equity.

Furthermore, the federal First-Time Home Buyers Plan allows each first-time homebuyer to borrow up to \$35,000 from their RRSP, interest-free, supplement their down payment, or put toward other purchase-related costs. Some provinces and regions also provide a Land Transfer Tax rebate as discussed earlier in this book.

### **Hire a licensed Real Estate Agent**

Homebuyers can go it alone when looking for a home, whether detached, semi-detached, townhome, condominium, or otherwise. However, without the benefit of experience and expertise, the process can be complex, and you run the risk of missing some potential red flags. Working with a seasoned real estate agent can significantly reduce the stress of buying a home in Canada's competitive markets and may even save you money!

REALTORS provide the guidance and support you require for the most important purchase you will ever make in your life, and guess what, it's free for you as a buyer. Usually the seller pays us the commission.



## Perform a Home Inspection

Unfortunately, many homebuyers are foregoing home inspections for fear of losing out on a property because of bidding wars and rising demand. This may have various consequences that could hit your pocketbook. You could be on the hook for costly repairs and renovations once you receive the deed to the house, from moisture and mold in the basement to foundation issues.

No matter the situation, I always recommend getting a home inspection before you acquire any property. This could save you money in the long run and give you peace of mind that you made the right choice. Home ownership is a dream for most people. It serves as a place to settle down and raise a family, but it is also an investment that could pay for your children's college tuition or your retirement. The Canadian real estate market is thriving, but that doesn't mean you're too late to get in! Working with an experienced real estate professional will ensure you have all the information you need to buy a home in Canada.



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# THINGS THAT YOUR MORTGAGE BROKER WILL REQUIRE TO GET YOU APPROVED FOR A MORTGAGE



Your lender will want to conduct a thorough analysis of your financial health before approving you for a loan. This will assist them in determining whether or not you are financially stable enough to secure a mortgage, as well as the type of interest rate and terms you can obtain if approved.

To do so, your lender will need to review a variety of documents pertaining to your financial profile. As part of the mortgage application process, you will be responsible for providing these documents to your lender.



## Mortgage Approval Procedure



So, you've found the perfect home, made an offer, and won. It's now time to close the deal, and it all comes down to money. So, you contact your lender to finalize the loan. That is when you will be presented with a list of paperwork that is required for your application. The paperwork you'll need includes:

**Personal information:** Age, marital status, number, and age of kids.

**Employment information:** This includes proof of income (such as T4 slips, copies of your last two pay stubs, personal income tax returns, Notices of Assessments from the CRA for the previous two tax filing years, and a letter from your company's HR department stating your position, length of service, and salary).



**If you are self-employed, you must provide:** incorporation documents, if applicable, as well as financial statements for the last two to three tax years. You will also be required to file full personal tax returns as well as for CRA Notices of Assessments for both the corporation and yourself. The lender may also request copies of your books, such as your General Ledger or Profit & Loss statements. For these reports, contact your accountant or bookkeeper.



**Other sources of income:** Typically, this is a statement from you, but the lender may request additional documentation. Other income sources can include a pension, rental income, part-time work, and so on. You will almost certainly be asked to





provide copies of your tax returns, pay stubs, or rental income documentation.



**If you already own property:** a copy of your current mortgage statement, as well as a copy of last year's property tax statement and, possibly, this year's up-to-date property tax statement.

Up-to-date banking information, such as bank, branch, accounts, and balances.

**Proof of your down payment:** This can be a snapshot of a bank account where the money is currently deposited or a letter from a family member stating that it is a loan or gift.

**Consent to run a credit history search:** Every lender will either ask for permission verbally (and then obtain your Social Insurance Number) or ask you to sign an authorization form allowing them to pull your credit history.

**List of debts (known as liabilities):** This is where some people may choose to exclude a few items owed, but you must resist this temptation. Your credit history will show all outstanding money owed, so be upfront and honest. Provide a list of what is owed, who you owe it to, and what monthly payments, if any, you make toward debt repayment. Student loans, credit card balances, car loans, monthly lease (or lease-to-own) arrangements, and personal loans should all be included on the list.



**MLS listing copy:** You must print a copy of the MLS listing and include it with your mortgage documentation package.

**A copy of the purchase agreement:** You will need a copy of the agreement you signed in order to purchase the home. The thick document states the address, what's included/excluded, and the price, deposit, and down-payment you agreed to. It's known as the Agreement of Purchase and Sale.



If you want to reduce your stress during the financing phase of your home purchase and don't want or can't submit all of this information before finding a property, consider gathering all of this documentation ahead of time. Simply having all of the documentation ready will reduce your workload and allow you to focus on last-minute requests.

## Importance of Home Inspection

Home inspections are essential because they allow a buyer to learn about the home's physical characteristics. Almost always, houses are sold in less-than-perfect conditions. As a result, a buyer must be informed about the anticipated costs of maintaining the home after closing.

As a result, home inspection is an important part of the home-buying process. After the inspection, an accredited and experienced home inspector investigates the home and writes up the inspection report. This detailed document becomes a very important tool in the real estate transaction process.



A typical property inspection includes an examination of the entire house, which includes:  
The foundation's and the structure's structural integrity

- Doors and windows
- Roof and exterior walls
- Plumbing
- Electrical components
- HVAC (heating, ventilation, and air conditioning) systems
- The home's surrounding vegetation and more...





## WHY DO SELLERS NEED A HOME INSPECTION?

Before putting a house on the market, it is a good idea to have it inspected.

**Complete repairs** - Before putting the house on the market, sellers can address any repair issues. This can significantly improve a home's visual appeal.

**Transparent dealings** - A home inspection report available to buyers communicates confidence in the home's quality and signals that the Seller has nothing to hide.

**Increased valuation** - These steps result in a higher selling price and a smoother sales process with fewer surprises and more confident buyers.

# WHY DO BUYERS NEED A HOME INSPECTION?

If the seller does not complete a home inspection report, the Buyer should seek an inspection to learn about potential problems and upcoming maintenance costs associated with the home.




**Assurance** - Go into this purchase with eyes wide open about the quality of the home.

**Maintenance** - Prospective buyers can learn more about future upkeep and maintenance needs.

**Value** - If the home inspection report identifies issues, the buyer can negotiate a price that accurately reflects the home's value.



 The average cost of a home inspection varies depending on the area, the size of the home, and the services offered by the home inspection company. There is a strong element of getting what you pay for, as with most services. Choosing the cheapest inspector can frequently lead to problems later on. Employ a licensed property inspection professional to represent your best interests, whether you are a buyer, seller, or owner, to ensure the home is safe for you and your family and that you are fully informed about major upcoming expenses.




# TIPS FOR NEW HOMEOWNERS ON HOME MAINTENANCE

When you're new to homeownership, home maintenance tips can be extremely beneficial. After putting in so much effort to save for a home and finally becoming a homeowner, taking good care of your home is likely your top priority.


Homeownership changes home maintenance from what it was when you were a renter. Here are some home maintenance tips to keep your exciting new investment in top condition.

A new homeowner's home maintenance checklist  
On a monthly or quarterly basis







**Replace HVAC filters:** A filter is part of your heating and cooling system. The frequency with which you should change it is determined by your household. If you have allergic pets or family members, you may want to change it on a monthly basis. Otherwise, you might be able to get away with changing it every three months.



**Clean the coils on your refrigerator:** Your refrigerator has coils, either underneath or behind the unit. These coils become dusty, causing your refrigerator to work harder. By vacuuming the gunk away on a regular basis, you can save electricity and extend the life of your refrigerator.





**Schedule routine HVAC maintenance:** Have an HVAC professional come over twice a year to perform routine home maintenance on your HVAC. Have them tune-up your furnace in the early fall, and have them do the same for your air conditioning in the early spring.




**Clear your dryer vent:** Lint accumulates in the pipe that connects your dryer to the outdoors, posing a fire hazard over time. You can hire a contractor to do this work, or you can clean it yourself with a dryer vent brush.

**Smoke detectors:** One of the most important home maintenance tips is to check smoke and carbon monoxide detectors. Replace the batteries and press the test buttons to ensure that they are always in good working order.







**Create a snow plow plan:** If you live in an area where it snows, you won't want to wait until you're stuck in your driveway to figure out how to remove the snow. Book a snow plow service in the early fall, or buy a snow blower (or make sure yours is in working order if you already have one) so you're ready when winter arrives.



**Make a lawn mowing plan:** Many cities have rules about how long your grass can be, and allowing your grass to grow too long can attract bugs and rodents. In the early spring, hire a lawn mowing service or purchase a lawn mower.




**Examine indoor and outdoor caulking:** Your home has caulking all over it. It's on the inside and outside of your windows and doors, as well as around your tub and sinks. That caulking protects your home, so inspect it carefully every year and re-caulk if necessary. Make sure you get the right caulk for the job (some are for exterior use, while others are for tubs and sinks), and that you remove the old caulk before applying the new.



**Touch up exterior paint:** Your paint does more than just make your house look nice; it also protects your siding. Even if you aren't ready to repaint your entire house, scrape any peeling paint and repaint any exposed siding once a year.

**Stain and seal the deck:** To stay in good shape, wood decks require annual maintenance. Every year, re-stain and seal your deck. The cooler weather is ideal for the job in the fall, and your deck will be protected all winter. This can be a do-it-yourself



home improvement project or it can be outsourced to a handyman.

**Sump pump (if applicable):** Make sure your sump pump is in good working order because it protects your home from flooding.

**Drain the water heater:** Sediment accumulates in your water heater over time, reducing its lifespan. Drain it once a year to remove the sediment before it causes any damage. In rural properties, if your well water is hard or contains a high level of minerals, you should do this more frequently.

**Gutter cleaning:** Clogged gutters cause a slew of issues. They can allow water to threaten your home's foundation, allow ice dams to form on your roof, and even serve as a mosquito breeding ground. Because of the falling leaves, fall is the busiest time for cleaning gutters (you may need to clean them as often as weekly depending on how many trees you have), but it's also a good idea to do a spot check year-round as needed.

### **Do a thorough cleaning of the entire house:**

A thorough cleaning is essential for home maintenance. Dirt and grime can cause appliances to fail, conceal necessary repairs, and mask odors that indicate a problem in your home. Depending on the size of your home and family, as well as whether you have pets, you may need to do this weekly, monthly, or quarterly.



# HOW TO BOOST THE VALUE OF YOUR HOME



If you've been thinking about selling your home in the near future, you'll want to get started as soon as possible. For many homeowners, this entails pulling out a toolbox and getting your hands dirty. For others, it simply entails contacting a tradesperson. Having a fully functional, aesthetically appealing home can help you sell your home in Ontario's competitive real estate market. Simply having the lowest price on the block will not leave a lasting impression. When potential buyers are looking at homes in your neighborhood, you'll want yours to stand out for the right reasons.

Here are some simple ways to approach turnkey status and increase your property's value before putting it on the market.

## Repair and painting of exterior walls

The exterior of your home is the first thing a potential buyer will notice, so make sure it looks great both inside and out. Properties that appear dilapidated, old, or ugly will not be considered. There's nothing like a fresh coat of paint to make your home look more modern, fresh, and universally appealing, but avoid overly bold colors like lime green, or you'll make your house stand out for all the wrong reasons.

In addition to painting your home, you should inspect the exterior for visible signs of damage. Weatherboard walls may have panels that need to be replaced. Brick homes may require small gaps to be filled in with fresh mortar, while rendered walls may require new concrete to fill in gaps. These minor changes will make a home look brand new without the need for major renovations.



## Improve the Doors and Windows

Aside from being aesthetically pleasing, new doors or windows make your home more energy-efficient, which can lead to lower household operating costs and a more environmentally-conscious property, both of which are appealing to many buyers.



### Yard Lighting and Landscaping

Buyers appreciate an attractively landscaped yard, and if you have space for it, it doesn't cost much to fix up yours. A household's yard is thought to be a good indicator of the total amount of effort put into the property: dead plants, messy gardens, or boring yards can be a quick turn-off. Investing in new soil, rocks, shrubs, ground cover, trees, and mulch can help transform your yard and make it look more inviting. An appealing yard will aid in the sale of the property by inviting buyers to imagine themselves spending time outside during the year's pleasant seasons. If you have a green thumb, you can do this yourself or hire a professional landscaper. Make sure to pay attention to yard lighting as well because some buyers will only be able to drive around after dark. Night lighting can give your garden a modern, chic appearance.



## Interior Flooring

It may seem strange, but the floor is one of the first things buyers notice when they enter a home. People expect the floors to be modern, clean, and stylish in their homes. Your home will not benefit from old, musty carpeting. Although hardwood floors are always popular and easy to maintain, a high-quality carpet can also be quite appealing and create a warm atmosphere. Make sure to repair any flaws in your flooring and be prepared to replace old carpets.

## Kitchen Improvements

One of the most important communal areas in any home is the kitchen. Buyers want a functional workspace with good taps, cabinets, and bench-tops. Over-upgrading kitchens with fancy granite or marble countertops and brand-new stainless-steel appliances is a common mistake made by sellers. Although this appears sleek and modern, some buyers will be put off by such upgrades because they will automatically assume the house is more expensive. In any case, ensure that all appliances are in working order and that the kitchen is neat and appealing.

## Bathroom and Toilet Upgrades

Bathroom renovations, like kitchen renovations, can be extravagant, with all-new showers, toilets, tubs, and cabinetry. This may not be necessary to increase your home's value if your bathroom is in good working order and looks nice. A well-designed bathroom will be both functional and aesthetically pleasing. Small repairs, such as painting the walls and replacing the tile grout, can make a big difference. To restore your fixtures' appearance, clean



out your exhaust fan and repair chips in the bathtub or sink. In some cases, replacing old light fixtures with more user-friendly or energy-efficient models is also worthwhile.

### **Internal Lighting Fixtures**

Lighting fixtures vary greatly in price, but if you have old-fashioned hanging lights with paper lampshades, it's probably time for an upgrade. When selling your home, lighting is extremely important because no buyer wants to live in a dark space. Downlights (Pot lights) look good in most environments, and lighting can be used to highlight other aspects of the home's decor. Energy-efficient lighting can also increase the value of a home.



### **Interior Wall Painting**

In the world of interior design, certain trends come and go. You may have noticed that many new model homes have colored, 'feature' walls rather than blank, white walls. A white-walled home can be perceived as boring and devoid of character by buyers, whereas the right colors can be exciting. However, be careful with your paint choices, as something too outlandish may make it difficult for potential buyers to see themselves in your home. If you use color, make sure that it blends well with the rest of your home's design elements. Accent walls and textured brush techniques can add visual interest to your home, but if you are unsure, consult with an interior designer.





## The Roof and the Foundation

Your home structure may not be as obvious to buyers as many of the other factors, but a poor inspection report due to flaws in your roof or foundations could break your sale at the last minute and cost you much more. It is critical to have a professional inspect your home ahead of time so that any structural flaws can be repaired. Buyers will want to know that their new home is secure and built to last.



## Extensive cleaning and organizing

Any property can benefit from a thorough cleaning. This part of the process will be inexpensive, but it will require a significant amount of time and physical effort to complete it correctly. Concentrate on cleaning all visible areas of the property as well as any hidden corners that you can't see. Move furniture and get behind the stove and refrigerator to clean what's underneath. A clean, tidy home with everything in working order will help you get the best-selling price possible.



If you intend to conduct inspections while still residing in the property, make sure to organize all clutter. Remove any personal items, such as family photos, that will make it difficult for the buyer to imagine themselves in the house. Purchase storage boxes and think about short-term off-site storage for all of your items that do not fit neatly into cupboards. Remember that buyers will be opening everything and looking everywhere, and neatness suggests a well-kept home.



This guide is proven to provide you with everything you need to know before buying your first home.

Thank you for taking the time to read this guide and I hope it was helpful.

*David Buriev*  
Author, public speaker  
Licensed Real Estate Agent

## ABOUT THE AUTHOR



David Buriev is an experienced Real Estate Agent at Remax Realtron Brokerage in Thornhill, Ontario. Specializing in Residential Properties and Investment Properties all across Ontario.

When you work with David you are treated like a family member. He assures to work at your best interested and helps

you find your dream home while negotiating the best price and terms possible as well as helps you sell for top dollar and as quickly as possible.

David is well connected, therefore, you will have access to 3rd party professionals such as lawyers, contractors, inspectors, stagers, home decorators, home organizers, and lawn care professionals who are trusted and experienced.

If you are thinking to purchase for investment purposes, David has many years of experience in the field, specializing in income properties, multi units, student rentals, Rent to Own programs, and Fix & Flips.

# BONUSES

1. Ask David about his current referral program available.
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If you are a seller, you will also receive a FREE Staging consultation (value of \$300) by a professional home stager.

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## Contact David Today!



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