

**Guide to  
buying  
your new  
home**



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# Determining Your Needs

## Introduction

**Your Lifestyle** So, you've decided you want to own a home. It's a popular dream. For most people, with the right planning, it can become reality. But there is a lot to know before you begin moving. We'll take you through the planning process step-by-step, to determine exactly the kind of home that's perfect for you. We'll ask you some questions and we've provided worksheets that you can print out and use with your RE/MAX agent.

- What Does Your Future Lifestyle Hold?
- How many bedrooms will you one day require?
- Your preschoolers will be teens some day.
- Are you planning to stay in your home that long?
- Perhaps your teens are ready to move out on their own.
- What will you do with all the extra space?

When you're thinking about accommodating your family's needs, think of things like parking. How many cars will require space? You'll also want to consider proximity to, and the reputation of, schools in the area.

**How is your work situation?** These days people tend to change jobs frequently, and sometimes the best way to get a promotion is to move to another company. If you might be transferred, will you be able to sell quickly? Keeping work in mind, how long do you want to spend commuting? Do you drive or rely on public transportation?

As you can see, you will want to give some thought to how long you intend to stay in your home. It may be difficult to answer before you've even found your home, but if it's your first home give some thought to the resale value when it is time to upgrade. On the other hand, if you're planning to stay in your home for a long time, consider your future needs and purchase a home that will accommodate them.

**Do You Live a Maintenance-Averse Lifestyle?** When you're looking at homes, consider the advantages of brick over a wood frame house when it comes to painting. Take a look at the garden. If you don't enjoy cutting grass, then an expansive lawn may not fit into your lifestyle. You can also evaluate the possibility of future maintenance and repairs based on the age of the house. If you don't like the idea of major renovations, a newer home may be your best option.

### **Is Your Lifestyle More Geared to a Fixer-Upper Fantasy?**

Many first time buyers have them. It goes something like this: You find a big home in a great neighbourhood that's well below what you'd expect to pay for that house in that neighbourhood. You see a couple of coats of paint, new broadloom, a few repairs and voilà, a dream home without the nightmare price.

Before you jump headlong into this 'once-in-a-lifetime opportunity' consider how you'll do all of the work. Will it be weeknights after a long day at the office, or will you hire someone? Are you ready to live in a dusty mess as you renovate? Do a realistic assessment of the job at hand and be sure to have the house inspected. The last thing you want is a bargain home that turns into a money pit. You're far better to find a house that costs a little more each month but doesn't need much work than to buy a fixer-upper that eats up hundreds of dollars each month. For example, let's say you could buy a really nice house with minimal work required for \$10,000 more than a fixer upper. At today's mortgage rates, assuming you could stay within your monthly budget, that really nice home would cost you only about \$65 per month more than the fixer-upper. If you buy the fixer-upper, you'll be spending a lot more than \$65 each month to whip it into shape, as well as the strain your family will go through living in an unfinished home.

## **Location, Style and Cost**

The first question you're bound to ask is, "How much home can I afford?" That depends on a number of factors:

- Your selected location. Are you set on a specific area? Downtown? The suburbs? A rural setting?
- Your preferred type of home. Detached? Semi? Duplex? High-rise? Link? Townhouse? New or Resale? There are a variety of home styles you will want to explore.
- Your income. After all, it's not just the mortgage you have to take into account. There are property taxes, utilities, and in some cases condo or strata fees. As a general rule of thumb, your monthly home-carrying cost should not exceed 30-35% of your income.
- Market conditions. Is it a buyer's, seller's or balanced market?

There are also additional costs to keep in mind. It's a good idea to work out exactly what you want and what you can afford before you begin the search. Be specific! After all, you don't want to suddenly come to the realization that your dream house has come with a nightmare of bills and expenses. Stick to looking at houses in your price range. The more you've thought it out, the better your RE/MAX agent can meet your needs.

A part of deciding just what you can afford can be accomplished by meeting with your bank or a mortgage broker and negotiating a pre-approved mortgage. There are many types of mortgages and many different terms. Research all of your options. This ensures that there are no surprises once you're ready to make an offer.

Once you've figured out your monthly expenses and what you can afford, you can start your search. It could happen that the first home you see is



the one you want; or you might look at home after home with none of them catching your interest. Rest assured, the home you're looking for is out there, and when you find it, you're ready to make an offer. If your offer is accepted, the next steps are closing and moving into your new home.

Purchasing a home is easy once you put your plans into action. Now, click on one of the navigator buttons and we'll help you get started.

### Why is Location Important?

Of course, the first step in deciding on a new home is your lifestyle at present and how your lifestyle will change over the next few years. Are you active in sports? If so, a location with a nearby recreational facility would be ideal. Are you a nature lover? Then perhaps an area with parks and walking trails would suit you. Think about yourself and your family and decide what you enjoy doing and what type of lifestyle you would enjoy in your new home.

### Which Neighbourhood is Right for You?

Your ideal home may not be ideal anymore if it's downwind from the garbage dump, or if your home is right next to a freeway overpass. Think about the view. Will you like what you see every time you look out your windows? Selecting where you want to live is as important as deciding what type of dwelling you'd like to live in.

Consider how far your selected neighbourhood is from where you work, how far you're willing to commute and your lifestyle. You'll also think about schools if you have, or are planning to have, children. And what about medical facilities, places of worship, public transportation and recreation?

If you're contemplating the move to an unfamiliar neighbourhood, take the time to go exploring. Walk around, drive around, get a feel for the distance to the nearest convenience store, the commute. Make some notes. Take the neighbourhood tour at different times of day and contact the local municipal office to find out what future developments are planned.

You'll also want to check zoning by-laws and fire codes, especially if you plan to rent the basement or conduct a business in your new home. In law suites, student housing, basement apartments and duplexes all have very specific code requirements.

### Choosing a Neighbourhood

#### An Established Neighbourhood or a New Home?

Established neighbourhoods tend to have their own personalities, mature trees and often larger yards. Older building styles tended to lean toward higher, plaster ceilings, hardwood floors and decorative woodwork. Depending on the age of the home, it may require a little more maintenance. Established neighbourhoods are usually closer to the city.

Urban living usually puts you at the centre of the action. It offers a wide variety of amenities like shops, theatres and restaurants. It may be closer to your workplace. Of course, the drawback of an urban location could be a smaller, older or more expensive home. Look for schools (Public and Catholic), Playgrounds, Parks, etc. Make sure there are no undesirable areas surrounding your neighbourhood such as a garbage dump, industrious buildings disposing bad odours, etc.

The suburbs usually have the advantage of newer homes, and more square footage for the same price as an urban location, but may not have the other amenities as close as you'd like.

New neighbourhoods tend to have a noticeable lack of foliage and can look barren for years as the landscaping matures. If you purchase a home before it is built, you will be able to take advantage of upgrades during construction, and when you move in you can decorate to your taste. A new home won't have the charm of an old one, but will have warranties covering most major components. Be careful in understanding what the warranty covers. New homes have some real disadvantages that most people don't think of until it's too late.

### **New vs. Used**

1. When buying a new home, keep in mind that the representative you are dealing with at the new home site may not be a licensed real estate agent. The new home representative's best interest may lie with the builder and not you. In many cases, the builder will not allow your RE/MAX agent to protect your interests or help you prepare the agreement.
2. The builder's agreements can be very one-sided in favour of the builder. Did you know that many agreements allow the builder to extend closing by 2-3 months twice, and then cancel the agreement if the house still isn't built?
3. Your team of experts cannot fully protect you when buying a new home. For example, your lawyer will not be able to force the builder to sell you a house that's not there yet. Whereas when buying a used home, your RE/MAX agent will be able to negotiate the price, and your mortgage expert will be able to arrange the best possible mortgage for you. If you do decide to buy a new home, try not to get confused with terms like "mortgage-paydowns" that are built into the

price of the home.

4. Remember, your home inspector will not be able to inspect a house that's not built yet and new homes are not always trouble free.
5. As a new home buyer you may have to spend money on additional expenses like driveways, decks, landscaping, decorating, recreation rooms, air conditioning and fencing. If you want all of the above without having to go through all the hassles a used home might be the solution for you.

## **Your Housing Needs**

No matter what kind of home you're looking for, there are some key features to consider. I always remind my clients that they will find large townhouses and small single-family homes, so looking for what you want in a home is as important as the type of dwelling. Your RE/MAX agent will ask many questions before the hunt begins.

Where will your family spend most of its time? Kitchens are a popular family gathering area. Make sure your prospective kitchen can handle the traffic. You may also want an eat-in kitchen or one with a breakfast nook, allowing you to keep the dining room for special occasions.

How much bedroom space do you need? Some people prefer small, plentiful rooms to house children, frequent guests or a home office. Others prefer fewer, larger rooms. Of course, if your budget permits, many large rooms would probably be ideal!

Bathrooms are also a major point to consider. How many bathrooms does your family need to handle peak traffic times? Is one enough? (Not



likely!) While one per person might be more like it, that dream may not be affordable. Make sure the home you're ready to purchase has sufficient bathroom space and that the bathrooms are comfortable. When looking at bathrooms, ask yourself how important a window is for light and fresh air.

**Note:** Hot water is always a problem with a large family. Remember, most hot water tanks are rented from the utility company. You can always have them upgrade the size of the hot water tank for a minimum cost.

When it's time to relax and entertain, how will your prospective home meet your needs? Do you want a formal living room, or a room where your family can stretch out and watch television? Do your children need a play area or your teens an entertainment room? Some homes have a living room and a family room.

Attics and basements can be wonderful storage areas, or can serve as additional living space. If extra space is important, you will want to consider a finished basement. Everyone seems to have their own definition of what this means. Take a good look at the workmanship. Was it done by a professional? Do you see yourself redoing a sloppy job? A poorly finished basement can be more work than a completely unfinished area. Some signs to watch out for are moisture along the floor lines and corners of all exterior walls and pungent odours which may also be a sign of moisture, mildew, and/or mold which can be costly to repair.

A brief word about closets. Look at the clothes you have now. Add another half, and then look for closet space to hold it all. If you're like most of us, you'll never have enough closet space!

Heating and cooling systems are also key features to consider. When it comes to heat, natural gas, oil and electric furnaces are all options. Older homes may even have hot-water radiators. Still other homes have baseboard heaters. Make sure you find out about the maintenance and condition of the heating system as well as annual operating costs. If you're thinking about air conditioning, think about how expensive it would be to add central air, or if a window unit would suffice. Try to get on to a "Homeowner's Insurance Plan" with the utility company. For a minimum annual fee you have guaranteed regular maintenance and repair.

As you can imagine, each type of home has its advantages and drawbacks and no two buyers will have the exact same wants and needs. The only way to truly evaluate which home is right for you, outside of price, is to consider what you absolutely must have and what you can live without.

Before you go house hunting, prepare a list of 'can't live without' features and a list of 'would be great if...' features.

### Types and Styles of Homes

- Single-family detached homes stand on their own lot and are designed to house one family
- A duplex has two units, one above the other, and is detached from neighbouring homes.
- Semi-detached designs offer two single family homes attached by a common wall.
- Townhouses join several single-family units by common walls.
- A highrise condominium is simply a multistorey residential building.

## What is a Condominium?

Condominium is a type of property ownership, not just a style of home. When buying into a condominium complex, your home will usually cost less and you often won't have to worry about snow shoveling or lawn mowing, or major exterior maintenance like fencing or the roof. Condominiums can also come with extras like a security service or recreational facility. Of course, you should be prepared to pay a monthly maintenance fee. This fee goes into a collective cash reserve that is used to cover property maintenance, repairs, replacements and insurance.

Before you purchase a condominium home, do your research. Find out the value of the cash reserve and upcoming projects which the reserve will fund. Ask about annual increases. And compare the maintenance fee to similar condominiums in the area.

## What Can I Afford?

There are two types of costs in buying a home -- the initial amount you will need for your purchase and the ongoing costs of paying back your mortgage along with monthly operating costs. The largest one-time cost is the down payment. It usually represents 5-10% of the total price of the property.

### Typical One-time Expenses:

- Mortgage application and appraisal fee
- Property inspection (optional), due at time of inspection
- Legal fees, due at the time of closing
- Legal disbursements, due at the time of closing
- Property survey (sometimes provided by seller), due at the time of closing

- Land transfer, deed tax or property purchase tax, due at the time of closing. (in Quebec within three months following signing)
- Mortgage interest adjustment (if applicable), due at the time of closing
- Home and property insurance, at closing and ongoing
- Moving expenses, due on the date of move
- PST on High Ratio mortgages
- Realty Tax Holdback

### Typical Monthly Expenses:

- Mortgage payments
- Maintenance (this could be condominium fees, or allocated maintenance fees)
- Property and content insurance
- Property taxes

## Your Team and Their Roles

### Agents

A real estate agent is a professional who can save you time and trouble. And possibly even a lot of money. You see, real estate agents have the home buying experience most people lack. They know all of the steps and they are good negotiators who will work on your behalf.

An agent will:

- Fine-tune your wants/needs list
- Get special computer access to listing information
- Screen houses so as not to waste your time
- Arrange appointments
- Offer helpful advice about the neighbourhood



- Introduce you to trusted contacts who should be on your team, such as mortgage brokers, lawyers, and home inspectors.

Above all, find a real estate agent who is a professional in the type of home you're looking for. A country home professional may not be the urban market specialist you need. And when speaking with your agent, be as clear as possible about your needs.

**When looking for a real estate agent, consider RE/MAX. RE/MAX associates are the industry's top producers. They're the cream of the real estate crop.**

## Contractors

If you've decided to do some renovations on your home to make it more sellable, it's time to look for a credible contractor. Before anyone begins work on your home, it is important to do your homework.

### 1. Ask for Referrals

- Your architect will make recommendations
- Your RE/MAX agent will offer some suggestions
- Contact friends or neighbours who have had similar work done
- Ask at your local builder supply store

When you're interviewing contractors, ensure their credibility. Contact their references. Ask to see some samples of the contractor's work and speak to his clients to ensure that they were satisfied with the price, length of time in which the project was completed and overall, how the project was handled. Also, check with your local Better Business Bureau.

Once you have the names of a few contractors that look promising,

arrange to get estimates from them. By arranging for three quotes you'll get a good idea of the costs and quality of work.

When going over the project with your contractor, ensure that he understands your needs and your budget. Each contractor will have a different idea on how to approach the work and they should inspect your home before giving an estimate. If contractors are bidding based on an architect's plans, be certain that they have detailed their approach to the job based on the drawings.

What's more, if there is a significant difference in the price, ask the contractors to explain their estimates. And keep in mind that the lowest price is not always the best. A price that's too low may mean that the contractor has undercut to get the project and then may submit additional project costs once the project is underway. As well, a high price doesn't always mean that you're getting gouged. The contractor may have budgeted for higher quality materials and may offer workmanship that is of an overall better quality.

In every case, before you sign the contract, be certain that it is as detailed as possible to the point of noting the specific finishes and brand names of the products to be installed.

### 2. Evaluating a Quotation

- Are the specific details of the project outlined?
- Are the specific costs detailed?
- Is there a provision for extra costs?
- Has a cap been set for the total project?
- Is there a firm project timeline?

- Has the contractor allotted time for inspections?
- Have you indicated that you wish to see all material receipts?
- Will the work be subcontracted?

## Appraisers

Hiring an appraiser to appraise the value of property you are considering to buy may seem sensible but it is highly unnecessary. Your lender will want their own personal appraiser anyway, so you could be wasting valuable money. As well, most RE/MAX agents are competent and can do a "Comparative Market Analysis" for you, to establish a value range. The only situation where hiring an appraiser would become necessary is where the property is unusual with no comparable sales.

## Lenders

The true test for a buyer is "What else can we buy for the same or less money?"

In short, a lender is anyone who will give you money. There are private lenders and institutional lenders, like banks and credit unions. Even your brother-in-law can be your lender. Of course, when you're looking for a lender, you're looking for a long-term relationship and terms and rates which are beneficial to you.

You really have a few options. You should go to a mortgage broker who will search the mortgage market for the best rates and conditions based on your circumstances. Usually the broker is paid by the lender without cost to you. However, the cloudier your credit history, the more likely there will be a fee! A good mortgage broker will be connected to all major lenders through the mortgage market.

You can also do your own search. With a good credit history, it's really not that complicated. Pick up your newspaper and you'll see what the different lending institutions are offering. Find the institution you feel you would be most comfortable with, and one that offers the terms and conditions you're looking for. Then, go in person and negotiate your best deal.

We'll go into more detail about this process in the arranging a mortgage section.

## Mortgage Brokers

This is a person who will do the leg work in finding the institution which offers the mortgage terms and conditions that are right for you. Much like an insurance broker, this professional works for you and can offer you an unbiased referral. Although most brokers are paid a finders fee by the lender, some will charge 2% of the total mortgage to find you a lender.

## Lawyers/Notaries

A lawyer is there to represent your interest, and to process the documentation required. The legal aspects differ from province to province. Your RE/MAX Agent can recommend lawyers to advise you on the steps to be taken before the keys to your new home are presented to you. A lawyer helps ensure you are protected!!!

## Home Inspectors

Have the home inspected! Whether you make it a condition of purchase or not, having the property pre-inspected by a qualified home inspector will give you the added confidence that you've made the right decision. Be very careful to verify the qualifications of your home inspector because



there are no government standards or licenses for home inspectors. Some home inspectors in Canada do not have any form of accreditation. For your protection make sure your home inspector is a member of (PACHI) or (OAHI). This is your assurance that they have met their education requirements, have the experience and carry E & O Insurance.

## **Insurance Brokers**

You'll want to make sure your property and valuables will be covered. A broker offers independent advice and can save you time, trouble and money. Plus, the bank will insist that you carry full insurance since your property is used as collateral against your mortgage.

## **The Plan**

### **Neighbourhood Features Checklist**

Choosing a location depends on where you work, and whether you want to commute as well as on your lifestyle. How close you would like to be from various places and services has a major impact on the your home purchasing decision.

### **Monthly Expenses**

It's great to have a beautiful home, but don't invest every penny so that you have no additional funds to enjoy your lifestyle. As we mentioned earlier, your home buying decision must take all factors into account. Be realistic upfront. If you begin by overestimating the costs, you're less likely to find yourself in a financial bind down the road.

### **Your Team of Professionals Worksheet**

It is essential to have the right people working for you to make it happen. Useful advice and professionalism are key.

### **Home Features Checklist**

Being realistic is very important at this stage. You would need to determine which features are absolutely essential and which fall into the 'nice to have' category. Don't forget to give your agent a copy.

### **Home Hunting Worksheet**

There is a limit to how much one can remember and when you're home hunting, there are lots of details that are crucial when it's decision time.

# Arranging a Mortgage

## Introduction to Mortgages

### Getting Ready

Learn the in's and out's of mortgages. What are your different options? What is a pre-approved mortgage? Everyone wants your business, but it's up to you to look after your interests.

### What is a Mortgage?

A mortgage is made up of two parts: principal and interest. Principal is the actual amount borrowed. Interest is the lender's fee you are charged for borrowing.

You'll have to decide on an amortization period (the length of time it will take to completely pay off the mortgage) and the term, or length of time each mortgage agreement guarantees the interest rate.



Before you go to a financial institution or mortgage broker, keep in mind that there are many mortgage options available. Shop around for the best rates and the best terms. Negotiate. Everyone wants your business, but it's up to you to look after your interests. Of course, the key thing to remember is to negotiate a mortgage that fits into your lifestyle, and doesn't take over your life! Your mortgage broker can help guide you through this process and supply you with information.



## Amount of the Mortgage

With lower interest rates, you may qualify for a larger mortgage because your monthly payments will be lower. But always keep in mind that the larger your mortgage, the more interest you'll pay in the long run. That simply means your house will cost more. Also, what if interest rates rise? Will you still be able to carry the payments comfortably?

## Down Payments

Before considering any mortgage, consider your down payment. If you're a qualified home buyer, you can purchase a house with a minimum 5% down payment. On a \$160,000 home that would be an \$8,000 down payment, leaving you with a \$152,000 mortgage. Assuming you negotiate an interest rate of 8% for your mortgage, you're monthly payment for principal's interest would be \$1160. Now let's say you decide to wait until you save another \$10,000 before you buy because you think the bigger down payment will lower your monthly payments. Well, at 8%, putting \$10,000 more down on your house will only save you \$76.32 per month, you might be better off saving \$10,000 for a rainy day or a vacation or that hot tub you've been dreaming about. With today's interest rates, it just doesn't make sense to tie up your cash to save \$76.32. You might be better off putting your extra money to work for you in another investment with a higher rate of return.

## Conventional and High Ratio Mortgages

To qualify for a conventional mortgage, you simply have to have a 25% down payment of the purchase price, with the mortgage not exceeding 75% of the appraised value. If your down payment is less than 25%, then you qualify for a high-ratio mortgage. This type of mortgage requires loan insurance, which can cost an additional 0.5% to 3.75% of the mortgage amount. With this type of mortgage you could also be limited to a maximum house price.

## Pre-Approved Loans

### Obtaining a Pre-Approved Mortgage

Why go house hunting only to find that you don't qualify for a mortgage on the dream home you've found? Having a pre-approved mortgage will give you the confidence of knowing exactly what you can spend on a home before you start looking. You will also be protected against interest-rate increases while you look for your new home.

Once you've done your homework and shopped for the best rate, meet with the loans officer to arrange a pre-approved mortgage and discuss the features you're looking for to tailor payments to your needs. It could take a few days, but give your lending institution about two weeks. It will eliminate potential headaches down the road.

### Pre-Approved Mortgage Features to Look For

1. Competitive interest rates. You may be willing to pay a little more to get the flexible features you desire.
2. A 90-day rate guarantee. This will protect you against rising interest rates while allowing you to take advantage of falling rates.
3. Flexible payment options. These enable you to tailor the mortgage to your lifestyle. Discuss payment frequency and lump-sum payment options. Find out if your lending institution will allow you to skip a payment in special circumstances or double-up on your payments.
4. Closing Costs: ask about the lender's policy with respect to realty tax holdbacks on closing.

5. Types of Mortgages Conventional and High Ratio Mortgages
6. To qualify for a conventional mortgage, you simply have to have a 25% down payment of the purchase price, with the mortgage not exceeding 75% of the appraised value.
7. If your down payment is less than 25%, then you qualify for a high-ratio mortgage. This type of mortgage requires loan insurance, which can cost an additional 0.5% to 3.75% of the mortgage amount. With this type of mortgage you could also be limited to a maximum house price.
8. Second Mortgage  
Of course, if you cannot add on to your mortgage, you may consider a second mortgage. Each mortgage uses your home as security and gives the mortgagee the right to take your home if you default on your loan. The first mortgagee gets paid first in cases of default and has the best chance of recovering all of its money. So it only goes to figure that subsequent mortgages usually come with a higher interest rate.
9. Mortgage Features  
Here are some mortgage options you should know about: Every lending institution is different, and each will have their own customizable mortgage options. When you're hunting for a lender and a home, see how the following features could be beneficial to you.
10. Prepayment  
This is a wonderful option if you receive regular bonuses or if your income fluctuates throughout the year. With a pre-payment privilege,

you have the right to make payments toward the principal portion of your mortgage over and above the monthly payments. A mortgage with a pre-payment option is closed. An open mortgage means you can pay the entire principal sum without notice of bonus.

11. Portability  
If you still have time remaining on that fantastic loan you negotiated, portability is one option you'll want to discuss with your lender. Quite simply, it means transferring the balance of your current mortgage at the existing rates and with the existing terms and conditions, to your new home.
12. Assumability  
Let's say that the vendor has negotiated a dynamite mortgage. With an assumable mortgage you, the purchaser, simply assume the obligations of the mortgage. This is a wonderful feature especially if the terms are more favourable than the existing market conditions would allow. Remember, when it is time for you to sell, you may still be liable for any mortgage you allow the buyer to assume. This means if the buyer stops making payments, you could be accountable for the payments. Be sure to have the subsequent buyer approved for the assumption of the payments, thereby avoiding this potential land mine.
13. Expandability  
If you need additional funds down the road, will your mortgage terms allow you to increase the principal amount? Usually, your new rate will be a blended amount of the initial mortgage rate and the prevailing rates. It's a great option to discuss with your lender if you foresee large expenses in your future like renovation or education costs.



## **You Should Know Assuming an Existing Mortgage**

By assuming the existing mortgage, you may be able to save on the usual mortgage fees such as appraisal and legal fees. You'll save time, since you don't have to negotiate to arrange financing from another lender and the existing mortgage on the home may be less than the current market rates. Unless otherwise specified, you'll still have to qualify with the lender first!

## **Vendor Take Back**

With a VTB, the vendor also becomes a lender; holding all or some of the mortgage. Sometimes the vendor will offer this loan at lower than bank rates.

## **Rate of Interest**

Quite simply, interest is the cost of borrowing money. There are two types of rate structures: fixed and variable.

A fixed-rate mortgage will remain the same for the length of the negotiated term. Your payment schedule is established in advance. You can choose either an open or closed mortgage, depending on the term.

If you are going to need a high-ratio mortgage, the mortgage broker may require that you take a longer term mortgage (usually, at least 3 years) so you don't get into trouble if rates rise in the short term. The mortgage will always be closed but with privileges. Often mortgages only come in two terms; 6 months and one year. Both are generally at higher rates than a closed contract for the same time period.

A variable-rate mortgage fluctuates with the prevailing market cycles. Your monthly payment will remain constant (usually for a year or two), but the amount allocated to your principal will vary. If the market trend is toward

lower rates, this may be a good option. If rates are rising, you may choose to convert to a fixed-rate mortgage. But if you're on a tight budget, you may not like the feeling of uncertainty. You may be willing to pay more for peace of mind.

## **Mortgage Term**

Over the course of your amortization period, you may have many different mortgages. The term is simply the length of time that interest rates, payment schedules and obligations to the lender exist. When the term comes to a close, you will have the option to renew your mortgage (taking into account current market conditions) at your current or new lending institution. You can also put a lump sum toward the principal without restriction, or pay off your entire mortgage without penalty. If you wish to change the structure of your agreement during the term you may have to pay a substantial fee to the lender.

## **Choosing Security or Flexibility**

Mortgages are available with closed, open and convertible options, with fixed or variable rates. The options you choose will reflect your beliefs about the market -- is it going up or down? -- and your short-term goals and desire for long-term security.

## **Amortization**

This is the amount of time over which the entire debt will be repaid. Most mortgages are amortized over 15-, 20-, or 25-year periods. The longer the amortization, the lower your scheduled mortgage payments, but the more interest you pay in the long run.

For payment comparison over various amortization periods, refer to the schedule of payments.

## Schedule of Payments

There Are Ways to Reduce Your Interest Payments

1. Negotiate a shorter amortization period. (That's the number of years over which you'll pay off the total amount of the mortgage. Don't confuse this with the term of the mortgage, which can run from 6 months to 10 years and must be renegotiated.) A shorter amortization period will mean higher monthly payments, but you'll be paying more principal with each payment. Consider this:

Let's say you borrowed \$100,000 at 10% interest. (I'm using round numbers for ease of illustration and assuming a constant bank rate. You know that today, you'll certainly be able to get a lower rate.)

Amortization Period	Monthly Payment	Total Payments	Total Interest Paid
25 years	\$895	\$268,500	\$168,500
20 years	\$952	\$228,480	\$128,480
15 years	\$1,063	\$191,340	\$91,340
10 years	\$1,311	\$157,320	\$57,320
5 years	\$2,148	\$128,880	\$28,880

2. Accelerating your payments. Opt for a weekly or biweekly payment schedule. More payments per month mean less overall interest.

Let's go back to our \$100,000 loan at 10% for 25 years.

Payment Schedule	Amount	Total Interest	Mortgage-Free
Monthly payment (12)	\$895.00	\$168,500	25 years
Biweekly payments (26)	\$447.50	\$118,927	18 years, 10 months
Weekly payments (52)	\$223.75	\$118,111	18 years, 9 months

3. Put lump sum payments toward your principal.

When negotiating your mortgage, ask how frequently you can make a lump sum contribution. Most financial institutions allow a percentage of your overall mortgage to be contributed on your annual mortgage anniversary date. Depending on the type of mortgage you select, you may also be able to negotiate additional monthly, or even weekly, payments. These payments will rocket you toward mortgage freedom.

OK, here's another illustration assuming you have an \$80,000 mortgage at 8% with a 25-year amortization, and you're able to put an additional \$2,000 lump-sum payment toward it every year:

	No Lump-Sum Payments	\$2,000 Annual Payments
Mortgage-Free	25 years	14.8 years
Total Interest Paid	\$103,165	\$55,549



## Open Mortgage

This type of mortgage offers a great deal of flexibility, as it can be repaid in part or full at any time without penalty. This is a great mortgage if you believe interest rates are moving down or if you plan to move in the near future. The term may be limited to six months or one year.

## Closed Mortgage

Here the interest rate is fixed for the full term of the mortgage, and you will have to pay a penalty to change the agreement conditions. This type of mortgage is ideal for buyers who suspect that interest rates will rise and who are not planning to move in the near future. This type of mortgage is usually available in a wide variety of terms.

## Convertible Mortgage

With this mortgage, you'll enjoy the same peace of mind as a closed mortgage, plus the flexibility to convert to a longer closed mortgage at any time without penalty. If you think rates will drop, this will allow you to wait until you feel they have hit bottom, or if rates rise, you can lock in.

## Additional Costs

Before you calculate the amount of your down payment and determine what you can afford, it's a good idea to set aside a few thousand dollars to cover the extra costs that seem to spring out of nowhere. Here is an overview of costs you could encounter. The good news is that not all of them will apply.

## Property Taxes

If the Vendor has paid a portion of the taxes in advance, you will be responsible for reimbursing the Vendor on closing. Plus, if you have a high-ratio mortgage, your lender may require that you have your property taxes added to your mortgage payments.

## Utility Fees

Utility fees are calculated through a meter so you will be responsible for paying what you have used up on the meter.

## Land Transfer Tax

This applies in most provinces and ranges from 1% to 4%. For instance, in Ontario, you'll pay 1% of the first \$55,000 - \$250,000 and up to 2% of any amount over \$400,000.

## Survey Fee

Your lender will require an up-to-date survey. You can make it a condition of the Offer to Purchase that the Vendor provide a survey, or you will have to have one done. If there is no survey available, you may purchase "Title Insurance" in lieu of a survey which saves you about \$500 - 700.

## Appraisal Fee

A basic appraisal usually costs under \$250.

## Property Insurance

Your lender will insist that you have insurance on your property because your home is used as security for the mortgage.

## Service Charges

You'll be charged for telephone, cable and a variety of other services that you hook up at your new home.

## Lawyer (Notary) Fees

Each real estate transaction requires the assistance of a legal professional to review the Offer to Purchase, search the title, draw up the mortgage documents and take care of the details on the day of closing. Lawyers

fees range widely depending on the complexity of the transaction. Ask your RE/MAX agent to recommend a lawyer. And remember, fees can be negotiated.

### **Mortgage Loan Insurance Premium and Application Fee**

Mortgage loan insurance will be necessary if you have a high-ratio mortgage (less than 25% down payment). The application usually costs \$75 with a valid appraisal, otherwise it's \$235. The actual insurance premium will range from .5% to 3.75% of the purchase price and is added onto the mortgage.

### **Mortgage Broker Fee**

Some brokers may charge as much as 2% of the total mortgage to find you a lender. In most cases though, the broker is paid by the lender. Buyers with good credit should not have to pay a fee.

### **Moving Costs**

Whether you've decided to do it yourself or hire a moving company, now is the time to budget for the costs involved.

### **Estoppel Certificate**

If you're moving into a condominium (complex not necessarily a high-rise) this certificate outlines the condominium corporation's financial and legal state. It will cost you up to \$50.

### **Condominium Fees**

These monthly fees vary from complex to complex. The fees are applied to everything from grounds keeping and carpet cleaning to security personnel and health club maintenance. Depending on the type of structure, these fees will usually be a few hundred dollars.

### **Home Inspection Fee**

For around \$300, depending on the size of your home, you'll receive a complete written report about the condition of the structure. Do your research and hire a reputable firm.

### **Renovation and Repairs**

Your home inspection may indicate the need for some general repairs or a major project. Have some money set aside, particularly if you are purchasing an older home.

### **Redecoration**

Your taste will be different from the previous owner. Set aside money to paint and wallpaper. Prepare a list of things you can live with, for now, and decorating faux pas that need immediate alteration.

### **Water Quality Certification**

If you are purchasing a home with a well, you'll want to ensure the quality of the water. This will cost approximately \$50 to \$100.

### **Applying**

When applying for a mortgage, provide prospective lenders with enough information about your work history, debts and assets. They're looking at the state of your personal finances. They will look at your gross income and potential mortgage payments and property tax expenses to come up with a Gross Debt Service ratio (GDS). This is usually limited to 30-35% of your gross income. To that lenders will add all other debts to come up with a Total Debt Service ratio (TDS), which can't exceed more than 40 percent of your gross earnings.



## What Lenders Look For

Lenders are looking at the risk factors from two points. First, will you be able to make your scheduled monthly payments? Second, if you default (don't make your payments) can the financial institution get enough money from the sale of the house to repay the loan?

## Approval Process

You'll be asked about your net worth, the difference between the value of everything you own and the amount you owe. Lenders take into account your bank balance, any types of investments, other real estate, cars and boats, other loans, credit card balances and many other things. Remember to be as specific as possible. So if you have a coin, significant stamp or art collection, have it appraised!

Your credit rating is your history of loan repayment and will be used by lenders as an indicator of your ability to repay your mortgage. It covers how you've managed past debts or if you've filed for bankruptcy. You'll be asked to sign a form allowing your financial institution to gather information from your employer, creditors and credit rating agencies.

If you've had credit problems, it may be a good idea to check and clean them up before you apply for a mortgage. You can check your own credit rating by contacting a company that compiles the information. One source is the Trans Union Customer Relations Department, P.O. Box 338-LCD 1, Hamilton, Ontario L8L 7W2. Simply send a note asking for your credit rating along with photocopies of two pieces of ID with your current address, plus a photocopy of a utility bill or credit card invoice. The process takes about two weeks and you'll get a good idea of how you'll be evaluated by the banks.)

If there is an outstanding debt, contact the creditor and resolve it. If you notice an error, report it immediately in writing and get it resolved.

Although your credit may not be perfect, it does not mean you are unable to purchase a home. Make sure you talk to a mortgage broker about your situation before you give up on your dream. Even if you can't buy now, your mortgage broker can help you re-establish your credit so that one day you will be able to live your dream of owning a home.

## Insurance

### Mortgage Loan Insurance

As a first-time home buyer, chances are, you're not walking into your deal with a huge down payment. As you may have already discovered in other areas of the site, you can purchase a home with as little as 10% down, or even a 5% down payment if you qualify with CMHC's First Home Loan Insurance.

Bottom line, if your down payment is less than 25% of the value of the home, you must purchase mortgage loan insurance. In Canada, most lenders are legally required to insure these high risk mortgages. This insurance means that if you default on your mortgage, your lender receives their money from the Canadian Mortgage and Housing Corporation (CMHC) or other insurer. And it's coverage like this that gives most lenders the confidence to finance up to 90% of your purchase.

### What Does it Cost?

The actual premium of the loan ranges between 0.5% and 3%, and is based on the size of the loan and value of your home. You can make your premium in two ways: as a lump sum when you make your purchase or as part of your monthly mortgage payments. But keep in mind, if you're paying it monthly, you're also paying interest on the premium!

Of course, there are always additional fees:

(If you provide your own appraisal, the fee drops to \$75, but neither cost covers the actual inspection or appraisal service.)

- Application Fee \$25
- Appraisal Fee \$235

### First Home Loan Insurance

This is a special product for first-time purchasers. It allows you to mortgage up to 95% of the value of your home. Any type of home is eligible, as long as it meets the following criteria:

- The home must be occupied by you and be in Canada.
- You can't have owned a home in Canada during the past five years. (If there is more than one owner, only one has to meet this criterion.)
- All housing payments - mortgage principal and interest, property taxes, heating (and if applicable, 50% of your condominium fees) can't total to more than 32% of your gross household income, or be more than 40% of your entire debt load.

### Getting Ready (to see a lender)

Remember that impressions count. The best way to make a good impression is be prepared. Gather the following information to submit to your lender:

- Current statement of earnings of all purchasers
- Updated bank account balance(s)
- Current credit card statements
- Car loan or lease information
- Other debt information
- All asset information:
  - vehicle information
  - home furnishings
  - investments
  - vacation property (trailer; timeshare)
  - collectibles (they must be professionally appraised)
  - Projected down payment information
- Names, addresses and telephone numbers of:
  - Employer(s)
  - Chequing/savings account bank branch and contact
  - Broker
  - Landlord

You may also wish to do a rough calculation to figure out your debt service ratio. This will give you a rough idea of where you stand before you see your lender.

# The Offer

Congratulations! You've found the perfect home. But, this can be the most stressful part of your buying experience. Read about the eight basic elements, the various offer strategies and discuss with your RE/MAX Associate.

## Overview

For some, this is a stressful experience. After all, you and the seller may not be able to come to an agreement and you won't get your dream home. There are eight basic elements to an offer and there are various offer strategies that you may want to use during your negotiations.

When you've found your home, you will make a formal, written offer to purchase. This is a legally binding contract outlining what you will give (a combination of price and terms) in exchange for the home. Your associate will probably use a pre-printed form covering all of the legalities and will modify it to cover what you want to offer.

Remember, everything is negotiable. You should ask for what you want, but keep in mind what you're willing to give up. Your RE/MAX associate will put everything in writing. Of course, the more contingencies in your offer, the less attractive it will be to the vendor. In a buyers' market, that's OK.

The vendor may counter your contingency with an escape clause. For example, the vendor may wish to continue showing the house and if they receive another offer, you'll have the option of backing out or removing your contingency.

## The Offer Can be Firm or Conditional

A firm offer means that you are prepared to purchase the home without any conditions. If the offer is accepted, the home is yours. Although a firm offer to purchase is usually preferable to the seller, if you are unable to close you will lose your deposit and may get sued. Take time to confirm your financing and to think twice about the investment.

A conditional offer to purchase means that you have placed one or more conditions on the purchase, such as subject to home inspection, financing or sale of your existing home. The home is not sold until all the conditions have been met.

### **Acceptance of the Offer**

Your offer to purchase will be presented as soon as possible. After the seller has reviewed the offer, it may be accepted as is, rejected, or returned with a counter offer.

The counter-offer may be in reference to the price, the closing date or any number of variables. The offers can go back and forth until both parties have agreed or one ends the negotiations.

It is best to know your absolute upper limit before you begin negotiations, so that in the heat of the moment you don't end up with a home you really can't afford.

## **Eight Basic Elements of an Offer**

### **1. Basic Details**

This includes the address and legal description of the property, and the names of the vendor, purchaser and brokers involved.

### **2. Price**

Depending on the market conditions, your opinion of the value of the home and the information provided by your RE/MAX Associate, the price you offer may be different from the seller's asking price.

### **3. Chattel - Inclusions and Exclusions**

Items within the home that will be included in the purchase price such as appliances, fixtures or decorations such as drapes or mirrors are referred to as chattel. Don't assume that anything will be left behind. If you want it, put it in writing.

### **4. Deposit**

The deposit shows your good faith and will be applied against the purchase of the home when the sale closes. Deposits are usually no more than 3-5% of the purchase price, but a larger deposit can show the vendor that you're serious. Your RE/MAX associate will advise you on the appropriate amount, and you may wish to stipulate that some interest be paid on it in the meantime.

### **5. Terms**

These include the total price of your offer as well as the financing details. You may arrange your own financing or may ask to assume the seller's mortgage, especially if it has an attractive interest rate. There will also be an expiration date and time after which the offer is no longer valid.

### **6. Conditions**

These might make your offer subject to home inspection, to your obtaining financing or to your selling your property.

### **7. Closing or Possession Date**

Generally, the date the title of the property is legally transferred and the transaction of funds is finalized between 30 and 90 days from the date of the offer. This is often a good negotiating point as vendors usually have a fixed date in mind.



## 8. Request for a Current Survey of the Property

If the vendor does not have one, you may wish to make one obtaining a land survey a condition of the closing. In most cases, the vendor will not pay for a new survey. As discussed earlier, you can ask the vendor to provide a “Declaration of Possession” or you could buy a “Title Insurance” policy instead. If however, you are planning to add to the house or build a garage, the best idea is to request a new survey - you'll likely need it to get your building permits.

## Making An Offer & The Process

When it comes time to determining the dollar amount of your offer, your RE/MAX Associate can provide information on the prices of similar homes that are currently on the market and those that have sold recently in the surrounding area. Then you'll be better prepared to make an informed decision.

Find out how motivated the seller is. The house may have been on the market for quite some time and the vendor may have other obligations. Find out if the asking price has been reduced. It's also good to know when and for how much the vendors purchased the home. Vendors who have accumulated considerable equity will be willing to bargain more than those who may be faced with an overall loss.

You'll probably wish to make an initial offer that is lower than what you would actually be willing to pay.

Once you have decided on the initial price, terms and conditions, your RE/MAX Associate will communicate your offer, sometimes known as an offer to purchase to the seller, or the seller's representative, on your behalf.

## Accepted

If the seller accepts the offer, congratulations, you're the proud owner of a new home! If you don't hear back, the seller has rejected the offer. You may want to make another one, or simply look at other houses that interest you.

Most often, you'll receive a counter to your offer. You can choose to accept it, or respond with another counter offer. This process will continue until one side accepts or quits.

**Reminder:** The home inspector does not pass or fail the property.

## The Deposit

The deposit shows your good faith and will be applied against the purchase of the home when the sale closes. Deposits are usually no more than 3-5% of the purchase price, but a larger deposit can show the vendor that you're serious. Your RE/MAX associate will advise you on the appropriate amount, and you may wish to stipulate that some interest be paid on it in the meantime.

## Offer Strategies: Choose the Strategy That's Best for You

- The “How Low Can You Go” offer
- The “I've Got to Have This Home” Offer
- The “Poker” offer

The “How Low Can You Go” offer is contingent on you not having an emotional attachment to the property you intend to purchase. In a buyers' market, you may find a few homes that catch your interest and you may want to make a lowball offer. This is usually significantly less than the asking price.

Lowballs only succeed if the seller is desperate. You may receive a counter offer, but more often than not, the seller will feel insulted and ignore your offer.

Your RE/MAX associate may advise you against presenting such an offer, but will pass it along to the vendor.

The 'I've Got to Have This Home' offer usually happens when buyers fall in love with the home and want to present their best offer first. This offer leaves no negotiating room, but if the market is hot, it's an offer that will attract attention. Your RE/MAX associate will convey to the

seller that this is your best offer. Most sellers expect to receive an offer and counter with another, so you may find yourself in a situation where you either accept the counter offer, or walk away from the home.

The 'Poker' offer usually arises in a sellers' market where buyers find themselves in a bidding war for the property. If you find yourself in this situation, all of your negotiating strength will be lost. You have the choice to raise the bid, or fold and move on.

The power of walking away is a formidable one, especially when no one else is competing against you to buy the house.





# The Closing

## Overview

It's a day filled with nervous anticipation. This is the day on which all of the legal and financial promises in the offer are met. It's the day when you get the keys and begin a new phase in your life. Your RE/MAX agent and your lawyer will give you all of the details on steps and timings. All of the small details will be taken care of ahead of time, so in most cases it will be just a day of waiting by the phone.

Also, remember that this is a hectic day for the seller, too! Very often it's moving day and they're trying to gather all of their belongings to leave as the purchaser is trying to move in.

In brief, here's what takes place before the actual closing day:

1. A copy of the offer will have been forwarded to the office of your lawyer. Your lawyer will have reviewed the conditions of the sale. You

will have made your lawyer aware of how you, and any co-buyers, will be registered on the title of the property.

2. All of the conditions in the offer to purchase must be satisfied by the closing date. If one of the conditions in your offer was a house inspection, it should have been completed by the closing date, and you should be satisfied with the report.
3. All of your financing details will have been finalized and ready to fall into place on the closing date.
4. If the vendor did not have an up-to-date land survey, you'll have had one done. Your lender will insist on it.
5. Your lawyer will search the title of the property to ensure that you can purchase the home without any legal problems. Your lawyer will also make sure that tax payments have all been made and there are no

liens on the home or the personal property the vendor has agreed to sell you as part of the deal.

6. You'll want to make sure that you've contacted all of the utility, cable, and phone companies to ensure an easy transition of service and billing.
7. Your lawyer will prepare a statement of adjustment. This confirms the selling price, adjustments, and the balance (less the deposit you provided with the offer). Your lending institution will draw up a certified cheque for your lawyer to hold in trust.
8. Additional settlement charges will have to be paid:
  - Your lawyer's fee and disbursements
  - Condo and co-op fees (Remember to ensure there is an adequate Reserve fund in place and that the condominium has a proper Technical Audit and Reserve Fund Study completed by competent professionals.)
  - Tax and utility adjustments; if they have been pre-paid, you'll have to pay the vendor for the portion of the service you assume
  - Land transfer tax; based on the price of the home, this fee ranges from 0.5% to 4% of the selling price
9. You'll want to make sure your homeowner's insurance policy will be in place to cover your new home and property once the deal is closed. Your lawyer will need a copy of the policy before closing.

## The Lawyer

A lawyer is there to represent your interest, and to process the documentation required. The legal aspects differ from province to province. Your RE/MAX Agent can recommend a lawyer to advise you on the steps to be taken before the keys to your new home are presented to you.

## Surveys and Inspections Surveys

The survey is a diagram of the location of the home on the lot, as prepared by a certified land surveyor. You must ensure that the vendor has an accurate, up-to-date survey so that your lawyer can make the proper municipal zoning inquiries. If no survey exists, or the survey is not accurate and up-to-date, this should be the subject of negotiations and should form part of your offer.

### Inspections

If your new car turns out to be a lemon, not only is it a headache, but it could cost considerable money to set things right. If your dream home turns out to be a nightmare, you could be facing huge expenses -- money you may not have after making the biggest single purchase in your life.

Why do people take a mechanic for a test drive before buying a used car, but spend much, much more on a home based only on a quick tour? One reason may be that, until recently, it hasn't been all that easy to find a knowledgeable professional who can make a detailed assessment of each of the systems and components that can go wrong in a house. A carpenter moonlighting as an inspector would probably check all the structural



elements but walk right past a deficient furnace or a soon-to-be-leaking basement caused by improper grading.

Professional home inspection, backed by a national association, is an industry that has become increasingly involved in residential real estate transactions over the past few years.

So how do you find a professional home inspector to help you make an informed decision prior to buying? Ask your RE/MAX agent for recommendations. You may only buy one house in your lifetime, but RE/MAX agents are involved in home purchases every day and come to know who does a competent and professional job. Ask your prospective home inspector for references from recent clients. Ensure the inspector is a member of a reputable industry association. In addition, ensure the inspector carries errors and omissions insurance. Not only does this give you an extra level of protection in case of future problems, it is also a test for good inspectors. (Those without specialized training either cannot obtain the insurance or can't afford it because the rates are higher for those with lower credentials.) Finally, to avoid the possibility of conflict of interest, avoid any inspector who offers to do necessary repairs, or who is involved in any way in real estate or home repair. Professional home inspectors stick to inspections.

Be sure your home is inspected for termites, radon, lead paint, asbestos, Urea Formaldehyde Foam Insulation (UFFI) and other hazards. Find out if your lending institution has any specific tests it requires before it will approve your mortgage. to you.

## The Title Search

It is the responsibility of your lawyer to conduct a search of title (at the registry office) and also to contact the municipality for taxes, zoning compliance (permits, use, setbacks, pool, fencing, compliance with subdivision agreements, etc.) and public utilities (hydro, gas, etc.) within the time stated in the offer.

## Taxes and Liens

Your lawyer will search the title of the property to ensure that you can purchase the home without any legal problems. Your lawyer will also make sure that all tax payments have been made and that there are no liens on the home or the personal property the vendor has agreed to sell you as part of the deal.

## Finalizing the Mortgage

Finalizing the Mortgage Once you've found the home you want to purchase, there are some documents you'll probably be asked for in order to finalize your financing. These will include:

1. The real estate listing of the property. If the home is still to be built, the mortgage lender will need to see the architect's or builder's plans and details on lot size and location.
2. A copy of the offer to purchase or the building contract, if this document has been prepared.
3. Documents to confirm employment, income and source of down payment (if not provided at pre-approval).

## Signing on the Dotted Line

### On the Actual Closing Day

Your lawyer pays the vendor, registers the home in your name and delivers the deed and keys.

Make sure that you have all of the keys. The side door, garage door, shed, mailbox etc. And don't forget about the garage door opener! If you are purchasing a used home, it might not be a bad idea to change the locks or have them re-keyed after moving in.



# The Move



## The Move

What to expect on moving day? Reduce costs, a moving checklist and calendar; make your move worry free by following these simple steps.

### What to Expect on Moving Day

Saying good-bye to one neighbourhood and discovering a new one is an exciting adventure. But let's face it, at the end of your home-buying process you may find yourself exhausted. After all, the other obligations in your life have not paused.

What's more, now there's another cost -- moving. Whether you hire professionals or strong-arm friends into helping, be prepared for the cost of the move. Here are some suggestions on how to reduce the cost of your move, but let's first look at how to prepare for the big day.

You will have noticed that your possessions expand to fill the space allotted. Guess what, if you're moving into a larger home, you'll be gathering more stuff, so start out right.

- Don't take it all. Before you pack it all into boxes and cart it to a new location, take a good look at everything and find out what you can live without. This is a great time to have a garage sale and what doesn't sell, you can give away to charity.
- Have all of your change of address cards filled out months in advance. You'll want to notify friends, family, businesses, organizations you're a member of, etc. Have the cards ready to mail once the deal is closed. Redecorate before the move. Sometimes it isn't possible, but if you

have the chance to work without the obstructions of furniture, you'll find that you can get twice the work done in half the time.

- Put the utilities in your name. Hydro, water, gas are the first companies to call. But don't forget to coordinate your telephone and cable service. Of course, you'll want to let the companies servicing your old home know when to disconnect service there.

### Get Packing

You'll want to ensure that each item you own is well packed to minimize damage during travel. Whether you're moving around the corner, across town or across the country, the moving process is always the same.

### To Hire Movers or Not to Hire Movers?

If you hire movers to pack for you, they'll descend on your home with a crew of experienced packers who will seal, pad and itemize everything you own in a day or two.

During the move, you'll want to make sure you're insured while your belongings are in transition. Many moving companies also offer additional insurance.

On moving day, go through the house with the crew supervisor and have him take note of any special instructions. If there are items you will need first in your new home (like a crib) make sure they put it in the moving van last. The movers will also make note of the condition of your goods on a master list. It is your responsibility to make sure it's accurate.

After the van is unloaded and your goods are unpacked, inspect everything and make note of any damage. While movers do unpack, they don't put dishes or linens away.

If you are undertaking the packing process by yourself, it will take time. Pack well in advance, and take note of what you can really live without. You'll have items that need special attention and other items that need to be disassembled. Label each box in detail and, if you know where it will go in your new home, put the destination on the box.

- Pack what you need most last!
- Label each box carefully!
- Designate a destination!

You'll also want to pack a box of essentials. These are items you're likely to use once you arrive in your new home. Include items like:

- toilet paper
- soap
- toothbrushes and toothpaste
- paper towels
- garbage bags (a lot of them!)
- paper plates, cups and plastic utensils
- can opener
- hammer, screwdrivers, pliers
- a flashlight
- some light bulbs
- snacks and drinks
- a radio

## Ways to Reduce the Cost of a Move

There are many ways to reduce the time and cost required to complete your move. No single item will greatly lower your costs, but any

combination of the following can produce significant savings.

1. Start the move as early as possible. Late starts, particularly on large moves, can have a psychological as well as physical effect on both the crew and you. Overtime can become a factor as well.
2. Be ready when the movers arrive. Make certain that all small items, including lamps, pictures, small mirrors, lampshades, dishes, books, etc., are packed prior to the arrival of the movers. Use cartons that can be sealed. Follow our 'Packing Tips' carefully. We can supply you with all the materials necessary to ensure a proper packing job. Keep in mind that the costs of these materials may be outweighed by the extra cost of the move, should it take longer due to improper packing. Mark the cartons clearly to ensure proper placement in your new residence.
3. Discard unwanted items prior to the move. Have a garage sale for items that you no longer consider useful. Don't pay to move what you don't need.
4. Have the cars out of the driveway. Otherwise the moving van may block them in. If the truck has to load off the street, try to ensure that there is a parking spot specifically reserved for the movers.
5. If you are moving from an apartment, have the elevator on service and meet the crew when they arrive in the moving room.
6. In the winter, make sure the driveways and walkways are clear and salted to prevent slipping.
7. Remove all items that you are moving yourself prior to the arrival of the movers, so they won't be in the way during the move.



- 8.** Move small plants yourself. The movers will move large plants at the customer's risk, if desired.
- 9.** Disconnect all appliances and remove hoses completely from the washer and the dryer to prevent scratching and soiling of walls and floors. Place the hoses inside the washer to ensure that you will find them later.
- 10.** Bring garden tools, lawn mower, patio furniture, etc. from the backyard to the front.
- 11.** Bring small items and cartons up from the basement and put them in the garage for quicker access.
- 12.** Disassemble swing sets and other large items. If you're moving in winter, plan ahead to prevent them from freezing in the ground.
- 13.** Disassemble all beds. Movers assume that waterbeds will be drained completely and disassembled prior to their arrival.
- 14.** Take mirrors off the dressers. Wrap the screws and tape them into the top right-hand drawer of the dresser.
- 15.** Take the legs off large tables and handle carefully to avoid damage.
- 16.** Remove screen door plungers and any doors that had to be removed when you moved in.
- 17.** Walk through the house when the crew first arrives and point out the things that are not to go, as well as items you are especially concerned about.
- 18.** Make yourself available at all times in case of questions.
- 19.** Try to keep children from getting in the way of the movers. Remember this is a big day for them, and try to be as patient as possible.
- 20.** Assist in carrying small items, boxes, etc. Do not attempt to carry heavy items requiring two people. The movers are experienced at working together.
- 21.** Check the house thoroughly prior to the departure of the crew. The driver is instructed not to leave until you are satisfied that they have loaded everything that is to go.
- 22.** Be organized at the new house. Have someone at the door to direct the movers. This will eliminate confusion about where to place items.
- 23.** Pack and unpack the clothing wardrobe cartons you rented, or which the movers supplied on the day of the move, while the movers load and unload the truck. Make sure they're one of the last things to go onto the truck. This way, you can unpack the wardrobe cartons quickly and the movers can take them when they leave, thus avoiding additional rental costs.
- 24.** Reassemble items on your own where possible to save time and the cost of having the movers do it.
- 25.** Pick a closing date that is unique and not end of the month.
- 26.** Think about where your moving from. (i.e. elevator to large building may be busy)

The items listed above are just some of the money-saving tips you can try. The most important suggestion we can make is to be organized. Your move should be an enjoyable event, and a little planning will ensure you and your family have a great move.

## Moving Checklist

### 1. Book the Movers

You can choose to have your movers pack everything, or just the breakables, or you can pack yourself. It is a good idea to obtain estimates from several different companies and ask for complete references.

### 2. If You Own Your Present Home

- Arrange to have your gas, water and hydro meters read on the day you leave and forward the bill to your new address.
- Have the oil tank read and filled before your sale closes (unless stipulated otherwise in the offer).
- If the water heater or furnace is rented, arrange for a transfer of the rental agreement to the purchaser.
- Disconnect your telephone, cable and water softener.

### 3. If You Rent Your Present Home

Give necessary written notice to your landlord and make arrangements for the return of any money you have on deposit.

### 4. At Your New Home

Make arrangements for the gas and electric utilities, water softener, telephone and cable to be connected on the day the sale closes.

### 5. General

- Get change of address cards from the post office and send out well before moving day.
- Have the post office forward your mail to your new address.
- Cancel any contracted services and pre-authorized cheques.
- Inform gardening, dry cleaning, garbage pick-up, newspapers, magazines and other home services. Arrange for service at your new address.
- Cancel or transfer social, athletic, civic, religious or business affiliations and memberships.
- Arrange for transfer of medical, dental, prescription and optical records.
- Change the address on your driver's licence(s) effective the day of the move.
- Collect all items out for cleaning, repair or storage (e.g. dry cleaning).
- Make special arrangements for the moving of your pets.

## Change of Address

There are many people you'll want to inform about your new location. Use this worksheet as a guide.

- |  |                        |
|--|------------------------|
| • Relatives and friends  | • Gas (or oil) company |
| • Landlord (if necessary) - remember you must give two months' notice. | • Cable company        |
| • Insurance broker   | • Doctor               |
| • School(s)  | • Dentist              |
| • Post office  | • Lawyer               |
| • Phone company  | • Veterinarian         |
| • Hydro company  | • Bank                 |
|  | • Employer             |
|  | • Tax dept.            |



- Family allowance dept.
- CPP/QPP
- Old age security
- Motor vehicles license
- Credit cards
- Clubs, associations, charities
- Subscriptions:
  - Newspaper
  - Magazines
  - Book, Tape, Video Club
- Other

## Moving Calendar

Moving can be an overwhelming experience. You may already be cringing at the thought just looking around at your current home. Use the following chart to help you plan a successful, stress-free move.

### Two Months Before Your Move

- Interview movers (book your truck if you're not using professionals)
- Start collecting boxes (if they're not being provided by the mover)
- Sort your belongings into what is coming with you and what's not

### Six Weeks Before Your Move

- Begin writing your moving notices (use the checklist as a guide)
- Plan your garage sale
- Start packing items you don't use regularly

### One Month Before Your Move

- Contact the utilities and make arrangements to transfer services
- Contact phone and cable companies
- Two Weeks Before Your Move
- Confirm your movers (either professionals or friends)
- Book the elevators (if you're moving into or out of a high-rise)

### One Week Before Your Move

- Call your RE/MAX associate and arrange for a pre-closing inspection
- Make an appointment to see your lawyer and review details
- Contact your lender and ensure that funds are available
- Have all of your valuables gathered and begin packing them in suitcases for personal transport
- A few days before your move, begin defrosting and drying out the freezer

### On Moving Day

- Keep your moving file on hand
- Organize your belongings so that they end up in the right room
- Begin unpacking any items provided by the movers which will incur daily usage charges after the move
- Try to relax