

Buyer's Guide




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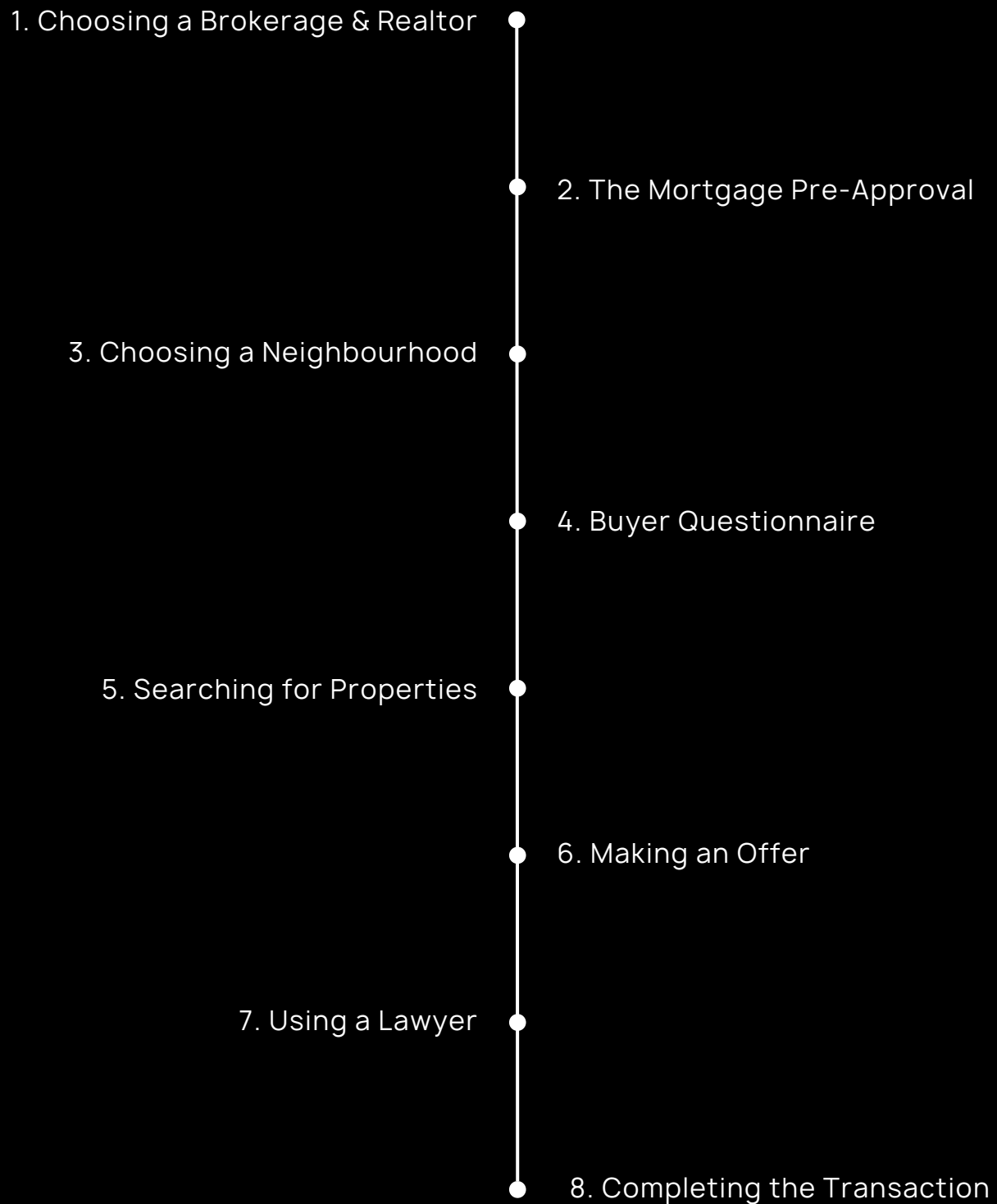

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ROYAL LEPAGE
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Buying a property is a step by step process.
Let's walk through it together:





WORKING WITH ROYAL LEPAGE SIGNATURE REALTY BROKERAGE

Purchasing a property is one of the most important decisions that a person makes in their life. We've created a simple, yet professional process to make your decision as stress free as possible while finding you the best property for the best price.

We pair you with an expert.

Our diverse team of professionals each specialize in a different area or type of property. Whether you are looking to buy a house in Rosedale or a loft in Queen West, we've got you covered.

We educate our clients.

Understanding the market and the buying process is the easiest way to make your real estate experience as stress-free as possible. This guide book is a great place to start.

We'll seal the deal.

When it comes to quick and professional negotiations you can count on us. Our Realtors are highly experienced and trained to secure you a property at the best price.

THE MORTGAGE PRE-APPROVAL

A pre-approval is the foundation needed to start your property search. Being pre-approved at the outset strengthens your offer and helps you understand what you can afford. Most of all, it gives you peace of mind that once you find a property you love, you will be able to qualify for the financing needed to purchase it.

In addition to the above reasons, being pre-approved allows you to focus in on the properties within your budget, and saves valuable time for you and your Realtor®. At any given moment, there are hundreds of properties available for sale. Without a tight focus, you may miss out on something special.



TAKE YOUR PICK

Deciding on a neighbourhood is a crucial step in finding the perfect property. Toronto is a vibrant city and each community has its own charm. When choosing a location to settle into, it's important to decide what features are most important to you.

Use the checklist below to prioritize the features that are most important to you in a neighbourhood. Once you have completed the checklist, share it with your Realtor in order to get feedback on the best neighbourhoods for you.

What's the most important to you?

Rate each from 1 - 10 (10 being most important)

☐

RESTAURANTS

☐

HIGHWAY ACCESS

☐

ARTS + CULTURE

☐

SHOPPING

☐

PUBLIC TRANSIT

☐

SAFETY

☐

BARS/NIGHTLIFE

☐

PARKS + PLAYGROUNDS

☐

FAMILY COMMUNITY

☐

SCHOOLS

☐

COMMUTING DISTANCE

☐

GYMS/FITNESS STUDIOS

ARE YOU A FIRST TIME BUYER?

There are numerous benefits to being a first time home buyer. For example, Ontario purchasers are eligible to receive the HBTC (Home Buyer's Tax Credit) from the government to assist with costs such as lawyer fees, inspections and land transfer taxes. A list of additional advantages are listed here:

- The HBP (First Time Home Buyers RRSP Plan) allows for purchasers to withdraw a maximum of \$35,000 from their RRSP's to buy or build their first home. The amount withdrawn must be repaid within 15 years.
- The Land Transfer Tax Credit applies to both municipal and provincial taxes. The Ontario credit offers a refund up to a maximum of \$4,000 and the Toronto credit covers up to \$4,725 or the equivalent of the total municipal tax on a \$400,000 property.
- The HBTC (Home Buyer's Tax Credit) is a Government Of Canada tax credit that you apply for with your income taxes. Any first time home buyer is eligible for a tax credit up to \$750.



DID YOU KNOW?

In Canada the minimum down payment amount is 5% under \$500k, 10% for over \$500k, and 20% for \$1 million and over. Purchasers who put less than the amounts outlined down are required to obtain high ratio mortgage insurance from an organization like CMHC or GE. This insurance is an additional cost that is added to your mortgage and is calculated as a percentage of the loan. Your mortgage broker can answer any questions on this subject.

Note: If two people are purchasing a property together and both are first time home buyers, ensure to ask your lawyer or mortgage broker how to avoid losing both first time home buyers' eligibility. If only one person is a first time home buyer, ask how you can still be eligible for the first time home buyer exemptions.



OWNING A CONDO

Thinking of purchasing a condo? Consider the following:

Maintenance Fees:

These are costs that cover the cleaning, repair and upkeep of a building as well as amenities such as concierge and exercise room. Lots of amenities might seem nice, but if you aren't going to use them you may want to avoid buildings with too many.

Amenities:

Now that you know that they will cost you, make a list of the most important ones to you.

Parking:

Most smaller properties won't include a parking space, and finding more than one spot for larger properties can be quite difficult. Ask your Realtor to look into availability and cost of rentals in buildings you like if you are in need of an extra space.

The Developer:

Not all buildings are created equal. Choosing a property built by a reputable developer can save you headaches with issues down the road. In addition, "trendy" buildings tend to build up a following and are easier to sell in the future.

Building Size:

Boutique buildings tend to have less competition in the resale market which makes them easier to sell. Conversely, larger buildings can have more amenities at a lower cost as they are shared among more units.



OWNING A HOUSE

Thinking of purchasing a house? Consider the following:

A home inspection is a valuable tool, and will cover the below items and more.

Wiring/Electricity:

Many older homes were built with “knob and tube” wiring and require fuses. These homes are more difficult to insure, and will likely require you to change the wiring within 60 days of taking possession.

Age of Roof:

Roofs can last up to 20 years, but eventually the elements take their toll. Replacing a roof can cost thousands of dollars, and a leaky roof is no fun for a homeowner.

Age of Windows:

Windows provide important insulation from the outside world. Inefficient windows can cause leaks and huge increases in energy bills. Replacing them can be costly.

Plumbing:

Houses built in the 60's and earlier were often built with steel pipes which clog and corrode, causing many issues. Make sure to ask if the entire home's plumbing has been modernized and not just a few pipes.





BUYING PRE-CONSTRUCTION

Thinking of purchasing a new development property?
Consider the following:

Developer's Fees:

These are fees that are in addition to your standard closing costs, which are charged on new development projects due to the time that elapses between signing of the Agreement of Purchase and Sale and final closing. They include things like school levies, increases in the cost of hydro, gas, and water connection. It is important for a buyer to request for these costs to be capped at a reasonable amount.

HST Rebate:

Unlike purchasing an existing home, the purchaser of a new construction property may have to pay HST on closing. If the property is your principle residence, you will qualify for the HST rebate on the spot and will not have to pay HST. However, If the property is an investment you may have to pay the HST on closing and can then apply for the rebate once you meet the qualifying criteria.

Occupancy:

Once a new building has progressed to a certain point in construction, the developer will require you to "occupy" the property. This is where construction has not completely finished, but your property is livable. At this point you do not yet own the unit and will have to pay occupancy fees until the project is completed and registered with the city.



Assignment:

When you purchase pre-construction, you are essentially buying the rights and responsibilities to a particular unit within the project. Title transfer does not take place until the building has been constructed and registered with the city. An assignment is when you sell your contract to someone prior to final closing. The person(s) purchasing your assignment is buying all rights and responsibilities of that contract. Buyers should ensure from day one that your deal allows you the ability to assign.

Cooling Off Period:

A purchaser of a new construction property has 10 days to cancel the deal without penalty and will receive their full deposit back.

COSTS TO CONSIDER

The down payment and mortgage are not the only costs to consider when buying a property. There are a few required costs which are listed below, and some that you may take on after moving in. Please use the list below to calculate your total required costs, as well as wish list costs.

Initial Costs

Moving fees
Down payment:
Land Transfer Tax:
Lawyer's Fees:

Wish List Costs

Painting:
Closets:
Window Coverings:
Flooring:
Bathrooms:
Kitchen:
Lighting:
Furniture:
Major Upgrades (Roof, Windows, Etc.):

Ongoing Costs

Mortgage Payment:
Maintenance Fees (condo):
Hydro + Water:
Gas:

BUYER'S QUESTIONNAIRE

The down payment and mortgage are not the only costs to consider when buying a property. There are a few required costs which are listed below, and some that you may take on after moving in. Please use the list below to calculate your total required costs, as well as wish list costs. Visit our website and use our calculator tool to calculate mortgage and land transfer tax.

PRICE RANGE	
NUMBER OF BEDS/BATHS	
BUILDING/AREA AMENITIES	
MINIMUM SQUARE FEET	
HOME STYLE	
IDEAL MOVE IN DATE	
RENOVATE OR TURNKEY?	
IDEAL NEIGHBOURHOODS	
IDEAL SCHOOL DISTRICT	
GIVE AN OVERVIEW OF YOUR LIFESTYLE. DO YOU WFH? ENTERTAIN OFTEN? HAVE A PET? ETC.	

SEARCHING FOR PROPERTIES

Our website is easy to use, informative and beautifully designed. Every detail has been analyzed to help you find just the properties that are relevant to you. Some of the key features include:



Search

Our property updates tool allows you to select from all relevant criteria, and opt in to automated alerts for any new properties that meet your specific needs.



Neighbourhood Expertise

Want to know what schools service a certain area? Safety and transportation? Our neighbourhood pages are designed to help you find the area that best fits your lifestyle.



New Developments

Not all projects are created equal, and we share only the best with our clients. We've worked with a number of top developers over the years, and have established strong relationships with them, allowing us to get better deals for our clients.

MAKING AN OFFER

What conditions should I put in my offer?

This all depends on the type of home, its condition and the seller. For example, some offers are conditional upon home inspection or a financing clause. Your Realtor is there to advise you on what you need.

What is the difference between a conditional and firm offer?

When you submit an offer and it is accepted, there will often be conditions that need to be fulfilled before you can move forward. These might include your inspection condition or firming up your mortgage details. While the seller might accept your offer, it is considered conditional and therefore not “firm” until these items have been completed.

What is the standard deposit amount?

A seller wants to know that you are serious about an offer. The deposit amount varies on the purchase price, however as a standard rule multiply the purchase price by 5%.

How long does the seller have to decide on my offer?

When you submit an offer you will choose an “irrevocable” date and time. The seller has within this time period to either accept or “sign back” (make a counter offer).

How long do I have to deliver my deposit?

This is established in the offer and is negotiable, however as a standard practice you will have 24 hours to deliver the deposit, typically as a certified cheque or bank draft.

What if I change my mind about something in the offer?

Once an offer is submitted you cannot change your mind. The seller has within the allotted irrevocable period to either accept or counter your offer. In the case of a counter offer you are able to change whatever you would like in the offer and resubmit. Once a deal is accepted neither party has the obligation to renegotiate, however, they can choose to do so if they wish.

Who pays the commission?

The seller typically pays the commissions for both the buying and selling Realtors in a residential real estate transaction.

What is an offer hold back?

What does it mean when the listing is "holding back" on offers until a specific date? More often than not, you are likely to end up in a "multiple offer" situation in the city of Toronto and the GTA. Over 50% of listings are sold in multiple offers due to the hold back strategy in pricing.

When a seller lists a house, they hold back offers until a specific date, typically a week after the home has been listed. The goal is to attract multiple offers on that date in order for the highest and best price to win amongst what each buyer is willing to pay. It truly allows buyers to set market prices. Even though an offer date has been established, there are times where a buyer wishes to put in an offer prior to that date in order to 'beat the crowd' and ideally not have any or less competition than they would had they waited for the offer date set by the sellers. This is called a "pre-emptive" offer. If the seller directs the listing agent that they are open to looking at offers prior to offer night, then a pre-emptive offer is allowed. Pre-emptive offer strategies are often quick (short amount of time given to the seller to answer) and tends to be a strong enough offer to tempt the seller to accept vs. them waiting for multiple offers to come in on offer night.

USING A LAWYER

A real estate lawyer offers not only legal services, but peace of mind when negotiating and closing a transaction. Real estate deals can take many different forms, some more complicated than others. Your lawyer is there to make sure that you and your money are protected no matter what. Like many professions, there is a large disparity between the quality of many real estate lawyers and finding a good one can be difficult. Ask your Realtor for a referral if you don't currently have a lawyer.

We recommend that any lawyer you hire have adequate experience with the type of property you are buying, and they should absolutely have a focus in real estate.

COMPLETING THE TRANSACTION

Once the offer is signed and accepted, there are a number of follow-up steps that need to be taken before you can get your hands on the keys to your new property. Use the checklist below as a guide to make sure everything has been completed.

Closing Checklist:

- ☐ Deliver the deposit cheque (usually required within 24 hours).
- ☐ Fulfill the conditions of the offer (financing condition, home inspection etc.).
- ☐ Make sure your lawyer and mortgage agent receive a final copy of the deal along with completed conditions.
- ☐ Meet with your lawyer to sign-off on all final documents and pay any additional closing costs (land transfer tax, lawyers fees etc.).
- ☐ Receive your keys and walk through the steps on the next page!



LIST OF TERMS

Amenities: a shared feature or facility in a condominium building such as the concierge, pool, gym or rooftop patio.

Amortization Period: the amount of time it takes to entirely pay off a loan amount.

Appraisal: the professional valuation of an asset or property.

Bridge Financing: a temporary loan that "bridges" the break between the sale price of a new home and a home buyer's new mortgage, in the event the seller's home has not yet sold.

Chattels: tangible and movable personal property in a home (example: appliances, window coverings).

Closing Date: the date on which parties consummate the purchase contract and the property's ownership is transferred to the buyer.

CMHC/GE: Canada Mortgage and Housing Corporation, whose mandate is to help Canadians access a variety of housing options.

Commission: the fee charged by a brokerage for service in facilitating a real estate transaction.

Common Elements: areas of a property that are required for the existence, maintenance, and safety of a building or are normally in common use by all residents.

Conditional Offer: an offer to purchase that is subject to conditions, which may include financing, sale of the buyer's property, etc.

Clauses: a section or arrangement within a contract that addresses some specific aspect of the overall agreement between the buyer and seller.

Cooperating Agent: the sales representative on the buying side of a real estate transaction.

Deposit: an amount held in trust by the listing brokerage until closing of the property.

Disbursements: expenses charged by your lawyer for out-of-pocket expenses that you would otherwise be required to pay if you handled the transaction yourself.

Down Payment: an initial payment made in cash or bank draft during the onset of the purchase of a property.

Fixed vs. Variable Rate Mortgage: a fixed mortgage rate remains constant throughout the term. With a variable rate mortgage, the rate will change depending on the prime lending rate set by the Bank of Canada.

Fixtures: physical property that is permanently attached to a property, where the removal would damage the property. For example, mirrors, brackets, etc.

Foreclose: a process in which the financier of a mortgage (usually a bank) attempts to regain property because the borrower has defaulted on payments.

Fully Detached: a free standing residential home that does not share any walls with other buildings.

GDS: Gross Debt Service, a ratio that describes the percentage of gross annual income required to cover your payments associated with housing.

High Ratio Mortgage: a mortgage in which a borrower places a down payment of less than 20% of the property's purchase price.

Home Inspection: the examination of a property's condition performed by a qualified home inspector. An inspection can assess the condition of a property and assess any issue that may affect its value.

Homeowners Insurance: insurance designed to protect a property against damages to the house itself, or to possessions in the home as well as liability coverage.

Irrevocable Date: the date and time a person receiving an offer has to either accept or counter offer an agreement.

Land Transfer Tax: a government imposed tax paid by the purchaser of a property on closing. The land transfer tax applies whenever a property is transferred from one owner to another, and is calculated based on the selling price of the house.

Legal Fees: an amount paid in compensation for legal services.

Lien: the right to keep possession of property belonging to another person until a debt owed by that person has been paid.

Mortgage Commitment: a document provided to the seller which states written proof that a bank is willing to give the buyer a specific advanced sum in the form of a mortgage loan in order to complete the purchase of a property.

Mortgage Discharge: an administrative expense of closing a loan.

Mortgage Insurance (CMHC or GE): an insurance policy compensating lenders or investors for losses in the case of the default of a mortgage loan.

Mortgage Lock In: an agreement between a borrower and a lender allowing the borrower to lock in the interest rate on a mortgage over a specific time period at the current market interest rate.

Mortgage Penalty: a clause in a mortgage contract stating that a penalty will be assessed if the mortgage is prepaid within a certain time period. Usually based on percentage of the remaining mortgage balance or number of months worth of interest.

Mortgage Pre-Approval: a process in which a potential home buyer fills out a home mortgage loan application and submits documentation that gets verified to confirm exactly the type of loan and amount they qualify for.

Occupancy Fee: an interim fee that is paid to the developer that gives a person the right to occupy the unit prior to closing, and is not applied to the purchase price. Newly constructed buildings are often in the occupancy phase for the first 6-12 months as the building is being finished.

Open vs. Closed Mortgage: Closed Mortgages provide the ability to save on interest costs and pay your mortgage off faster. You will pay a mortgage penalty if you wish to renegotiate your interest rate or prepay more than your mortgage allows.

Open Mortgages are generally a higher rate due to their flexibility - they can be repaid partially or fully at any time without prepayment charges and can be converted to any other term at any time.

Possession Date: the date on which the purchaser is entitled to possession of the property.

Pre-Emptive Offer: When there is an offer date set but seller's are open to receiving an offer prior to that date. The strategy on behalf of the co-op agent is to hopefully have less competition for their buyer by submitting an offer early rather than waiting for offer night.

Prepayment Privilege: the right given to a debt holder to pay all or part of their debt prior to its maturity, usually without risk of penalty.

Semi Detached: a residential house with two units sharing a common wall.

Right of First Refusal: a contractual right granted by an owner of property. The owner gives the holder of the right an opportunity to enter into a transaction with the owner according to specified terms, before the owner may enter into that transaction with a third party.

Selling Agent: a sales agent who exclusively represents the seller of a property in a real estate transaction.

Sign Back/Counter Offer: an offer that is made in response to a previous offer by the other party. Making a counter offer automatically rejects the first offer, and requires an acceptance under the terms of the counter offer in order to finalize the contract.

Status Certificate: a document that provides information directly from the condominium corporation, such as as arrears or increases in common expenses or any claims against the corporation.

Term: The length of time you have a locked in mortgage rate. EI: 5 yr fixed term at 5%.

Title: a bundle of rights in a piece of property in which a party may own either a legal or equitable interest.

Title Insurance: a policy that protects the homeowner against challenges to the ownership of your home or from problems related to the property's title.

Title Search: an investigation into public records that determine and confirm a property's legal ownership, and find out what claims are on the property. For example, any outstanding loans or property taxes.

Townhouse: a traditional row house sharing one or more interior walls with another house.

Trust Account: an account in which a bank or trust company holds funds for specific purposes. For example, property taxes and/or insurance premiums associated with a mortgaged property.

Waiver: the voluntary action of a party that removes the right or particular ability in an agreement. NOF - Notice of Fulfillment - a signed document by the buyer to the seller acknowledging that the buyer fulfilled their duties on a condition in the offer.



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Signature

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Not intended to solicit those already under contract.