

Working Together to Serve You Better

The Galvin Team

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Buyers Guide

How You will Benefit from The Galvin Team When Buying Your Home!

Whether it's fixing your car or booking your next vacation, choosing the right professional for the job can make a world of difference.

In deciding to hire us to assist you in your home purchase you have taken the first and most important step in the right direction. We will work on your behalf to ensure a smooth and worry free transaction. We can not only help you save money, but we can also help find you the right lawyer, home inspector or mortgage specialist to ensure that every question is answered and nothing is missed.

Considering a home purchase for most people is the largest financial transaction they will ever make, you should expect nothing less than the best possible advice and service every step of the way.

We have prepared this home buying guide to help you get started in understanding the costs, legalities and substantial paperwork involved with your finding the best house to meet your wants and needs.

Please take the time to read this over, as you have some decisions to make on how you wish to be represented in your home purchase before we get started.

We offer to all our clients a guarantee that if at any time you are not happy with our level of service you may choose to cancel your Buyer Agency Agreement.

We look forward to assisting you in finding the home of your dreams.

Andrew Galvin's Team

About Betty...



Betty Crook, Licensed Sales representative, has worked at RE/MAX as a real estate Sales Representative for more than 7 years. Prior to that Betty worked in retail management concentrating on customer satisfaction, top line sales and bottom line profitability. Betty believes the key to exceeding clients' expectations is listening to your needs and wants when searching for a new home.

About Calum...



Calum Yule, Licensed Sales representative, has worked at RE/MAX as a real estate Sales Representative for just over 7 years. Prior to joining RE/MAX, Calum worked as a Foreman in the construction business. Calums' knowledge in home building and construction has proven a good compliment to his Real Estate career. Calum has four children.

Step 1

Financing

How much to spend plus where and how to borrow the money.

In order to maximize your purchasing power for your wants and needs in a home you'll need to have a clear idea of what you can afford based on your income and down payment. You can do this by visiting your bank and meeting with a Mortgage Specialist or we can recommend a Mortgage Broker within our own RE/MAX office.

Step 2

Buyer Interview/Agreement

Meeting with the team.

In order that we have a clear understanding of your wants and needs in a home, it is important that you meet with us to discuss exactly what you are looking for in a home. Every home buyers knowledge and experience of the real estate market varies. Once we have an understanding of what you are looking for we can then begin our search.

What is a buyers Agreement?

- 1) Just like a listing agreement, a buyer's agreement outlines the Realtor's responsibilities and obligations to you, the client. Just like going into Midas to have your muffler fixed, this is done in writing so that there is no misunderstanding as to what work is to be done and how much it will cost.
- 2) When a Buyer signs this agreement he is hiring a specific Realtor to work in their behalf. In other words, the Realtor spends his time, effort and money working in the Buyer's best interests to find the right property and negotiate the right deal for them.
- 3) If you choose to sign a Buyers Agreement, your Realtor knows that you are making a commitment to him and not to any other Realtor. He can therefore be

committed to you, the Buyer in finding the house you want without having to pressure you to buy one of their own listings.

4) Similar to a listing agreement, the Realtor is responsible for all his own costs. There is no cost to you, the Buyer, if he doesn't find the right house for you within the specified time period.

5) It is mandatory in Ontario before an offer is presented for every Realtor to fill out a form called the "Confirmation of Co-Operation and Representation" which outlines who they are working for and how all parties to the transaction are to be paid. If you do not sign a buyers agreement, a Realtor cannot properly and legally work for you and may not be responsible for any mistakes they make

6) Approximately 95% of all properties for sale are on the MLS system. If you buy an MLS property there are no real estate fees. In the Buyer's agreement the Realtor is instructed to negotiate their fee from any private sellers or third parties so you may not have to pay a fee if you buy one of the few private for sale by owner property.

7) Your Realtor can advise you on matters that may be of interest to you to protect your investment i.e. aluminum wiring, urea formaldehyde and title insurance.

8) Just like a doctor looking at your medical history to help predict the future, your Realtor has the experience to obtain qualifying information from you in order to find the best property to meet your needs and wants.

9) Your Realtor can refer you to other experts or professionals such as lawyers, home inspectors, surveyors, mortgage brokers and movers etc. Your Realtor may also be able to suggest discounts for some of the above services.

10) Your Realtor looks after all of the paperwork from start to finish to ensure a problem free transaction. An offer can be drawn in many ways. A Realtor working as a buyers agent can draft an offer so that it includes any necessary terms or conditions to protect your best interests and highlights your strengths as buyers.

11) Your Realtor knows that if they do a good job for you that you will refer them to many more clients. For me, the value of a satisfied client is about 3 more house sales as these satisfied clients usually refer three more people to me after they buy. A Realtor that insists on a Buyer Agency agreement being

signed is usually a professional who is committed to you and their clients for the long run.

Lastly, when I work with a buyer I put in writing as part of the Buyer's Agreement that if at any time they are not satisfied with my work then the contract may be cancelled.

The standard Ontario Real Estate Association Buyers Agreement used by all Realtors across the province is attached.

Step 3

The Search

Finding the right home for you.

We take your wants, needs, price range and your preferred areas of the city, and start researching. We will review the current listings that match your criteria as well as investigate possible upcoming listings. We will then arrange a convenient time to go out and look at any properties that are of interest to you. Depending on your time frame, we will set up an automatic email program called Prospector, which keeps you 100% up to date of all homes that fit your criteria as they arrive to the market.

Receiving Emails regarding new listings through the internet from Andrew Galvin, Betty Crook & Calum Yule

As previously discussed you should start receiving e-mails regarding new listings in Peterborough and/or the surrounding areas that match the needs you have expressed to Andrew Galvin, Betty Crook or Calum Yule.

Initially the system will search the database and direct any matches that fit your criteria to you and then only properties listed since the last search will be forwarded to you.

The inbox of your e-mail messages will indicate that you have mail from celeritydms@filogix and the subject will read ***New Listings for you to see!*** Once you click on the link it will open to display your “**Property Record**”. There are three headings here – **New Listings, Viewed Listings, and Declined Listings.**

Under “New Listings” – once you select “more details” a description of the listing will be given. After you have read the information click the “back” button at the bottom of the page. The listing will be saved as a viewed listing now and if you aren’t interested in the property click on “Decline Listing” and it will be moved to the Declined Listings.

It is very important to keep the “New Listings” category empty. If this box becomes full of old listings the new listings will be difficult to find, as they do not necessarily come in at the top the list.

Should you require more information than is provided on the e-mail or would like to see the property, please call us right away as new listings are selling quickly.

Step 4

The Offer

Writing a win/win offer.

Once we find the home that matches your criteria and you decide it’s the home for you, we need to write the offer as soon as possible. Having all your ducks in a row, e.g. pre-approval, home inspector selected, down payment, legal and moving costs calculated, will put you in a position to structure a desirable offer and, in turn, achieve better value.

Closing costs when you buy a home.

1. **Legal Fees:** Lawyers' fees vary. It is an issue for each buyer to raise at the time he/she engages the lawyer to close the deal. Legal Fees in Peterborough are approximately \$800.00 on a purchase plus the lawyer's disbursements of about \$200.00. If you are putting a mortgage on the property and additional \$150.00 will be charged. The lawyer must also charge G.S.T. on their fees.
2. **Land Transfer Tax:** This is a sales tax charged by the provincial government. Some examples are as follows:

<u>Purchase Price</u>	<u>Land Transfer Tax</u>
\$ 51,000	\$ 255.00
155,000	1,275.00
255,000	2,300.00
350,000	3,725.00

3. **Home Inspection Report:** Before you buy a property, it is wise to have it inspected by a qualified professional property inspector. The inspector will provide you with a written report. Such inspections cost \$300.00 or more, depending upon the inspector and the size of the property. If you are buying a property with a wood burning appliance i.e. a wood stove, you will probably require a chimney sweep to certify (for your insurance needs) that the woodstove meets the current safety requirements. The cost of this inspection, called a W.E.T.T. inspection (wood energy technical training), is about \$150.00.
4. **Mortgage Financing Fees:** Many mortgage companies charge appraisal and processing fees. These fees can be several hundred dollars. If you are borrowing more than 80% of the property's value ("high ratio financing"), there will be mortgage insurance premiums added to the face amount of the mortgage.
5. **Discharge Penalties:** If the buyer is discharging a mortgage on the property he/she is selling, there may be early discharge penalties amounting to three months interest on the mortgage to be discharged. The mortgage company may be prepared to waive all or part of the early discharge penalty if the buyer agrees to mortgage the new property with the same mortgage company.

6. **Survey:** You may want a new survey, or your mortgage company may require one in order to advance the mortgage funds. Surveys start at about \$900.00. The price goes up depending upon the size and configuration of the property.
7. **Title Insurance:** Most mortgage lenders are prepared to accept title insurance instead of a survey. A Title Insurance policy costs about \$250.00 - \$300.00 for most residential properties. The fee will vary to some extent with the value of the property. This is cheaper than getting a survey and like car insurance, if there are any accidents when it comes to title or ownership you are covered!
8. **Disbursements:** When your lawyer closes the purchase, he/she will have to pay a variety of expenses for you. He/she will add these costs to the bill he/she sends you. Such disbursement costs include fees for registering the deed and mortgage, building and tax certificates, hydro and water status reports, etc. On a standard residential purchase, these costs will run between \$300.00 and \$500.00.
9. **Adjustments:** The annual real estate taxes will be apportioned to the seller and the purchaser as of the date of closing. If the seller has prepaid the taxes for the year, the purchaser will be required to reimburse a pro rata portion to the seller. If the property is heated by oil, the purchaser will be required to reimburse the seller for the value of a full tank of oil on closing (approximately \$800.00 - \$1200.00). The purchaser's lawyer arranges for these adjustments with the seller's lawyer as part of the closing process. Normally these adjustments don't amount to more than \$300.00 - \$500.00 unless an oil tank is involved.
10. **Moving Costs:** Moving costs vary depending upon the distance moved and the weight and volume of possessions moved. It is wise to get an estimate from more than one mover. Generally movers charge approximately \$100.00 - \$130.00 per hour for 3 men and a truck. It is also wise to book your mover well in advance of closing. An average move costs approximately \$1800.00 - \$2500.00.
11. **Insurance Policies:** You may wish to consider a closing insurance policy (about \$40.00) and/or a home warranty policy (\$230.00 - \$350.00). As well, you will need property insurance and occupier's liability insurance. Contact an insurer well in advance of closing in order to ascertain the costs, and to have the policies in place at closing.

12. **Condominium Purchase:** There are some special costs involved with a condominium purchase. For example, you will want a Status Certificate, which includes all important documents concerning the financial affairs of the condominium corporation, as well as the by-laws and the rules that owners are required to abide by. The Status Certificate from the Condo management company costs \$100.00. Also, a condominium owner pays a monthly maintenance fee to the condominium corporation. This fee will be apportioned between the seller and the buyer as of the date of closing.
13. **G.S.T.** The government charges Goods and Services Tax on the purchase of new or substantially renovated homes which the builder must collect and remit. This tax amounts to approximately 4.5% of the purchase price after the rebate. Often a builder will include this cost in the purchase price and ask in the Offer that all rebates be signed over to them. I am obligated to charge the G.S.T. on my fees which I remit to the government.
14. If you are buying a home with less than 20% down payment the bank considers this type of mortgage a higher risk and thus the mortgage must be insured by **Canada Mortgage and Housing Corporation**. The lower the down payment the higher the insurance premiums charge. If you have a 5% down payment the mortgage insurance fee is 2.75% of the mortgage amount. With 10% down the mortgage insurance fee drops to 2.0%. You can now amortize your mortgage up to 40 years.
15. The use of funds from **Registered Retirement Savings Plans** is now allowed; however certain restrictions and time deadlines must be met. Basically, a single person is allowed to use up to \$20,000.00 out of their RRSP's, a couple up to \$40,000.00. You have 15 years in which to pay back the money into your RRSP or it is taxed as income. You should talk with your financial institution where your RRSP's are located for further details re: costs and payback of funds.
16. **Rural properties and waterfront.** For those wishing to purchase property in the country I strongly recommend a well inspection done by a certified well driller. They can tell you the depth of the well, the flow rate in gallons per minute and may give you some idea of the condition of the well and pump. The cost is approximately \$350.00. I also recommend any Offer be conditional upon a potable (drinkable) water test by the County/City Health Unit. I also recommend a septic search and a septic pumping prior to closing. Please talk to me about what this involves. The Health Unit and Ministry of the Environment

can also provide information on septic systems, i.e.: location, size and installation date.

This information is approximate and may vary given different circumstances, persons and properties and is intended solely as an overview of some of the potential costs involved in a real estate transaction. Please verify any or all of this information as it becomes relevant to you

Step 5

Legal Paperwork

The transfer of title from the Seller to You.

A home purchase generally will be negotiated with at least one or more conditions. These conditions must be satisfied to make the transaction firm and binding, e.g.: subject to financing or home inspection. All conditions will have been satisfied normally within 2-10 days of the offer being accepted. The next step is to meet with your lawyer to sign the transfer of land over to your name, plus, sign any mortgage documents. This step is generally completed 10 days to 2 weeks prior to the possession date. We recommend using an experienced Real Estate Lawyer for the transaction and would be happy to recommend someone if needed.

Step 6

Possession

Moving into your new home.

Providing that steps 1-5 have been completed properly and in a timely manner, possession day should be smooth sailing. Twelve noon is generally the time of possession unless otherwise agreed in writing. At possession time, all the purchase monies will be released to the Seller unless both parties agree in writing to hold back some funds due to unforeseen complications. E.g.: Movers taking appliances that should have stayed in the home. Our Team will monitor the transaction from start to finish to eliminate any challenges that may occur.

In order that we have the best possible start, please take a few moments to fill out the Buyer Questionnaire. We encourage you to ask questions throughout the home buying process to ensure that you always have a clear understanding of where you stand and how events are proceeding.

Thank you for taking the time to read this home purchasing guide. If you have any questions, please give us a call at 743-9111 or 1-800-567-4546 anytime.

Sincerely,

*Andrew Galvin, Broker
Broker, RE/MAX Eastern Realty Inc.*

*Betty Crook, Sales Representative
RE/MAX Eastern Realty Inc.*

*Calum Yule, Sales Representative
RE/MAX Eastern Realty Inc.*