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Sales Representative

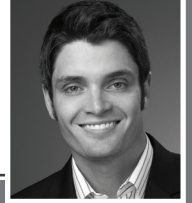
SUSTAINABILITY

NEIGHBOURHOOD

ARCHITECTURE

COMMUNITY

real estate newsletter



Buying a home:

At the beginning of this adventure it can seem very daunting to both experienced and novice Buyers. Whether you are interested in buying the equivalent of Casa Loma or a smart pied-a-terre, you may appreciate help.

GETTING READY: How much money do you have set aside for your down payment? This will affect the size of mortgage you will need and whether you can even consider buying. The more money you have the lower the amount you need to borrow. Round out your preparations by getting pre-approved for a mortgage. You'll find out how much money the bank will let you have and how much it'll cost to carry. You'll also get a mortgage rate locked in for 60 or 90 days, depending on the lender.

FINANCING OPTIONS: If you don't have the 20 percent down payment needed for a conventional mortgage, you're going to need mortgage insurance, which can cost up to 2.5 percent of the amount of the loan. Most people add the cost to their mortgage principal, which will increase the monthly payment somewhat. Another way to get around a low down payment is by getting a second mortgage, usually through a mortgage broker. There are pros and cons either way. Your sales representative and/or our lender can explain more fully. First-time buyers, or people who have not owned a home in five years, can borrow up to \$20,000 each from their registered retirement savings plan to help pay for a home purchase. The money must be repaid in annual installments within 15 years or there is a tax penalty.

WISH LIST: What do you want your home to have? Two car parking, pool, fireplace, eat-in kitchen, walk-in closets? What neighbourhood do you want? Local amenities? Transportation? Put it down on paper. This list will change according to affordability and as you look at homes. It will serve as your guidepost as to what is truly important to you and show you where you can compromise if needed.

STARTING OFF ON THE RIGHT FOOT: A sales representative will help explain to you all about agency relationships and how we can best serve you. You should choose to have your sales representative work for you and not the seller. Basically, this means your sales representative agrees to represent you and you alone in buying a house. The buyer-sales representative still gets paid through a share of the selling commission, so don't worry about extra cost. It is included as part of the purchase price. Remember that your sales representative cannot work for you without a signed Buyer Representation Agreement. It formalizes the relationship and confirms that your sales representative is working on your behalf.

LIFE WITH YOUR SALES REPRESENTATIVE: The sales representative will review with you your wish list, financial data, benefits and concerns of individual properties and of various neighbourhoods to get a sense of what available properties will be best for you.

KEEPING SCORE: Take notes and make special reference to things like property taxes, interior details, the appearance of neighbouring homes and proximity to schools, shopping and recreational facilities.

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PREPARING AN OFFER: Your sales representative will help you set a value by analyzing sales of similar homes in the area. As a rule of thumb, most houses sell for 95 percent to 105 percent of the asking price. Beyond price, there is a closing date to consider as well as the question of whether you want a condition on home inspection, financing and any appliances or furnishings to be included in the deal. Offers are a tense part of the process. Listen to your sales representative carefully and note any changes made to the offer or any counter offer. You may be asked to stretch your budget. This is the time you'll have to make hard and fast decisions. Offers often go back between buyers and sellers - your sales representative will negotiate on your behalf and be available for advice and support.

TIPS FOR A HOT MARKET: Committing yourself to spend hundreds of thousands of dollars on a home is best done after a long and vigorous discussion of the pros and cons and then, ideally, a night to sleep on it. Too bad you won't have time for this in a roaring real estate market. If you find a home that you just have to have in a hot market, you should try to secure a quick sale by offering over the asking price.

If a bidding war breaks out, set a ceiling based on your own financial position and recent market developments. Be aware that the seller may reject all bids and ask for additional money.

"Clean" offers, or those with no conditions, are most attractive to sellers. And why not? Who wouldn't want to sell to someone who said she didn't need to check with her bank or make sure the home passed a housing inspection before signing the contract? Having a pre-approved mortgage can eliminate the need for a financing condition on your offer. You can easily get peace of mind by having a home inspection before writing up your more competitive, firm offer.

TIPS FOR A TEPID MARKET: Size up the seller and then decide how aggressive you want to be with your offer. Try to find out why they are selling. Has there been a marital breakup, an estate sale, a transfer, financial difficulties? What have comparable properties sold for? Remember, hard bargaining is one thing, insultingly low bids another.

THE DEPOSIT: Five per cent of the purchase price is usually sufficient as a sign of good faith. Don't forget to ask that the deposit be placed in a term deposit so that it earns interest until it's needed to close the deal.

HOME INSPECTORS: Having your home inspected allows you to move in with your eyes open to its physical strengths and weaknesses. Recommendations from friends, agents and lawyers are a good way to find a good home inspector. Inspections should last two to three hours and cost between \$250 and \$450. Make sure your inspector has insurance to cover any errors or omissions he might make. Ensure an impartial opinion on your home by rejecting inspectors who offer to repair the problems they find.

THE DEAL: So you've made a deal, which includes agreement on the price, the down payment, the deposit, closing date, the chattels and possibly mortgage details. Once the Agreement of Purchase and Sale is signed, it's delivered to your lawyer. The lawyer will then search title and determine that it is free and clear of all encumbrances including encroachments on your lot, work orders on the property or liens. You do not want to buy any problems. On the closing day you give the lawyer the rest of your down payment, the property is registered in your name and you are handed the key.

CLOSING COSTS: An ironic term because there seems to be no end to them. In addition to the cost of your home, there are lawyer's fees and related expenses, the home inspection, land transfer taxes, a home appraisal and adjustments to cover property taxes paid in advance by the Seller. You will also have to pay for a survey if the Seller can't supply one. Estimate about 2 percent of the price of your home to cover the closing costs.

PRIDE OF OWNERSHIP: Finally! This is something you'll get from the first moment you step through the door of your new home. You'll realize that it has all been worth it. Congratulations!





Purchaser Expenses:

The following is a list of expenses normally incurred by a Buyer when completing the purchase of a Residential property within Toronto.

1. Legal Fees

The tariff rate for residential properties is between .25% and .5% of the purchase price, normally not to exceed \$1,450.00. Lawyers may negotiate their fees and will provide individual quotes when requested.

2. Land Transfer Tax - Provincial & Municipal

Provincial Land Transfer Tax
 Purchase Price Land Transfer Tax
 \$55,000 - \$250,000 (Purchase Price x 1%)
 \$250,000 - \$400,000 (Purchase Price x 1.5%)
 \$400,000 - up (Purchase Price x 2%)

Municipal Land Transfer Tax
 (City of Toronto only)

Purchase Price Land Transfer Tax
 \$ 000 - \$55,000 (Purchase Price x 0.5%)
 \$56,000 - \$400,000 (Purchase Price x 1%)
 \$401,000 - up (Purchase Price x 2%)

3. Survey

A new survey may be necessary if the Seller does not have an "acceptable" survey and one is required by the first Mortgagee. Cost: \$750.000 - \$1100.00

4. Disbursements - A typical list of disbursements is as follows:

Law Society Transaction Levy \$ 50.00
 Tax Certificates \$ 65.00
 Building Clearance \$105.00
 Sheriff's Certificates \$50.00 to \$100.00 (avg.)
 Deed Registration \$ 70.50
 Mortgage Registration \$ 70.50
 Registry Office Searches \$ 80.00
 Water Status Reports & Consumers Gas \$ 41.05
 Copies, Postage, Fax etc. \$ 25.00

5. Title Insurance (Purchase and Mortgage)

\$250 - \$300 (if new home is under \$500,000)
 \$400 (if resale over \$500,000)

6. Adjustments

On a pro rata basis the lawyer will apportion the following expenses, as of the date of completion: Taxes; Oil (usually topped-up by Seller and Buyer receives a full tank); Water (only flat rate accounts in Toronto); Common expense fees

NOTES:

Building clearances City of Toronto will not comment on surveys. They give only zoning and work order information, front yard parking, committee of adjustment files, etc.

Toronto Hydro will give neither written nor verbal information. It is entirely up to the Seller and Buyer to call them.

First time buyers have certain exemptions from the provincial and city land transfer taxes.

All disbursements with the exception of registration costs are subject to applicable G.S.T.

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Toronto's Bedford Park Neighbourhood Public School Rankings:

Bedford Park PS*

- Grade 3 Students Provincial Standards Test:
 - Reading is 15 points above the board average
 - Writing is 5 points above the board average
 - Mathematics is 16 points above the board average

John Wanless JR PS*

- Grade 3 Students Provincial Standards Test:
 - Reading is 31 points above the board average
 - Writing is 21 points above the board average
 - Mathematics is 29 points above the board average

Blessed Sacrament Catholic School**

- Grade 3 Students Provincial Standards Test:
 - Reading is 21 points above the board average
 - Writing is 15 points above the board average
 - Mathematics is 25 points above the board average

* Statistics obtained from: <http://www.tdsb.on.ca/>

** Statistics obtained from: <http://www.tcdsb.org>

