



First Time Home Buyers



MORTGAGE FUNDAMENTALS

Amortization Period

Length of time you take to pay off your mortgage (usually 25 years)

Term

This is the length of time that the options and interest rate you chose are in effect for. It can be as little as 6 months to 10 years. When this term is up you can renegotiate new/same options.

Interest Rate

Fixed Rate: The rate that you have picked does not change for the term of your mortgage.

Variable Rate: The rate fluctuates with the market.

Protected Variable Rate: The rate fluctuates with the market, but will not go over a preset max.



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Payment Schedule

Frequency of mortgage payments (ex. weekly, bi-weekly, or monthly)

Open vs. Closed

Open: An option where you can pay off your mortgage in full or in part at any time without penalties.

Closed: An option where you are limited or might not be able to pay off your mortgage early, in full or in part.

Conventional vs. High Ratio

Conventional: A loan that is 80% or less of the lending value of your home. You will need at least 20% for a down payment.

High-ratio: A loan this is over 80% of the lending value, meaning you put down less than 20% for a down payment. This will likely involve mortgage default insurance.

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COST AWARENESS

First Time Buyers should be aware of all the costs when purchasing a home.

Deposit

A deposit for purchase is due within 24 hours of acceptance of the offer to the listing Brokerage.

Downpayment

Purchase price, minus the mortgage and deposit amount that will be due upon the closing date.

Land Transfer Tax

Buyers are responsible for a one-time land transfer tax, levied by the government. This is based upon a percentage of the purchase price.

GST/HST

If purchasing a new build or a home that has been extensively renovated buyers will need to pay GST/HST.



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Legal Costs

Cost of lawyer fees for the conditional period and closing the property. This could include: status certificate review, conducting a title search on your property, obtaining surveys, liens, checking the statement of adjustments for taxes, utilities, and fuel bills.

Home Inspection

If the offer has a condition on a home inspection, this is an extra cost to assess the properties condition to make sure everything is in good working order and that the buyer is aware of any issues with the property.

Title Insurance

For potential issues involving title fraud, survey issues, problems with the ownership of the home, buyers purchase title insurance to provide coverage, should they arise.

Moving/Storage Costs

Depending on the timing between transitioning from one residence to the new property buyers may need to move furniture in storage. Movers will need to help buyers on the day to help move you in.

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ESSENTIAL INFORMATION

Lenders or mortgage brokers will need this essential information to help qualify buyers for a mortgage.

1. Employer Information
2. Address History
3. Government Identification
4. Proof of Income
5. Proof of Downpayment
6. Proof of Investments & Savings
7. Any Current or Past Debts & Details

ONGOING COSTS

Here are some items that will continually be expenses when owning a home.

1. Mortgage Payments
2. Insurance
3. Utility Bills
4. Property Taxes
5. Repairs & Maintenance
6. Condominium Fees
(If applicable)



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HOUSE HUNTING

There are many factors that affect and ultimately make your decision for what home to purchase. vWhere are some things to think about when deciding.

Location

What are the main factors for choosing the location of a home. Proximity to a job? Proximity to public transit, schools, shopping? Proximity to family? Ability to walk to amenities?

Size

What size of home best suits your needs. Do you like to entertain? How many bedrooms would you need? Do you need a big backyard for a pet? How much square footage? Would you want extra storage?



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Lifestyle

Where do you see yourself in the near future. Do you need to purchase a home because you plan on having kids? Will you change jobs in the next couple years? Do you wish to walk or bike on trails?

Special Features

These are things you want to think of that are not evident in every home. What about the house would be on your dream list? Items such as: master bedroom ensuite, upper or main level laundry, swimming pool, kitchen island, walk-in closet, covered porch, etc.

Home Ownership

Do you want freehold, POTL, condominium ownership? Typically a condominium is a more maintenance free lifestyle, however you do pay monthly for this luxury.

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WHO TO CALL

Here are some people buyers will want to have in your contact list during this process. We are happy to recommend any of the following

1. Real Estate Agent
2. Insurance Agent
3. Home Inspector
4. Appraiser
5. Contractor
6. Lender
7. Lawyer

TIMELINE ON CLOSING DAY

1. Lenders give the mortgage money to a lawyer or notary
2. Buyer(s) will give the lawyer or notary the downpayment (minus the deposit) along with closing costs.
3. Lawyer or notary then pays the sellers, they will then register the home in the buyers name and give the buyer the deed and keys.



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