

BUYER'S CHECKLIST

Congratulations on being ready to buy property!

Here are a few things to consider and prepare for a smooth purchasing process.

GETTING STARTED

MORTGAGE PRE-APPROVAL

What's your budget? Talk to your lender about what purchase price you may be approved for. Keep in mind that pre-approvals are not final, but rather an estimate based primarily on your down payment, your income and all other debts. Lenders may require an appraisal or approval on your purchase before providing a firm loan commitment. This is a great place to start.

WORKING WITH A REALTOR & BUYER REPRESENTATION AGREEMENT

These two forms document a relationship between buyers and real estate salespersons. It specifies client confidentiality, fiduciary responsibilities and protects both buyers and sales representatives.

BUILD YOUR SEARCH CRITERIA

At this point we will talk about what your future home or investment property looks like based on your pre-approved mortgage. We'll establish an automated search that will send you a series of listings within your budget and in the areas you are interested in.

GETTING IDEAS ON REALISTIC PRICES

Listing prices in Toronto are rarely the same as purchase prices. Based on your search criteria, we'll provide you with recently sold listings to give you a better idea of what properties of interest actually sell for.

BE CASH-READY

The search process is usually done at the buyer's pace. But, once you've identified the property you want, that's when things speed up. Your purchase offer, if accepted by a seller, usually requires a minimum five per cent deposit within 24 hours of acceptance. If you have money in investments or other fixed assets, now may be the time to liquidate some of it to make sure you have funds on hand. You will also want to set money aside for closing costs, such as legal fees, home inspections and land transfer taxes.

LEGAL REPRESENTATION

Real estate purchases require legal involvement. Confirm a real estate lawyer who is ready, willing and able to represent you during the purchase process. We're happy to refer a few if you don't have one in mind.

IS THERE A FEE FOR YOUR SERVICE?

Our services are typically **free of charge** for buyer clients. Majority of the time, the seller provides commission to both listing and cooperating (buyer) brokerages.

SHOWINGS AND OFFERS

BEING PREPARED FOR SHOWINGS

Most showings are 30 minutes per visit. Review all the photos and floor plans for the places you're seeing to be best prepared for your limited time.

TWO LISTING STRATEGIES: HOLDING BACK VS OFFERS ANY TIME

The holding back offers strategy is usually used for properties that are in high demand or in a seller's market. It means that the seller will not be reviewing offers until a later date in an effort to get as many offers as possible. The listing price for properties that are holding back offers is usually lower than market value in an effort to drum up higher buyer interest (also known as a 'bidding war'). Offers any time means the seller is willing to review offers whenever they are presented. These types of listings are usually asking close to market value and have a balanced demand.

PRE-EMPTIVE OR 'BULLY' OFFERS

These are used in holding back offer situations. A buyer makes a pre-emptive or 'bully' offer that is typically a lot higher than the asking price and well in advance of the holding back date in an attempt to secure the property prior to any other offers being made or considered. The irrevocable date is usually only a few hours for this kind of offer to put pressure on the sellers.

OFFERS 101

There are many variables that shape an offer. Here are four essential ones:

1. Price: this is usually the most important to the seller
2. Conditions: these range from home inspection, finance, status certificate review for condos and even lawyer review. If we're entering into a competitive offer situation, it is in your benefit to do your due diligence prior to making an offer. By sending your lender the MLS listing and reviewing the pre-inspection (or hiring your own

inspector) or status certificate, you can prepare yourself to compete against other offers without conditions. We will never recommend an offer without conditions unless all due diligence is complete in advance. If you add conditions in your offer, they are typically 3-10 business days long and will require you to 'fulfill' or 'waive' in order for the transaction to be firm. In the event you don't waive the conditions in the allowed timeline, the offer is null & void and your deposit returned.

3. Deposits: most offers are made with a minimum five per cent deposit 'upon acceptance.' This means buyers will have to provide these funds, usually certified, within 24 hours of deal acceptance. In a competitive situation you may need to provide a deposit 'herewith' meaning provided with your offer. Deposits are typically held in trust by the listing brokerage.
4. Closing date: sellers often provide some idea of when is ideal to them. They usually range from 30 to 90 days from the time your offer is accepted.

WHAT IS IRREVOCABILITY?

It is the time limit for parties to consider the offer. As a buyer, you will make an offer to purchase with a timeline for the seller to consider your proposal. This period is the irrevocable, which means you cannot rescind (but can modify) your offer during this period. At the end of this time frame, the offer is deemed to be 'dead' if not accepted. If the seller chooses to continue to negotiate, they may counter your offer (aka sign back) with a new irrevocable date and time. During these times, buyers should be close to their communications devices to be ready to respond to any terms the seller might propose through the listing and cooperating salespersons.

CLOSING ON YOUR PROPERTY PURCHASE

CLOSING COSTS

Once your lender confirms your mortgage, usually only a few days before closing, they will notify your lawyer. Your lawyer will then calculate all remaining closing costs. These costs, sometimes referred to as disbursements, may include property taxes and remaining utility bills. Other costs include legal fees and land transfer taxes. Costs may be allocated to buyers or sellers. Buyers will be required to provide certified funds for the balance of the purchase price, the above calculated closing costs and sign any final paperwork in preparation for closing day. This is all done in advance so there is very little to do on the actual day of closing!

GETTING YOUR KEYS

Once your lawyer confirms that the title of your new home has been transferred into your name, the seller's lawyer will provide key instructions to your lawyer. Closing time on the day of completion is usually in the afternoon, so don't book your movers to arrive at your new property in the morning! Generally speaking, you should have the keys to your new home by 5pm and you can celebrate!



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