

# Step by Step Guide to Buying

## Step 1 - Get Educated

It is so important to get educated on the real estate process and industry. We are talking about one of the biggest investments of most people's lives; a little time to empower yourself will go a very long way. There are several resources you can turn to for information.

**The Internet** - The internet is truly the information super highway. If it isn't on the internet, it probably doesn't exist . . . yet.

**Libraries or Bookstores** - There are thousands of books written on real estate. If you are still hungry for knowledge, stop by your local library or favorite bookstore. Try to stick to something that is pertaining to the country or area you reside in, as the laws and procedures can be dramatically different.

**Book a Meeting with your REALTOR®** – It is so important that you understand how the current real estate market will affect your particular situation.

## Step 2 – Initial Meeting or Consultation

After selecting your REALTOR®, you will want to schedule a sit down, face-to-face meeting. At this time, you can officially meet (if you haven't already).

You don't want to skip this step. It will be virtually impossible to properly represent you, without having actually sat down to discuss things, as they fit your unique situation. The real estate market is constantly changing, and you must be aware of where you stand. Once you have assessed your situation, next you will express your goals and determine an appropriate action plan so you can confidently move toward them.

## Step 3 - Determine How I Will Pay

There is nothing but options when it comes to financing, but you should have a good idea of how you will purchase your next home before you get too committed to looking. There are three main sources of financing.

**Traditional Banks** – If you already have a great rapport with your current bank, this is a good option. Usually you will be able to get pretty good terms on your mortgage.

**Mortgage Brokers** – They have the most options. They can use most of the major banks, plus many other lenders. They will be your best bet to truly finding the best option for your particular situation and needs.

**Creative Financing** – The options here are endless and are great for investing, or if you cannot access a mortgage through the banks or mortgage brokers.

## Step 4 - Start the Search

Now this is when most of the excitement really starts to happen. You already know the type of home you're looking for and the price you can afford. A property search will have to be set up to notify you (typically via email) when a new property is listed on the market that matches your criteria. Once you have identified some potential properties, it's time to hit the pavement.

This is where you really want to keep the goal you set, during the initial meeting, top of mind; it will make this process a whole lot easier, not to mention less stressful. During your showings, if you visit a property that isn't in line with your goal, it is easy just to erase it from your mind. However, if it is in line, you can easily add it to your shortlist or even write an offer. Quickly identifying a property, which is in line with your goal, will save you the headache of viewing hundreds of homes and getting discouraged.

## Step 5 - Write the Offer

Once you have found a home that will suit your needs, the next step is to prepare and present an offer. There are several steps that have to be taken when you write your offer.

**Property Research** – This is where you investigate the selling history of the home and also where the price is relative to the market. To do this, an assessment of the current homes on the market and properties which have recently sold will have to be done. This is where you will get most of your fire power for determining your offer price.

**Terms** - Terms are the clauses that make up the contract. These are the items that are agreed to and will be upheld, otherwise there is a breach of contract. In addition to the standard terms that will be reviewed with you when preparing the offer, you can add in whatever else you need to, however, these are all open for negotiation.

**Conditions** – Conditions, on the other hand, are clauses in the contract that must be fulfilled in order for the transaction to even proceed. Typical conditions are for a home inspection, or for the buyer to be approved for financing. The buyer or seller is then given a few days to fulfill the conditions (typically 7 to 10). This is what it is meant by a property status that is listed as pending (P) or conditionally sold (C/S). If something happens where either the buyer or seller are not satisfied with the results of their attempt to satisfy their conditions, then they may walk away from the contract at no cost and with no further obligation (deposit cheques are returned). Conditions are most commonly for the buyer, but you may have a seller's condition as well.

**Deposits** - In order to write an offer, you will need a cheque and some available money for a deposit. This is initially a show of good faith in a transaction, and is fully refundable if the conditions on the purchase are not removed. After the conditions are satisfied and removed in writing, the deposit becomes the seller's security that you will complete the purchase (non-refundable at this point).

**Price** - There are only two things that are negotiable in a real estate transaction, price and terms. Once you know what terms and conditions you would like in the contract, and have completed your property research, you can now effectively determine the appropriate offer price.

The offer price will be determined based on all variables affecting this specific property. What terms do we need? How many offers are there? How long has the property been on the market? ...And many, many more. We will not be discussing negotiating strategy here, but remember this: What unique way can we meet the seller's needs and still achieve our goals? This doesn't always strictly involve price.

**The Offer Presentation and Acceptance Procedure** - After the offer is written and signed, it is the REALTOR's® job to present the offer to the seller. This will typically happen one of two ways.

First, if the seller is available, the offer can be presented in person or directly to the owner of the home. The listing REALTOR® will be there to represent their client, however this is a good opportunity to meet the seller and present your case in person (much more intimate and effective).

An alternative method is by faxing the offer. This means that you will need to be accessible by phone for negotiations to occur. Once a counter offer is received, or the offer is accepted, all parties will now need to sign the documents to create a binding agreement.

## Step 6 - Satisfy Conditions

Once the offer is accepted, it is time to proceed with satisfying your conditions. This process usually involves arranging and performing a home inspection, getting all of your personal information and the property information to your mortgage broker or bank, or simply doing research to gather whatever information is required. As your REALTOR®, we play a huge role in gathering this information and making the necessary arrangements to ensure the process continues smoothly.

After the necessary information is verified, a decision to proceed (or not) is made, and the appropriate written notice is provided to the seller and their agent. Once the conditions are removed, the sale is considered "firm" and the property will be marked "sold" for advertising purposes (changed in status to Sold).

## **Step 7 - Preparing for Possession**

Typical possessions are 30 - 60 days, however they may be quicker. . . much quicker. Get the following items completed as fast as possible, as this will alleviate a large amount of stress.

**Lawyers** - You may have already chosen your lawyer at this point, however, if you haven't, it is now mandatory that we know who will be handling the transaction. Once you have chosen a lawyer, they will need all of the required paperwork prior to you meeting with them. This is usually handled by your REALTOR® to ensure they get absolutely everything they need. You will be meeting with the lawyer about a week before you take possession, and will need to provide your insurance information, the balance of your down payment, payment of fees, payment of any adjustments or taxes, sign documents, and finalize anything else that is required before you can own the home.

**Down Payment** - If your down payment is not readily available, make the necessary arrangements to obtain it. You may need to transfer money, cash in bonds/stocks, or move money in another way. It is important to note that liquidating certain assets can take upwards of 30 days, so be sure to consult your bank or mortgage broker with any questions about this.

**Movers** - If you are using professional movers, book early. Possession dates commonly fall on the 1st, 30th, or 15th of the month. Movers fill up their schedule very fast, so call ahead and make the arrangements early.

**Insurance** - When you actually meet with the lawyer they will ask to see a copy (proof) of insurance, as it is a requirement of the mortgage. No insurance means no money. This step usually involves a simple phone call and/or a lengthy survey. Have a copy of the listing available, with all of the specifications of the home on it. Be prepared to answer questions regarding the age of the house, furnace, electrical system and roof, as well as general questions regarding square footage and the main features.

**Utilities** - When you take possession of your new home it is very important to change your utilities over to your name & address, in advance. This includes your phone, cable, internet, power, water, and gas services. Also, don't forget to cancel the utilities at your previous residence.

**Mailing Address** - This is the least favorite of all of the steps, but it is a necessary evil. Gather all of your bills, statements, tax information, healthcare information, anything you make automatic payments on, any subscriptions, any clubs or organizations in which you belong to, etc. Sit down and make a big list of these things early, because you will forget at least three. . . guaranteed. Then pick up the phone and begin giving out your new mailing address and the date you will be taking possession or moving in. You might also want to have your mail forwarded, through the post office, for anything you may have missed.

## **Step 8 - Possession Day**

Typically, possession happens at 12:00pm (noon) on the agreed upon day. The seller's lawyer will contact your REALTOR® to notify them when keys can be released to you, and will provide permission to access the property. From time to time, your REALTOR® can negotiate (at the offer stage) to have a walk-through of the property completed a few hours before, or the day prior to possession. If you and your REALTOR® discover any problems during the possession, these are communicated to your lawyer, who will then advise on the next best course of action. It is good practice to not schedule your entire move at 12:00pm on the possession day, as small delays are not uncommon.

This day can be very exciting and very stressful, so proper planning of your move, well in advance, is critical. Congratulations, you are officially the owner of a new home!