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# BUYING YOUR FIRST HOME

**Buying your first home can seem a bit overwhelming. Often times just getting started can be filled with anxiety and frustration. That's why I've put together the First Time Home Buyers Success Program.**

**This program is designed to help the first time buyer through the critical steps of purchasing their first home. Buyers have used this program for over 24 years to save money, avoid frustration and get the home that they want.**

**The program is comprised of six basic steps which if followed will guarantee success!**

## THE SIX BASIC STEPS

### **1. CONTACT A MORTGAGE SPECIALIST AND GET A PRE-APPROVED MORTGAGE:**

This is the foundation step. Everything begins here. You need to know how much of a mortgage you qualify for and the down payment you will need **BEFORE** you start looking at homes. You will have to be educated about such things as what term and amortization are best for you, what is the best interest rate available, the prepayment privileges and early payout penalties, mortgage portability etc.

#### **HOW TO DO IT? HERE ARE SOME OPTIONS:**

1. Apply on-line. [see the link on my web site]
2. Contact the loans officer at the bank you normally deal with and make an appointment to be "pre-approved" for a mortgage.
3. Contact a local mortgage broker and make an appointment to apply for a pre-approved mortgage in person. [A mortgage broker "shops" your mortgage to a number of different lenders and can often get you an incredible mortgage interest rate.]

**\*\*\*NOTE\*\*\*** You have a large number of options available to you in terms of how you finance your home. If you need some help contact me <mailto:DArcy@DArcyDonaldRealty.Com> I'd be happy to review them with you.

### **2. GET YOUR DOWNPAYMENT TOGETHER.**

If you haven't done so already now is the time to make sure you have your down payment available and ready to go. The typical down payment for a first time buyer is five [5%] percent of the purchase price. While there are zero [0%] percent down payment mortgages available the restrictions are often too tight to be of use to but a small handful of buyers.

#### **THREE MOST COMMON DOWN PAYMENT OPTIONS:**

1. Use your savings for the down payment..
2. Get a "gift" of the down payment from a family member. [Restrictions apply here]
3. Borrow the down payment money from your existing R.R.S.P account.  
[contact me <mailto:DArcy@DArcyDonaldRealty.com> for a pamphlet explaining this program]

### **3. GET INFORMED ABOUT THE ADDITIONAL “CLOSING” COSTS.**

In addition to your down payment, you will need to have additional money available for what are normally called “closing costs. They include:

1. **MORTGAGE APPLICATION AND APPRAISAL FEES.** [some lenders pay for this]
2. **LEGAL FEES.** [the professional fees your lawyer will charge to look after getting the title to your home into your name]
3. **DISBURSEMENTS.** [These costs are incurred by your lawyer and passed on to you. Some examples would be the cost of registering the documents at land titles, any long distance telephone costs, photo copying etc.]
4. **PROPERTY TAX ADJUSTMENT.** When you buy a home you are responsible for the property taxes from the date you take possession of the property. As a result you may have to come up with extra cash besides your down payment to cover your portion of the taxes.

**As an example:** Taxes in Grande Prairie are due and payable on the 30<sup>th</sup> of June. If you take possession before this date, you will get a credit off the purchase price from the seller for their portion of the annual taxes and you would then be responsible to pay the entire years taxes to the City on June 30<sup>th</sup>. [If you want to pay your property taxes with your mortgage payment, your bank may want you to “top up” the property tax account so there is enough money in the account to pay the entire years taxes on June 30<sup>th</sup>.] If you take possession after June 30<sup>th</sup>, you would have to pay the seller back for the portion the annual taxes you would be responsible for since the property taxes would have been paid for the entire year by the seller.

In either event, you need to be aware of how much extra cash you will need to cover this expense.

Make sure and have this explained to you by your lender, lawyer and realtor.

Contact me if you have any questions regarding tax adjustments.

<mailto:Darcy@DArcyDonaldRealty.Com>

5. **HOME INSPECTION COSTS:** You should get a home inspection done on the home you are buying. Contact me if you would like a pamphlet on Home Inspections.  
<mailto:Darcy@DArcyDonaldRealty.com>
6. **REAL PROPERTY REPORT:** Your bank is going to want to make sure that the property you are buying and they are lending on sits within the confines of the lot, that there are no encroachments and that the property complies with current land use. To do that they are going to insist on either a current real property report with a current municipal compliance stamp or a new real property report.
7. **HOME INSURANCE:** You are going to have to have a current policy of house insurance in place before you will be allowed to take possession of your home.
8. **NORMAL MOVING IN COSTS:** You need to be aware that there will be the usual telephone, power, gas, cable and water hook-up fees.

#### **4. FIND OUT WHAT YOUR MONEY WILL BUY.**

Now that you know what you can afford, it is time to find out what type of home that money will buy in the market place today. There really are no shortcuts here. You need to view properties currently for sale that are in your price range, review comparable properties that have sold and generally be brought up to speed with floor plans, property types, locations issues, property age factors and construction methods so that you will be in a position to make a good decision and to know a “good” deal when you see it. Buying a home is all about comparison shopping.

##### **HOW TO DO THIS:**

1. On your own by going to open houses, viewing homes on-line, reading various community reports, touring for sale by owner properties etc.
2. Hiring a professional Realtor to work with you and on your behalf.. [Typically there is no out of pocket cost to you to do this as the Realtors fees are paid out of the sale price.] [Click Here](#) “Choosing to work with a Professional.

#### **5. MAKING THE OFFER**

The offer to purchase should happen naturally. Yes, there will always be some anxiety and there should be, it’s a big decision, but if you have followed the plan, done your homework and have been properly educated to the market, making the offer is a natural conclusion to the process. I like to review the offer to purchase paper work, the offering process and the negotiation process with my buyers at our first meeting and prior to looking at any homes. This way the buyer is familiar with the paper work and the process, they know what to expect. Buyers have told me that they are much more comfortable because they are able to ask questions and exchange information without the distraction of the actual negotiation process. They feel more prepared and relaxed.

**IF YOU HAVE NOT EMPLOYED AN EXPERIENCED REALTOR TO PROTECT YOUR INTERESTS IT IS CRITICAL THAT YOU USE A LEGAL PROFESSIONAL TO WRITE THE OFFER AND PUT INTO PLACE THE NECESSARY TERMS AND CONDITIONS TO PROTECT YOU AND YOUR DEPOSIT. OFFER TO PURCHASE AGREEMENTS ARE DESIGNED TO BE LEGAL AND BINDING CONTRACTS!**

##### **MAIN PARTS OF THE OFFER:**

- A. Names of the Buyer and Seller.
- B. Property address and legal description.
- C. Chattles to be included in the purchase price. [I.E. fridge, stove, curtains etc.]
- D. Purchase price including the amount of the deposit.
- E. Possession date.
- F. Terms [i.e. seller will professionally clean carpets prior to possession]
- G. Buyers Conditions [probably the most important part of the offer and spells out under what conditions the buyer will purchase the property i.e. subject to mortgage approval, inspection etc.]
- H. Seller Conditions. [outlines under what conditions if any the seller will sell i.e. finding another home]
- I. Contact information for the Buyer and Seller.
- J. Buyers signature and time for acceptance of the offer by the Seller
- K. Sellers signature
- L. Signature of the last person to sign the offer.

## **6 ONCE YOUR OFFER IS ACCEPTED**

Once your offer has been unconditionally accepted by the seller, you basically have tied the home up until you “satisfy” or “remove” the conditions you have placed on the purchase agreement. The next steps are:

- A. Make your formal mortgage application.
- B. Order the appraisal. [The lender may do this for you]
- C. Order the home inspection and if it is at all possible, make arrangements to be there when it is being done.
- D. Once the home inspection is completed to your satisfaction and your financing including the appraisal has been approved you must now “remove” these conditions in writing from the purchase contract thereby confirming the sale. This must be done within the time prescribed on the offer to purchase.
- E. Make arrangements for your policy of home insurance.
- F. Provide all documentation and copies of the offer to your lawyer.
- G. Prior to taking possession and before your lawyer releases the purchase money to the seller, arrange a walk through of the property to make sure everything is still as expected.
- H. On possession date arrange for the release of the keys.
- I. Move in! Yahoo!

**\*\*\*NOTE\*\*\* If you have questions on any of this please feel free to contact me I'm here to help.**  
<mailto:DArcy@DArcyDonaldRealty.Com>

If you would like more information regarding working with a real estate professional CLICK here to see how I can take the stress out of buying your first home!

**[CHOOSING TO WORK WITH A REAL ESTATE PROFESSIONAL](#)**