RE/MAX

Fit to $ Buy?

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1.Getting **Started**

1.1 Welcome to FitToBuy.ca!

Congratulations on your decision to become a homeowner!

Buying a home is one of the most exciting — and important — moments of your life. Your home is not just the roof over your head, where you live, eat, sleep, play, and raise a family; it's also one of the most important investments you'll ever make.

RE/MAX believes that: "You can't live in an RRSP." How true it is. For most people, buying property is the single largest investment they will ever make, not just in their family's lifestyle and comfort, but also in their financial future.

So, again, congratulations on getting this far. It's likely taken you lots of time, planning, and saving. This is an exciting milestone that you'll remember for a long time. Let's make sure you do it right.

RE/MAX is here to help — and not just because we have thousands of highly qualified REALTORs across the country to assist you on your journey. We want to do more than just help you buy a *property*; we want to teach you everything you need to know to buy *your home*.

Even for people who have bought property or made other major purchases before, there's a lot to know, learn, and manage as you make the transition to being a homeowner. And there are so many questions to answer: Do you have enough money? How much is enough? What can you afford? What's your plan? Are you pre-approved for a mortgage? Should you buy new or in an established neighbourhood? Should you look for a condo, a townhouse, or a detached home? How do I actually buy the home I want — this is our specialty — do you have a RE/MAX **REALTOR** to help you do it all?

We'll explore all of these areas and more with **FitToBuy.** But for now, let's start at the very beginning, with a look at all the key considerations for homebuyers.

1. Getting **Started**

1.2 First-time buyers

If you've made the decision to buy a home and contact a **RE/MAX** REALTOR, chances are you're well equipped, financially, to take this step.

But there's more to it than just saving a down payment. If you're going to do things right, you need to research everything from closing costs and lawyers' fees, to finding a home and closing the deal. These are all steps we look at more deeply elsewhere in **FitToBuy**.

Even more important is that you understand your role. No one knows your circumstances, personal finances, and preferences better than you. It's your responsibility to take your time and educate yourself so that you can make the best decision — the one that's right for you and your family.

Real estate rules of thumb

Surely you've heard the old adage when it comes to real estate: location, location, location. But do you know what that really means? Do you know what makes a location good or bad? Can you spot a property that has potential, or one you should avoid? Sure, anyone can identify the obvious strong locations, but there are some things to look for that will help you find promising properties that others might overlook. Other important things are information and timing. We'll get into these in more detail later.

Where to start

Most likely, your search for a location will be determined primarily by where you currently live, where you work, and what type of home you can afford within the lifestyle you choose. If you plan to have children in the next five years, then factors such as proximity to daycare or schools and other amenities also come into play.

So, with all these thoughts in your head, where do you start? Looking at properties and stopping in at open houses is exciting, but it also takes time. You need to know what you are looking for *before* you begin your search. It could save you from wasting your time, energy, and, yes…even money. To assist you with this process download our **FitToBuy** Home Selection Checklists and Worksheets.

Becoming educated

You may, at times, feel excited to buy because interest rates are low, prices are favourable, or a certain home has come on the market, but don't make the single most important purchase and investment decision of your life on a whim.

Take your time. Do your research, review your finances, visit your lender, and get to know a **RE/MAX REALTOR**. Take advantage of the power of the Internet to review many different types and locations of properties, and become educated about real estate. There are so many tools available to you as a prospective homebuyer that can be accessed for free online to quickly bring you up to speed.

Among the most important resources available are the Canada Mortgage and Housing Corporation (CMHC), the Canadian Real Estate Association (CREA), **remax.ca**, and websites of individual brokers and agents.

It's all information for you. Consider it as part of earning your degree in home ownership. Take your time. No matter what anyone tells you, there will always be another property to fall in love with.

Indeed, buying your first home is an exciting, and even emotional, experience. But your **RE/MAX REALTOR** and others will caution you to keep your head to avoid this common first-time buyer's mistake: don't be so in love with a particular property that you have to have it at any cost. You could end up with the wrong house or pay far too much for it.

Market awareness and trends

RE/MAX reports on the market regularly and you can easily visit the Resource Centre - Media Newsroom on **remax.ca.** These reports are a wealth of valuable information. Well before you begin the actual search for your first home, you should make accessing these resources a priority.

While there are a ton of reports on market trends, sales and other statistics, remember this important fact about real estate: it is not national, provincial, or even regional. It's local.

When it comes to making a purchasing decision about your home, you need to dig deeper into *local* markets. What's happening in one city may not be the case in another. The press reports can be very misleading. What's going on in one neighbourhood can be very different from the one right next door, and even vary from street to street.

Real estate is that local, that specific. That's where your research and the expertise of an experienced **RE/MAX REALTOR** can help. Our **REALTORS** are on the ground and in the trenches in local markets. They have the local knowledge needed to guide you in making your decision. **RE/MAX** sells over a third of all homes in Canada.

Key home buying tips

- Location, location, location – but information and timing are also important.
- Own your search for your first home. It's *your* deal – get involved.
- Research, research, research. Remember that real estate is not national, provincial, or even regional. It's local.
- Don't let emotions overrule common sense.

12 factors for real estate growth

1) Is the area's average income increasing faster than the provincial average?
2) Is the area's population growing faster than the provincial average?
3) Is the area creating jobs faster than the provincial average?
4) Does the area have more than one major employer?
5) Is real estate booming in the surrounding region more than where you're looking?
6) Will the property benefit from a major new development close by?
7) Has the local and provincial political leadership created a growth atmosphere?
8) Is the region's economic development office helpful and proactive?
9) Is the neighbourhood located in an area of renewal?
10) Is there a major transportation improvement underway nearby?
11) Is the area attractive to baby boomers?
12) Will any short-term challenges (such as layoffs) subside?

Source: Real Estate Investment Network

1. Getting Started

1.3 Experienced Home Owners

If you're fortunate enough to already own a home and are considering moving up to a larger one, whether it's to accommodate a growing family or for other reasons, no doubt you feel more confident having already gone through the home-buying process.

But, depending on how long it's been, you may also benefit from revisiting some key points when it comes to buying considerations.

Hopefully, if you're moving within the same general area, you can use the same REALTOR who guided you through your first purchase. But if you're buying in a completely different town or even province, ask your REALTOR to recommend a colleague in that market. Local market knowledge is crucial when it comes to searching for your next new home.

Key home buying Tips

- Location, location, location – but information and timing are also key.
- Own your search for your first home.
  It's your deal – take control.
- Research, research, research.
  Remember real estate is not local, not national, provincial or even regional. It's local.
- Don't let emotions overrule common sense.

2. Your **Finances**

2.1 Financial Health Check

Before you go to a lender to apply for a mortgage, you should conduct a financial self-examination. This involves taking stock of all your income and expenses to get an accurate picture of where you stand. You may have a good paying job and low expenses, but a lender will also want to know about your credit rating to make sure you're going to make your mortgage payments.

Credit rating

One of your first steps should be to check your credit rating — a record of your financial health — with one of the main credit agencies: Equifax Canada or TransUnion of Canada. They can provide a report that shows how consistently you pay your financial obligations, and therefore how much of a risk you represent to lenders.

When you take out a credit card, for instance, the financial institution shares certain information with the credit reporting agencies on your payment history and habits, like when you opened the account, payments you've made on time, late or missed payments, and any cases in which you exceeded your limit or your file was sent to collections. Another important factor is the available or unused credit amount.

All of this information — for each of your credit accounts — affects your credit score. Generally speaking, the credit reporting agencies use a scale of 300 to 900. The higher your score, the lower the risk you present.

Net worth

Calculating your net worth is a fairly simple exercise in which you total all your assets, such as cash savings, RRSPs and mutual funds, and subtract your liabilities, such as car loans, credit card debts and student loans. Hopefully, the final number is a positive one; this means you have more assets than liabilities, and a positive net worth.

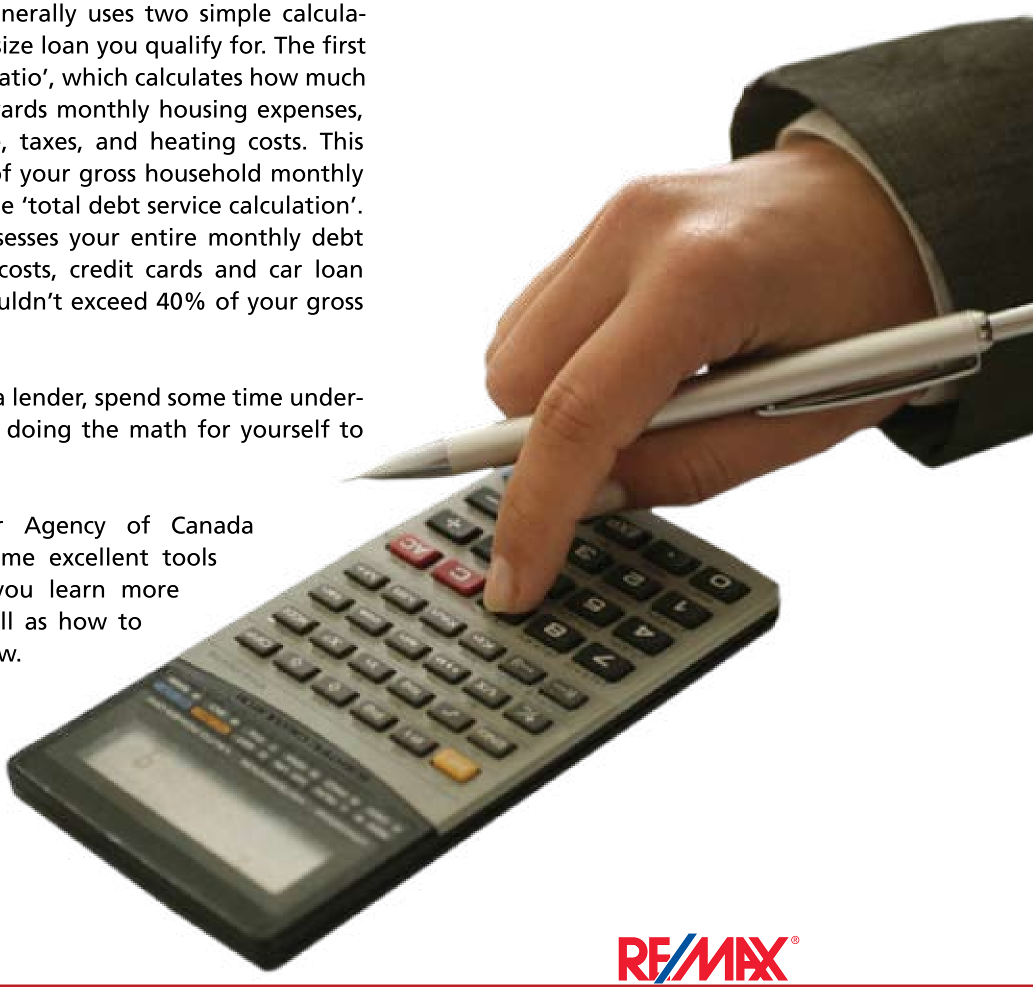
How much can you afford?

With these two important pieces of information, a mortgage lender will then help you calculate how much of a loan you can realistically afford by tallying your household income, monthly housing expenses, and any payments towards current debt.

The financial industry generally uses two simple calculations to determine what size loan you qualify for. The first is the 'gross debt service ratio', which calculates how much of your income goes towards monthly housing expenses, including your mortgage, taxes, and heating costs. This should not exceed 32% of your gross household monthly income. The second is the 'total debt service calculation'. This affordability rule assesses your entire monthly debt load, including housing costs, credit cards and car loan payments. Your total shouldn't exceed 40% of your gross monthly income.

So, before you approach a lender, spend some time understanding your credit and doing the math for yourself to see where you stand.

The Financial Consumer Agency of Canada (www.fcac.gc.ca) has some excellent tools and resources to help you learn more about your credit, as well as how to repair it if your score is low.



2. Your **Finances**

2.2 Getting Pre-Approved

What it is and what it means

Getting pre-approved for a mortgage means just that — knowing in advance, before you begin your house hunting, exactly how much you qualify for in mortgage financing. This is a critical step. Too many buyers begin shopping without pre-approval and end up heartbroken; they lose out on a home they loved, and maybe even made an offer on, because they didn't qualify for adequate financing.

Don't make this mistake. Make pre-approval one of your first steps. Once you've completed your financial health check, you should begin to look for a lender. Many people choose to go to the bank that they do most of their business with, since they've already established a relationship with the financial institution and possibly with its staff. This can work in your favour when it comes time to negotiate a mortgage rate. Others will ask for a referral from their REALTOR or sphere of influence. It's a personal choice, and there's more information about the pros and cons of each of these options in the Lender section.

Are you really pre-approved?

More and more banks, mortgage brokers, and other financial institutions are taking advantage of Internet tools that allow customers to apply for pre-approval online. This is very easy and convenient for you, and it provides a free, no-obligation *ballpark* estimate of what you qualify to borrow without having to actually meet face-to-face with the lender.

If, after you've taken this step, you want to get serious and get *officially* pre-approved with your lender of choice, make an appointment for a face-to-face meeting. You'll need all of your financial statements and data, and should be prepared to have some pretty frank discussions about the details of your finances, income, and expenses. Once the application process is complete and you receive pre-approval, get it *in writing*.

Typically, pre-approval locks in your quoted interest rate for up to 120 days. This means if the rates go up, you still get the lower rate. If they go down, you'll get the lower one.

Getting pre-approved accomplishes many things:

- It will let you know exactly how much you can afford for your first home.
- It lets your **RE/MAX REALTOR** know you are prepared to purchase.
- It saves time for both you and your **RE/MAX REALTOR**, since you can focus your search on properties you know you can afford.
- It will provide you with the confidence to look at homes you *know* you can purchase.
- It puts you in a stronger position to negotiate, if you find a home you want to make an offer on.

Tips to get pre-approved

Be honest: There's no point in saying you earn more than you do, as it will only come back to haunt you.

Documentation: Provide all the necessary documentation to prove your *actual* income.

Shop around: With so many options for mortgage lenders, find the one that's right for you — one that offers a good rate and the level of service you want.

Take your time: If in the pre-approval process you learn you need a larger down payment or you have other financial issues, take the time to correct them.

Yes We did it!

When Toronto newlyweds David Uruena and his wife Carla decided to buy their first home, they took their sweet time. Planning for their wedding was a top priority, and David had some financial issues to sort out regarding a previous employment situation.

When it came time to apply for pre-approval, the couple sought the advice of a relative who also happened to be a mortgage broker.

"Getting pre-approved was essential," David says. "We were comfortable using someone we knew, we were able to take our time, and we knew exactly how much we could spend."

The couple originally thought their price range would limit them to buying a condo, but with careful planning and pre-approval, they were able to expand their search.

"It was extremely helpful because it gave us an idea of the houses in our price range, so we didn't end up falling in love with something we couldn't afford. We were also able to work out a rough estimate of the monthly mortgage and other current expenses we had that would allow us to live comfortably, instead of scrambling from paycheck to paycheck.

"It's definitely worth the time and effort to go through a break down of all your monthly expenses, either on your own or with the help of a mortgage professional."

In July of the following year, the couple moved into a detached bungalow in Etobicoke, Ontario.

2. Your **Finances**

2.3 Costs from A to Z

From deposits to moving expenses, and everything in between, buying your first home involves more than just saving for a down payment. That may be the largest cost, but there are other things you'll need to plan and budget for.

Deposit

This is the step you take when you're ready to make an offer to purchase. Let's say you've viewed a selection of properties with your **RE/MAX REALTOR**, found one you like, and are ready to get serious about purchasing the property. At this point, you might need to put down a deposit; the amount depends on your area, the purchase price of the home, and your situation. If a deposit is required, it will be held in trust and will be deducted from your total purchase price and is considered part of your down payment.

Down payment

Generally speaking, the larger a down payment you're able to make, the better, because that means you'll have to borrow less. But you also don't want to leave yourself so cash-poor you can't cover all of the other costs that come with closing a sale.

The minimum amount you can put down is 5% of the purchase price, assuming that you have made an offer to purchase and all conditions have been met. For example, a $300,000 property would require a minimum down payment of 5%: $15,000; however, if your down payment is less than 20%, which is the case for many first-time homebuyers, you will also need mortgage loan insurance.

Mortgage loan insurance

If your down payment is less than 20% of the purchase price of your home, you will need mortgage loan insurance, also known as high-ratio mortgage insurance. It protects your lender — not you — in case you default on your mortgage. Premiums are calculated as a percentage of the amount you put down, changing at the 5%, 10% and 15% thresholds but there is no break for anything in between. Premiums range from 0.5% to 3% and increase if you are self-employed.

So, to buy a $250,000 condo with a 5% down payment of $12,500, a premium of 2.75% on the borrowed amount of $237,500 would total about $6,500. You can pay this in one lump sum or, as many first-time buyers choose to do, you can add it to your mortgage loan amount. This type of insurance is mandatory for high-ratio mortgages, and is only offered through two carriers: CMHC and Genworth Financial.

One important note is that in Ontario and Quebec, the premiums are subject to provincial sales tax, which *cannot* be added to the loan amount. So, to buy that $250,000 condo in Ontario, it is your responsibility to pay the 8% sales tax on the $6,500 premium, or about $520.

Land transfer tax

Most provinces have such a tax, though it may have a slightly different name (such as property purchases tax), and the rates vary. Alberta, Saskatchewan, and parts of Nova Scotia do not have Land Transfer Tax (LTT) at all, while other provinces use a tiered system. In the tiered systems, the rate varies depending on the purchase price of the house. Your **RE/MAX REALTOR** or your lawyer can advise what the rate would be for the area you're considering buying in. For more information on LTT, visit ontario.ca/landtaxes.

In Ontario, the city of Toronto has its own municipal land transfer tax, which is applied on top of the provincial one. However, first-time buyers of both new and existing homes receive a provincial tax rebate up to $2,000 and a municipal tax rebate if you purchased in the City of Toronto to a maximum of $3,725. This means a full rebate of the municipal tax for homes costing less than $400,000. Talk to your **RE/MAX** REALTOR for more information.

Ontario Land Transfer Tax	Toronto Land Transfer Tax
0.5% - on the first $55,000	**0.5% - on the first $55,000**
1.0% - on portion between $55,000 - $250,000	**1.0% - on portion between $55,000 - $400,000**
1.5% - on balance over $250,000	**2.0% - on anything over $400,000**
2.0% - on anything over $400,000	**2.0% - on anything over $400,000**
Qualifying first-time buyers receive a $2,000 credit	**First-time buyers are exempt on the first $400,000**

Loan-to-Value	Premium on Total Loan		Premium on Increase to Loan Amount for Portability and Refinance	
	Standard Premium	Self-Employed without 3rd Party Income Validation	Standard Premium	Self-Employed without 3rd Party Income Validation**
Up to and including 65%	0.50%	0.80%	0.50%	1.50%
Up to and including 75%	0.65%	1.00%	2.25%	2.60%
Up to and including 80%	1.00%	1.64%	2.75%	3.85%
Up to and including 85%	1.75%	2.90%	3.50%	5.50%
Up to and including 90%	2.00%	4.75%	4.25%	7.00%
Up to and including 95%	2.75%	6.00%	4.25%*	*
90.01% to 95% - Non-Traditional Down Payment***	2.90%	N/A	*	N/A

Extended Amortization Surcharges
Greater than 25 years, up to and including 30 years: 0.20%
Greater than 30 years, up to and including 35 years: 0.40%

For portability and refinance, the premium is the lesser of Premium on Increase to Loan Amount or the Premium on Total Loan Amount. In the case of portability, a premium credit may be available under certain conditions.

* For portability the maximum LTV ratio is 90%, but CMHC may consider higher LTV ratios when the new ratio is equal to or less than the original LTV. For portability, the premium is higher for non-traditional down payments on Increase to Loan Amount.

** For conversion from Self-Employed with traditional 3rd party income validation to Self Employed without traditional 3rd party income validation, the premium is the lesser of: a) the Premium on Total Loan Amount or; b) the outstanding balance multiplied by a 1.5% premium plus the Premium on Increase to Loan Amount.

*** Down Payment Requirements – Traditional sources of down payment include: Applicant's savings, RRSP withdrawal, funds borrowed against proven assets, sweat equity (<50% of min.required equity), land unencumbered, proceeds from sale of another property, non-repayable gift from immediate relative, equity grant (non-repayable grant from federal, provincial or municipal agency).

Non-traditional sources of down payment include: Any source that is arm's length to and not tied to the purchase or sale of the property, such as borrowed funds, gifts, 100% sweat equity, lender cash back incentives.

Premiums in Ontario and Quebec are subject to provincial sales tax. The provincial sales tax cannot be added to the loan amount.

2. Your **Finances**

2.3 Costs from A to Z...con't

Appraisal fee
Your mortgage lender will likely require an appraisal to ensure the property is worth what you are offering. The reason is two-fold: it prevents you from borrowing more than a property is actually worth, which might apply in cases where multiple would-be buyers enter into a bidding war; and it protects the lender from lending out more than the home's value, which becomes critical should you default on the mortgage. If a lender has to foreclose, they want to be able to recoup the entire loan amount, as well as the costs of foreclosing. The fee for such an appraisal is typically between $250 and $350.

Home inspection
You wouldn't buy a used car without having a trusted mechanic perform an inspection for you, and a house is no different. Don't even think about buying a home without first having a proper inspection done. In fact, your lender may insist on one to verify the condition of the home.

It's an excellent way to learn as much as you can about the various systems in the home, from the furnace and plumbing to the electrical and roofing. The inspection may identify some repairs that are essential, which you and your **RE/MAX REALTOR** can either negotiate into the purchase price or insist be completed before you proceed with the deal.

The cost of an inspection starts from $350.00 and depends on the size, condition, and age of the property. But this is money well spent, and is an expense that you simply cannot, and should not, avoid.

Property insurance
Your mortgage lender will require you to have property insurance in place on closing day. Since the property is actually the security against the loan amount, the lender wants to make sure insurance is in place to cover the cost of replacing the home, and its contents, should something happen.

The fees for insurance vary widely, since they depend on the value of the property. Insurance has become a very competitive business in recent years, with new companies entering the market, offering different products and options. Consider using the services of a broker, whose job is to find customers the best deal possible among the companies they represent. You may also be able to get a discount if you use the same company you have your auto insurance with.

Mortgage life insurance
Mortgage loan insurance should not be confused with mortgage life insurance, which protects you in the event something happens to you. This type of insurance might be suitable for a young couple or family where there is only one breadwinner, for example. Costs are usually much cheaper than loan insurance. Obtaining life insurance instead of mortgage life insurance is the best bet.

Legal fees
Legal fees for buying real estate range in price, depend on your situation, and must be paid upon closing. When purchasing brand new condos, since such deals can involve more paperwork, the cost might be higher.

Title insurance
Title insurance is yet another type of insurance you will require. Your lawyer will advise you of this type of protection, which insures you against any defects of title to the property. For example, if the previous owners undertook major renovations of the property without proper permitting, you would be protected against any costs required to bring the house up to code.

Typically, this one-time premium costs less than $500.

Costs from A to Z:
checklist

- ✓ Purchase price
- ✓ Deposit
- ✓ Down payment
- ✓ Appraisal fee
- ✓ Home inspection
- ✓ Land transfer tax
- ✓ Property insurance
- ✓ Mortgage loan insurance
- ✓ Mortgage life insurance
- ✓ Legal fees
- ✓ Title insurance
- ✓ Moving expenses
- ✓ Services connections
- ✓ Harmonized Sales Tax (HST)

2. Your **Finances**

Moving expenses and services connections

When you're totaling up all the costs of buying your first home, don't forget to include moving expenses and connection fees for services, such as phone, electricity, and other utilities.

Moving expenses vary widely, depending on your personal circumstances and possessions. As a first-time homebuyer, perhaps you're moving from an apartment, or even your parents' home. If this is the case, you may not need the services of a moving company. You could choose the do-it-yourself route and enlist the help of family and friends. If so, ask them or your **RE/MAX REALTOR** for a referral for a truck rental company they trust, as this is an area of your move that you want to go smoothly. Don't be fooled by the price! Reliability is key.

If, however, you do contract a moving company, do your homework well in advance; get referrals from your **RE/MAX** REALTOR and friends and do your own research. Rates and levels of service can vary widely among moving companies, as can insurance coverage, so give yourself lots of time to look into these matters.

Often overlooked are the costs of making sure your services and utilities — such as your phone, electricity, cable TV, and other connections — are up and running for move-in date. Make sure you call well in advance to make these arrangements, and ask about all associated fees. For example, some utility companies require deposits, or charge other fees for new customers with whom they have no billing history.

Harmonized sales tax

Beginning July 1, 2010, Ontario and British Columbia plan to implement a harmonized sales tax (HST), effectively combining the Goods and Services Tax (GST) with provincial sales taxes (PST). In British Columbia, the new HST will total 12%, and in Ontario 13%.

Real estate boards in both provinces are challenging the plan, saying that consumers face an unavoidable tax hit under the HST. The Ontario Real Estate Association (OREA), for example, says merging the taxes will add more than $2,000 to the cost of a real estate transaction.

At the time this was being written, exemption thresholds and rebates were still under discussion, as well as adjustments to personal income tax allowances, making it difficult to assess the precise impact of the HST on new and resale homes. So, if you're planning to buy before July 1, 2010, you'll likely escape the new taxes. If you're going to be in the market after that date, be sure to ask whether the new HST applies at each stage of the purchasing process.

Yes We did it!

"We were a little surprised with all the extra costs that came with purchasing a home, besides the down payment. Luckily, we had some friends who had recently bought homes themselves, so we were able to get a rough idea of how much we needed to put aside for closing costs.

"Even with land transfer tax rebates and exemptions that we qualified for as first-time homebuyers, the final amount was still pretty steep.

"We found the home inspection very insightful. Even though our laundry list of things to fix was short, we came away from that experience with a lot of knowledge about our home and how to improve it, like installing a high efficiency water heater and attic insulation. It was money well spent."

2. Your **Finances**

Yes We did it!

"We went over every single expense and wanted to reach a comfortable number where our leftover monthly earnings — after all bills were paid — was enough to be able to still save and continue to enjoy vacationing and an active lifestyle.

"When gathering our expenses, we generously rounded up and realistically targeted what our spending would be."

David and Carla Uruena
Etobicoke, Ont.

2.4 What can you afford?

Taking our discussion in **Financial Health Check** one step further, determining how much you can truly afford involves meeting with a mortgage representative at a financial institution. Most financial institutions, as well as CMHC, have online mortgage affordability calculators that allow you to plug in your basic numbers to see how much of a loan you might qualify for.

Consider these calculations an estimate — a mortgage representative will take your preliminary calculations and see if they hold up to further scrutiny. It's important to be honest with yourself when you do your own financial review. If you underestimated your household expenses to make your financial picture look brighter than it actually is, your mortgage representative will probably expose a more realistic view.

The mortgage representative will then come up with some close-to-final numbers, presenting you with a preliminary figure for pre-approval. Now you should prepare a thorough and realistic checklist of your current household budget, say, if you're renting an apartment and your expected budget in your prospective new home. You'd be surprised how some new items — such as additional insurance or costs for general repairs — can add to your expenditures as a homeowner. Make sure you take all of these items into consideration when calculating your mortgage affordability.

The importance of not overspending

Real estate experts cite overbuying as one of the most common mistakes first-time home buyers make. Whether they got caught up in a bidding war or fell in love with a home they just had to have, many people spend more on their new home than they can afford. Months later they may realize that their purchase has left them "house poor" with no money left to contribute to savings, other necessities, or even rainy day funds. This further underscores the need to be honest and realistic with your mortgage calculations, as well as the importance of getting pre-approved for a mortgage, since it can actually protect you from going overboard.

2. Your Finances

2.5 Mortgages

It is likely you will need the services of a lender when purchasing your home. Once your **RE/MAX REALTOR** understands you and your home purchase requirements they will recommend that you talk to a lender to determine your price range. Your lender will begin the process to pre-approve you for a mortgage, which will include verification of income and down payment (among other details).

Searching to find the right home is a process you should undertake thoroughly and carefully, and you should be just as diligent in sourcing the best loan for you.

The past few years have seen historically low mortgage interest rates — the lowest in decades — leading some to call them "once-in-a-lifetime rates."

Consider, for example, that in the late 1980s, five-year, fixed rate mortgages were more than 12%, and even in the late 1990s, they were almost 7%. In 2009, you could get the same mortgage for about 4.5%, a five-year variable rate mortgage at 2.25%, and a five-year fixed rate at 3.99%.

Perhaps these rates really are opportunities of a lifetime.

Some economic experts expect short-term rates to remain steady until the middle of 2010 to support the economic recovery underway, but predict that rates may start to creep up after that period. No one is forecasting a return to the double digit interest rates of the past.

This, of course, raises an important question for home buyers: should they lock in at these rates, or is a variable rate the better option?

This is an excellent question, but it is not easily answered. It depends on your comfort level with rate fluctuations. If the bank rates decrease, then it's in your favour. If the bank rates increase, your cash flow will be restricted.

The importance of pre-approval

Before we get to those questions, let's revisit some of the key points we discussed in Getting pre-approved.

Taking the important step of getting pre-approved affords you knowledge and confidence: you'll know in advance exactly how much financing you qualify for, and you'll be confident during your search knowing where you stand.

This is also likely the time when you will first be introduced to the often intimidating and complex world of mortgages. It's critical you understand your options so you can make an informed decision that suits your personal circumstances.

When you meet with your financial representative, if there's anything you don't understand, *ask*. Ask lots of questions. If you still don't get it, ask again. This is not an area to take chances or to be shy, since how you structure your mortgage could amount to tens of thousands of dollars over the term of your loan.

If during this process you sense your lender representative isn't patient in answering your questions, move on. The financial services industry is very competitive and, assuming you qualify for a mortgage, if one company doesn't want your business, someone else will.

2. Your **Finances**

Yes We did it!

""We chose a four-year closed variable rate mortgage, because the prime rate was quite low at the time, and according to the Bank of Canada, the prime rate would not increase significantly over the next year.
"We figured that since our mortgage is at its largest at the beginning, a variable rate would save us a little in interest in the long run."

David and Carla Uruena
Etobicoke, Ont.

2.5 Mortgages cont....

Fixed or variable

A fixed mortgage involves a fixed rate of interest over a specified period of time, known as the term. This provides a certain level of peace of mind, since you'll know exactly what your monthly payments will be, which allows you to budget accordingly.

A variable mortgage, on the other hand, is just like it sounds: the interest rate fluctuates based on the market rates. This can be a good arrangement if rates are on the way down, but it also tests one's nerves if rates begin to rise.

With rates being as low as they have been over the last couple of years, more and more home buyers are locking into fixed mortgages to take advantage of the low rates.

Long versus short term

The term of the mortgage refers to the life of the mortgage contract, typically anywhere from one to five years. At the end of the term, the mortgage becomes due and payable. In most cases, however, the lender and borrower negotiate a renewal for a new term, which also provides you the opportunity to change the terms of the mortgage if your circumstances change.

So, long versus short term is pretty self-explanatory. Generally speaking, if rates are low it might be a good idea to lock in for a long term. If rates are high, it may be advisable to choose a shorter term until you know how the rates are trending. If they begin to rise, you can consider locking in for a longer term.

Open versus closed

This refers to how much flexibility you have to repay the mortgage, in full or with large lump-sum payments, at any time over the term without penalties.

However, you *do* pay for the flexibility. For example, open mortgages are usually available only for short terms, and the interest rate is often higher. The benefit is you have the freedom to make a large payment when you can.

Closed mortgages, on the other hand, often have lower rates, but you don't offer the flexibility to make large one-time payments.

Amortization

This is the period over which your mortgage is paid in installments. For first-time buyers, the period is usually 25 or sometimes 30 years. Generally speaking, the shorter your amortization, the less interest you have to pay, but the larger your monthly payments will be. Most first-timers go for a long amortization to keep payments as low as possible, since it's their first experience with a mortgage.

The bottom line

With all of the above mortgage considerations, what you choose really depends on your own personal circumstances, preferences, and comfort level. Your mortgage specialist can walk you through a number of different scenarios with these variables, so you can see exactly what each change will cost you.

There are many products and services available in the industry today, so be sure to take your time and explore all your options.

2. Your **Finances**

2.6 Partnership purchases

As we have discussed in a number of sections in **FitToBuy**, buying your first home is important and rewarding in terms of your lifestyle and comfort, as well as for your long-term investment potential.

But what if you're not ready or you don't yet want to buy a house on your own? There are options. More and more people are taking advantage of what real estate has to offer, and doing it with a partner or even as part of a group. Sometimes their strategy even includes mutual funds or other investments.

For example, you could buy a property in partnership with friends or family, either to rent it out for income purposes, or to live in yourself for a few years while building equity and watching the value increase.

Another option is to join an investment group. A basic Internet search for real estate investment clubs in Canada will produce a number of professional and credible associations with which you could become involved. Most of these clubs require memberships — you pay to join and attend meetings and networking opportunities, and possibly take advantage of some investment opportunities along with other members.

Some of these groups are:

- Real Estate Investment Network
- Real Estate Investing in Canada
- The Canadian Real Estate Investment Group Inc.
- Professional Real Estate Investors Group of Canada

As with so much else in real estate, you really have to be careful to do your homework. Generally speaking, the best groups are the ones that provide research and networking only — that is, they *don't* sell anything. They're not interested in selling you a fractional ownership of a vacation property in the islands, or enticing you towards some other far-fetched and risky plan. These types of outfits certainly exist, so make sure you do your due diligence and research. Always — always — ask to speak to current members who are willing to share their experiences. Any group that doesn't want you to communicate with its members could be hiding something, so you might want to stay clear of it.

2. Your **Finances**

2.6 Partnership purchases cont....

We're also not talking about get-rich-quick schemes or risky fix-and-flip ventures. There's plenty of TV programming that makes such projects look easy and profitable, but what they don't show is all the strategies that fail, involve too much work or money, or both. You should be looking at real estate as a long-term investment — say, five to seven years — and not a get-rich-quick way to financial freedom.

There are also other, more complex investment vehicles, such as real estate investment trusts and syndicates that operate more like traditional investment funds. They may provide an introduction to investing in commercial real estate, which can be very complicated and more intimidating than residential property investment. Being part of a trust or fund, then, might provide you with a higher comfort level.

Benefits and challenges

Generally speaking, buying property with a partner or group offers the advantage of reduced risk and lower overall investment outlay. On the other hand, these ventures also usually have less freedom, in that there are restrictions on how and when you divest, if you choose to do so.

Making sure you're protected

Even with the proven investment potential of real estate, it's important to understand that there are no guarantees. As with any investment vehicle, property values can fluctuate, and even decrease. This is why a long-term strategy usually works best; over five to seven years, your property is very likely to increase in value, regardless of short-term market dynamics.

But since buying property involves legal contracts and significant amounts of your money, it is important to protect yourself as much as possible. Buying a house with a friend or family member sounds easy, and it can be, but what happens when one person wants or needs to sell, and the other doesn't? What then?

It's critical to have legally binding contracts drawn up or reviewed by your lawyer, so any deals include clauses for such circumstances. If you're considering a partnership purchase of any kind, don't skimp in this area. A few hundred dollars to have your lawyer review your agreement could save you untold amounts of money or grief down the road.

3. Your REALTOR

3.1 Your REALTOR

Buying your first home is one of the most important investment and personal decisions of your life. It's also one of the most complex transactions you may ever undertake.

Your first step involves deciding how you will approach your home search. Who will you work with throughout this process — and how will you work with them? Ask yourself, "Do I want a **RE/MAX** REALTOR working *with* me or *for* me?" There is a difference!

Should I hire a buyer's agent?

As a buyer, you have a choice in representation. Most buyers today choose to have a **RE/MAX** REALTOR represent their interests in a real estate transaction. This is also known as Agency Representation (or fiduciary representation), which simply means that the **RE/MAX** REALTOR you hire is legally bound to represent your interests. This involves the highest standard of care and extreme loyalty to you, the "client." Some REALTORS will work with you as a "customer," which carries a different level of responsibility. Most real estate professionals require a client relationship because it allows them to provide the full range of services that buyers need and deserve. Your **RE/MAX** REALTOR will discuss representation with you and will request your commitment in writing for this level of service.

How to choose the right REALTOR

As a first-time homebuyer, it's important that you find someone you feel completely comfortable with, who you can trust, and who listens to you and respects your views. They have the market knowledge and expertise, but at the end of the day, it's your home and your investment, so you must be able to work well with your REALTOR. Experienced, professional **RE/MAX** REALTORS understand and excel at this.

Like in so many professions, reputation and word-of-mouth are crucial. Indeed, for **RE/MAX** REALTORS, client and agent referrals account for about 70% of business.
As you begin your search for a REALTOR, talk to family, friends, and colleagues who have gone through the home buying process to see if they can recommend anyone. Homeowners who've had a positive experience with a **RE/MAX** REALTOR are only too happy to share this with you, much like they would a doctor, dentist, or auto mechanic. You can also use the Internet, or visit a local **RE/MAX** office.

What a REALTOR does for you

There are many good reasons to work with a qualified real estate professional — in a formalized agency relationship, you can expect your **RE/MAX** buyer's representative to:

- Provide you with the highest standard of care and extreme loyalty to you as the client.
- Understand your specific needs and wants, and locate appropriate properties.
- Assist you in determining how much you can afford.
- Help you get pre-approved for your mortgage.
- Preview and/or accompany you in viewing properties.
- Research properties to identify any problems or issues you should consider.
- Advise you in formulating your offer.
- Help you develop your negotiation strategy.
- Provide a list of qualified team members (such as inspectors, lawyers, lenders, etc.) for other related services that may be needed.
- Keep track of all the details throughout the entire transaction—to closing and beyond.

In other words, your **RE/MAX** buyer's representative should make your home buying experience go as smoothly and successfully as possible.

Yes We did it!

"We met our REALTOR, Mark, while looking at houses on our own before we had a REALTOR working with us. We went to an open house for a home that Mark was selling and immediately got along with him. We didn't put an offer on that house, but called Mark shortly after and asked if he would help us find the right place. The instant comfort and camaraderie was important, since you discuss a lot of personal preferences and issues with your REALTOR.

"Mark's biggest asset was his knowledge, not just about the market but about homes in general. He was a contractor before he started working as a REALTOR, and his ability to look at the house and determine what sort of project you'd be in for was great. Sean and I were very independent buyers, and Mark adjusted to that seamlessly, sending us lists every day of properties we might be interested in, and then waiting to see if we wanted more information or needed some comparisons.

"His connections in the trade were also a huge benefit, and will continue to be."

Sheri Kimura and Sean Russo
Toronto, Ont.

3. Your REALTOR

3.2 Making an offer

Making an offer you can afford

This is where the rubber meets the road — and where your **RE/MAX REALTOR** earns his or her stripes. After weeks or months of planning, preparing and searching, you've finally found a home on which you're ready to make an offer.

It's an exciting time, to be sure, but also one where emotions can easily come into play, particularly if you've found a home you love and really want.

However, it's important to keep those emotions in check, balancing against the realities of the market. Think of it as a game of poker — you don't want to be so excited that you tip your hand to the seller. Nor do you want to be too conservative and bid so low that you lose out.

If you've taken the important step of getting pre-approved for a mortgage, you know exactly how much you can afford, and are less likely to get caught up in a bidding war that will carry you above your price point.

Keeping your emotions in check

If you've done your research, received mortgage pre-approval, and looked at a good selection of houses with your **RE/MAX REALTOR**, you're going to feel well prepared and in control. Sure, you may really love this one house and desperately want it, but you should also remember that there are likely others just like it, or better, out there. And if that voice of reason doesn't pop into your head at negotiation time, your **RE/MAX REALTOR** will help caution you against letting your emotions get carried away.

Yes We did it!

"We started looking for our home during the peak of the economic downturn. Although this helped lower prices, it also limited the number of homes listed, as people took their houses off the market in anticipation of better sale prices in the future.

"We struggled for more than six months to find a home in our price range and area that didn't need more than $100,000 in renovations. When we first found the house we eventually bought, we knew we had to make an offer and make it quick. Although real estate was slow, the right house in the right location is always sought after, especially with the constant and stiff competition in Toronto."

"We immediately decided to make an offer, but were told by our agent that an offer close to asking was already turned down the day the house was listed. The sellers were playing hardball. Although this information was useful, to our surprise, multiple offers came in that day — something we weren't expecting given the economic downturn. To avoid a bidding war, our agent advised us to offer slightly more -- $1,000 – than asking, with no conditions. We didn't do a home inspection because we knew the house was solid and didn't want to risk losing the place to an unconditional offer. Although two other offers were already on the table, ours made it clear to the seller that we were serious and they immediately accepted, bidding war avoided.

"We absolutely love our home and haven't seen anything else come up in the neighbourhood that is of comparable value. We acted quickly and it paid off.
"The moral of the story is that if you feel it's right in your gut, you have to take a chance. If you wait, in this city, you will lose out."

Sean Martin
Etobicoke, Ont.

3. Your REALTOR

Key home buying Negotiating tips

- Research, research, research:
  Do as much as you can on the area you're looking in, and on comparable homes.
- Keep your emotions in check:
  Even if you love a property, try not to tip your hand and show it during the negotiating process.
- Get pre-approved:
  If you've been pre-approved for a mortgage, you'll feel confident in knowing what you can — and cannot — afford, and will be less likely to get caught in a bidding war.

3.2 Making an offer cont....

Of course, the interest and potential competition for a property depends on market conditions. If it's a buyer's market, you hold the cards and you'll be confident in knowing there are other options out there. If, however, it's a seller's market, acting fast to make an offer that you can afford and is acceptable to the seller is a combination of instinct, preparation, and the experience of your **RE/MAX REALTOR.**

Avoiding bidding wars

Several factors are at play come offer time: price, which speaks for itself; inclusions, which cover exactly what is included in the deal, such as appliances; and other conditions such as closing date. You want the best combination of those items that suit you, as does the seller.

Then there are human relations. If you make an offer the seller deems insultingly low, for example, there may be nothing you can do to bring them to the negotiating table. After all, this is *their* home you're buying, and quite often sellers still have emotional attachments to their home, even though they've decided to sell. It's the job of your **RE/MAX REALTOR** — as well as the seller's agent — to navigate these often complex issues for both parties.

One of the most important tools you have when it comes time to make an offer is the comparables your **RE/MAX REALTOR** generates from the Multiple Listings Service, or MLS. These are excellent snapshot reports into the recent sales activity of similar — comparable — properties in the same neighbourhood. You can see important information such as original and adjusted asking prices, number of days properties were on the market, listing agent history, an actual selling prices. Once you have this information, weighed against the details of the home you're making an offer for, you will feel tremendously empowered to make an informed decision, and less likely to enter into a bidding war.

3. Your REALTOR

3.3 After the Closing

Now what?

So you've made a successful offer to purchase with your **RE/MAX REALTOR** on the home of your dreams — or at least taken that important first step toward home ownership. Now what?

Well, now there's usually a bit of waiting, as closing periods typically take anywhere from several weeks to a few months. But there are some important things that need to happen right away.

Legal obligations

Once your offer has been accepted, there's usually a 10-day conditional period, during which you take all the necessary steps with regard to financing, home inspection, and everything else that needs to happen before you officially seal the deal.

Your mortgage lender will need a copy of the offer to make sure everything is still in order and in keeping with your pre-approved level of financing.

And as we discussed in Costs from A to Z, this is when the home inspection takes place. You should accompany the inspector throughout this process, which takes about three hours, so you can learn as much as you can about the various systems in the home, from heating and plumbing to electrical and roofing. Importantly, the inspection may identify some repairs that need to be made, which may allow your **RE/MAX REALTOR** to negotiate a lower purchase price or insist that the repairs be made at the seller's expense before you proceed with the deal.

At the completion of the conditional period, with any adjustments or repairs made to your satisfaction, your **RE/MAX REALTOR** will finalize the deal and your lawyer will process the paperwork, including the mortgage documents with your lender.

All of this would point to a final date of actual legal possession — the real closing day, when:

- Your mortgage lender will provide the funds to your lawyer
- You pay all the remaining closing costs
- Your lawyer pays the seller and registers the home in your name
- You have all your insurance in place

Whether it's weeks or months between finalizing the deal and actually moving in, it's just a matter of planning your move: hiring a mover or renting a truck and doing it yourself; arranging services such as electricity and cable; rerouting your mail; and other moving essentials.

After that? Congratulations!
You've done it! Welcome home!

3. Your REALTOR

Yes We did it

"We met our realtor, Mark, while looking at "Near the end of our search, we had narrowed down our search to two areas with different pros and cons that had similar price ranges. One option was in a new and very nice area of Mississauga that would have given us a large, recently built, three-storey home. But the commute to work in downtown Toronto would have been longer, and the taxes on the property would have stretched our budget.

"We ended up choosing our second option, which was an older bungalow in a well established area of Etobicoke. Even though the house was smaller and older, it was a quicker commute to work with easy access to TTC, taxes were lower, and the nearby parks and bike paths were perfect for our outdoor lifestyles."

David and Carla Uruena
Etobicoke, Ont.

3.4 If you buy a condo

Condominiums are a popular choice among first-time buyers, due to factors such as affordability and lifestyle. Condos also appeal to buyers who want to live in or near big cities such as Vancouver or Toronto, and work downtown and want to live relatively close by.

Indeed, the 2009 **RE/MAX** First-Time Buyers Report confirmed that entry-level purchases were the engine driving home-buying activity in almost every major centre in Canada in early 2009. And more than two-thirds — 71% — had condos starting at less than $200,000 — suitable for first-time buyers.

Lifestyle advantages

Another appealing factor associated with condo living is the lifestyle — it's easy. No grass to cut, no driveway to shovel in the winter, and generally no routine maintenance and upkeep that needs to be done. There's also some added convenience and security. Many new buildings have dedicated security and a concierge, as well as other amenities and services that owners desire.

Buying new versus resale

Buying a brand new condo appeals to many people for obvious reasons — the thought of moving into their own, brand-new home, in their area of choice in the building, with décor and finishings they personally selected.

But this plan comes with some risks. As is with many new projects, particularly construction that doesn't begin until a certain percentage of the units are sold, delays are common. This may not be an issue if you're living with family or friends while you wait for your unit to be built. But if you're renting an apartment and you've already given notice to your landlord based on your expected move-in date at your new unit, you might find yourself burdened with some significant additional expenses.

3. Your **REALTOR**

Occupancy fees

Occupancy fees are sometimes called the phantom mortgage. Pay careful attention to this section, for this is one area in which pre-sale condo buyers learn the hard way: by surprise.

In the agreement of purchase contract for pre-sale condos, there is usually a section that spells out the construction schedule, and how the builder plans to deal with delays. More importantly, it likely also stipulates your obligations for interim occupancy, which is when most of the building is complete and deemed ready to occupy, but before it is legally registered as a condominium.

Construction on the upper floors could still be underway, but if most of the building is considered complete, the builder could tell you to move in and begin charging you occupancy fees. These fees often total the same as what your mortgage payment would be, *but they don't count towards your mortgage*. Essentially, you would be paying rent on a unit you're supposed to own. This period could last as long as 18 months while construction continues on the upper floors, and since the title transfer hasn't yet taken place, you can't sell your unit or rent it out.

All of this should be spelled out in the contract, so it is critical to have your lawyer review your agreement so you know exactly what you're in for, should this happen.

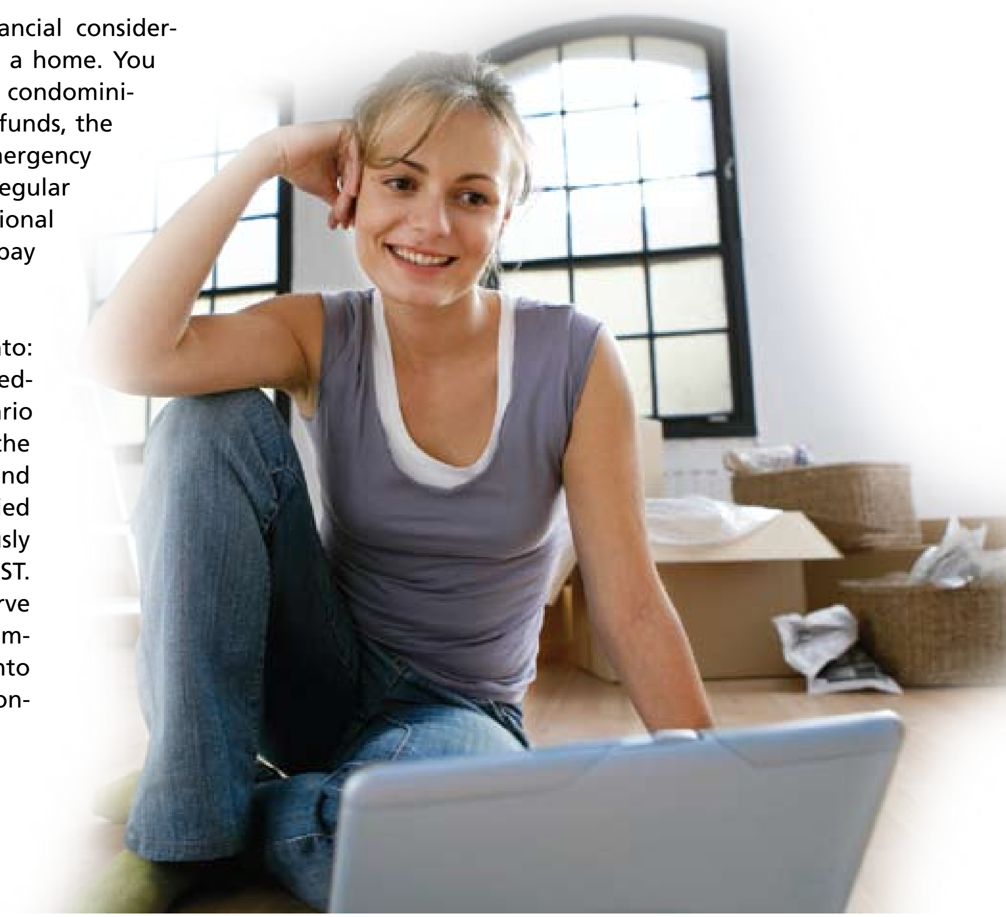
One possible way to avoid occupancy fees is to buy a unit on one of the building's higher floors, but these are often more expensive than units closer to the ground.

Maintenance fees

Remember the appeal of convenience in condo living, the comfort knowing you don't have to deal with yard work or replace roofing or siding? When you're a condo owner, you have to pay for the common services that the building management performs on unit owners' behalves. These fees are called maintenance fees, and they cover cleaning and general repairs and upkeep. They vary from building to building and are usually calculated as a percentage of your unit cost, and typically cost anywhere from $300 per month and up.

Take these fees into financial consideration when searching for a home. You should also look into the condominium corporation's reserve funds, the money they keep for emergency repairs over and above regular upkeep, and what additional funds you might have to pay into the reserve.

Something else to look into: harmonized sales tax. Scheduled to take effect in Ontario and BC on July 1, 2010, the HST — 13% in Ontario and 12% in BC — will be applied to some areas previously not taxed under PST or GST. One of those areas is reserve funds for condos, so it's important to take the HST into consideration if you are considering buying a condo.



4. Your **Home**

Yes We did it!

"After living in an apartment for a couple of years, we decided on a resale house in an established neighbourhood because it fit our lifestyle of planning to raise a family. We wanted to stay in Toronto since we both work downtown and needed easy access to public transit. A key feature in the house we bought was that it had a finished basement and had been renovated, so after a new paint job and some small fixes, we were pretty much able to move right in."

David and Carla Uruena
Etobicoke, Ont.

4.1 What type of home?

The type of home you purchase as a first-time buyer is often determined by two main factors: how much you can afford, and where you work.

If you've gone through the mortgage pre-approval process, then you should know exactly how much you can spend, so that answers the first question. Picking a specific location and deciding between a house or condo are usually determined by what's available in your price range within a reasonable commute from your work and what lifestyle you desire.

Not surprisingly, condominiums are proving an increasingly popular choice for first-time buyers because of affordability and proximity to a city's downtown core and key amenities.

Another appealing factor is that you can often buy a brand new unit, on pre-sale — or pre-construction — for the same price or less as a single-family home, but not have to go as far out of the downtown core to get it. This allows you to choose some of the features and finishings of your unit, as well as enjoy certain lifestyle benefits, such as an on-site fitness club and concierge service.

And, importantly, pre-sale condos have often "performed" well — from your initial purchase and through the construction phase to when you actually move in, the value of your unit could well increase. So, by the time you take possession, your investment may have already increased. Of course, there are no guarantees, since it always depends on the market and your building's location and popularity.

New versus resale

You may be fortunate enough to be able to afford to buy a new single-family home in a location that suits you.

Whether it's a house or a condo, there are some key differences between buying new and resale.

New

- Personalized choices: Choosing features and finishings allows you to apply your own touch on your new home.
- Modern design and building code standards: You know when you move in that your home will feature the latest electrical and energy systems, among other features.
- Warranty: Whether from the builder or provincial government, your new home will have a certain level of protection in case of failure of any of the major systems, and basic quality assurances.
- HST: Due to come into effect in Ontario and BC on July 1, 2010, new homes of a certain price level are exempt from the harmonized sales tax.
- Construction: Whether you buy a new home or condo, of the potential drawbacks is the prospect of moving in when part of the property is unfinished or still under construction. If you're buying a pre-sale condo, pay attention to your obligations under occupancy fees. Read more about this in 4.5 If you buy a condo.

Resale

- Established area: This can be a plus or a minus, depending on the age of your home, how well it has been maintained, and the general neighbourhood.
- Amenities: Transit or highways, shopping, schools and other amenities should be well established in existing neighbourhoods.
- Repair and renovations: Your home inspection will alert you to any areas of concern — or opportunity — before you buy the property.

4. Your Home

Fit to $ Buy?

4.2 Hot areas

Naturally, your home search area may be somewhat limited by where you work and other important considerations. But if you are flexible as to where you live and can expand your search area, you may be able to find better deals or you might find your dollar stretches a little further.

For example, you may not be able to afford to buy your first home in the City of Toronto, but you could find a great selection of homes in your price range, and commuting distance, in an expanding outlying community such as Vaughan. With improvements to highways and mass transit, living in one of these areas and working in the downtown core is becoming a lot more feasible. This situation is occurring in countless markets in Canada, as government spending on infrastructure is opening up new areas and leading to easier transportation.

Key market trends

With the above in mind, there are some key market characteristics to look for when assessing the potential of a neighbourhood.

Real estate experts agree that there are certain criteria to look for when assessing a suitable home-search area, including economic fundamentals such as a healthy and growing local economy, population influx and proximity to mass transit, and health care. These are the characteristics that will help determine how enjoyable an area will be while you live in your home, as well as its future resale potential.

To identify these areas and educate yourself during your home search, make a habit of researching and reading up on the news in your area of interest, consult with your **REALTOR** and the resources available at CMHC, and remax.ca The more information you dig up, the more you will learn about your target market, and home buying in general, and the more comfortable you will be selecting a neighbourhood.

One key point to remember: when you buy a home, you don't buy a national market, or a provincial or regional market. You buy one property, on one street in one neighbourhood. And since you're likely to be in your home for five years or more, you shouldn't be too concerned with short-term fluctuations, up or down. You're in it for the longer haul, since this is the roof over your head, as well as a long-term investment.

12 factors for real estate growth

1. Is the area's average income increasing faster than the provincial average?
2. Is the area's population growing faster than the provincial average?
3. Is the area creating jobs faster than the provincial average?
4. Does the area have more than one major employer?
5. Is real estate booming in the surrounding region more than where you're looking?
6. Will the property benefit from a major new development close by?
7. Has the local and provincial political leadership created a growth atmosphere?
8. Is the region's economic development office helpful and proactive?
9. Is the neighbourhood located in an area of renewal?
10. Is there a major transportation improvement underway nearby?
11. Is the area attractive to baby boomers?
12. Will any short-term challenges (such as layoffs) subside?

Source: Real Estate Investment Network

4. Your **Home**

4.3 Narrowing your search to your specific home

Choosing the right street and the exact house for you is a matter of researching and conducting due diligence on various factors that are listed below in this section.

By this point, with your financial picture clarified thanks to mortgage pre-approval and with the help of your **RE/MAX** REALTOR you should also have a good idea of exactly what you like about the area you're considering, where the choice locations are, and what streets and specific houses you like.

You also have the benefit of the Internet. Take advantage of the power of the online world to further examine your prospective neighbourhood — not just for potential homes to buy, but for all the other features and amenities in the area. All of this information is at your fingertips, so be sure to use it to your advantage. If location, location, location is one rule of thumb in buying property, so too, today, is research, research, research. Your **RE/MAX REALTOR** will provide the comparables and market intelligence.

Once you have selected the general area to buy in, you can narrow your search further by taking a critical look at specific homes. Most **RE/MAX REALTORS** would suggest you view a number of homes but it is better to select a few different types, in a range then narrow your search after assessing strengths and weaknesses.

Home selection worksheet

You might want to put together your own home selection worksheet, so you can make detailed notes on each property or you can use the FitToBuy worksheets. This will allow you to make accurate records of the features and attractions of each house. By the time you've seen a number of homes, this type of system will help you compare each objectively, as opposed to ranking homes purely from memory.

Items to include

- Address and type of home
- Purchase price
- Taxes
- Number of bedrooms
- Number of bathrooms
- Lot size
- Garage/parking/driveway
- Utilities: heating system, electricity, water, air conditioning
- Exterior: condition, materials, windows, doors
- Landscaping
- Interior: condition, room sizes, color, decor
- Basement: finished, unfinished
- Neighbourhood characteristics
- Distance to work
- Public transportation and highways
- Proximity to schools and shopping
- Proximity to health care and emergency services
- Other notes on property surroundings/local environment
- General comments

Yes We did it!

"Near the end of our hunt, we had narrowed down our search to two areas with different pros and cons that had similar price ranges. One option was in a new and very nice area of Mississauga that would have given us a large, recently built, three-storey home. But the commute to work in downtown Toronto would have been longer, and the taxes on the property would have stretched our budget.

"We ended up choosing our second option, which was an older bungalow in a well-established area of Etobicoke. Even though the house was smaller and older, it was a quicker commute to work with easy access to TTC, taxes were lower, and the nearby parks and bike paths were perfect for our outdoor lifestyles."

David and Carla Uruena
Etobicoke, Ont.

4. Your **Home**

4.4 Greening your home

Without a doubt, energy efficiency is an area more and more homeowners are paying attention to. The benefits are undeniable: a more comfortable and healthy living environment; improved operation and efficiency of your home's heating and cooling systems; savings in operating costs; and environmental responsibility. How can you go wrong?

To that end, all levels of government are providing incentive programs to encourage homeowners to invest in energy upgrades. Many utility companies and manufacturers are offering discounts to energy-wise users; some builders are increasingly introducing new "green" features into their developments.

As a first-time home buyer, you're not likely to have a surplus of funds to dedicate to major energy upgrades, but you'll find that more financial institutions are expanding their mortgage products to help homeowners finance such projects. This may not be something you want to do right away, but after a few years of living in your home, you might consider approaching your mortgage lender to explore these options.

What are they key considerations?

Energy audits

If you attended your home inspection, you may already know that some areas of your home need work to upgrade their energy efficiency, or present opportunities for longer term improvements and savings.

The best place to start is with an energy audit, which involves contracting a professional to assess how your home uses energy, where it is being lost, and how you can save.

In Ontario, the Ministry of Energy and Infrastructure has the Home Energy Savings Program, which involves rebates of up to 50%, or about $150, of the cost of an audit. It will identify how you can improve your home's heating, cooling, hot water, and other energy systems that could yield hundreds of dollars in savings over the course of a year.

Energy retrofits

Many of the upgrades identified by the audit may qualify you for rebates from your provincial and federal governments, for as much as $10,000, once you complete recommended retrofits.

- Visit **www.mei.gov.on.ca** for a list of certified home evaluation companies in your area.
- The energy advisor will identify any leaks and how to fix them, and provide a complete report.
- The report will show you which changes will produce the most significant results, and any you can do quickly and easily yourself.
- After the audit, you have 18 months to complete some or all of the recommended improvements in order to qualify for rebates.
- The governments of Ontario and Canada will each rebate up to $5,000 for approved upgrades.
- Many manufacturers offer rebates as well.

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Fit to $ Buy?