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REAL ESTATE

# Home Buyer



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# purchasing your first home

# frequently asked questions

## mortgage

### **How do I know if it's time to buy instead of rent?**

If you have money saved for your down-payment and closing costs, know where you want to live, have a steady and secure income, and are ready for the responsibilities of homeownership, then it's a great time to invest in property.

### **How much do I need to save up for a down payment?**

If you want to avoid CMHC fees than you will need to put a 20% down payment, but if buying a primary residence you just need to put a minimum of 5% down (10% for everything over \$600,000)

### **How do I know if I qualify for a loan and how much I can afford?**

Contact a mortgage lender to get pre-approval for a loan. The lender will ask you some basic questions about your income and debts and can tell you what amount you can be approved for, and how much your mortgage payments will be. Ask me for my lender recommendations!

### **What does the lender need from me to give me a loan?**

Banks or mortgage lenders require a few documents to get started with your mortgage application. Ask us for our mortgage document checklist so that you can get things ready.

### **What's the difference between pre-approved and pre-qualified?**

While often used interchangeably, these terms don't mean the same thing. Pre-qualification is an estimate of what you may be approved for based only on the verbal information you provide. Pre-approval means the lender has verified your income and debt information and run a credit check.

### **How do I know which mortgage option is right for me?**

Your mortgage lender is the best person to advise you on this question. Their products and qualifications change from time to time, so they would know best what products are available to meet your needs.

# purchasing your first home

## FREQUENTLY ASKED QUESTIONS

### the search

#### **What should I do when I see a house online that I like?**

Call me! It's best that you work with one real estate agent throughout your search because that person learns what you like and dislike and will invest a lot of time vetting properties for you, and you build a relationship of trust. That person also represents your best interests only. When you call the agent advertising the home, you are dealing with the seller's agent, so, while they can assist you, they are also trying to get the best price for the seller.

#### **Can you show me a house if it's not your listing?**

Absolutely. As a buyer's agent, I can show you any house listed in our MLS system, and I will contact FSBO sellers on your behalf, and new builds.

#### **How do we write an offer?**

When we find the property you want to make an offer on, I will run a Comparative Market Analysis (CMA) to help you determine a fair offer amount. I will also guide you through the additional terms of the contract, such as the deposit amount, closing date, and any additional terms you want to be added to the offer. I will write the offer on a contract form and submit it to the seller's agent.

#### **What if I want to back out of a contract?**

You are able to back out of the purchase if your offer was conditional (ie. conditional on financing). If you submitted a cash offer (no conditions) you would be in breach of contract and may lose all of your deposit or even be brought to court. When submitting your offer we will discuss at length the terms and conditions of your offer, and ensure you are well educated on all scenarios.

#### **What happens if there are other offers on the house I love?**

This is typical in our market. Most properties list for 5-7 days and have a scheduled date to review any offers received from buyers. The listing agent will notify all agents and their buyers that have showed the home the number of offers received, but you will never know the details of another offer. Keep in mind that many factors may influence the seller in addition to the offer price, such as the down payment amount, closing date, inspection terms and the people who are buying the home.

#### **What happens when my offer gets accepted?**

Once both parties have agreed on all terms and signed the contract, your deposit must be submitted to the listing brokerage within 24 hours of the offer being accepted. Your agent will then forward all paperwork to your lender so they can begin the application process.

# purchasing your first home

## FREQUENTLY ASKED QUESTIONS

### UNDER CONTRACT

#### **What does "under contract" mean?**

Under contract means that all parties have agreed on terms, have signed the contract, and the signed contract has been delivered to both buyer and seller.

#### **What is the deposit?**

The deposit is money that is submitted with an offer, or as soon as an offer is accepted, to show the seller that you are serious about moving forward with the purchase of the home. Because you forfeit this deposit if you back out of the purchase for any reason not allowed for in the contract, the larger the deposit, the more seriously your offer is taken. (\*this deposit will be put towards your down-payment amount at closing)

#### **Do I need an inspection?**

We always recommend that you have a home inspection done if possible. In the scheme of things, paying a few hundred dollars to have peace of mind that there are no hidden dangers or problems is well worth the money. With the multiple offers on homes, you are sometimes able to complete an inspection prior to submitting your offer. We can discuss this option in more detail.

#### **How much are inspections?**

The cost of the home inspection depends on the size of the house and additional inspections requested, such as swimming pool, septic tank, termites, radon, etc. An average home inspection, without additional inspections, is about \$450

#### **What if my mortgage doesn't get approved?**

If you have gone through the pre-approval process and have been forthcoming with all the information requested by your lender, it's unlikely you will be turned down, but it does happen. Make sure you do not change jobs, purchase big-ticket items on credit, take out a car or boat loan, or open any other new credit accounts while your mortgage is being processed. If your loan does fall through, talk with your lender about changing to a different loan type.

#### **When can I start moving?**

When you have the keys! The lawyers will contact you 1-2 weeks prior to closing to schedule a time to sign the paperwork. Then on the day of closing, the lawyers will call you any time between 9:00am and 5:00pm to let you know the money has been transferred and you can pick up the keys. Because the lawyers cannot give you an exact time that your file will close, it is a good idea to schedule movers the following day, or at the least later in the day, so that you know you will have access to the property.

# purchasing your first home

## FREQUENTLY ASKED QUESTIONS

### VOCAB TO KNOW

#### **Active**

The property is actively for sale and on the market. The sellers may have received offers but have not accepted any yet.

#### **Back on market**

This property was under contract with another buyer and their contract fell through, so it is Active again.

#### **Conditions**

A provision of the contract that keeps the agreement from being fully legally binding until a certain condition is met. For example, the purchase of a home can be contingent upon the buyer being approved for their mortgage loan

#### **Closing costs**

The fees that the buyer and seller will owe associated with the home-buying process, such as the real estate brokerage commission, lawyer fees, land transfer tax, etc.

#### **CMA**

Comparative market analysis or competitive market analysis. A CMA compares the sales price of similar properties in the area to help determine the price of a property.

#### **Inclusions / Exclusions**

Items that the seller has either specified that they are willing to leave or not leave, or items that you are requesting to be included with the purchase of the home (ie. appliances)

#### **Down payment**

The sum in cash that you can afford to pay at the time of purchase. The minimum down payment amount is 5% of the purchase price, but to avoid CMHC fees you will need to put down 20%.

#### **Expired**

A listing has expired and is no longer active, usually because it didn't sell in the amount of time agreed upon by the listing agent and the owner of the home. If you see an Expired listing, the owner may still be interested in selling.

#### **Fixed-rate mortgage**

This mortgage's interest rate will never change, even if the term of the loan is 30 years.

#### **FSBO**

**For Sale by Owner. Often pronounced "fisbo"**

The owner of the home has it listed without an agent representation. A Buyer's agent can usually still show the home, as many FSBOs will agree to work with agents representing a buyer.

#### **Title Search Date**

In an offer you submit, there is a closing date and also a title search date. The title search date is the deadline for the buyers lawyer to find out if there are any liens on the property being purchased, and to have those brought to the sellers lawyer to be cleared before closing.

# purchasing your first home

## FREQUENTLY ASKED QUESTIONS

### VOCAB TO KNOW

#### Chattels and Fixtures

Fixtures are items that have become a permanent part of the property (screwed, plumbed or wired in). A chattel is an item that is not fixed to the property (ie. a couch)

#### Material Defects / Hidden Defects

A material defect on a property may have a significant and adverse impact on the value of the property, or poses unreasonable risk to people. Defects on a home that are not visible must be disclosed by the seller. \*We will discuss in more detail what happens if they don't.

#### Status Certificate

A status certificate is a large document that provides information concerning the financial status of a condo corporation. Typically pre-purchased by the seller but cost on average \$130 and can take up to 10 days to receive.

#### "as-is"

A home being sold in "as-is" condition means that the seller is unwilling to perform most if not all repairs. When a listing states "appliances are as-is" it likely means that they are at the end of their life, or maybe some features do not work, but overall they should be operational.

#### Sale of Buyer's Property (SBP)

An offer may be conditional on the buyer selling their current home before firming up on purchasing the new home. SBP conditions are on average 4 weeks long, and include a 24 hour escape clause.

#### Escape Clause

An escape clause is important because of the long SBP condition and allows the seller to continue to offer the home for sale. Should the seller receive another offer on the home, the buyers would then have 24 hours to either firm up or walk away from the property.

### THE PROCESS AT A GLANCE



### MORE QUESTIONS?

We are always available to help! Send us a text or give us a call for the quickest response. Helping our clients feel comfortable & informed while purchasing a home is what we love to do.