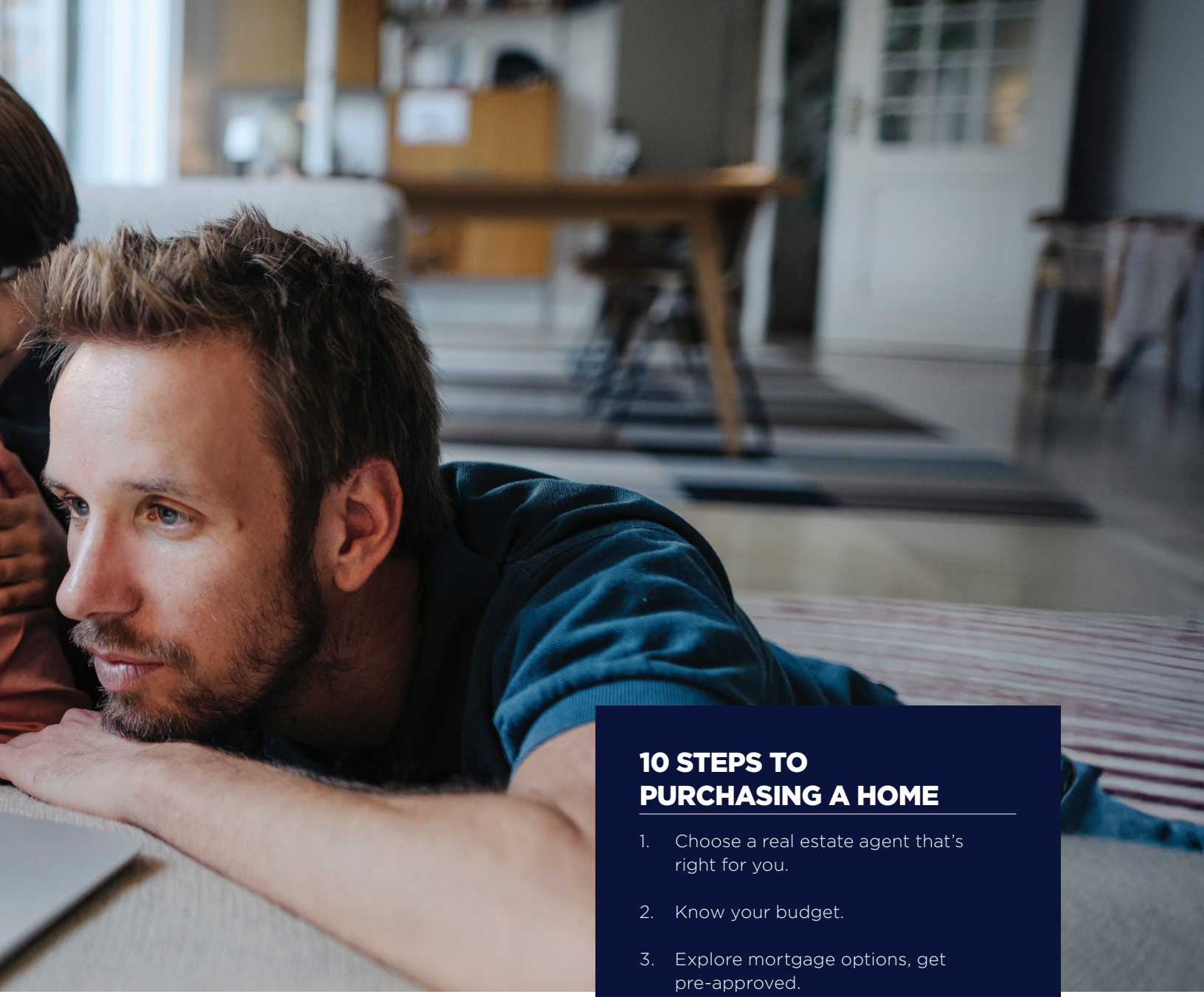
HOMEBUYER'S GUIDE

A resource to help guide you through the homebuying experience from start to finish.

The Road Home

You've heard it before: buying a home may be the largest purchase you will ever make. Does that make you nervous? Consider this: it can also be one of the best investments you will ever make.

From the pride you feel by being a homeowner to the potential tax deductions associated with homeownership, the benefits are plenty. If you're ready to travel the road toward homeownership, take your first step with the REMAX® Homebuyer's Guide. This guide is a resource to help familiarize you with the homebuying process and present you with relevant information, including a list of terms, things to consider when choosing a home and a checklist to help you make decisions that are right for you.



10 STEPS TO PURCHASING A HOME

1. Choose a real estate agent that's right for you.
2. Know your budget.
3. Explore mortgage options, get pre-approved.
4. Create a remax.ca account and browse homes online.
5. Identify homes you like and schedule home tours.
6. Make an offer.
7. Get a home inspection.
8. Close the deal.
9. Update utilities and transfer services.
10. Move into your new home!

WHY CHOOSE A REMAX AGENT?

For over 50 years, REMAX has been building a global network of highly productive, full-time real estate professionals. REMAX agents average more sales and have more real estate sales experience than other real estate agents.

What does this mean for you? It means when you work with a REMAX agent, you are getting a dedicated real estate professional with access to a vast knowledge base, as well as the tools and support they need to help you find and purchase the right home.

Let a REMAX Agent Be Your Guide

Whether you're moving across town or across the country, the real estate market can feel overwhelming. But you can trust that a REMAX agent knows how to help you navigate it with ease. REMAX agents have access to current market information and can help you make informed decisions about the areas and properties that interest you. As you move through the process, your REMAX agent can walk you through confusing paperwork and, of course, assist you in house hunting.

Visit remax.ca to get in touch with a local REMAX agent who will guide you through each step of the homebuying process.

TIPS FOR CHOOSING A REAL ESTATE AGENT

Do your due diligence.
Research real estate agents online, read reviews and solicit recommendations from family and friends.

Choose someone you trust.
A home is a very personal, expensive investment. It's critical that your real estate agent makes you feel comfortable, listens to you and respects your views.

Look for experience.
An experienced, full-time real estate professional will likely have already experienced market ups and downs and will know how to navigate current conditions.

TO FIND THE RIGHT AGENT FOR YOU, ASK YOUR TOP CANDIDATES THESE QUESTIONS:

1. How much experience do you have, and can you provide references?
2. What services and resources do you offer?
3. How will the homebuying process work and what's expected of me?
4. How much time can you devote to my needs, and how often will you communicate with me?
5. What types of homes are your specialty, and are you familiar with the neighbourhoods that interest me?
6. How many homes have you helped customers buy in the last year?
7. What happens after we make an offer? What about after closing?

Communication matters.
You're going to have questions during this process — it's natural. That's why it's important you choose an agent who you feel has your best interests in mind and will help you navigate the process with effective and timely communication.

Get Pre-Approved

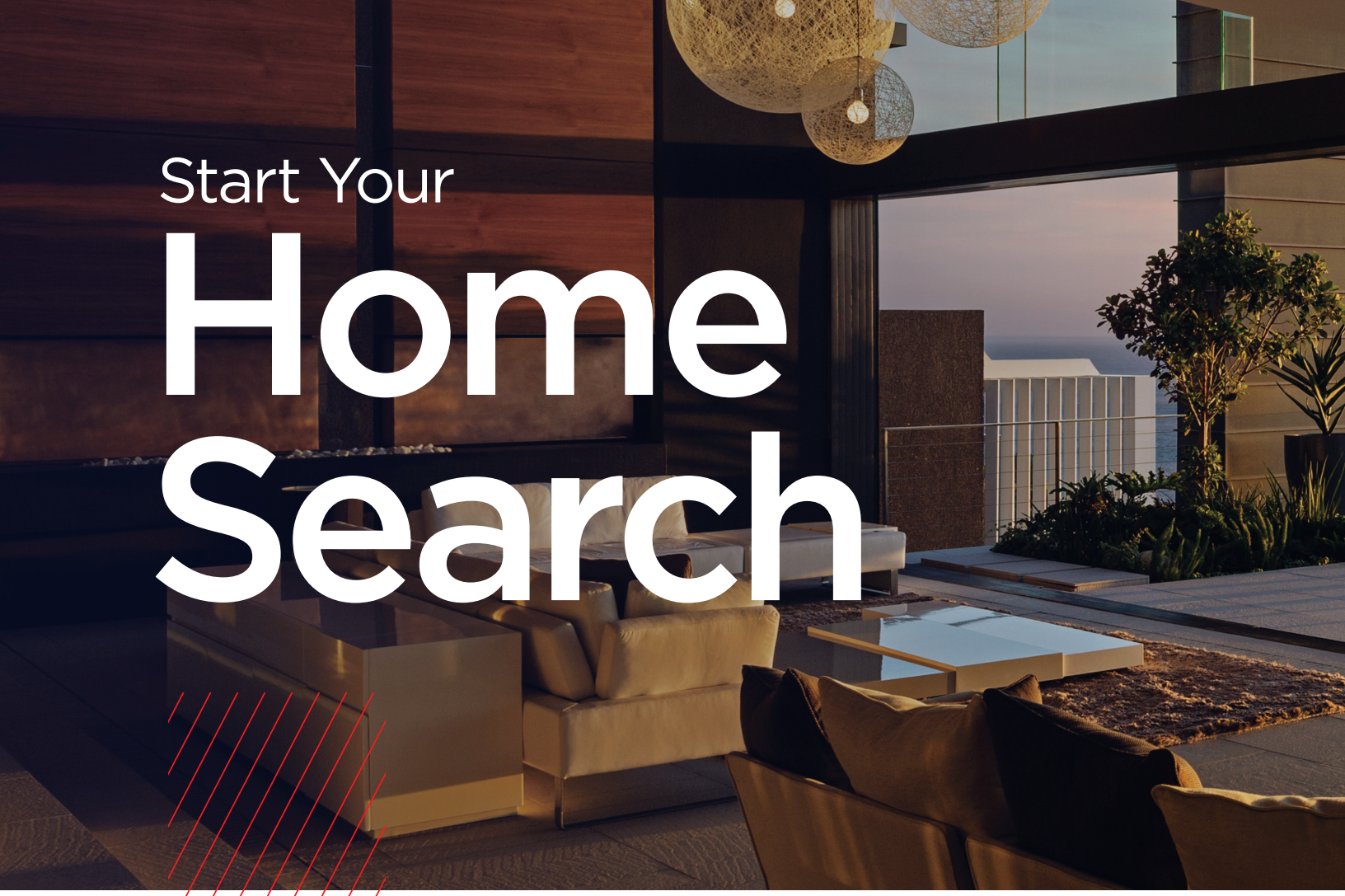
Getting pre-approved for a home loan before you start touring houses can put you ahead of the pack. Should you fall in love with a house, being pre-approved strengthens your offer to purchase. Applying for a mortgage requires a written application and supporting documentation. Here are a few things you should be ready for when meeting with a mortgage lender:

They will check your credit score. Lenders will examine your credit history to help decide if you're a good candidate for a loan. Credit scores are ranked on a scale of 300-900; the higher, the better.

They will check your employment history. Lenders ask for a list of your past employers, how long you've been with your current employer and what your annual salary is. They want to make sure you can make regular mortgage payments.

They will check your assets and debts.
Be prepared to show your past tax records, recent bank statements and current debt amounts, including credit card debt, car loan or student loan. Lenders want to know your debt-to-income ratio to know if you can make each loan payment with the income you earn.

One size doesn't fit all.
Mortgage loan and lender options vary. Different loan types can accommodate different financial situations. Do your research and consult a financial expert if needed. Your REMAX agent can help you throughout the process. The same goes for additional resources like the Canada Mortgage and Housing Corporation (CMHC). Your REMAX agent can help support you throughout the process.



Start Your Home Search

As a homebuyer, you can expect to see an array of different home styles and designs. You've got the choice of single-family, condo, townhome, lakefront, acreage or luxury; you can also choose single-story, multiple-story or split-level. In addition, you can choose a pre-existing home or new construction. In other words, you've got options. But what's most important is that you choose a home that complements your lifestyle and your income. To narrow down your choices:

- Know your budget and stick to it.
- Determine a desired location.
- Consider how many bedrooms, bathrooms and square feet you need.
- Decide which amenities are must-haves versus like-to-haves.
- Consider your needs for outdoor space, like a yard or balcony.

Once you've identified your must-haves, browse listings on remax.ca and ask your REMAX agent to send you listings that meet your criteria via email, text message or social media. Your agent will coordinate showings for properties you'd like to see in person.

FOUR THINGS TO CONSIDER WHEN VIEWING HOUSES ONLINE

There are lots of things a potential buyer can do to get a feel for a property by simply utilizing the tools that are available online. Your REMAX agent is a great resource to lean on, as they often have local insights on the property that may not be included in the MLS listing description.

1. **Analyze the Photos**
   Make sure you take a look at all the photos and spend some time noting where windows are and what the natural light is like in the space. Another good thing to consider when looking through the photos is how your own furniture will look in the space. If the photos of the home are furniture-free, allow yourself to mentally place furniture where you think it may look best. If the property is staged, take into consideration where different furniture pieces are placed and how you could change the layout to work for you and your style.

2. **Take Note of Potential Fixes/Renovations**
   If you're looking at a property online that may need some upgrades, take note of those. See which elements of the home work for you and which areas you would consider renovating in the future. And remember, paint color is an easy, relatively inexpensive change that makes a huge difference in a home!

3. **Consider the Outdoor Space**
   One thing that many people forget to consider when viewing a home online is the outdoor space. Whether it is a small balcony or a large backyard, outdoor space is definitely something to try to get a feel for when viewing a home virtually. Take account of what furniture you may need to invest in to fit into the space. Be sure to consider any maintenance that may be required, as well as how it may be affected by different seasons. Will you need to trim and maintain trees or clear snow from a large driveway?

4. **3D & Virtual Tours**
   Many agents now provide 3D tours or virtual walk-throughs of their listings. 3D tours allow you to view a property from the comfort of your own home, while also giving you the freedom to virtually navigate your way through the property. This will help you get a feel for the floor plan and layout of a home without having to acutally visit the property.

Home Styles

Story-and-a-Half
Also known as a Cape Cod, this style has a deep pitched roof and clean, simple design. Dormers can be added to a pitched roof to add windows or usable space on the upper level.

Split Level
Also called a split entry, this home style typically has two short sets of stairs running up and down from the point of entry. It may or may not have living space at entry level.

Single-Level
Also referred to as a bungalow, a single-level house is known for a long, low design with all or most living space on ground level. Some have a basement level which may be finished into additional living space. A lower level walk-out includes a door to the exterior.

Two-Story Home
A two-story home has two full levels of living space. A traditional two story will have a ground level with an often equally sized floor directly above. Often you will find living space on the ground level, with the main suite and additional bedrooms on the second floor. There may also be a basement level. A Colonial is a type of two-story home with equal windows on the front upper and lower level.

Condominium
An owned unit in a large property complex that consists of many individual units. There's often a fee that covers shared monthly expenses for the upkeep of the building and facilities.

Townhouse
An owned unit in a row of houses all attached to one another. There's often an association fee that covers shared monthly expenses for the upkeep of the exterior and any shared facilities.

CHECKLIST

Bedrooms: ☐ 2+ ☐ 3+ ☐ 4+
Bathrooms: ☐ 1+ ☐ 2+ ☐ 3+ ☐ 4+
Dedicated Office Space: ☐ Yes ☐ No
Central Air Conditioning: ☐ Yes ☐ No
☐ .....
☐ .....

Garage: ☐ 1-car ☐ 2-car ☐ 3+ car
☐ Attached ☐ Detached ☐ None
☐ .....
☐ .....

Kitchen Features:
☐ Gas Stove/Cooktop ☐ Gas Oven
☐ Center Island ☐ Dishwasher
☐ Walk-in Pantry ☐ Eat-In Kitchen
☐ Updated Countertops
☐ Fully Renovated
☐ .....
☐ .....

Primary Bedroom Features:
☐ Walk-in Closet ☐ Primary Bathroom
☐ .....
☐ .....

Bathroom Features:
☐ Double Vanity and Sinks
☐ Bathtub ☐ Double Shower
☐ .....
☐ .....

Additional Indoor Features:
☐ Gas Fireplace ☐ Wood Fireplace
☐ Mudroom ☐ Main Level Laundry
☐ Alarm System ☐ Smart-Home Tech
☐ Basement ☐ First-Floor Primary
☐ Energy Efficient ☐ Open Concept
☐ Separated Living Spaces
☐ Mounted TV or Sound System Wiring
☐ Dedicated Dining Room
☐ Bonus Room/Loft Area
☐ .....
☐ .....

Outdoor Features:
☐ Yard Space ☐ Wooded Lot ☐ Balcony
☐ Pool ☐ Fence ☐ Shed
☐ Balcony or Deck
☐ Outdoor Entertaining Area
☐ .....
☐ .....

Twin Home

Also called a semi-detached, this home has two single-family dwellings that are separated by one common wall and have mirror image layouts. Twin homes typically have two separate street addresses and can be owned by two different homeowners. Since outdoor maintenance is the responsibility of the homeowners, it is important to consider shared expenses that may need to be addressed, such as house siding, windows and upkeep of common spaces like the yard or shared driveway.

Duplex

A duplex is a home consisting of two separate dwellings that are either side by side or stacked on top of each other. They typically have identical layouts or a mirror image of each other. A duplex typically has one street address with unit numbers and one property owner.

Be Prepared

When you're ready to make an offer, your REMAX agent will prepare the required paperwork and negotiate the purchase price and terms on your behalf, but there are a few things you'll need to do as well:

1. **Purchase insurance.** You are required to purchase homeowners insurance if you have a mortgage. Make sure you purchase enough to fully cover your home and your belongings in case of a total loss.

2. **Get a home inspection.** Inspections generally cost hundreds of dollars but will bring to light any major issues or concerns with the home. The purchase agreement can be contingent on the outcome of the inspection, so if you don't like what you find you can withdraw the agreement and keep looking.

3. **Determine the status of utilities.** In a traditional home sale, with sellers as occupants, you'll want to check on the status of the utilities required by the home. Outstanding invoices for items such as water, gas and electric should be paid in full by the owners before closing. You will also want to have the services transferred to your name for billing. In a foreclosure or vacant home sale, in which the water has been turned off, contact the city to turn the water back on and check for broken or damaged pipes.

RELIABLE RESOURCES

Your REMAX agent is a great resource. Don't hesitate to ask for a referral if you're looking for a:

- Mortgage Lender
- Inspector/Appraiser
- Moving Company
- Insurance Provider
- Contractor
- Landscaper

TAX BREAK

Preparing your taxes as a first-time homeowner can be, well, taxing. You will have a number of new tax considerations, including new deductibles such as mortgage insurance and property tax to claim. If you're not sure what you'll be eligible to claim, consider visiting a tax consultant or visit canada.ca/revenue-agency.

Homebuyer's Glossary

By familiarizing yourself with these homebuying basics, you'll be better equipped to make informed decisions and a wise investment.

1. **Amortization.** The length of time allotted to paying off a loan — in homebuying terms, the mortgage. Most maximum amortization periods are 30 years, but options vary. Consult your mortgage lender to determine what is right for you.

2. **Balanced market.** In a balanced market, there is an equal balance of buyers and sellers in the market, which means reasonable offers are often accepted by sellers, and homes sell within a reasonable amount of time and prices remain stable.

3. **Bridge financing.** A short-term loan designed to "bridge" the gap for homebuyers who have purchased their new home before selling their existing home. This type of financing is common in a seller's market or when life events happen and affect timing, allowing homebuyers to purchase without having to sell first.

4. **Buyer's market.** In a buyer's market, there are more homes on the market than there are buyers, giving the limited number of buyers more choice and greater negotiating power. Homes may stay on the market longer, and prices can be stable or dropping.

5. **Closing.** This is the last step of the real estate transaction, once all the offer conditions outlined in the Agreement of Purchase and Sale have been met and ownership of the property is transferred to the buyer. Once the closing period has passed, the keys are exchanged on the closing date outlined in the offer.

6. **Closing costs.** The costs associated with closing the purchase deal. These costs can include legal and administrative fees related to the home purchase. Closing costs are additional to the purchase price of the home.

7. **Comparative market analysis.** A Comparative market analysis (CMA) is a report on comparable homes in the area that is used to derive an accurate value for the home in question.

8. **Condominium ownership.** A form of ownership whereby you own your unit and have an interest in common elements such as the lobby, elevators, halls, parking garage and building exterior. The condominium association is responsible for maintenance of building and common elements, and collects a monthly condo fee from each owner based on their proportionate share of the building.

9. **Contingencies.** This term refers to conditions that have to be met in order for the purchase of a home to be finalized. For example, there may be contingencies that the mortgage loan must be approved or the appraised value must be near the final sale price.

10. **Deposit.** An up-front payment made by the buyer to the seller at the time the offer is accepted. The deposit shows the seller that the buyer is serious about the purchase. This amount will be held in trust by the agent or lawyer until the deal closes, at which point it is applied to the purchase price.

Homebuyer's Glossary (Cont'd.)

11. **Down payment.** The down payment is the amount of money paid up front for a home, in order to secure a mortgage. In Canada, the minimum down payment is 5% of the home's total purchase price. Down payments less than 20% of a home's purchase price may require mortgage loan insurance. The selling price, minus the deposit and down payment, is the amount of the mortgage loan.

12. **Due Diligence.** Think of it as the "check it out" period. This is your window to inspect the home, ask questions, review disclosures and back out if something's not right, without losing your earnest money (depending on the contract, of course).

13. **Earnest Money.** It's your "I'm serious" deposit. You put down a chunk of money when you make an offer to show you're committed. It typically goes toward your closing costs, and you can usually get it back if things fall apart during due diligence.

14. **Equity.** The difference between a home's market value and the amount owed on the mortgage. This is the portion of the home that has been paid for and is officially "owned."

15. **Fixed-rate mortgage.** A fixed-rate mortgage guarantees your interest rate for a predetermined amount of time.

16. **Freehold ownership.** A form of ownership whereby you own the property and assume responsibility for everything inside and outside the home.

17. **High-ratio mortgage.** A high-ratio mortgage is a mortgage where the borrower has less than 20% of the home's purchase price to make as the down payment. A high-ratio mortgage with a down payment between 5% and 19% of the purchase price requires mortgage loan insurance. In Canada, 5% is the minimum amount required for the down payment.

18. **Home appraisal.** A qualified professional provides a market value assessment of a home based on several factors such as property size, location, age of the home, etc. This is used to satisfy mortgage requirements, giving mortgage financing companies confirmation of the mortgaged property's value.

19. **Homebuyer's plan.** A federal program allowing first-time homebuyers to withdraw funds interest-free from their Registered Retirement Savings Plan (RRSP) to help purchase or build a qualifying home. The borrowed amount must be repaid within 15 years to avoid paying a penalty.

20. **Land survey.** A land survey will identify property lines. Simply put, it helps define what is yours and what isn't. It is not required to purchase a house, but it is recommended and may be required by the mortgage lender. A land survey is important if issues arise between neighbours or the municipality, should the owner wish to make changes in the future involving property lines.

21. **Mortgage loan insurance.** If your down payment is less than 20% of the purchase price of the home, mortgage loan insurance may be required. It protects the lender in case of payment default. Contact your mortgage lender if you have questions.

22. **Mortgage pre-approval.** A mortgage pre-approval helps buyers understand how much they can borrow before going through the mortgage application process. This allows you to make an immediate offer when you find a home, since you know how much you'll be approved for by this lender, and locks in the current interest rate for a period of time, insulating you against near-term rate increases.

23. **Offer.** An offer is a legal agreement to purchase a home. An offer can be conditional on a number of factors, like financing or the home inspection. If the conditions are not met, the buyer can cancel their offer.

24. **Seller's market.** In a seller's market, there are more buyers than there are homes for sale. With fewer homes on the market and more buyers, homes sell quickly in a seller's market. Prices of homes are likely to increase, and there are more likely to be multiple offers on a home. Multiple offers give the seller negotiating power, and conditional offers may be rejected.

25. **Title insurance.** Title insurance is a policy designed to protect both yourself and your mortgage lender from financial loss or damages caused by potential title defects such as code violations or legal complications. Requirement of title insurance varies, so check with your REMAX agent for more information regarding your specific situation.

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