

2020

HOME

BUYER'S

GUIDEBOOK

THE KNIGHT
GROUP

JUMP
REALTY



jumper

noun

jump·er | \j m-p r 1: a REALTOR® who exceedsexpectations 2: a REALTOR® who listens, cares and serves 3: a REALTOR® who thinks outside the box 4: a REALTOR® who is awesome

*jumpers are REALTORS®
not all REALTORS® are jumpers*

Tyler Knight

REALTOR®



Payton Prieur

REALTOR®



Jayci Wigle

REALTOR®



If you're thinking of buying real estate, the Home Buyer's Guidebook is for you.

This handy guide is intended to educate you on the key steps in the home buying journey.

It includes important details about the process, and some helpful tips, too!





THE HOME BUYING PROCESS

7 Key Steps

- 1 ● **Selecting a Professional Realtor®**
- 2 ● **Getting Pre-Approved for a Mortgage**
- 3 ● **Determining Your Real Estate Needs**
- 4 ● **Looking for a Home**
- 5 ● **Making an Offer**
- 6 ● **Working with a Lawyer**
- 7 ● **Completing the Transaction**

STEP 1:

Selecting a Professional Realtor®

Buying a home is one of the biggest investments you will ever make.

It's an exciting step, but it can also be a complicated one. Your Realtor® is there to help guide you through the process, and protect your interests at the same time. This is why it's so important to select the right Realtor® for you.

There are several key factors to consider as you explore your options:

- ⦿ **Are they knowledgeable about market trends in your desired neighbourhood?**
- ⦿ **Do they have the ability to determine what a property is worth and negotiate on your behalf?**
- ⦿ **Can they put together an offer that protects your interests?**
- ⦿ **Do they have a large network of proven professionals they can recommend, from lawyers and mortgage professionals, to contractors and movers?**
- ⦿ **Do you trust them?**
- ⦿ **Do you enjoy their company?** (Okay, this one might not be as important, but you could be spending a lot of time with this person, so why not choose someone you actually like!)



PRO TIP: Before a real estate agent can provide any services or assistance to you, they are required to provide the RECO Information Guide to you and explain its content. After reading the guide, you will have the opportunity to notify the real estate agent that you have received it, and the content was explained to you.

Working with Us

At Jump Realty, our promise is simple:

“ We always serve our clients' needs first. Always. ”

Here's what else you need to know about us:



ARE | **honest**

You can always expect the truth from us. We will provide full disclosure of costs and risks. Educating our clients is important to us.

STRIVE | **for continuous improvement**

We are always looking for ways to improve our knowledge and competence. We invest in training to ensure our team of Realtors® knows their stuff!

ARE | **diverse**

Whether you're looking for your own home, an investment property, a commercial property or a farm, we have a team of professionals with the expertise you need.

ARE | **givers**

We love the Windsor-Essex region, and we try to give back to our community whenever we can, as often as we can.



STEP 2:

Getting Pre-Approved for a Mortgage

Now it's time to
talk money.

A mortgage pre-approval is an important step in your real estate journey, and should be done **BEFORE** you start looking because it helps determine your budget, how much you can realistically and comfortably afford.

The added bonus: It helps narrow your search — there can be hundreds of properties on the market at any given time. It also helps strengthen your offer when you know that you can get the financing you need to buy your dream home.



***PRO TIP:** If you don't know a mortgage professional, ask your Realtor® for some trusted names.*

Is This Your First Time? Big Benefits for First-Time Home Buyers

While we're still on the topic of money, there are some perks that all first-time home buyers should know about:

- ⦿ **The Government of Canada's FTHB (First Time Home Buyer's) Tax Credit provides some federal tax relief for first-time home buyers.**
- ⦿ **The Home Buyers' Plan (HBP) allows first-time home buyers to withdraw money from their registered retirement savings plans to buy or build their first home. The amount must be paid within 15 years.**
- ⦿ **First-time home buyers may be eligible for a refund of all or part of their land transfer tax with Ontario's Land Transfer Tax Credit.**

First-Time Home Buyer: The Down-Low on the Down Payment

You can purchase a home with a down payment as low as five per cent of the purchase price. However, lenders require you to obtain high ratio insurance if your down payment is less than 20 per cent of the property's price. Though this insurance may sound scary, it's actually quite common. It allows buyers to get into the market with less than 20 per cent down, while protecting the mortgage lender in the event that the buyer defaults on his or her payment. High ratio insurance is typically added on to the mortgage and amortized over the length of the mortgage.





FOR SALE

COMING SOON



STEP 3:

Determining Your Real Estate Needs

Once you know your price range, it's time to make a list of your must-have features.

Here are just some examples of what to consider at this stage:

- ⦿ How many bedrooms?
- ⦿ How many bathrooms?
- ⦿ Ideal square footage?
- ⦿ Should the home be in a particular school district or neighbourhood?
- ⦿ Do you need to be close to certain amenities (shopping, gym, parks, etc.)?
- ⦿ Is there a particular style of house you want?
(i.e., townhome, semi-detached, bungalow, two-storey, split-level, etc.)
- ⦿ Do you want a finished basement or one with a separate entrance?
- ⦿ Do you require a garage or space for parking?
- ⦿ Do you want a large yard, or do you prefer a low-maintenance property?
- ⦿ Do you want a move-in ready home, or are you willing to renovate?
- ⦿ Do you want a pool, fireplace, central AC, etc.?



PRO TIP: Make a list of what's most important to you and share this with your Realtor®. You may not be able to get everything you want in your price range, so think about what compromises you're willing to make if it comes down to it.

Costs to Consider

Buying a home is a big investment! One that comes with many initial and ongoing costs. Use the space below to help outline and calculate these costs.

Down Payment: _____

Land Transfer Tax: _____

Lawyer Fees: _____

Moving Costs: _____

Mortgage Payment: _____

Property Taxes: _____

Maintenance Fees (Condo): _____

Home Insurance: _____

Hydro: _____

Water: _____

Gas: _____

Internet: _____

Phone: _____

And then, depending on the home you choose, you may be facing some other costs, too:

New appliances: _____

New furniture: _____

Window coverings: _____

Paint: _____

Lighting: _____

Flooring: _____

Any other major upgrades (roof, windows, grass, driveway, etc.): _____

STEP 4:

Looking for a Home

**Now that you know what you're looking for,
the hunt is on!**

We have two invaluable tools at your disposal — our website and our custom app.

OUR WEBSITE

People love our site because it looks great, it's fast, and it's easy to navigate. Plus, it allows you to save your search and sign up for automated property alerts. Any time a property comes up matching your search criteria, you'll be notified right away!

THE APP

Our custom app is designed to make your home search super easy. It allows you to hunt for homes on the go, and even search for listings near your location. Ask your Realtor® to send you the app so you can get started right away!



PRO TIP: See a house you like on our website or app? You can easily request a showing and one of our friendly agents will be in touch!

DON'T MISS OUT!



Register on our website and app, and get access to the latest listings as soon as they become available!

Sign up today at
tyler.jumprealty.ca

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Things to Consider

It's easy to get caught up in how a house looks

The landscaping, the paint colours, the light fixtures, the appliances. But appearances can be deceiving. There are some major systems — some big ticket items — that should not be overlooked because if these things need to be replaced, you'll want to make sure there's room for it in your budget.



WIRING / ELECTRICITY

Many older homes have what's known as "knob and tube" wiring. These systems are outdated and can't service certain appliances. Houses with knob and tube are more difficult to insure, and this wiring will eventually need to be replaced.



ROOF

The life of the roof depends on the type of shingles used — slate, copper, tile, wood, cement, asphalt, etc. While it's true that a roof can last for decades, it comes with a hefty price tag when it's time to replace it.



WINDOWS

Older, inefficient windows can result in high energy bills, and replacing them can be pricey.



PLUMBING

Old steel pipes can clog and corrode, while another type of plumbing used in homes between 1995 and 2007 — Kitec — has also been found to corrode rapidly and is no longer manufactured.



PRO TIP: A home inspection is a valuable tool and is always recommended. Registered home inspectors have the technical knowledge to educate you on the condition of your home.





The New Build

Here's what you should know if you're considering buying a home pre-construction:



FEES

New builds may have developer's fees in addition to the standard closing costs. It is important to ask about this so there aren't any surprises on closing.



HST

In most resale homes, HST is included in the purchase price. But with new construction, the buyer may have to pay HST on closing. There's good news though! You may be able to claim an HST rebate if this is your principal residence.



WARRANTY

Ask if your new build comes with a warranty from Tarion Warranty Corp. This is intended to protect the buyer, and may cover costs associated with delayed occupancy and delayed closing, offer deposit protection, and cover labour and materials needed to fix faulty workmanship or construction.



OCCUPANCY

In new construction, it is not uncommon for move-in dates to be extended multiple times. Be prepared that this may happen and, if the home is under a Tarion warranty, look into what compensation you're entitled to, and under what circumstances.



COOLING OFF

There is such a thing in new condo construction called the "cooling off period". Essentially, if you buy a new condo from the builder, you have 10 days to cancel the deal without penalty, and will receive their deposit back in full.



PRO TIP: Often builders work with preferred mortgage providers that will give qualified buyers a special interest rate locked in over an extended period. Be sure to ask if the expiry date for the locked-in rate can be extended if your home's completion is delayed.

STEP 5: Making an Offer

You've found your dream home and you're ready to make an offer. Now what?

Here are some common questions home buyers have about this stage in the process:








- **WHAT CONDITIONS SHOULD I PUT IN MY OFFER?**
There are many options, and every house is different. Your Realtor® can provide guidance as to which conditions may be necessary in your situation. For example, the offer could be conditional on a home inspection, financing, the buyer obtaining insurance, etc.
- **WHAT IS THE DIFFERENCE BETWEEN A CONDITIONAL OFFER AND A FIRM OFFER?**
A conditional offer includes one or more conditions that need to be fulfilled before the offer is firm. A firm offer is one with conditions that have been fulfilled or one without any conditions at all.
- **HOW MUCH SHOULD I GIVE AS A DEPOSIT?**
A deposit lets the seller know you are serious about the offer. The amount given depends on the price of the house, but is typically \$5,000 or more. The standard wording in the offer requires the deposit to be delivered to the listing brokerage within 24 hours of offer acceptance. If more time is needed, this should be clearly stated in the offer.
- **HOW MUCH TIME DOES THE SELLER HAVE TO ACCEPT MY OFFER?**
Every offer has an irrevocable date and time. This identifies how much time the seller has to either accept your offer or make a counter offer. If nothing is done, the offer is null and void beyond the irrevocable date and time.
- **WHO PAYS THE COMMISSION?**
Typically the seller pays the commission to both the listing agent and the buyer's agent in a residential real estate transaction.
- **WHEN DO I GET THE KEYS TO MY NEW HOME?**
All new home owners are eager to get their keys on closing day, but the truth is that it usually doesn't happen until later in the day. Your lawyer has until 6 p.m. on the closing day to transfer the title and complete his or her responsibilities.



Making an Offer

It's time to put your offer together to ensure you get your dream home with terms you are comfortable with.

Here's what your offer must include:

-  **PURCHASE PRICE**
What are you willing to pay for the house? Your Realtor® can help you determine a fair market price range.
-  **DEPOSIT AMOUNT**
How much are you going to give as a deposit? Can you get it within 24 hours? If not, be sure to give yourself extra time in the offer.
-  **CHATELS**
This is the tangible and moveable personal property in a home (i.e. appliances, window coverings, furniture, etc.). If you would like any of these included in the offer, be specific.
-  **CONDITIONS**
What conditions are you going to include in the offer?
-  **IRREVOCABLE DATE**
How much time are you going to give the seller to respond?
-  **FIRM DATE**
How much time are you giving yourself to fulfill or waive the conditions set out in the offer?
-  **CLOSING DATE**
When do you want the house to be yours? Be sure the date you choose is not on a weekend or holiday.



STEP 6:

Working with a Lawyer

Congratulations!

Your offer has been accepted.

If you had any conditions, they've likely been fulfilled or waived. Now it's time to **LAWYER UP!** But don't be alarmed. A real estate lawyer is there to offer both legal advice and peace of mind. They handle the final paperwork and are there to protect your money and your interests.

For example, a real estate lawyer will:

- ⦿ Check whether there are charges or liens against the property;
- ⦿ Make sure that property taxes are paid to date by the seller;
- ⦿ Arrange for title insurance, which insures you against any defects of title to the property;
- ⦿ Ensure you have a valid title when the property closes;
- ⦿ Calculate the amount of land transfer tax due on closing;
- ⦿ Close the transaction and ensure all conditions — both legal and financial — are met;
- ⦿ Exchange legal documents and keys with the seller's lawyer.



PRO TIP: If you don't have a lawyer that you know and trust, ask your Realtor® for some recommendations.



STEP 7:

Completing the Transaction

Before you can get your hands on the keys to your house and make yourself at home, there are some final steps that need to be taken.

Use this handy to checklist to make sure nothing slips through the cracks!

THE CLOSING CHECKLIST

- ✔ Was the deposit cheque delivered?
- ✔ Did you fulfill the conditions of the offer?
- ✔ Did you give the lawyer and mortgage agent a final copy of the deal along with completed conditions?
- ✔ Did you call the utility companies in your new neighbourhood to open an account and give them your new address for billing? While you're at it, book your Internet and telephone service appointments for your new home, and be sure to change your address on your driver's license, health card, subscriptions, etc.
- ✔ Did you meet with your lawyer to sign off on all final documents and pay closing costs?
- ✔ Did you complete a final walk through of the property in the week prior to closing?

Once these steps are completed, your lawyer will hand you the keys to your new house. And now the next chapter begins!

CONGRATULATIONS!

KEY TERMS

AMENITIES: A shared feature or facility in a condominium building. For example, the concierge, pool, gym or rooftop patio are all considered amenities.

AMORTIZATION: The process of allocating loan payments over a certain period of time.

AMORTIZATION PERIOD: The amount of time used to calculate principal and interest amounts over the length of a loan.

APPRAISAL: The professional valuation of an asset or property.

BRIDGE FINANCING: Short-term financing that allows purchasers to “bridge” the gap between old and new mortgages. This is quite common when buyers get possession of their new home before their existing home closes.

CHATELS: Personal property in a home that can be moved without causing injury to the property. For example, furniture, window coverings and appliances are considered chattels, and are normally deemed to be excluded from the purchase price unless otherwise stated in the agreement of purchase and sale. There are differing opinions on what is considered a chattel, so it’s important that you are specific in the offer.

CLOSING DATE: The date that ownership of the property is transferred to the buyer.

CMHC (CANADA MORTGAGE AND HOUSING CORPORATION): A Crown Corporation of the Government of Canada, CMHC’s mandate is to help Canadians access a variety of housing options. For example, CMHC provides tools and information designed to help buyers purchase a house or condominium in Canada.

COMMISSION: The fee charged by a broker or agent for his/her service in facilitating a real estate transaction. Commission is typically paid by the seller to both the listing and buying brokerages.

COMMON ELEMENTS: Those areas of a property that are used by all residents, or required for the existence, maintenance and safety of a building. For example, in a condominium, corridors, garbage rooms, lobbies, garages, walkways, technical rooms, the roof, heating and air conditioning systems, hot water systems, pipes and electrical systems are all considered common elements.

CONDITIONAL OFFER: An offer to purchase that is subject to conditions. Such conditions may include a home inspection, financing, the sale of the buyer’s property, the buyer obtaining insurance, etc.

CONDITIONS/CLAUSES: The part of the contract that addresses specific aspects of the agreement. Conditions and clauses are designed to protect the buyer and/or the seller.

COOPERATING AGENT: The Realtor® representing the buyer.

DEED: The legal document that transfers ownership from one person (the seller) to another (the buyer).

DEPOSIT: An amount paid to the seller towards the purchase price of the property. The amount is stated in the offer, and is typically given within 24 hours of acceptance in order to secure the property.

DISBURSEMENTS: Expenses charged by your lawyer for out-of-pocket expenses associated with your transaction.

DOWN PAYMENT: The initial amount of money put towards the purchase of a property.

FIXED VS. VARIABLE RATE MORTGAGE: A fixed mortgage is one with an interest rate that remains the same throughout the term of the mortgage. A variable rate mortgage, on the other hand, is one with a rate that will change (it could go up or down) depending on the prime lending rate set by the Bank of Canada.

FIXTURES: Physical property that is permanently attached to a property and which, if removed, would cause damage to the property.

FORECLOSE: When the lender attempts to take possession of the property because the borrower has failed to keep up with their mortgage payments.

FULLY DETACHED: A free-standing residential home that does not share any walls with other buildings.

GDS (GROSS DEBT SERVICE): A ratio that lenders use to assess the proportion of housing debt that a borrower is paying (including utilities, mortgage payments and taxes) in comparison to their gross annual income.

HIGH RATIO MORTGAGE: A mortgage in which the borrower has a down payment that is less than 20 per cent of the purchase price.

HOME INSPECTION: The examination of a property's condition performed by a registered home inspector. Such an inspection can assess any issues that may affect the value of the property.

HOME INSURANCE: Insurance designed to protect a property against damages to the house itself, or to the possessions inside. If you have a mortgage, your lender will require home insurance.

IRREVOCABLE DATE: The date and time a person receiving an offer has to either accept an offer or sign it back with a counter offer. If nothing is done by the irrevocable day and time, the offer becomes null and void.

LAND TRANSFER TAX: A government-imposed tax paid by the purchaser of a property on closing. The land transfer tax is calculated based on the selling price of the house.

LEGAL FEES: An amount paid in compensation for legal services.

LIEN: The right to keep possession of property belonging to another person until a debt owed by that person has been paid.

MORTGAGE COMMITMENT: A document provided to the seller, offering written proof that a bank is willing to give the buyer a mortgage loan of a specified amount in order to complete the purchase of a property.

MORTGAGE DISCHARGE: An administrative expense charged by a lender when you end your mortgage with them. If the mortgage has been paid off, a mortgage discharge should be recorded with the Registry of Deeds to clear your property's title.

MORTGAGE INSURANCE: An insurance policy compensating lenders or investors for losses in the case of the default of a mortgage loan.

MORTGAGE LOCK IN: An agreement between a borrower and a lender, which allows the borrower to lock in the interest rate on a mortgage over a specific period of time at the current market interest rate.

MORTGAGE PENALTY: A clause in a mortgage contract stating that a penalty will be assessed if the mortgage is prepaid within a certain period of time.

MORTGAGE PRE-APPROVAL: A process in which a potential home buyer fills out a home mortgage loan application and submits documentation that gets verified to confirm exactly the type of loan and amount they qualify for.

OCCUPANCY FEE: An interim fee that is paid to a developer, giving a person the right to occupy their condominium unit prior to closing. This fee is not applied to the purchase price of the unit.

OPEN VS. CLOSED MORTGAGE: Closed mortgages provide the ability to save on interest costs; however, you will pay a penalty if you wish to renegotiate your interest rate or prepay more than your mortgage allows. Open mortgages, on the other hand, are generally a higher rate because they offer flexibility. The borrower can repay the loan in part or in full at any time without penalty.

POSSESSION DATE: The date the purchaser gets possession of the property.

PREPAYMENT PRIVILEGE: The right given to a debt holder to pay all or part of their debt prior to its maturity, usually without risk of penalty.

SEMI-DETACHED: A residential house with two units sharing a common wall.

RIGHT OF FIRST REFUSAL: A contractual right granted by an owner of a property. The owner gives the holder of the right an opportunity to enter into a transaction with the owner according to specified terms, before the owner may enter into that transaction with a third party.

SELLING AGENT: The Realtor® representing the seller of a property in a real estate transaction.

SIGN BACK / COUNTER OFFER: An offer that is made in response to a previous offer by the other party. Making a counter offer automatically rejects the first offer, and requires an acceptance under the terms of the counter offer in order to finalize the contract.

STATUS CERTIFICATE: A document that provides information directly from the condominium corporation, such as arrears or increases in common expenses, or any claims against the corporation.

TITLE: A bundle of rights in a piece of property in which a party may own either a legal or equitable interest.

TITLE INSURANCE: A policy that protects the homeowner against challenges to the ownership of the home or from problems related to the property's title.

TITLE SEARCH: An investigation into public records that determine and confirm a property's legal ownership. Such a search will also discover if there are any claims (outstanding loans or property taxes) on the property. The buyer's lawyer completes the title search.

TOWNHOUSE: A traditional row house sharing one or more interior walls with another house.

TRUST ACCOUNT: An account in which a bank or trust company holds funds for specific purposes. For example, property taxes and / or insurance premiums associated with a mortgaged property.

WAIVER: The voluntary action of a party that removes their right or particular ability in an agreement.

Let's jump in together!

THE KNIGHT
GROUP **JUMP**
REALTY INC.
BROKERAGE

 Offices in Windsor, LaSalle, Essex, Harrow, Kingsville, and Leamington to serve you

 519-997-2320

www.jumprealty.ca