



*a must read,
don't buy my
first home
with-out
reading this
book*

the ultimate
First-Time
Home Buyers
GUIDE

10 great reasons to use a mortgage broker

Your First Step Toward Home Ownership

1 Get independent advice on your financial options

As independent mortgage brokers and mortgage agents, we're not tied to any one lender or range of products.

Our goal is to help you successfully finance your home or property. We'll start by getting to know you and your home ownership goals.

We'll make a recommendation, drawing from available mortgage products that match your needs, and we will decide together on what's right for you.

2 Save time with one-stop shopping

It could take weeks for you to organize appointments with competing mortgage lenders and we know you'd probably rather spend your time house-hunting! We work directly with dozens of lenders, and can quickly narrow down a list of those that suit you best. It makes comparison-shopping fast, easy, and convenient.

3 We negotiate on your behalf.

Many people are uncertain or uncomfortable negotiating mortgages directly with their bank.

Brokers negotiate mortgages each and every day on behalf of Canadian home buyers.

You can count on our market knowledge to secure competitive rates and terms that

benefit you.

4 More choice means more competitive rates

We have access to a network of major lenders in Canada, so your options are extensive.

In addition to traditional lenders, we also know what's being offered by credit unions, trust companies, and other sources. And we can help you take care of other requirements before your closing date, such as sourcing mortgage default insurance if your down payment is less than 20% of the purchase price.

5 Ensure that you're getting the best rates and terms

Even if you've already been pre-approved for a mortgage by your bank or another financial institution, you're not obliged to stop shopping! Let us investigate to see if there is an alternative to better suit your needs.

6 Get access to special deals and add-ons.

Many financial institutions would love to have you as a client, which is why they often offer incentives to attract creditworthy customers.

These can include retail points programs, discounts on appliances, shopping clubs, and more. We do the math on which offers might be worth your attention when it comes to financing or mortgage insurance — so you get the perks you deserve.

7 Things move quickly!

Our job isn't done until your closing date goes smoothly. We'll help ensure your mortgage transaction takes place on time and to your satisfaction.

8 Get expert advice

When it comes to mortgages, rates, and the housing market, we'll speak to you in plain language. We can explain the various mortgage terms and conditions so you can choose confidently.

9 No cost to you

There's absolutely no charge for our services on typical residential mortgage transactions. How can we afford to do that?

Like many other professional services, such as insurance, mortgage brokers are generally paid a finder's fee when we introduce trustworthy, dependable customers to a financial institution. These fees are quite standard and nearly industry-wide so that the focus remains on you, the customer.

10 Ongoing support and consultation

Even once your mortgage is signed and paperwork is complete, we are here if you need any advice on closing details or even future referral needs. We are happy to be of assistance when you need it.

Moe Fakh, CAAMP, Broker - M08001690, with Capital Mortgages -10575, at 106-18 Deakin Street Ottawa, ON K2E 8B7 - Phone: 613-627-1052 - Cell: 613-266-9393 - Fax: 613-228-2555 - Email: mfakh@capitalmortgages.com - Web: www.moefakh.ca

We have access to the widest variety of lenders, to find the right solution for you. We are experts at helping you achieve your home ownership dreams. Access your best options today! Referrals are Welcome!

Hiring your first-time home buyer Representative

Learning From My Mistake

I still remember the first time I bought my first home (condo) just like yesterday, I was sitting in the edge of my bed in the room I was renting for almost two years, with mixed middle aged couple. Paper, pencil and calculator in my hand, noting down money I have and what I think monthly expenses will be, figuring out if I can afford to buy and if I can afford the monthly expenses. Thinking, counting that was pretty much few days of my life has been since I decided to buy a home. When I thought I could afford to buy a home considering the big down payment I had (from JDSU stock) I went to see my aunt's preferred mortgage officer —his name is Bob (not his real name). Bob works in Scotiabank. Not knowing much about mortgage I did not even ask what is the best mortgage term and what he thinks I should signed up for? So Bob, automatically put me for five-year-fixed mortgage with-out discussion, interest rate of 7.25%. He said I got 1% less of the going interest rate. "I've got a good deal" I said to myself. "Go look for a house, you are approved for \$125,000" he said. That was Spring to Fall of 2000.

Looking for my new home

My aunt wanting to help, brought me to see new homes in Orleans, unfortunately Orleans is not the area I was considering to live because of the bus route not being early enough for my work shift and it's above my price range by \$20,000, that was a little off in what I was looking for.

Hiring First-Time Home Buyer Real Estate Representative

Not hiring a First-Time Home Buyer Real Estate Representative and not knowing they exist, I start my search in newspaper. Looking at Ottawa Citizen ad, Penny Saver ad

among other ads, this ad from Penny Saver caught my eye. "Bargain" it's says on the ad. So, I call the number made an appointment to see it and bought it - Fall of 2000. Just like that. Anyway it's only \$53,000.

Real Estate Price Increase

Guess what, one-and-half years later the priced double!

Year 2002, JDS Uniphase is cutting workers, laying off employee here and there. I am a bit scared so, instead of waiting, I decided to volunteer and get on with it. No job, not much experience in the field I was applying for, I decided to rent it out (my condo unit) and rent a much cheaper apartment in Hull, Gatineau.

After a year of cheap unstable pay. I decided to volunteer in Nicaragua. I am back after five months with the same dilemma, no job, not much experience.

Back in my condo. I decided to sell it. Fall of 2003 it SOLD for \$104,000. \$51,000 price increase from Fall 2000. Not bad.

Almost the same time I'm about to finished my Real Estate as a Profession course.

Changing Mortgage Rate

A year later the mortgage interest drop down to 4.25%. Remember I am lock for five years for 7.25%? I am paying 3% more for locking it to five years. That is a difference of \$65.12 per month more on interest rate. Note that my mortgage principal is only \$37,000. Imagine if the home is \$250,000. That will be a difference of \$440 more in interest payment per month.

Make sure you talked to a great mortgage broker or mortgage adviser that will educate

you of the changing Canadian interest rate.

For me not a big deal. I just lost a payment for high-speed cable every month. For others, who knows. That is a good yearly travel down south.

I hope you learned from my mistake and will be more informed and maximizing the resources you have for free.

- Hire your First-Time Home Buyer Real Estate Representative.
- Hire your Service Oriented Mortgage Adviser.

Walking Down a Memory Lane

I sometimes ask myself if only I can redo it I will hire a First-Time Home Buyer Real Estate Representative, I today maybe richer, she will show me more homes that qualifies me, she will give me advised in my most financial trouble, she will give me direction on which mortgage terms to signed for as a result I will then have a different and maybe better outcome. If only.

Looking Back

Now looking back I think to myself what happen if I bought a condo town homes instead or better yet freehold town homes instead or better yet duplex instead. That will definitely give me more cash/equity to my investment.

What Went Wrong

I did not learned to trust someone and I did not asked for advised.

Don't get me wrong. I have a profit of \$51,000 (associated service fee not yet deducted) when I sold my high-rise condo. But, I could have been \$151,000 richer if, I bought a money making property the one that increases in value more than others. Okay, let's not get to greedy.

My point is hire a knowledgeable First-Time Home Buyer Real Estate Representative. Why trust yourself, why trust your friend, trust someone who studied it, sell it, doing it each and every day.

So, how will I save YOU money

Let's not make the same mistakes I've made.

Answer this question for me.

1. Why would you trust yourself in your biggest investment like I did then?
2. Do you think you can do it better than the professional real estate representative who deal with real estate sales day in and day out?
3. Do you think you will save more money by doing it yourself?

If you are not certain. Then, don't do it.

Hiring a first time home buyer real estate representative is free no cost to you just benefits.

Let me tell you what the benefits are

Search of homes in the neighbourhood you want to live in

Email you of all homes for sale in the neighbourhood you want to live in

Booking of those homes

Homes are preselected for you according to your criteria

Pick you up if you do not have a car

Tour you to the preselected homes

Tell you which is a good buy

Answer your question or any concern you might have

Draft an offer to the home you can afford and ready to buy

Negotiate on your behalf, maybe we can ask for furniture as well

Seal the deal, you, do nothing

Coordinate with your lawyer and mortgage broker

Now your turn, sign documents with your lawyer and with your mortgage broker

Pick up the keys from your lawyer's office or as instructed

Wait for closing —The Big Day!

For being a great client you will also be rewarded with a closing gift just like a Filipino tradition or Filipino expectation.

So, tell me, would you trust your self or would you trust me?

Now, that I realized my mistake, remember that \$100,000 I lost by not hiring a first-time home buyer representative? Do yourself a favour and hire one before you buy!

Where can you find a professionals who don't get paid unless the customer is happy.

Only us, still does. Nobody else does. The best thing is, it's free.

Now that you hire one. Your very own First-Time Home Buyer Representative let's narrow your needs and wants.

Identifying Your Need and Wants and MUST Have

How Much Can You Afford

What Neighbourhood You Want To Live In

Which Home You Want To See Yourself Living

Would it be:

Freehold Home - Single, Semi-detached, Town homes, Bungalow, Hi-Ranch, 2-Storey, 3-Storey, Split level

Condominium -Town homes, Stacked Town Homes (Newer Style of condo), Apartment style, Loft Style (Newer Style of condo)

Mobile Homes on a leased land (This Home is movable, no land ownership)

Mobile Homes on a private land

Time-Share (own only a time, ex. 1st week of Winter every year) is Hotel Style management and maintenance

Seasonal Recreational Property —(No service or utilities in Winter months)
Cottage (Out back)

On a land lease, comes with association fees

On a private lot, accessibility on winter months may be a concern

Buying an Island property, well that is real private

Fraction Ownership —longer than Time-Share accommodation (you own a fraction of the property, the home and land)

Investment Property

High Rise Apartment Building

Renting out your 1st house

Hotel unit ownership —to be rented out as hotel

Hiring a property management company

Hiring an accountant

Still not sure if you should buy now or later?

Consider this mortgage calculation

Mortgage Payment* at <u>2.3%</u>	Mortgage Payment* at <u>5%</u>	Purchase Price*	Style of Residential* (Not in Prime Location)	Income Required*
\$536	\$748	\$140,000	2 Bdrm Condo-Apartment	\$34,652
\$958	\$1,335	\$250,000	Town homes	\$58,476
\$1,149	\$1,602	\$300,000	Town homes or Single	\$70,641

Amount was rounded to the nearest dollar. Base on variable interest rate of 2.3% (1st column) & based on fixed interest rate of 5% (2nd column) with 5% deposit. Amortized for 30 years. * subject to change (in effect March 2011).

Do you qualify for a Zero down payment?

If you are a first-time buyer with good credit you maybe qualify for a ZERO (0%) DOWN PAYMENT. Call your mortgage broker or adviser to know if you can own your own home now & start building your equity before the new changes on Mortgage pre-qualification takes effect. There is no obligation & it's free sound financial advise.

Above home style list are the selection we have for sale.

Above home style list are something we can guide you or something we can advise you where to get the necessary information.

As a first-time home buyer let's focus your home search in either condo or freehold

Because this is your first home it has to be something you can live on year round with the right number of bedrooms for each member of family, close to bus stop, close to work, close to school or better yet close to family or your best friend. What ever it is, make sure you communicated it with your first-time home buyer representative. So she can better assist you in your ideal home search.

Going on-line to search for a home is a start. But, it's not always accurate. Most of this home is no longer for sale. Most of it homes is just a promotional price not actually the one available for sale. Most of it homes are in the area with no reliable bus route (for most new homes).

Our well maintained multiple listing service system is most accurate site available to licensed Real Estate Representative. We can pull out the history of each property and all the documents needed that is not available to general public for security & privacy issues.

The good thing is you do not have to pay for all this information.

Deciding between Condominium & Freehold Residential

The difference is life style.

Condo - is more maintenance free ownership. Those who has a busy life style and don't want to worry about maintaining their home. This property also appeal to those retiring for the same reason. Maintenance free.

Residential (freehold) —if condominium is more freedom to do what it is that you want to do. Residential is more freedom to, how you want to use your property and how you want it renovated inside and out. There's no condominium by-laws that tells you what size of air-conditioning you can install in your window or what kind of BBQ you can use. Gardeners prefer Residential with big lot, enough room for their landscaping. Handy man prefer Residential with big garage to store their big toys.

The sad reality is your budget or mortgage approval will most likely dictate what home you can buy.

Let's break it down more.

Your Obligations are:

- Mortgage Payments (*see Mortgage chapter for in-dept explanation*)
- Utility Bills
- Home Insurance
- Mortgage Insurance (*see Mortgage chapter for in-dept explanation*)
- Property Tax (can be added to your mortgage monthly payments)

- Maintenance Cost (about 1% of the home value per year)
- Condo Fee (if you own a condominium)

You maybe asking yourself this,

Do I have the necessary money for down payment?

Do I have a steady income or job?

Am I ready for home maintenance cost?

How long will I be staying to this home?

Do not over think it. Visit your mortgage broker or adviser to have her calculate it for you.

How if I buy a Condo, read on...

Ownership - all unit owners, share ownership to common elements (elevators, hallways, swimming pool, tennis court etc.) while the units belong to the individual owners.

Condo Fee - is collected for the repairs, the utilities and the maintenance of common elements.

Management —you can participate on managing and on decision making for the betterment and enjoyment of all unit owners. Some condo are self managed (owners managing it) and some hire a property managers.

By-laws —like no night swimming. Condominiums has different by-laws make sure you know yours to avoid disappointment in the future.

Amenities - pool, sauna, tennis court, workshop, gym, whirlpool, library, etc. Most are included in the condo fee some do not. Check with your condo property manager.

Consult your lawyer for your condominium status certificate. This condominium status certificate tells you the status of the condominium, it tells you what they are planning to repair in the near future, it tells you if they are planning to increase the condo fee, it tells you if they have enough money in the reserved fund and so on...

What can I Afford?

Total home expenses divided by your annual income must equal between 32% to 40%.
Get pre-approved with your trusted mortgage broker or adviser.

Ask yourself this,

What is the maximum amount I want to pay for a home, what is my ideal home, where do I want to live, do I want my new home close to shopping area or bus or school, what about the neighbourhood's safety, was the zoning limit me for expanding my property, how many bath and bedroom do I need, will I buy old or new house, is the room size matters to me...

Make a list of your ideal home and give it to your First-Time Home Buyer Representative.

Making an Offer

In today's market, historically low interest rate and lots of homes to choose from. No better time to buy but now. So, act fast, if you find the one that says "Buy Me" do not think twice as more likely that home will not stay in the market very long.

For your peace of mind, we will be hiring a home inspector so you will be better acquit

with your new home. So, in case of emergency you know where the main shut off is, how to use your fireplace and when to replace your roof. He and I will give you advise on how to maintain your new home to avoid costly problem in the future.

There are different kinds of Inspection

I will help you choose the right Inspector. More likely we only need the General Home Inspector. If needed, and there is a valid concern, we might look for the assistance of the specialist on the matter. Like, Termite inspection (as name suggest); House inspection (general home inspection); Civil Engineer (house prone to land slide); Foundation expert (crack on foundation/basement);

Other resources

City of Ottawa (*or whatever your city is*) —to check for history of flooding in the area, zoning in the area, designation as a heritage home and a like.

Ottawa Police (*or whatever your city is*) —to check the crime rate in the neighbourhood & to check if the property was ever used as a grow-op operation.

Call before you dig

1-800-400-2255

It's a law

Closing cost

Legal Fees = \$1200 max + registration (*check with your lawyer*)

Land Transfer Tax for, first-time home buyer = is Refundable up to \$2,000 or adjusted on closing by your lawyer (*for calculation formula see page 29*)

Down payment =

- 0% on good credit history (bank program)
- 5% to get a variable rate (government required minimum)
- 20% to save on CMHC insurance (new reduced down payment required for conventional mortgage)
- RRSP tax free withdrawal up to \$25k for each first-time mortgagor (new increased RRSP withdrawal allowed) two year grace period to start re-payment, must repay with-in 15 years, unpaid returned RRPS withdrawal is tax after 15 years non re-payment

Moving = from \$600 above

Change of Address at Canada Post = with-in Ontario (with-in the same province)

- \$42.00 for 6 months
- \$72.50 for 12 months

CMHC Mortgage Insurance =

- 5% downpayment —3.75% premium —of the mortgage amount
 - 10% downpayment —2.5% premium —of the mortgage amount
 - 15% downpayment —2% premium —of the mortgage amount
- added to the mortgage or can be paid off on closing

Under Economic Action Plan, first-time home buyers' (HBTC) can now get a non-refundable tax credit up to \$750 to help offset legal fees, disbursements, and land transfer taxes. This program also, applies to people with disabilities who move to a more accessible home. For more on this visit cra-arc.gc.ca

Informative Site

Everything under the roof www.cmhc-schl.gc.ca

If you did not get enough from this book www.StopRenting.com

Government Grants www.oee.nrcan.gc.ca

Crime rate in your neighbourhood www.ottawapolice.ca

Eleven Ways First-Time Home Buyers Real Estate Representative Add Value

- Market knowledge
- Bring solutions
- Listen to you needs
- Protect your interest and investment
- Negotiate on your behalf
- Guide you every step of the way
- Assurance of good deals
- Deliver sound advise
- Specializes in First-Time Home Buyers
- Work hard so you don't have to
- *Service you know and trust*

Don't do it yourself!

Hire a professionals!

For free list of homes for sale in the neighbourhood you want to live in or need guidance where to buy and live call,

Note that first-time home buyers programs, first-time home buyers tax credit, land transfer tax rebate for first-time home buyers, government rebates and all other home related rebates are in effect at the time this book was written. March 2011

Cecilia Rafael is a first-time home buyer Real Estate Representative servicing Ottawa, Ontario. She can be reach at stoprenting@hotmail.ca or by visiting her site www.ceciliarafael.com for a list of homes for sale. You may call her at 613-699-1430 to start planning for your future.

What is a home inspection?

A complete unbiased review of all visible components of the home. Starting on the exterior using both technology and deductive reasoning we examine roofing and chimney components, exterior siding and eaves trough, windows, doors and surface grading as well as foundation and walkways.

The easy to read report combined with a complete review by us at the end of the inspection will relieve you of any anxiety associated with this important step in acquiring your most valuable asset.

Moving inside the home we will begin in the basement and examine the foundation and visible structural components then heating ,plumbing and electrical. Remembering that the perfect home does not exist but the perfect fit does . You and your family will decide the right combination that works for you and we will help you by discovering the hidden expenses that may not be obvious to those with little construction experience.

We will check all electrical switches and outlets and look for tell tale signs of hidden problems as we move through the interior living area's. Vital rooms such as the kitchen and bathrooms will be reviewed in detail and then the attic insulation and ventilation components will complete the process.

Know What You Are Buying Before You Own It !

Craig Keuleman has been doing home inspections officially since 2007. He has owned nine homes of various shapes and sizes and styles. He has extensive renovation experience and is a member of the Professional Home & Property Inspectors of Canada PHPIC and is a National Certificate Holder(NCH) therefore able to inspect anywhere

in Canada. Trained and Certified through the engineering firm of Carson & Dunlop (Toronto) and is WETT Certified(Wood Energy Technology Transfer Inc.)
www.phpic.ca www.wettinc.ca he can be reach at Canadian Residential Inspection Services Ottawa - 613-858-8115 - cris58@live.com - www.canadianresidential.com



LEGAL CONSIDERATIONS FOR A FIRST TIME HOME BUYER

Buying your first home is one of the biggest financial investment and commitment that you will make in your life. Learning as much as you can before signing on the dotted lines will lessen some of the pitfalls that may arise.

Agreement of Purchase and Sale

The Agreement of Purchase and Sale (“the Agreement”) is the most important document in any real estate transaction. It is legal basis of your contract with a Seller. If there is disagreement between you and the Seller after the Agreement is signed, the words in the Agreement will define the resolution. The printed portion of the Agreement is as important as the typed or handwritten parts.

Generally, the form of the Agreement is the standard form developed by the Ontario Real Estate Association (“OREA”). A blank copy of the OREA Agreement is attached.

You do not have to use the OREA Agreement. All that is required by the Ontario *Statute of Fraud* is that an agreement to buy or sell land must be in writing. The agreement to buy and to sell cannot be orally made. Any oral agreement must be in writing.

Because the printed portions of the OREA Agreement is known to realtors and lawyers in Ontario, the OREA Agreement is generally used for the purchase and sale of residential properties in Ontario.

Who Prepares the Agreement

Generally, if you are working with a realtor, your realtor prepares the Agreement. If you are buying from a Seller using an online listing (such as, Grapevine), or, privately, your lawyer will prepare the Agreement.

If your realtor prepares the Agreement, it is recommend that your lawyer review it for accuracy and completeness before you give it to the Seller. Your realtor and your lawyer can work together to draft an Agreement tailored to your purchase.

If there is insufficient time for your lawyer to review the Agreement, a clause can be inserted in Schedule A to the Agreement that it is a condition that your lawyer review the Agreement within five (5) business days of the Seller's acceptance of the Agreement.

Real Property (“the property”)

In the Agreement, the municipal address, frontage, depth, legal description, and any easement affecting the property, must be filled in.

Your lawyer will do a subsearch of title to get this information. A tax bill or assessment notice will also have this information, except that the information regarding an easement is available only on the title registry.

An easement is a right given by one person to another for certain permitted activities on a property for a limited time period or in perpetuity. There are many different types of easements. Utility easements are easements given to utility companies for hydro, gas, water, sewer, telephone, cable or satellite services.

Rights-of-Way are another form of easement that permit persons, animals, or vehicles to walk, cross, or travel through a laneway or driveway or parts of a property. The right to park is also a form of easement. The right to encroach on another property for eaves or downspouts is another type of easement. You must always ask your agent or the Seller's agent if there are any easements affecting the property you are buying.

Parties to the Agreement

You are the Buyer. The person who is selling to you is the Seller.

If you are buying from a couple, then, both of them should be noted on the Agreement as Seller. If one party is the only registered owner, then, the spouse must consent to the sale of the property and sign in the section titled Spousal Consent.

If an owner has appointed an attorney to sign on his or her behalf, then, the Seller is noted on the agreement as " Seller by his/her attorney, Y". A copy of the power of attorney for property must be produced and a photocopy attached to the Agreement.

If an owner has died and the property is being sold by an estate trustee, then, the estate trustee is the Seller.

If the property is owned by a corporation, then, the corporation's full corporate

name is noted as the Seller. No part of the corporate name can be abbreviated as it will invalidate the Agreement.

If the property is being sold under power of sale, then, the mortgagee exercising its right to sell is the Seller.

Purchase Price

You and your realtor will identify the amount of the purchase price. If you do not have a realtor, the Seller will identify what the Seller is listing the property for sale. You can start with that amount or with an amount that you want to start the bargaining.

Adjustments to the Purchase Price

The agreed upon purchase price is then subject to adjustments for property taxes, common expense fees (condominium fees), fuel oil or propane cost, prepaid rental item, and any other adjustments between the Buyer and the Seller.

There will be a Statement of Adjustments that will be prepared by the Seller's lawyer and given to the Buyer's lawyer before closing that will itemize the purchase price and the adjustments.

Deposit

The giving of a deposit shows your good faith in wanting to buy the property. In law the amount of your deposit is the extent of your interest in the property.

A deposit is not always required but is usually given. The deposit is generally in the form of a cheque, bank draft, or money order payable to the Seller or to the Seller's lawyer in trust. The deposit may be in cash but the giving of cash is infrequent.

The deposit may accompany the Agreement when it is initially presented to the Seller, or, when the Seller accepts the Agreement.

The amount of the deposit depends on the amount of the purchase price and what the Seller is willing to accept as a minimum deposit.

A Seller feels more comfortable that a Buyer will not back out of a transaction if the deposit is a large amount. A Buyer will want to give a small amount as a deposit.

The printed portion of the OREA Agreement states that the deposit will not earn any interest. If the deposit is a large amount, this printed part should be deleted and a provision inserted in Schedule A to the Agreement that obligates the Seller or the

Seller's lawyer or agent to put the deposit in an interest bearing account or purchase a guaranteed investment certificate until the closing date.

The Seller is generally entitled to the accrued interest as the deposit forms part of the purchase price. Alternatively, if the transaction is aborted, the Buyer would want to receive the interest earned on the deposit.

If the transaction proceeds, then, the deposit is applied towards the purchase price. The interest is usually paid separately after the transaction has closed.

Irrevocability

The time and date that you want the Seller to accept your offer is inserted in this section of the Agreement. The Seller must accept the Agreement before the expiry of this date and time.

Completion Date

The completion date is the closing date. The printed portion of the Agreement states that the closing must be no later than 6:00 p.m. on a certain date. Practically speaking the transaction must close no later than 5:00 p.m. because the online registry system stops at 5:00 p.m. and no registration can take place after 5:00 p.m.

The 6:00 p.m. time has been taken by Sellers to mean that they do not have to give up possession of the property until 6:00 p.m. on the day of closing. But, the expectation of a Buyer is that, when keys and closing money are exchanged, the property is vacant and the Buyer can move in.

I suggest that the 6:00 p.m. time be struck out and changed to 5:00 p.m.

Notices

This section is completed if there are agents representing the Buyer or the Seller.

Notice relating to the transaction is given to the agents and their facsimile numbers are noted on the printed form.

If there are no real estate agents, then, this paragraph must be modified to have the lawyers of the Buyer and the Seller receive notices on their behalf.

Chattels Included

If you want to include a chattel as part of the purchase of the property, then, insert the chattel in this section of the Agreement. As a general rule, “when in doubt, include it”. Usually, appliances, garage door openers, central vacuum system and accessories, central heating system, drapery rods and tracts or window dressing, light fixtures, shelves, are the type of chattels that are part of a purchase price.

Sellers will want to describe the chattels “as is” which means that no warranty is

given regarding the chattels at the time the Agreement is signed or on the closing date.

If you want a chattel to be in good working order on the closing date, then, insert a clause in the Agreement that the chattels will be in good and operating condition on the closing date.

Fixtures Excluded

This section of the Agreement is for the chattels and fixtures that the Seller wants to take on closing and which are not included with the purchase. The difference between a chattel and a fixture is that a chattel is moveable but a fixture is affixed to the ground, wall, or ceiling and cannot be moved without removing a part of the ground, wall, or ceiling.

Rental Items

Items that are rented are inserted in this part of the Agreement. Examples of rental items are hot water tanks, furnaces and accessory equipment, water softeners, or security alarm systems.

As a Buyer, you would want to see the rental contract for a rental item. You may not want to continue the rental.

HST

“HST” stands for harmonized sales tax. It is either included in the purchase price which means that the Seller pays it to Canada Revenue Agency, or excluded which means that the Buyer pays the HST.

Generally, in residential real estate transactions where the Seller is occupying the

property as the Seller's principal residence, there is no HST payable and the words "included in" is inserted.

There are specific rules dealing with substantially renovated homes, new homes, and vacant land which may require advice from your lawyer.

Title Search

The date inserted in this part of the Agreement is the date when your lawyer is able to search the title to the property and submit requisitions to the Seller's lawyer. I suggest inserting a date as close to the closing date or at least thirty days before closing. This will give time to your lawyer to order a work order or building search of the property.

Schedule A to Agreement

The Schedule sets out all of the clauses that is specific to a Buyer's purchase.

The conditions to the purchase closing are set out in Schedule A. The usual conditions for a Buyer are home inspections, financing, sale of an existing home, review of a status certificate if the property is a condominium unit, obtaining home insurance, removal of certain items on the property, or the repair of certain items. There is an expiry period that is attached to each condition and which must be met by a Buyer or Seller for whom the condition is inserted. Failure to satisfy the condition before the end of this period will end the Agreement.

Changes to Agreement

In negotiating the Agreement offers and counteroffers are made by the Buyer and the Seller.

The negotiations are reflected by striking out the item that the other party does not want, initialling the change, and giving it back to the other party for acceptance.

If you are making a change, such as, to the purchase price, make sure that you initial the change and make sure that the change is made within the irrevocable date, and the date that you signed the Agreement. These dates are important because any change outside of these dates are invalid, since the Agreement has lapsed or has ended.

Every time a change is made to the Agreement by the other party, that party is making a new offer and it is similar to presenting a new Agreement.

For this reason a lawyer checks to make sure that any offer or counteroffer is within the irrevocable date to ensure the validity of an Agreement.

Builder's Agreement

Buying a new home from a builder is a different experience from buying an existing house.

The OREA Agreement of Purchase and Sale is not used, as the Agreement is prepared by the builder. The agreement is completed with you by the builder's sales agent at the builder's sales office. The builder accepts the agreement after you have made your offer. In fact, you probably will never see the person who signed on behalf of the builder.

Some of the provisions in an OREA Agreement can be found in a builder's agreement. In addition, there are provisions that a builder must notify a buyer as

required by a subdivision agreement. There are schedules to the agreement for conditions to be satisfied by a Buyer, a schedule setting out Tarion information, a floor plan of the dwelling, basic specifications of the dwelling, and any other additions to the agreement.

Generally, the builder agreement will allow a Buyer to have the agreement reviewed by the Buyer's lawyer as a condition to the Buyer buying the property.

A Buyer will also be given a presentation brochure showing the plan of subdivision, the different types of dwelling units, and other features of the subdivision.

Ontario Land Transfer Tax Refund

As of 2011, the Ontario government has continued the refund program given to first-time home buyers under the *Land Transfer Tax Act* up to the maximum amount of \$2,000.00 of the land transfer tax payable in a purchase transaction.

A blank copy of the Ontario Land Transfer Tax Refund Affidavit and the instructions attached to it are reproduced.

To claim the refund, a first-time Buyer must be an individual:

- who is at least eighteen (18) years old;
- who has never owned an eligible home anywhere in the world;
- whose spouse has not owned an eligible home anywhere in the world when he or she was a spouse of the Buyer.

An "eligible home" is a single house, a semi-detached house (a double), a townhouse, a dwelling attached to a share in a co-operative or in a corporation, a mobile home, a condominium unit, a duplex, triplex or fourplex, a tenant-in-common of a real estate

interest in a housing complex, a manufactured home, or any other residential property that the legislation may prescribe in the future.

The Buyer must occupy the property as the Buyer's principal residence no later than nine (9) months after the purchase of the property.

If one of the individuals buying the property is not a first-time home buyer, then, the refund is proportionately reduced to the interest of the first-time home buyer.

Your lawyer will prepare an affidavit as attached to be sworn by you to confirm that you are a first-time home buyer. The lawyer then completes the draft online

Transfer with the same statements made by you in the affidavit. The refund is calculated on the online Transfer which reduces the land transfer tax payable in your purchase transaction.

If no claim is made for the land transfer tax refund at the time the purchase transaction closed, then, you may make a claim directly to the Ministry of Revenue, Tax Compliance Branch, Land and Resources Taxes, 33 King Street West, P.O. Box 625, Oshawa, Ontario L1H 8H9, within eighteen (18) months after the date of registration of the Transfer.

Land Transfer Tax

Every Buyer in Ontario pays land transfer tax to the Ontario Ministry of Revenue. The calculation is based on the purchase price as follows:

Land Transfer Tax (LTT)

up to \$55,000 LTT = Purchase Price x .005

up to \$250,000 LTT = Purchase Price x .01 - \$275

\$250,000 - \$400,000 LTT = Purchase Price x .015 - \$1,525

over \$400,000 LTT = Purchase Price x .02 - \$3,525

On new homes land transfer tax is paid on upgrades and extras, installations of utility meters, Tarion home enrolment fees, development charges, lot levies, and similar charges.

Other Costs

On registration of a Transfer or a Charge/Mortgage the Ontario Ministry of Revenue charges a fee of \$60.00 and a service charge of \$10.00 plus HST (\$11.30) per document.

A writ search is done on registration at a cost of \$11.00 per name, as well as at the beginning of a transaction when a lawyer reviews the title.

A title search carries a cost of \$18.00 plus HST for a parcel register and \$3.00 plus HST for each page after the first page. Generally, depending on the number of documents and plans that a lawyer has to review, the cost of a title search may start from \$20.34 upwards.

In addition to the costs of registration of documents, writ searches, title searches, you should also budget for administrative expenses such as for courier, photocopies, telecopies, internet, printing, Teraview service charges, and other search fees that a lawyer pays on your behalf to complete a purchase transaction.

There is also a cost to changing the tax roll. As of the time of writing this chapter, the City of Ottawa charges a Buyer \$38.00 to change the tax roll to reflect a change

in ownership of the property.

Title Insurance

Title insurance is an insurance policy that insures the title to a real estate transaction if there is a problem with the title. The title insurance policy compensates you against a loss that you may have because of a title-related problem.

Since the introduction of title insurance in Ontario, title insurance policies have expanded coverage to cover the entire real estate transaction, including the legal services given by a lawyer. Only lawyers are allowed to apply for the policy.

If there is a mortgage to be given by you to a lender as part of your purchase transaction, then, you and the lender are covered as insureds.

You will be covered under the policy until you sell the property. But, if you refinance or increase the principal amount of your mortgage, then, a new lender policy will be applied for.

Although getting title insurance is voluntary for Buyers, all lenders require title insurance for their mortgages. Not only does it protect lenders that their loan requirements are met, but it also protects the lenders from fraud of title after the closing of the transaction.

I highly recommend that a Buyer get title insurance for the purchase of their home.

Like a lender, a Buyer receives protection for both the title and the other aspects of a purchase transaction, including legal services.

There is a one-time premium that is paid when the policy is issued and the policy is

in force until you sell the house. The premiums charged by title insurance providers are similar in amounts.

Home Insurance

In addition to title insurance, every Buyer must get a home insurance to protect from fire, public liability, theft, and other eventualities. The policy must be in force on the date of closing and continue until you sell the house.

If you are getting a mortgage, the name and address of the lender must be noted on the policy as a loss payee or mortgagee. Having the lender named in the policy is a term of every mortgage.

Mortgage Insurance

If you are getting a mortgage loan that is over 80% of the fair market value of the property, then, the lender will insure the mortgage. The premium for this policy is generally added to the principal amount of the mortgage. If you can pay for it at the time of your application, then, do so so that the premium will not be added to the principal amount of your mortgage.

Mortgage Home Protection Insurance

A Mortgage Home Protection Insurance will insure your life during the term of the mortgage. On your death the insurance company will pay the outstanding balance of your mortgage.

The monthly premium is added to the monthly principal and interest payment. Generally, all institutional lenders offer a mortgage home protection insurance. You can also get the same protection from a term insurance policy that you can get from any insurance company.

Tarion

Tarion Warranty Corporation (“Tarion”) was established in 1976 to protect the rights of home buyers and to regulate home builders.

Tarion is responsible for administering the Ontario New Home Warranties Plan Act which outlines the warranty protection that new home and condominium builders must provide by law to home buyers.

A builder must register with Tarion and must enrol each new home for warranty coverage. Most builders pass the cost of enrolment to a home buyer which is added as an adjustment to the purchase price.

Home Inspection

Even if you are buying a new home, getting a professional home inspector to inspect the property is a good idea.

A good home inspector will inspect the mechanical, electrical, cooling and heating, plumbing systems, the construction of the house, the roof and flashings, leaders and gutters, the chimney and fireplace, attic insulation and ventilation, siding and masonry, driveway and walkways, grading and drainage, basic structure, foundation, basement, interior and exterior walls, garages, and any other structure on the property.

A written report is given after the home inspection is done. The report will include the present state of the property and recommended repairs and maintenance.

If you have a particular concern, let the home inspector know about it.

Your lawyer will ask you for a copy of the home inspection report since it is part of the information to be given to a title insurer.

Utilities

Your lawyer will notify the hydro, gas, and water/sewer utility companies that you are the new owner as of the date of closing. You are responsible to pay for utility services from the date of closing.

Buyers are responsible for arranging cable and telephone service to the property as of the date of closing.

Survey

A survey will show you the location of a dwelling on the property, any additions to the main dwelling, fences, hedges, trees, garages, driveways, laneways, hydro lines, easements, or any other physical feature of the property that is visible to a surveyor, and the set back distances of the dwelling from the lot lines.

A Seller of a resale home may or may not have a survey. New home buyers generally get a survey from a builder.

Lawyers recommend getting a survey when buying a property because it supplements title information. Often, the cost associated with getting a new survey deters most home buyers from getting one.

There is limited title insurance coverage for surveys. Without an up-to-date survey, survey coverage is given if the property is the whole of a lot on a plan of subdivision, the property is in Land Titles, there is an existing survey which has been

reviewed for accuracy or a Seller is giving a statutory declaration commenting on its accuracy, declarations of possession for a ten-year period, or a surveyor's inspection report is prepared by an Ontario Land Surveyor.

Your Lawyer

Your lawyer is there to help you go through the process of buying your first home. He or she will work with your realtor to answer any of your questions or concerns.

Engage your lawyer as early in the process, and give as much information about the property to your lawyer.

Above all, enjoy the experience!

Alicia S. Natividad is a sole practitioner practicing under the firm name of ASN Law Professional Corporation. One of her practice areas is real estate and development, both residential and commercial. She has over twenty years of experience in real estate, has lectured at the Ontario Bar Admission Course (Ottawa) in real estate, has authored "Letter Searches" which is included in the Real Estate Bar Admission course material, has written numerous articles and has given numerous presentations and seminars in various topics related to real estate.

The Benefits of, Having your Home Professionally Cleaned Before Moving-in

“You just don't know how the previous owners used the home you are just about to move-in. Hiring a cleaning service will removed that worry. They will sanitize your new home from bottom up, now you can just let your kids lay around the floor with peace in-mind”.

BENEFITS OF PROFESSIONALLY CLEANING YOUR HOUSE REGULARLY

Cleaning your house on a regular basis helps in many ways. In addition to keeping your family healthy, it also increases the value of your property when reselling it.

Dusting obviously keeps your air cleaner, and using a furniture polish not only helps to keep dust from accumulating but also improves the look of your wood furniture.

Vacuuming each day also removes dust, as well as dirt and anything else that your shoes might track into your house.

Sanitizing your kitchen can kill off dangerous food-borne bacteria like E.Coli. You should also sanitize surfaces of things like door knobs, phones, light switches, remote controls, etc., as these things are touched often. A clean house can help you get sick less often, and as long as you are mindful of not leaving food out, bugs really shouldn't be a problem.

Most people say they feel better both physically and mentally when their houses are clean and in order. I know I feel that way.

Cleaning your home entails so much work and so many details that it is easy to forget, overlook or simply not think about some areas that should be cleaned regularly. This is one of the reasons why a professional house cleaning company like Canada Best Cleaners is recommended.

If someone in your home suffers from allergies this can be a nightmare to think that you have forgotten something that could alleviate their symptoms.

Here are a few of the unusual places that need to be cleaned regularly:

1. Floors are, for the most part, the most often cleaned space of any home;
2. Spills are cleaned up, crumbs and dirt are swept up and muddy prints are mopped up. Unfortunately these things keep us from remembering the out of sight, out of mind areas of the floor;
3. The floors beneath your refrigerator, stove and dishwasher are rarely seen but will collect dust, dirt, hair, crumbs and spills as much as your open floor. To get to these areas you can either move the appliance or, if they have one, remove the bottom panel for easier access. If you live in a home with an older refrigerator you may want to check the back to see if the coils are in the open or if they are enclosed within the body. If the coils are mounted on the back of the appliance you will want to dust them off with a dry rag or vacuum them. This will keep the coils clean and reduce the dust in your kitchen.
4. The stove is one appliance most people take for granted as being clean if the top, front and sides have been kept clean. Unfortunately there are hidden spots that can collect debris from cooking that can not only invite bugs into the home but unsafe and unsanitary conditions as well. Most stoves, other than smooth or flat

top, will have a liftable top to clean beneath the burners and around the pilot lights (for propane or gas burning stoves). You will also want to clean the edge of the oven and broiler or storage drawer if your stove is a combination stove/oven unit. The bottom edge of both doors is often forgotten even though this is where most liquids will inevitably end up. Run your vacuum or dust rag over the back of this appliance as well as it can collect grease, dirt, dust, hair and other ugly stuff. One last place to keep clean is the hood over your stove which houses the fan and light. Not only does the top and sides need to be kept clean but the inside needs to be kept clean as well. Go ahead and take a peek in there. You are not going to like what you see. Keep the screen covering your exhaust fan clean as well. This will help the fan to draw the smoke and grease away from the stove top while cooking.

5. Many small appliances, though generally kept clean, have areas that are often overlooked. Toasters will collect crumbs, dirt and dust in the bottom that can interfere with the actual cooking, or toasting, of your bread and food. Toasters will have a small cover on the bottom that can be opened to remove most of the crumbs but you will want to use a damp rag to completely remove the crumbs. Remember to UNPLUG the appliance before doing this as 110 volts of electricity will remind you rather rudely.
6. Electric and manual can openers also need to be cleaned to remove any liquids and/or dust and dirt from the blade and the gears that turn the can.
7. Aside from large and small appliances there are other forgotten areas to clean in the home. Counter tops are easily cleaned, constantly wiped and never forgotten. But do you think about the front and side edges of the counters? How about the bottom edge that collects drips and drops of spilled juice, milk, egg, and batter?

The top and side edges of the backsplash are in the same category as the bottom edge of the countertop. The best way to remember these is to simply run your dish rag along the bottom of the counter and the top and side edges of the backsplash as you clean the counters. In no time it will be as automatic to do this as it is to wipe your kitchen table.

Though this is not an all-inclusive list of forgotten places it will give you a good idea as to how many things are easily overlooked not only in the kitchen but throughout your home as well. A quick list of other places is: filters and vents of your heating and cooling system; cabinet interiors; ceiling fan blades and screens for the motor; underneath and behind furniture; tops of doors and door frames.

Please note that we are not trying to turn you into a neat freak or create any form of paranoia of dirt and germs. It is only to remind you of the easily overlooked and often forgotten places where dirt and germs can be lurking. The best home is always the one that is clean enough to be healthy and dirty enough to be happy.

These advices have been presented to you by



You can visit them at www.canadabestcleaners.com.

They can also be reached at 613-552-9725

**Come out & meet the
Authors of this Book for their**

Monthly First-Time
Home Buyer
Seminar

RSVP: stoprenting@hotmail.ca
to get location and time info