

# YOUR GUIDE TO PURCHASING A HOME



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## Foreword /Acknowledgement

I extend my appreciation and thanks to my beautiful and lovely wife Dr. Narges Ghodsi. From reading early drafts to giving me advise and my wonderful son Daniel who is always the source of my joy. I am so proud and so blessed that I have a son like him.

When I first ventured into the real estate industry years ago, I did so with the hopes of helping sellers like you avoid the headaches often associated with the home-selling process. In my years of experience, not only have I helped alleviate the stress of selling for numerous clients, but I've also accumulated years of knowledge to help them get more money for their homes in the least amount of time.

I decided to share all of my expertise in one place with potential clients. And that's why you're receiving this book. I want to help you have the best possible home-selling experience. And by that, I mean I want you to 1. Get the most money possible for your home, 2. Sell in the least amount of time, and 3. Avoid the headaches most commonly associated with the home-selling process.

Think of this book as my gift to you. It contains insider advice on the home-selling process to help you achieve your ultimate real estate goals, including:

Secret strategies to sell your home for more money

- Marketing techniques employed by top agents
- Advice on how to appeal to today's buyers
- And much, much more

If, after reading through it, you want to hire me to help you Sell/Buy real estate, I'd be more than happy to meet with you to discuss a specific plan to Sell/Buy a home. Happy reading!

## About Ray Nili

*I am a Professional Real Estate Broker with over 15 years of experience Real Estate Investment, Selling and Buying Homes/Condos, Pre-Construction and Land, having lived and worked in different areas of Toronto and GTA for over 22 years, I have extensive first hand knowledge and experience of the various neighbourhoods in the city I graduated as Computer software programing and system Analyst. I have since worked tirelessly to become one of the top Toronto realtors.*

*As a result of my professionalism, extensive and up to date knowledge of the market, strong negotiation skills, a genuine concern for my clients coupled with my enthusiasm for success. I strongly believe in the golden adage "do unto others what you would have them do unto you". I take pride in treating my clients much like I would expect to be treated by a professional: with knowledge and care. I take an active role in making things happen and being a perfectionist, always go the extra mile to achieve the best possible outcome. I ensure that my clients are very well informed when making decisions, by sharing all relevant knowledge that can assist them in reaching crucial decisions.*

*Whether a client has bought or sold a home through me, there is one common thread; they enthusiastically refer their family, friends and colleagues to me for one simple reason: my commitment to achieving the best possible outcome for them.*

*My goal is to help people realize their real estate dreams. When you or anyone you know are ready to buy or sell real estate.*

*Buying or selling a property whether it's a house, condo, pre-construction, Commercial or any other type of real estate transaction is one of the largest investments and most important decision that you may ever make! You need a hardworking Real Estate who works for you with honesty, integrity, dedication and professionalism.*

*As an experienced Real Estate Agent based in Toronto, Richmond Hill, Vaughan, Markham, Brampton, Oakville Ontario, I always focus on providing an excellent service when it comes to buying or selling a home. I am dedicated to delivering great results and helping my clients through the various real estate procedures. I want all my clients to have a remarkable and problem-free experience from the start to signing the papers.*

*I'm very people oriented and believe in Success with respect and humanity. Core of my business relies upon by repeat clients and referrals.*

*My marketing strategies capitalize my understanding of how to make each house stand out from the competition. Every house is unique and needs special attention. Information materials must be innovatively developed to best suit the flavour of each house. I believe that a good presentation of the property by highlighting its' features is the best foundation for fast and valued selling.*

*I can best assist buyers by recognizing their needs and demands, while understanding the importance of an investment. Also, as a family oriented person I can relate to the needs of the families. Feel free to call me, I am always ready to help you.*

## Testimonials & Reviews For Ray Nili

Here's a list of people whom I have helped buy or sell a home, and what they said about working with me:

“Ray is my Realtor (Property Agent). He helped us find our dream home all within 2 weeks after we first immigrated to Toronto. Ray is very resourceful and a powerful negotiator. He always go the extra mile, wither it is to find a bank, a lawyer or for our renovations. If you are looking to buy a property in Toronto, I will definitely recommend him.”

~ Jessica, Toronto ON  
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“Dear Ray, I would like to take the time to talk about the efforts and lengths you went to when helping me find a home. You went above and beyond my expectations and thanks to your perseverance, I found everything I originally wanted without having to sacrifice or compromise on any of the specific facilities/amenities that I requested. A great man once told me that “persistence breaks resistance” and this is very relevant with the way that you professionally and efficiently handled me as your client. Moving home from London created difficult hurdles such as not having a Canadian credit history and during an extremely competitive rental market, I really felt like you took the time to understand my needs. You tackled each obstacle with such tenacity and business acumen. You made sure I was the first person through the door for any new units that came on the market and I believe it was your intelligent approach that helped me to secure the place that I now call my home. You also have a great way with people, and your ability to help me feel at ease during the stressful time of searching for somewhere to live would be a crime if not mentioned. The latter combined with your positive outlook, ambitious drive and exceptional work ethic is a real inspiration. I have no doubt that if you deal with all of your clients in the same professional manner as you have with me, your success will continue throughout the rest of your real estate career. Thank you for all your help and support.”

~ Roshan, Toronto ON  
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“In a challenging market, Ray sold our home in record time. We felt like our transaction was extremely important to him. He kept us consistently up to date, and went beyond expectations to find the right buyer”

~ Ilona and Jon, Newmarket ON  
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Excellent experience all around, not only knowledgeable but Ray and team have a very personal touch I felt like family throughout the entire process. He always took his time; we never felt rushed or like “just a number.” I sold my home and bought with him. We had lots of questions he gladly answered them with no problem and guided us through the entire process, eliminating lots of stress. I truly appreciate that and would recommend him and his team to family and friends.

~ Jim, London ON.  
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“During this difficult period lasting almost twelve months, you had the difficult task of being the bearer of good and bad news as you attempted to balance the reality of the market against the expectations of your client. Ray, you gained our trust by demonstrating enthusiasm, competence and reliability. You proved to be very capable and knowledgeable, albeit originally a fresh face in the Oakville luxury market. We look forward to working with you in the future, and we are happy to recommend your services to our friends and family.”

~ Sally and George, Oakville ON

“Ray’s assistance in finding me a location to live in Toronto was nothing less than outstanding! Being a new resident of Toronto Ray took the time to understand my needs and concerns while looking for the ideal location for me to live. Ray keeps an ongoing communication with his clients to ensure that there is a continued satisfaction of the choices made. I would recommend Ray to anyone looking to rent or own. In fact, I have and will continue to do so.  
Thanks Ray for your Dedication!”

~ Lee, Toronto ON  
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“Ray was so efficient, extremely competent, and has an excellent rapport with people in the industry. He made the experience of purchasing very pleasant and seamless. I am extremely happy with his services and would recommend Ray and his expertise to anyone. “

~ John, Owner, Sunrise Gate Homes, Toronto ON  
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“I had the pleasure to be introduced to Ray Nili by one of my colleagues at Magna. I was immediately pleased by his attitude and quick understanding about my needs and unique wishes. After a quick but complete briefing and question round, the same day he started to forward me homes? profiles all closely matching my criteria. Most of his recommended choices were leased after couple of days, as he selected top listings in high demand. I was very impressed with one property in particular. Unfortunately, I took too long to make my decision, and the property was leased out before I was ready to make an offer. Luckily he called me couple of days later to advise that another apartment in the same building was going to be posted and that he would be willing to preview it for me. He needed my trust to make an offer on it without me being able to see it (I was away on business), or reviewing any pictures (they were not yet posted on MLS). Confident in his judgment so far, I agreed to make the offer and close the deal. I visited the afterward, and I discovered with pleasure that it was even better than I expected. In a few months, we will have to buy a house; I know exactly who will get the task to find what we need. Thanks Ray!”

~ Vincent, Richmond Hill ON  
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Sold our home in a week! Ray was an absolute dream to work with. Professional, responsive, efficient, and my moral support when in time of need...unfortunately for him. We sold the home within a week. What else can you ask for? Grateful, grateful, grateful!!! Excellent experience topped with a personal touch

~ Joe Cohen, Burlington ON.  
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“Ray Nili is very diligent and cares about each client on a personal level making the experience of finding the right property positive and hassle-free.”

~ Maria, Toronto ON  
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“I’ve had the pleasure of working with Ray on the marketing of a luxury custom home to be built in Oakville’s most prestigious area. Throughout our business relationship Ray proved to be reliable, responsive, and very active. He has helped enhancing my advertising, and served as an excellent liaison. Ray is a dynamic entrepreneur who is more than eager to create the right opportunities for his clients. I was very pleased with his services and would recommend him to anyone looking for a Real Estate Sales Professional driven by actions and committed to results.”

~ Carlos, Owner, PCM Project and Construction Management Inc., Oakville ON  
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“Right from the start, Ray impressed me with his efficient, knowledgeable, and professional manner- an approach that not only inspired confidence, but generated the results I had hoped for in selling my west end condo. Ray listened to my needs and provided me with realistic advice. His passion and knowledge for real estate certainly shone through to potential buyers and I was more than pleased with the end results”

~ Christine, Toronto ON

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"Ray is a very focused, goal-oriented achiever, a great person to have on your side!"

~ Don, CEO Magna International Inc., Aurora ON

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I wasn't really sure on what I wanted in regards to a first home. I was looking for a "deal" and "value" as the market was at an all the time low. I was confused if I wanted a townhome or a condo, Ray took the time to go through with me and clear my mind. He discussed the benefits and drawbacks of each in regards to making the "right" choice for me. We went to see several homes and condos and he pointed out many things and asked all the right questions to allow me to make the correct choice. I am now a happy first-time owner of a unique 2-story loft condo in downtown Toronto. When I am ready to upgrade, I am sure Ray will be the one to guide me again!"

~ Greg, Toronto ON

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Ray had a tough job and hard worker, but He did it!

~Petter Ajax, ON

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“I have had the pleasure of working with Ray and I honestly do not know of anyone who consistently works for you like he does when either buying or selling real estate.”

~ Pierre, Aurora, ON

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“I have used Ray’s assistance on two separate occasions to find a condo in Toronto. Both times, Ray went the extra mile to make sure that I found the ideal location and was completely satisfied with my choice. Ray is committed to meeting all the needs of his clients. I was extremely impressed with him passion and knowledge of the industry. I will continue to use Ray’s services in the future, and recommend him to family, friends and colleagues. Thanks again Ray!”

~ Brad, Richmond Hill ON

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“When it was time for me to find a new condo to call home, Ray went above and beyond to help me reach my goal. He answered every question I had for his promptly and thoroughly every step of the way with detail and accuracy. I am beyond happy with Ray and I would recommend him to anyone and everyone looking to move forward in their future real estate decisions.”

~ Mark, Richmond Hill ON

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We were tough clients! We were moving to Toronto and didn't have a lot of time to look at houses, having to deal with our employer's relocation, and all of the other challenges that came along. But, Ray went above and beyond to help us. Even now, one year after the sale closed, I can still call him for business and service recommendations in the area — he knows just about everyone, and is very happy to help. Ray is the best agent in Toronto!

~ Elmira, Richmond Hill ON.

I've used Ray twice so far, and I was impressed both times. I bought my dream home with Ray a year ago. he worked long and hard to find me the perfect home. And he just recently sold another property of mine. Everything went quickly and smoothly. Both of my real estate deals were done very quickly and professionally. Ray is honestly the BEST in his business. I would highly recommend him.

~ Ardeshir, Richmond Hill ON.  
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Ray's perseverance got me the house which was my dream, Thanks Ray for your honesty and hard working.

~ Soheila, Aurora ON.  
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My experience with Ray during the entire home-buying process, from start to finish, has been nothing short of exceptional. I have a unique work structure, and because of this, it was very difficult to find mortgage lenders that would approve me for a home. I was very frustrated and on the verge of giving up, but Ray insisted that we continue searching. Not only did we find a mortgage lender but also a mortgage that I felt great about. His perseverance is the reason I am now a homeowner. he is professional, punctual, knowledgeable, and very easy to work with. With the highest regard, I will recommend Ray to all my friends and family. Very attentive to concerns, details, and negotiations.

~ Saeid , Toronto ON.  
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Ray helped me find a house by literally picking it out for me. Every house I wanted to go to, I got there and didn't love it. Ray was busy taking note of the likes and dislikes I was stating and said "I have a house that you're going to love" .... AND I DID! I went back 4 or 5 times to show other members of my family, and he accommodated me without complaint. I was a first-time homebuyer, and he walked me through the steps of everything, gave me advice, and constantly followed up to make sure I was doing OK. With his help, I was able to close on the house early, right before I started my new job. I would recommend Ray to EVERYONE, buying or selling.

~ Ebrahimi, Vaughan ON.  
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Ray made it so so easy. He guided us through the entire process. He recommended great people to work with every step of the way. He was available 24/7 to answer any questions we may have had. With his high standards, expertise in the industry, and patience, we would recommend her as a Realtor to anyone looking! He was amazing! Ray even advised me on how to prepare my house.

~ Alex Newmarket ON.  
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Ray always made himself available to answer questions. He worked hard to sell our home and find the best fit for our new home. He and his team worked with us through the entire process and kept us calm when we got anxious. I am 100 percent satisfied!!

~ Helia, Toronto On.

Ray was a gem. In addition to being highly knowledgeable about the real estate market, with many years of experience, He is a consummate professional. He was extremely easy to work with, gave me very good advice about preparing my house for sale and was very responsive during the entire process of receiving offers, selling and closing. I would work with him again in a heartbeat. He's that good. Ray is the first agent I would call.

~ Stephen, Vaughan ON.  
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Ray and his team were able to rapidly list, show and sell my property. Being an expert in real estate, he was spot on in his pricing of my property and getting this deal completed. Overall, I highly recommend him and his team. If I want to buy real estate, Ray would be the first person I'd call. Ray got us an offer in three days!

~ Kim, Vaughan ON.  
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Ray was the consummate professional during our stressful and difficult process. In the midst of juggling a 'failed' marketing effort with another agent, he presented a well thought out plan and strategy to sell our home in short order. We needed to move quickly due to a growing family and another baby on the way. He helped alleviate that pressure by securing an acceptable offer with 3 days of listing. We put pressure on him, and he delivered. We couldn't thank his enough. Ray kept us calm throughout the process!

~ Mahnaz, North York ON.  
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Ray is professional and knowledgeable about everything. He is also always available. I would definitely recommend him to anyone. Very smooth transaction from start to finish. I felt confident with his experience. Ray found us our dream home.

~ Kamal & Hengameh, Richmond Hill ON.  
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Ray was very efficient and helped us find our dream home within a few short months. He was able to negotiate the price that we wanted for the house. Overall, I would look for him again to help us look for a house if need be in the future. Thank you so much! Efficient communication and service.

~ Maria, Oakville ON.  
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Ray and his staff were very helpful in selling our condo. They kept me informed frequently with email, sending reports on showings, offers, and feedback from potential buyers. We are very satisfied. Ray will get your house sold fast!

~ Teresa, Markham ON.  
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Ray is great and has the expertise to get your house sold. The communications throughout our sale (from beginning to end) has been outstanding. Ray understands the stress involved in selling your house, and he updated our family consistently! This made us feel we were in good hands. I have worked with numerous agents, and I highly recommend him to represent you when it comes time to sell your home.

~ Daniel Smith, Pickering ON.

## **What Are You Looking For In Your Next Home?**

**Contact me for a FREE, No Obligation,  
Home-Buying Consultation to discuss  
your home-buying goals!**

Did you know it costs you nothing to work with me to find your next home?

When you're ready to buy your first home or purchase your next one, give me a call so we can go over everything you're looking for in your dream residence! We'll discuss your anticipated budget and put together a list of needs and wants in your next home. We'll talk about:

- How much space you need
- What extra amenities you're looking for
- Home designs and features you prefer
- Number of bedrooms/bathrooms
- What different local neighborhoods offer
- And much more!

I take pride in my ability to understand and deliver what my buyers are looking for. When you're ready to move forward, I'll connect you with a qualified lender who can get you pre-qualified to actually purchase your next home.

So, if you'd like my **Free Consultation to discuss your home-buying goals** feel free to call me at **416-837-7576**.

We'll schedule a time that works for the both of us to meet. I look forward to helping you!

*Warm Regards,  
Ray Nili  
Real Estate Broker  
Land / Investment / Capital Market\Residential\Commercial*



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*Commercial/Residential, Commercial Division*

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*Live Well, Laugh Often & Love with All of your heart*

# CHAPTER 1

## How Real Estate Agents Help Home Buyers

I'll come right out at the start and tell you I'm a real estate agent — proudly so! Nice to meet you! I'm not trying to sell you anything, but I'm pleased to be of service. In fact, generally, real estate agents for buyers are paid for out of the listing agent's commission. So, I'm not looking to part you from your money. Instead, I'm giving you the benefits of experience and advice I have gleaned throughout my career selling houses and being in real estate transactions — for both sellers and buyers. If you want me to help you find a house, we can talk. Call me if you need me.

Technology has changed the way homes are sought and bought today. In this “Information Era,” most buyers are first introduced to the home they eventually purchase via the internet, through sites like Prelist.org and Realtor.ca.

So that means there's no real need for a buyer's real estate agent, right? The reason to use a real estate agent is to find a home and show homes available for sale, right? If a buyer can find and visit a home on the web all on their own, why involve another party?

### WHY HOME BUYERS NEED A REAL ESTATE AGENT

Ah, not so fast, friend. The reasons to use a real estate agent today are as valid as yesterday. The ease of online transactions and proliferation of services to assist buyers in handling their own real estate transactions came about recently, throughout the last decade. This has caused buyers to wonder if using a real estate agent is no longer necessary or if it's an expense that can be avoided. While doing the work yourself can save you money if you buy a “For Sale By Owner” (FSBO) house and the seller agrees to reduce the price by 3% (half of what a listing agent would receive), for many, a do-it-yourself home purchase might be pricier than a real estate agent's commission in the long run.

Besides, a buyer generally doesn't directly pay any commission to an agent on a house purchase. On most home sales, there is a listing agent (the agent engaged by the seller to sell the property) and a selling agent (the agent who introduces the eventual buyer into the transaction). The selling agent is sometimes called the “buyer's agent” because he or she is often working on a certain buyer's behalf, and it's easier than explaining that the *selling agent* is not the *listing agent* but really the *buyer's agent*.

There are some real estate agents that market themselves as “buyer’s agents,” “exclusive buyer’s agents,” or “buyer’s representatives.” These real estate agents have chosen to make a business of finding homes for prospective buyers and handling the negotiations and transactions attendant to the purchase. These agents want to accentuate the reasons a buyer shouldn’t go directly to the listing agent when they purchase real estate.

A buyer who goes directly to the listing agent and allows that agent to “manage” both sides of the transaction is dealing with an agent who has conflicting responsibilities. Their job is to get a good price for the seller, and they might not ambitiously represent the buyer’s interests. Those who market themselves as buyer’s agents indicate they’re only working for the buyer in a real estate transaction.

The buyer’s agent’s commission is paid by the seller, except in rare cases. They either get paid directly by the seller or set up the transaction so that the seller provides a “credit” to the buyer for how much the real estate commission is — then the buyer pays the commission. A maxim in real estate is, “No matter how it’s set up, the buyer still walks away with the house and the seller still walks away with 94% of the purchase price.”

## **MORE ACCESS TO THE REAL ESTATE MARKET**

A real estate agent will have better access to the market and a special knowledge of local conditions. The agent is a full-time liaison between sellers and buyers. An agent will have ready access to other properties listed by other agents. Buyers’ and sellers’ agents know how to put a real estate deal together.

A real estate agent will track down homes that meet your criteria, contact sellers’ agents, and secure appointments for viewing the homes. On their own, buyers have a more difficult time with these things. This is even more so the case when a buyer is moving due to relocation or employment opportunity and does not engage a buyer’s agent to handle matters.

## **NEGOTIATING IS HARDER ON YOUR OWN**

A real estate agent will keep the transaction “at arm’s length,” such that personalities and emotions do not become involved. Price negotiations take a special skill and understanding of the psychology of offering and counter-offering.

Agents keep the transaction dispassionate and rational. For example, a buyer (you) might like a home but despise its wood-paneled walls, shag carpet, and lurid orange kitchen. When you work with an agent, you can express your opinions on the current owner’s decorating skills and complain about how much it will cost to upgrade the home without insulting the owner. Your agent will translate that to the seller — that you very much like the property but can see having to spend a certain amount in decorating costs, and thus can offer that much less.

## **CONTRACTUALLY SPEAKING...**

There are many contracts and documents involved in purchasing a house. The stack is more than an inch thick.

Unless you're a real estate lawyer or title agent, these documents will be foreign to you. Yet, they require detailed and accurate completions. Buying a property is not necessarily a "fill-in-the-blanks" transaction. One mistake, let's say in title work, could haunt the buyer well down the line after purchase. This very situation happened. A property that sat on a double lot was put on the market. The neighbor bought it to carve off a bit of the second lot to expand his own yard.

The seller then put the home back on the market, and it sold. Months later, through a property tax notification, it came out that, in preparing new deeds for the properties, the expanded yard area was correctly in the name of the neighbor; however, the house had been transferred to the home buyer. The new homeowner now owned both houses, and the neighbor owned his expanded driveway and yard.

Fortunately, they were good neighbors and settled the matter with a few signatures.

An experienced real estate agent deals regularly with these contracts, conditions, and unexpected situations and is familiar with which conditions should be used, when they can safely be removed, and how to use the contract to protect you.

## **YOU WON'T NECESSARILY SAVE MONEY**

The point of not using a real estate agent would be to save money, right? Otherwise, why would someone turn down professional assistance in finding a home?

However, it's unlikely that both the buyer and the seller will reap the benefits of not paying real estate agent commissions. It works like this: An owner selling on his own (FSBO) will price the house based on the sale prices of other comparable properties in the area. Many of these properties will be sold with the help of an agent; therefore, the seller profits in getting to keep the percentage of the home's sale price that might otherwise be paid to the real estate agent (usually 6%).

Buyers looking to purchase a home sold by owner without an agent may believe they can save money on the home by not having an agent involved, and so they look solely at FSBO houses. They might expect money to be saved and make an offer accordingly. Unless the buyer and seller agree to split the savings, they can't both save the commission — and that's if the listing price was not already lowered by near the commission amount to make it more market-attractive.

Here's a short list of the advantages that using a real estate agent can bring to your buying experience:

- Education and experience
- A buffer between you and the seller
- Neighborhood knowledge
- Price guidance
- Market conditions information
- Negotiation skills and confidentiality

- The ability to handle paperwork
- The ability to handle closing questions
- Relationships for Future Business

It's extremely important to know the "ins and outs" of real estate agents before you bring one along with you to help in your search for a home, just so that you might know what to expect, and what will be expected of you.

## **WHO A REAL ESTATE AGENT IS**

Simply put, a real estate agent is someone licensed to list and sell real estate, including homes, multi-family properties, commercial, and industrial buildings. A Realtor®, however, is somewhat different. A Realtor® is a member of the Canadian Real Estate Association®. While an agent is always a real estate agent, a real estate agent isn't always a Realtor®.

As mentioned, real estate agents who work on behalf of the best interests of the buyer are commonly called buyer's agents. All listing agents represent the seller, but other agents who don't have buyer-agency agreements with prospective buyers — even though they may show homes to those buyers — are working on behalf of the seller and must obtain the best price they can for the seller.

In contrast, buyer's agents work on commission, which is contracted in the listing agreement. When a buyer's agent brings the buyer, the listing agent must split the contracted commission with the buyer's agent.

## **HOW TO CHOOSE THE BEST? AGENT FOR YOUR NEEDS**

You might feel the urge to pick the first real estate agent who appeals to or approaches you, but that's something to avoid. As with any professional, there are degrees of professionalism, dedication, and experience. The "wow factor" will simply wear off.

Meet with prospective buyer's agents in their offices. A good buyer's agent will want to know whether you're preapproved for a loan by a financier, what kind, and the terms of the loan you're getting. They should spend adequate time to discover what you're looking for in a house. They should listen as much as talk and ask questions. Watch to see if the agent makes notes.

If the agent doesn't broach the topic, ask for an explanation of his understanding of agency relationships and obligations to you. The law requires agents to explain whether they'll be working for the buyer or the seller whenever they have substantive contact with a customer or prospective client. If the agent doesn't offer you a buyer's agency agreement, that agent is representing the *seller, not you*. If the agent can't explain agency concepts to you, then move to the next agent.

Be sure that the agent will be showing you all listings or properties on the market that meet your requirements, and not only listings that are handled in-house. Buyer's agents have the legal duty to put the buyer's needs ahead of their own. Even when an agent will be paid more for selling an

in-house listing, they must inform you about other available, suitable listings and take you to see viable prospects.

A good buyer's agent will provide a home-buying education. The listing agent will point out all the features of a home; a good buyer's agent will point to the faults — or advice when they can be overlooked.

Competent buyer's agents help their buyers to think clearly as the home-buying process unfolds. For example, if a house is a good buy, a buyer's agent might suggest looking past the dated bathroom and kitchen and look at the space above the garage that will make the perfect art studio you desire. Likewise, a cute house with all the amenities but with knob-and-tube wiring or a 40-year-old roof might not be worth the asking price. If you decide to buy with the intention of building an addition, the agent should advise you to check the zoning before making an offer.

Agree to sign a buyer's agency agreement after you have met with an agent. Some people sign an agency agreement after attending a showing given by the agent. Working with a seller's agent is a mistake, according to an article by Amy Fontinelle of *Forbes' Investopedia*. Any information you reveal will become leverage that the seller can use in a purchase negotiation. A buyer's agent is legally required to maintain your confidentiality, disclose material facts to you, and maintain loyalty to you. These are fiduciary duties.

## **LOOK FOR PROPER CREDENTIALS**

You wouldn't trust a doctor who didn't have the proper credentials and licensing. Don't trust a real estate agent who doesn't present theirs or doesn't have them at all. It's easy to find real estate agents who can take the job, but finding agents with special credentials — those who have gone that extra step to take additional classes in certain specialties of real estate sales — is worth looking into.

Here are just a few credentials within real estate that you should be on the lookout for:

- Accredited Buyer's Representative (ABR): Completed additional education during representation of buyers in their transactions.
- Certified Residential Specialist (CRS): Completed additional training during the handling of residential real estate, such as houses and apartments.
- Seniors Real Estate Specialist (SRES): Completed training for the purpose of helping sellers and buyers 50+ years old.

Similarly, if you choose to use a real estate agent who's also a member of the Canadian Real Estate Association®, it will be a bonus. However, ensure they have credentials that are relevant to your need(s).

## **RESEARCH LICENSING**

Your province will have a license board for all active Realtors® and real estate agents, which you can easily access. You will also be able to see their contact information, disciplinary actions,



complaints, or any other information that you'll need to help influence your decision — especially since most of the information is now posted online.

## **GIVE THE “WHAT ELSE” TEST**

A good agent will know about all the other properties for sale in the area. Also, a good agent always does their research regarding the events in the current market, and those homes that are out there for the taking. In short, you want an agent who's an expert of the current market, and someone who always stays on top of things.

## **RESEARCH THEIR BUSINESS ACTIVITY**

Learning the type of market presence that a real estate agent has is the best way to figure them out. Ideally, you're going to want an agent who specializes in one or two real estate markets, and who understands which types of homes and amenities are available within your price range. You can unearth this information by asking them or by asking the provincial licensing authority if you're not comfortable with asking the agent directly.

You're better off with an agent who's engaged actively in one area and price range — e.g., residential homes around the \$200,000 to \$350,000 range or the \$600,000 and up range.

## **GOING THE BUYER'S AGENT ROUTE**

So, you're ready to take the plunge and look for a place to call “home.” To get the most out of it, use a buyer's agent to avoid a flurry of paperwork, stampedes of buyers competing for the same property, and other challenges. Home buying can be exciting and exhilarating, but it can also be complex and stressful — which is why having a pro by your side can make an enormous difference.

As discussed, you've probably heard of buyer's agents, seller's agents, listing agents, and so on. You're a buyer, so what's a buyer's agent? True to the name, buyer's agents assist home buyers every step of the way; they can also save you both time and money on the road to homeownership. When you find the right one for you, these real estate agents will work day and night to ensure all your needs and requirements are met when it comes to finding the right home.

## **WHAT BUYER'S AGENTS DO FOR YOU**

Your buyer's agent will have a vast knowledge of the current real estate market for the area, which will include neighborhood amenities and conditions, the law, zoning issues, price trends, negotiations, taxes, financing, and insurance.

Once you meet with the buyer's agent, they'll generally help you determine your needs and wants when it comes to finding a home and a neighborhood. The agent will teach you what you can afford, help you set a budget, provide some insight on the current conditions of the market, and explain what you should expect while shopping for a home.

During the shopping period, you'll meet with your agent for tours of homes in which you might be interested.

They will give you insight into the floor plans, the home's pertinent selling points, and the overall crime rate of that neighborhood. They will also give you the rundown for local activities, restaurants, shopping centers, and schools nearby.

Your agent is responsible for ensuring inspections of the homes are complete, as well as the disclosures therein.

They're also in charge of ensuring coordination and completion is done through the roof inspector, attorneys, lenders, and all other professionals involved with the purchase of the home.

If bargains need to be made over the price, you won't have to negotiate yourself. Your buyer's agent will do that for you, along with signing the final closing documents. They will be present whenever there are documents to go through and sign.

## **DUAL AGENCY: THE BASICS**

A "dual agency" relationship occurs when a buyer is being represented by a brokerage firm that controls the listing. Once an agent represents both the seller and the buyer within the same transaction, the situation is known as "dual agency." In multiple places, this is illegal because of the conflicts of interest that can arise regarding the broker.

All agents hold the same responsibility, which is to inform their clients of all potential risks that could arise due to conflicts of interest. Legally, agents are not allowed to work on both sides of any transaction without consent from the clients.

If you're selling your home and you don't want your agent to also work with the buyer of your home, it's your right to say so in the listing agreement. This is also true for buyers. A buyer can get out of an agreement with an agent if they are interested in purchasing a home their agent is listing.

When it comes to dual agency, there are definite advantages for the seller.

Trust has already been gained with your listing agent, so representation for the buyer has been established.

- Your agent brought you the buyer knowing that you're selling, even if your property has not yet hit the market.
- Your listing agent will have already covered and researched your neighborhood's market to gain buyer inquiries, which means your agent will be working from all sides of the deal to sell your house faster, and with more incentive.
- Your agent works together with corporate relocation buyers who need to find a house quickly, and they will ensure it's your house that's bought.

There are also cons for the seller when it comes to dual agency, and they are:

- You can't be advised by your agent as thoroughly when they must act as a dual agent because impartial facilitation is required.
- Your listing agent is not allowed to negotiate the best or highest price for you if also negotiating both the best and lowest terms for the buyer.
- Earning a full commission, if the opportunity arises, may tempt the agent to coerce a deal that you might not accept otherwise.
- Your agent may inhibit all access to your listing through buyers with agents.

To avoid surprises or missteps in a dual agency sale, always ensure you have clarified important details with your agent ahead of time. You can do this by using an exclusive buyer agency agreement or a listing agreement.

## **HOW REAL ESTATE AGENTS ARE PAID**

The Canadian Real Estate Association® 2017 Profile of Home Buyers and Sellers states approximately 8% of homeowners opted to put their homes up for sale in 2017 without using a real estate agent or Realtor®.

A handful of For Sale By Owner (FSBO) transactions dealt with sellers and buyers who previously knew each other or were directly related; 87% of buyers chose to work with a real estate agent or Realtor®, on the buyer's side.

Real estate agents and Realtors® — unlike professionals in different categories who bill by hourly rates or earn a salary — get paid through a transaction (commission) at the end of each sale.

For example, if an agent has worked with a seller or a buyer for months, they don't get paid for the time spent if there is no transaction during that period.

Agents receive a commission once the transaction goes through to settlement (closes) based on the selling price of the home. At that point, the commission is earned.

The commission itself is negotiated — in most cases, between the seller and the agent. Typically, an agent will earn a commission of 6% from the sale price, but some brokerages have commission discounts for the sellers with whom they work.

Essentially, the listing agent and the buyer's agent will split the commission. That can bring forth some issues. For example, sometimes the split might not be negotiated evenly. A seller could have agreed to pay a commission of 5.5% that, if further divided, the buyer's agent would receive 2.5% while the listing agent receives 3% of the commission.

Even though some agents are associate brokers, or brokers in general, all commission payments are instructed to go through to the broker who's managing the brokerage where the agent is working. From there, the commission is then split to the agent and the broker, according to the

agreement that's been made. The split will vary; sometimes, newer agents will earn a small portion of the commission compared to the experienced or successful agents who generally sell more expensive properties or homes.

### **PAYING THE COMMISSION ITSELF**

The overall commission is paid for at the settlement period by the seller. The fee is taken from the proceeds of the sale of the home or the property. However, the buyers pay the commission because they're literally paying to purchase the house, while the sellers take the commission for the agent into account during the process of determining the price for the listing.

From there, the commission is then divided during the settlement process between the buyer's agent brokerage and the listing agent's brokerage. Afterward, the agents who made the real estate sale are further paid by their brokers.

# CHAPTER 2

## Owning vs. Renting

Owning your own home might be one of the defining qualities of the “Canadian Dream:” the set of ideals that includes opportunity for prosperity and success and an upward social mobility for the family and children, achieved through hard work. Home ownership is surely ingrained as one of the strongest representations of that vision — 68% of Canadians own their own home, and more hope they will or wish they did.

Something about home ownership plucks a strong chord with Canadians. Financial security, permanency, status, and pride are values many of us seek.

Lifestyle plays a big role in the decision to own versus rent. Home buying is most often driven by household formation, such as marriage and growing family. Less than 40% of people under 35 years old own homes, 60% of people over 35 years old own homes, and more than 80% of people 65 years old or over own homes. Interestingly, for the millennial generation, the primary reason for buying a home? Owning a dog.

The Canadian homeownership rate has fluctuated between 62% and 70% since the 1950s. Most young people begin their independent lives renting an apartment, maximizing lifestyle flexibility and minimizing the hefty upfront costs associated with purchasing a home. As they build careers, save money, and start families, many choose to buy a home, recognizing that home ownership, as opposed to rental living, is more appropriate to their growing family needs.

At the other end of the age spectrum are homeowners nearing retirement who may desire to sell their homes, downsize, avoid the maintenance and other obligations, and go back to renting.

### WHICH IS BEST?

Is it better to rent or buy a home? Most adults ask themselves this at some point as they form their goals and plan for the years ahead. Before you answer the question, here are some things to ask yourself. Owning and renting each have their advantages, but what’s best for you depends on your circumstances.

**What will be the duration of your stay in the home?** Each market is different, but whether the time you plan to spend in the house warrants its purchase is possible to predict. In general terms, it takes four to seven years to break even on a home (i.e., where there has been enough appreciation to pay back the cost of the transaction and cost of ownership). If you’re thinking about buying a home and selling it in two years, buying is very unlikely to be cheaper than renting.

**Do you think of or need your house as an investment in your retirement plan?** Canadians are used to their homes being a store for wealth to liquidate in retirement when downsizing their lifestyle. In 2015, Gallup reported that for the second straight year, more respondents named real estate than stocks, gold, savings accounts/CDs, or bonds as the best long-term investment. Real estate leads, with 31% of respondents choosing it, followed by stocks/mutual funds at 25%. A cautionary note though — although home prices have recovered their pre-2006 market slump and continue to rise, the price of your home can fall, as well as rise.

**Are you financially ready?** Owning a home is a financial commitment that requires planning how home ownership fits into where your life is headed. Ask yourself what your budget is and if either buying or renting would require you to stretch your finances. Crunch all the numbers. A frequent mistake of first-time home buyers is comparing a month's rent to a month's mortgage payment. Many people don't have all the numbers. There are many additional fees necessary to include to make a fair comparison: principal interest, property taxes, property insurance, and ongoing maintenance.

**Are you prepared for the down payment?** This is the lump sum payment that funds your equity in the property (how much of the property you actually own). Down payments vary; 20% is preferred and gets the best rates. There are some loans that allow down payments as low as 3%. Sometimes relatives help with the down payment. If you have a choice, take a gift rather than a loan because lenders will add the loan debt to other monthly obligations and potential mortgage payments to determine your debt-to-income ratio, which generally can't top 43% to qualify for a home loan.

**Can you afford the monthly mortgage and its components?** Generally, a mortgage includes loan principal and interest plus property taxes. These items can affect the monthly loan-only payment by several hundred dollars.

**Are you emotionally ready?** Can you handle the stress? A big factor to consider when buying a home is stress. The Holmes and Rahe Stress Scale, a landmark stress study, ranks many events that go along with buying a home in the top 43 most stressful circumstances in life. Four events are specifically home-related: change in financial state (No. 16), large mortgage or loan (No. 20), change in living conditions (No. 28), and change in residence (No. 32). If someone has recently made other life changes, such as marriage (No. 7), switching careers (No. 18), or having a child (No. 14), it might be wise to postpone buying a home. Stress overload can lead to missed payments, which can result in destroyed credit or even losing the home. It's better to rent if your life is in flux and then buy when your stress levels are lower.

**Are you ready for commitment?** Are you ready to make lots of decisions, from picking a real estate agent to picking paint colors? Are you confident enough to choose a neighborhood where you believe home values will continue to appreciate and that will serve your needs (i.e., proximity to schools, shopping, recreation, etc.)? Are you ready for devoting the time and attention to maintaining a home (i.e., leaf-raking, grass-cutting, appliance maintenance and repair, etc.)? Taking care of your biggest investment can be gratifying, but only if you're ready.

## ADVANTAGES OF BUYING YOUR HOME

**Control over housing expense.** By selecting a fixed-rate mortgage, the homeowner assures that the housing cost will not increase for the next 5 years. Mortgages are renewed after 5 years at the current rate of interest.

**You build equity.** Some of each monthly mortgage payment goes toward the loan's interest. Other portions may go toward property taxes to the city. The remainder pays down the loan principal. Every dollar put toward your loan's principal represents a dollar of equity — actual ownership of the property. Further, the property should appreciate in value each year, further adding to equity (what the house could be sold for versus what is owed on it).

**Improvements increase your home's value.** A homeowner can also increase a home's value through home improvements, thus both making your home more comfortable and enjoyable while growing its loan-to-value (LTV) ratio. For instance, adding a bathroom or finishing a basement substantially increases the property's functionality and appeal, while potentially boosting its value.

**Tax advantages of home ownership.** There are significant tax benefits associated with buying a house, both at the time of purchase and for the duration of time you own the home:

**Current mortgage rates are relatively low.** Interest rates vary through the years. Several years ago, interest rates were higher, and it was more expensive to obtain a mortgage. Since these costs have been reduced, it's now easier and less expensive to own a house.

**Ownership rights and creative freedom.** Your decorating and home-improvement choices are just that — yours, provided they don't break building codes or violate homeowners' association rules. You can paint walls any which way, add fixtures, update or finish your basement, or build a patio or deck. Changing your environment to suit whims is a freeing aspect of homeownership.

**A sense of belonging to the community.** Homeowners tend to stay in homes for longer than renters and are more likely to grow roots. They might join a neighborhood association, volunteer at a nearby community center, join a school group, or align with a business improvement district. Renters might not do any of those things, particularly if they know their lease is up in a year and they might move.

There's an intangible pleasant feeling attached to owning your own house — a sense of freedom and independence. The home you live in belongs to you, and you can do what you want with it. You aren't daunted about increases in rent or losing the lease. You're free to make improvements and changes. Also, owning your home gives your children the guarantee of attending the schools in the area on a more permanent basis; you never need to worry about a notice from the landlord to vacate your rented house or apartment for a variety of reasons over which you have no control.

## ADVANTAGES OF RENTING

It seems a shorter list, but one man's pro is another man's con, and there certainly are advantages to renting to factor into your buy-or-rent decision.

**No responsibility for maintenance.** Admittedly, this is a big one. As a renter, you're not responsible for home maintenance or repair costs. If a toilet backs up, a pipe bursts, or an appliance stops working, you don't have to call an expensive repair person — you just call your landlord or superintendent. Renters in condos, townhouses, or apartments also don't have lawn and grounds care obligations.

**Relocating is easier.** When renting, relocating for work is easier. Though a sudden move may require you to break your lease, you can partially offset the cost by subletting your apartment or talking with your landlord. On the other hand, selling a home takes time and effort. If you have a short timeline to sell your home, you may be forced to accept a lower price and lose some of your investment.

**No real estate market exposure.** Home values fluctuate and can decline over time. If you're a renter, that's not your problem. If you're an owner trying to sell — it is.

## **DISADVANTAGES OF OWNING**

**Maintenance.** The renter's largest advantage might just be the homeowner's major disadvantage. While insurance might be available to protect against expense from major catastrophe, usual maintenance items are on the homeowners' dime. Maintenance and repair can be as simple as repainting the baseboards and can also be as extensive and expensive as replacing a HVAC system or sewer pipe. The expense will vary from year-to-year; however, you can expect to pay about 1% of the value of your home annually toward these expenses. If you live in an \$800,000 home for 10 years, that's \$80,000 over the period, and perhaps more if you must replace a costly, long-lived mechanical item, such as a furnace. Keep in mind the usual homeowner's chores of lawn care, snow removal, gutter cleaning, and other regular home maintenance needs.

**Upfront and closing costs.** Buying a home entails numerous upfront costs. Some are paid out-of-pocket after the seller accepts your purchase offer, while others are paid at closing. These include the deposit, down payment (typically ranging from 5% to more than 20% of the purchase price), home appraisal, home inspection, and property taxes.

**Loss of relocation flexibility.** It's much easier to break a lease and move out of town than to arrange for the sale of a residence. Selling the home from out of town involves special logistics and financial matters, such dealing with the mortgage while the home is on the market.

**Financial loss potential.** Homeownership builds equity over time; however, equity doesn't equate to profit. If home values in your area go down or remain stagnant during your time as a homeowner, the appraised value of your home could decrease, putting you at risk of a financial loss when you sell.

## **DISADVANTAGES OF RENTING**

**No equity building.** The monthly rent you pay goes to the landlord. It represents the fee you pay for using the property. You gain no ownership in the property, no matter how long you live there.



**Home improvements go to the landlord.** Any structural and decorative home improvements that renters make belong to the building owner and will have to stay behind when you move to a different place. Additionally, approval for desired major redecoration will be necessary.

After all is said and done, the decision to buy or rent depends on the prospective home buyer's circumstances. There's no denying, though, that a home of your own is a good financial and a great emotional investment. An investment in a home can also mean an investment in your future.

There is much to consider when you want to buy a home. Switching from renting to homeownership is highly challenging, but an exciting and amazing decision to make.

# CHAPTER 3

## Buyers' Needs and Desires

After you've decided to buy a home, what sort of home it will be is your next decision point. It's a better approach to have a concrete vision in mind of what type, features, and amenities you want in your home, rather than a "shotgun look" at every listing that's out there in your price range.

Imagine your dream house. It fulfills both your needs and desires. It fits the need for a good roof over your head, a sturdy structure, modern fixtures and appliances, living space (i.e., bedrooms, living room), and functional rooms (i.e., kitchen, bathroom[s]).

Your needs fulfilled, you turn to your desires. Perhaps you envision a home on the beach or in the woods, a gourmet kitchen, a wood-paneled den, a crystal chandelier over a banquet table in the manor-sized dining room or an Olympic-sized swimming pool with a hot tub and sauna. Your priority in any home purchase should be ensuring all of your needs are met. Sometimes, you won't find everything you desire in a home and if you do, you may not be able to afford it. It's important to prioritize the things you want in a home by how important they are in your search.

Decide your *needs* vs. your *desires*.

- Would you like a swimming pool? Enough that a home without one will not be looked at?
- In what areas or neighborhoods might the home be located? Where do you want to live? Where might you have to live for work commute or home price reasons?
- What features would make it special?
- What can you afford and what is out of your budget?

Budget usually constrains us most in selecting a home. While some things are necessary for any home (as mentioned, a good roof and working appliances), others will just stay on the list of desires for now (like the sauna).

### **MAKE A LIST; CHECK IT TWICE**

You may have an impression of what you want in your new home. Putting that to paper and having a complete checklist can prove useful.

Before starting your hunt for a new home, it's advisable to make a list of all your basic needs and desires, then prioritize the desires, figuring that all needs must be met in any house under consideration. This will make the search easier and help weed out the ones that don't meet the basics. Realize, however, that it's nearly impossible to find a home that meets all requirements. Compromises will be necessary.

It's a good idea to work from outside-the-house factors to inside-the-house. For example, location is perhaps the primary concern and both "needs" factors and "desires" factors might be involved.

A “need” would be “must be within 25 kilometers of work.” A desire might be, “would like Lorne Park” (a favored neighborhood), while a need might be “on the west side of the city” (because work, family, friends, and recreation activities are all located there).

Location needs may include proximity to schools, frequently used recreation facilities, or mode of transportation (bus or suburban rail access). Whether an item is a need or a desire depends on circumstance.

Closeness to family might be a need for a couple with young children or elderly parents to care for — or a desire if those factors aren’t involved. It’s items like these that make a checklist most helpful.

After location needs and desires are compiled, housing factors can be considered. Needs include having all essential house structures and systems in good working order. Accepting a house with need for a new roof because the owner is willing to knock \$7,000 off the listing price — but it will cost \$10,000 to replace the roof in two years — is *not* a sensible deal.

Needs might include a minimum number of bedrooms and bathrooms, no steps, fenced yard, perhaps a first-floor laundry facility, and any feature the prospective buyers have decided they cannot accept a home without. Desires are features that make the home more attractive or enjoyable — an upgraded kitchen, walk-in closets, a master bedroom suite. Of course, one buyer’s need is another buyer’s desire. The point is to know your own needs and desires so you can easily assess potential properties and make the process smoother.

Regardless, buying a house is not a simple process. Much of the planning should be done well before contacting a real estate agent or looking at homes. Work the costs as well as your budget. Choose a general location. Contact lenders well ahead of home shopping, so that your offers aren’t tied up in getting financial approval.

Having the image of your dream home is reality married with imagination. In fact, you may find that some aspects of the house you intend to buy are different. It’s not the same as what your dreams told you. Different people have different requirements. It depends on your thought processes, as well as personality.

We understand important things and potential compromises differently. Needs are basic requirements that just can’t be ignored or compromised. Desires, on the other hand, can be left behind if the situation demands it. You need to make a clear distinction between what your needs are and which items you would classify as desires.

No matter how many desires you have unfulfilled now, they can be worked on later. A pool can be added and paint colors can always be changed.

## **A NOTE ABOUT PETS**

Consider your pets in your home shopping. Home buyers who are pet owners have specific requirements — they must provide for their pets. A third of millennial-aged respondents (ages 18 to 36) who purchased their first home (33%) say the desire to have a better space or yard for a dog

influenced their decision to purchase the home, according to a survey conducted online by Harris Poll, on behalf of SunTrust Mortgage. Dogs ranked among the top three motivators for first-time home purchasers and were cited by more millennials than marriage/upcoming marriage, 25%, or the birth/expected birth of a child, 19%.

It's essential that the neighborhood in which you're going to buy a house has no restrictions on pets — or livestock, if that's something you desire. Do you raise American Staffordshire Terriers, also known as pit bulls? There are neighborhoods that ban this breed. What about goats? Vietnamese pigs? Have you always wanted fresh eggs from your own chickens? Include your animals in location planning.

Some pet owners choose wood or other hard flooring, not wanting to risk pet damage or odors.

An appropriate-sized fenced backyard is on the “needs” list for many pet-owning house buyers. Consider the arrangement of rooms and the structure of the house to ensure it's suitable for your pets, too. Traffic in the area could be another checklist item.

Pet services, such as veterinary, grooming, and exercising, should be conveniently nearby.

## **LOCATION, LOCATION, LOCATION!**

You must make sure to limit your search to a neighborhood that offers the closest possible match to the kind of lifestyle that you like and want to live. Trulia recently conducted a survey with Harris Interactive, and the real estate site found 84% of respondents said the neighborhood would be equally important to — or more important than — the house itself, if they were searching for a new home.

Location is so important that people are willing to give up “must-have” features to buy into their desired neighborhood — 72% would forget about a pool, 55% would lose a finished basement, and 33% would accept less square footage.

What matters is living in a safe place with good schools. According to Trulia, 69% would drive through the neighborhood during different times of day to determine if the neighborhood was the right fit.

You can't go shopping for a home without choosing a location where you'd like to live. Probably the most significant decision when buying a home is where it is.

Location influences your everyday life. Your property does not exist in a bubble; it's part of a bigger community. It's important to find a neighborhood or area that suits your needs. Do you want the peace of a secluded woods, or the energy of a bustling city center?

Do research before starting your search. Drive through the area and see if all the stores, activities, and features you want are there. Eat at local restaurants and walk through a nearby park. As price is mainly based on location and condition of the property, when someone starts looking for their house, it's important to consider the location and how far it is from schools, shopping areas, and other facilities. Home means comfort, and comfort can't come if the location isn't suitable.

# CHAPTER 4

## Real Estate Horror Stories

### To Learn From

You've seen frightening stories like this on TV. Perhaps you've heard about them from neighbors or co-workers, but you still haven't witnessed anything like them yourself. Be warned. The first time is one time too many.

Now that you're in the market for your first home, or maybe a second or third, congratulations! Buying a new home is one of the biggest achievements for many people. Unfortunately, home buyers — especially first-time buyers — can be the victims of real estate horror stories. Absolute horror, from the buyer's perspective. Here are a few examples.

Alex was excited about making her first home purchase in 2012. Being in the Toronto metropolitan area, she was limited with pricing options, with many of the lower-cost homes around \$250,000.

She went to several banks and got preapproved for different amounts at various lower interest rates. She found her dream condo, and, after some deliberating, she decided to go with the lowest rate of 4% offered by her lender.

She completed her paperwork and submitted it with her 10% deposit. The rate wasn't her only deciding factor. Personnel had been friendly and great at communication, making her feel very comfortable about the process.

Until now. Suddenly, it seemed as though all of the bank corporation dropped off the map. A closing process that should have taken 30 days or less turned into several months of waiting and a larger deposit of an additional \$20,000.

They ran her in circles, until the seller told her, through the real estate agent, that the deal was over if she didn't find another solution. Luckily, the seller's real estate agent referred her to another lender and was able to help her to obtain another loan (although at higher interest) much more quickly. It turned out the first lender was a scammer.

In another case, Ron and Jenna were planning on upgrading to a new home. After a long search, they found it — or so they thought. A bright and colorful kitchen, open living and dining areas, three bathrooms, high ceilings, a fireplace, and even a covered porch made the home seem perfect.

They were especially thrilled that the price was only \$535,000. That was a steal. They signed the contract and were in the house a little more than a month later.

Less than six months later, the horror story began to unfold. Jenna was cleaning one of the bathrooms when she noticed tiny little ants with wings.

Following Ron's advice, she called the exterminator. When he arrived, he delivered the first blow — these winged ants were *termites*. The exterminator went under the house to assess the damage. He found that not only was the floor under the bathroom completely infested, but also the other two bathrooms, and the infestation was spreading to more of the house.

The grand total to repair this problem came to over \$12,000! That's an unbelievable amount of money to unexpectedly invest in a house you've only lived in for less than six months.

The key lesson here is to really know the house that you're buying. You should always hire an exterminator on your own to investigate the house, particularly for termites.

If you're going to make such a huge investment in a new home, the small price of precaution is worth it.

The stories continue endlessly. I recently met a lady at a café with an incredible first-time buyer story. I happened to overhear her conversation, so I decided to step in and ask about it. Sue and her fiancé were searching for their first home with the intention of buying one before their wedding. They had been told about a great real estate agent in the city where they wanted to call home, and so they looked him up to ask his help in finding the right home.

The problem was that the only praise they heard about him was from clients who had hired him to sell homes, not from home buyers.

The agent met up with Sue and her fiancé to go over different homes he had on his list, and then it was time to take a trip around town to see them. There was one home that he talked profusely about, and so they went in person to take a look.

Sue and her fiancé knew what good quality was, and so they were able to see right away that there were problems. The basement doorway was weak. The upstairs bathroom floor bounced, and the light switches in the hallway seemed to pop and flicker. Although very nicely painted, this house didn't fool them.

When confronted with these concerns, the agent replied that they could always fix those problems later.

Although their gut told them not to move forward with making a purchase, they agreed to a \$10,000 price reduction and took the house.

Big mistake! The problems they had noticed went much deeper. The weak basement doorway translated into unfortified walls leading downstairs. The bouncy bathroom floor had been wet under the linoleum and about three inches up two of the walls.

The flickering light switches were warning them of the outdated wiring which had to be replaced. In the end, their \$10,000 savings only helped to give them a bit of consolation when they paid \$27,000 for all of the remodeling!

The five-bedroom house sat on pastoral acreage in the Canadian countryside. At less than \$380,000, it seemed a steal. But it wasn't a bargain.

Ben and Amber soon realized the dream home they had purchased for their growing family was infested with hundreds of garter snakes.

Throng of reptiles crawled beneath the outer walls. At night, the young couple said they would lie awake and listen to slithering inside the walls. It was like living in a horror movie.

The home was most likely built on a winter snake den, or hibernaculum, where the reptiles gather in large numbers to hibernate. In the spring and summer, the snakes fan out across southeast Idaho, but as the days get shorter and cooler, they return to the den.

At the height of the infestation, the home buyer said he killed 42 snakes in one day before he decided he couldn't do it anymore. He waged war against the snakes and "they won."

Buyers had little recourse when they decided to flee the home. They had signed a document, noting the snake infestation. They said they had been assured by their agent that the snakes were just a story "invented" by the previous owners to leave their mortgage behind.

The buyers filed for bankruptcy and the house was repossessed. They left the home the day after their daughter was born, just three months after moving in.

The house briefly went back on the market. Now owned by the bank, it was listed at \$244,900 a year later. The property has since been taken off the market, while the bank decides what to do with it.

The moral of the story is to have a good inspection. These buyers were attracted by a price. They didn't have a proper inspection of the home before purchasing. It seems the real issue was the agent who cared more about selling the home than his clients.

## **HOME-BUYER PLAGUES**

Although a home inspector passed on Justin's and Kate's home, he missed some problems. For instance, the previous homeowner supposedly installed and tested the sump pump in the basement, and it failed shortly after moving in, flooding the basement.

Then, the sunroom was filled with termites, costing the couple \$2,000 in repairs. After the termites were eradicated, they discovered the sunroom was entirely covered in mold, and there was no caulking around the windows to keep the moisture out.

A better home inspector would have been able to see the signs of termites and mold. The sump pump should have also been checked by the inspector, but it could have failed after the inspection.

Sump pumps can burn out, lose power, become clogged or misaligned, or malfunction in a variety of other ways. It's valuable to have a warning device installed that will signal water buildup. These

alarms can alert homeowners or neighbors of flooding, so that it can be resolved before water damage occurs.

Be careful. Be smart. These horror stories are real and happen every day. Do your homework before signing paperwork or jumping into a new home. Too many people spend more time shopping for a car than they do on a home — a much larger and more permanent investment.

You have time to educate yourself, and I hope that this has helped you move forward in the right direction.



# CHAPTER 5

## Searching for the Right Home

Buying a home is an exciting event, but the process of finding the right one can be daunting. It's a major investment. It's an emotional time of making lifestyle decisions. It isn't like buying a pair of shoes from the department store that are a bit snug, because you can't just return the house if you're not satisfied. Once you buy, you're in for the long haul.

To avoid costly mistakes that could haunt you for years, you need to make sure you do your homework properly when house hunting.

### **VIEWING A HOME**

For most people, the prospect of going to view homes they like is a thrilling experience. It's tempting to think that this is the first step to buying a home, but it's not.

Assuming you have your down payment, mortgage preapproval, and other financial issues handled, the first thing you need to do before viewing any home is to determine what you're looking for.

- What is your criteria?
- Do you need a certain number of bedrooms and bathrooms?
- Do you want a yard? Is a separate garden area necessary to your lifestyle?
- Do you want property only in particular neighborhoods?
- How much are you willing or able to spend?

Answering these questions will save you significant time and effort in running around to view homes that don't suit you.

Once you've decided upon your criteria, call your real estate agent. Let them know what you're looking for and what your price range is.

They will get to work on your behalf, shortlisting the properties that meet your criteria so you can start your viewing from there. Then comes the fun part: Finding that perfect home you've been dreaming of!

## **SCHEDULE ADEQUATE TIME**

When going to view homes, make sure you've got plenty of time to really view the home from a critical perspective. Schedule enough time to do a proper inspection. Look into all closets and crawl spaces. It's possible you will be living there for years to come, so five minutes strolling around is not going to be adequate to form an opinion. Two hours to view your potential house is an appropriate calendar entry. Research suggests that when buyers spend a longer time viewing a home, they are more likely to pay below the asking price.

## **BE THOROUGH**

Related to scheduling adequate time to view the home, be thorough when checking it out. Open drawers, cabinets, and cupboards. Look behind furniture, and even under it to find stains or signs of wear not readily evident. Lift up rugs, if necessary. While this may seem rude, it's not. You're about to make a substantial investment and you need to know exactly what you're getting.

An artfully positioned chair could be hiding something, so feel free to look where you need to.

Of course, if you've dismissed the home from the start, do only a minimal walkthrough or don't bother with the inspection at all. But if the property has potential and is something you like, open every door and look in closets.

## **WHAT COMES WITH THE PROPERTY?**

Confirm what comes with home — e.g., whether the stands or fixtures are for the exclusive use of that home or if the owners will remove them. Are appliances, such as refrigerator and washer/dryer, included in the sale? Make sure to get confirmation in writing if you decide that you would like to buy the property.

## **DON'T BE FOOLED BY STAGING**

Sellers use clever tricks to make a home more appealing. They can strategically light a room to draw attention from a problem or apply fresh coats of paint to cover water damage or mold issues. While you're viewing the house, look beyond the immediate aesthetics of the interior décor. Focus your attention on what you'll get when the furniture and interior décor are stripped away.

## **KEEP EMOTIONS AT BAY**

When viewing a home initially, try not to get attached immediately. Keep emotions out of considerations and only consider the potential property as a building you need to inspect and assess for others. Rapid emotional attachment may cloud your decision-making, or allow you to overlook failings in the house you might see differently without an emotional lens. If you get attached from

the get-go, you might make an emotional decision and overlook major problems. Certainly, an emotional attachment will affect your ability to calmly and dispassionately negotiate.

### **VIEW MULTIPLE TIMES**

If you have found a likely prospect that strongly interests you, view it multiple times. You're more likely to identify potential problems if you view it several times at different times of the day. You'll also glean knowledge of the neighborhood at various times. Is a street that's not busy in the late morning a commuter route in early morning and mid-afternoon? This way, you'll know what traffic is like in the area and the noise levels that occur at different times.

### **CONSIDER THE OVERALL CONTEXT**

When viewing, don't just consider a property on its own; view it in the context of its location. What's the area like? Is the property adjacent to a train track or noisy intersection? Is there a pub or restaurant close by that gets noisy at night? How close are you to the things you might need, such as schools, public transit, a grocery store, or hospital? These are important questions to consider when viewing properties, as they can add or subtract from the overall enjoyment of your home.

### **LET YOUR AGENT DO THE JOB**

Don't go viewing on your own. There's a security factor in traveling to unoccupied houses alone. Additionally, there are other ways this makes you vulnerable. A seller's agent might think you're unrepresented and attempt to take advantage of you.

Let your Realtor® do the job. If you come across a property that interests you, but your agent hasn't told you about it, it might not meet all your criteria. If you think you want to view it, give your agent the address and phone number. Your agent can then arrange a proper viewing for you, together, without the owner being present.

### **THE CONDITION OF THE PROPERTY**

In assessing a home for potential purchase, there are important items to be on the lookout for — the primary one being the condition of the property.

**Is the home structurally sound?** Walk around the interior of the home, checking the walls and ceilings for cracks. Hairline cracks are to be expected in some places. Check the exterior for cracks. Cracks could be a sign that the property isn't structurally sound. Points at which extensions join are places to look, as cracks often occur there. Also look for loose or broken tiles on the roof or broken guttering, evidence of damage to the drywall and weaknesses on the floors. It's acceptable to ask how long it's been like that, and whether it will be fixed. If you see major cracks or bowing walls, have a structural engineer assess the situation.

**Look (and smell) closely for evidence of mold.** Mold and mold damage are major problems that will cost you a lot to clean and repair. Don't just look for it — use your nose as well. Mold frequently gives off a musty smell, even when there are no visible signs. Inspect all crawl spaces, basements area, and walls. Plaster that's flaking, watermarks on walls or ceilings, or even a fresh coat of paint in part of a room could be indications of mold. Don't overlook the ceiling and around the skirting boards properly for evidence of leaks or water damage.

**Ensure heating, air-conditioning, and electric is in good working order.** Other aspects to consider when looking at the general condition of the property are the heating and air conditioning systems. Have an expert assess that they're the appropriate models and capacity, and that they're working properly. Check the electrical panel. It shouldn't be old or outdated, must be easily accessible, and in good working condition. Ensure wiring was done properly. You don't want to spend a fortune rewiring the home to bring it up to standard. Consider if there are enough power outlets and if they are in good condition.

**Inspect basements and attics.** Check the attic for water leakage issues. Look for water damage or leaks that may have affected the insulation, walls, and ceiling of the attic. Make sure the insulation is adequate for where the property is located. In the basement, look for evidence of moisture problems. Is there water leaking onto the floor or water around the foundation? There should be no cracks in the basement walls, and any wood, such as those in exposed beams, should be in good condition with no rot.

**Look at pipes and turn on taps.** Check that the plumbing is up-to-date. Run taps to ensure they work properly and the water pressure is strong enough. Exposed pipes in unheated areas should be insulated, as frozen pipes will eventually cause water damage. It's particularly important from a health perspective to determine that the pipes aren't made of lead. If they are, you'll have to replace them. Also, check the age and condition of the hot water heater.

**Is the exterior of the home in good shape and well-maintained?** Check for evidence of water around the foundation, which may indicate drainage issues. The ground should slope away from the foundation. If there's a porch, it should have a foundation, not simply sit on soil. Check that driveways and walkways leading up to the house don't have cracks and aren't crumbling. Check that the siding of the home is in good repair. Look at the landscaping on the property. It shouldn't be unkempt and unsightly, as that can indicate a lack of care. The sprinkler system, if there is one, should be in proper working condition. If there's a deck, ensure there is no decay or damage from termites or beetles.

## **PROPERTY HISTORY**

It's a good practice to know all that you can about the sales history of the property you have under consideration. Don't simply settle for the information contained in the customer copy of listings. Ask your agent for more detailed information. Find answers to how long the property has been on the market and whether it was previously listed, withdrawn, and/or relisted for a lower price. These kinds of questions can help you decide how much to offer.

You'll also need detailed information on the property, most of which will be available from the public records. A bit of research online will disclose the name of the owner, original age of the

home, mortgage history, parcel number, previous sales of the property, property deeds, and any judgments or liens filed against the seller. Information about how much the property taxes are, and whether they're paid or in arrears, will also be available in the records.

You'll also be able to see if there were permits obtained to make improvements on the home. These permits could complicate the sale of the property if liens were attached by workmen or improvements were not done up to code.

Don't skip this search because it reveals important information about the property in which you're interested and could save you money. You can get this information through your agent, since most agents subscribe to services that give them access to such data. If you're not using an agent, you can obtain this information through a local attorney or order online for a small fee.

## **MAKING THE CHOICE**

Once you've done all your homework, you need to decide whether to buy the house. It's important that you step back and evaluate all the information available to you from viewing the house, inspecting its condition, and obtaining public records.

Keep in mind:

- You will likely need to compromise on some of your priorities. No home is completely perfect, and a first home is often a "starter" on the way to a dream home. However well it fits your needs, desires, and lifestyle, there will be things you wish you could change. Examples might include wishing the home was facing the lovely park you saw nearby or in another, fancier neighborhood. At the end of the day, you'll need to decide the factors that are most important to you. If you prefer the neighborhood over the house, you may decide to look for a different type of property within the same community. A condo, for instance, instead of a townhouse.
- If finances are the issue, you might want to discuss with your bank whether they would be willing to increase your mortgage. But use caution, and only do this if you can afford it — there's no point in getting into financial trouble just to get a specific property, when more affordable ones could do just as well.
- Lower your expectations on the condition of the home. If your inspection revealed a few small problems, you could still buy the property and do the repairs yourself. Use the problems as a bargaining chip to get a reduced price from the seller after getting a quote from a professional for the cost of repairs. Don't estimate based on your judgment, and don't let the seller decide how much he thinks it will cost. Ask a professional yourself. Also, don't let the seller get the quote.
- Be prepared to walk away. This echoes our earlier point about not getting emotionally attached until you have bought and moved in. If, at the end of the day, you find out the compromise required is more than one you're prepared to make, just walk away.

# CHAPTER 6

## Buying a House: Negotiation Dos and Don'ts

The house hunt is over, and you decide to start the closing process on your soon-to-be home. You have visited the house and seen it at its best — beautifully polished, shiny, and welcoming. What if this is just part of the picture and something is hidden underneath its glossy surface? Issues here may vary from termites and mold to leaking pipes or cracked support walls.

This is why, before closing a deal on your highly anticipated new property, you need to order a home inspection to be conducted. It will help to evaluate the house's condition and let you sleep safely at night before and after the purchase.

### WHY DO YOU NEED A HOME INSPECTION?

Some buyers tend to skip this step, especially if the market is hot and you're competing with several other buyers. Home inspections cost money and take time; however, if there are serious issues found, more time and money is saved after a fair deal is closed. You need a house inspection to know what, exactly, you're buying and what to expect from your property in the future.

During this process, specialists will examine the house to determine its condition and the viability of all the house systems. Don't confuse the house inspection with house appraisal. The inspection will clarify the current state of the house, not what it's actually worth.

After the inspections, you'll receive a report on the state of the house. The report will contain suggestions on future maintenance or repair steps or the need for additional expert opinions — for example, a structural engineer, should the inspection disclose faults in the building structure, or an HVAC expert if the furnace isn't in working order.

### INSPECTIONS, INSPECTORS, AND COMMON MISTAKES

There are different types of house inspections available. General or residential inspections will observe and give an evaluation of the house elements and systems.

The list below contains points that can be enhanced or excluded. Nevertheless, here's an idea of what should/will be examined in a comprehensive residential inspection (which costs approximately \$300 to \$500):

- **Exterior:** Water drainage systems and condition of outside elements, such as yard, trees, pathways, fences, decks, stairs, including cosmetic issues.

- **Structural elements:** Construction type and notes, visible foundation and framing condition, structure's upright position.
- **Roof:** Installation quality, visible damages, shingles, and gutters' condition.
- **Plumbing system:** Leaks, water pressure, faucets, showers, material and aging of pipes, hot water system, septic tank (if one exists).
- **Electrical system:** Electric box for condition and code, fuses, visible wiring, type and condition, and other safety issues.
- **Heating, Ventilation, and Air Conditioning (HVAC):** Chimneys, vents, house insulation, and ducting. All furnace and AC systems for age, condition, and proper functioning.
- **Laundry room:** Ventilation and dryer systems; leaks and potential fire hazards.
- **Bathrooms:** Bathtub, shower, sink, and toilet inspection. Proper ventilation and plumbing.
- **Kitchen appliances** (if part of purchase): Properly working devices and correct installation.
- **Fire safety:** Smoke detectors in place and operating, fireplaces, and stoves.
- **Pest inspection:** Presence of wood-boring and other insects, molds, and fungi.

If you live in certain high-risk areas, it's wise to order an additional service — for example, earthquake, tornado, or flood inspection. The specialist will help you to estimate the resistance of the property during natural disasters.

Your inspector may recommend you ask for a specialized opinion, such as a structural engineer in case weakness is suspected in bearing walls. Don't procrastinate and wait to get this done. There have been situations in which the closing meeting had to be postponed because of failure to properly deal with discovered inspection issues in time.

A good expert is hard to find. Choosing the right inspector is the key to a thorough and comprehensive report. You may search online, paying attention to reviews of that inspector. Many real estate websites have a list of professionals with ratings and reviews. Ask your friends and family for a recommendation. An excellent source of recommendations is the real estate agent with whom you're working — your buyer's agent, not the seller's agent.

Some buyers don't attend the inspection along with the inspector, looking only at the report that the inspection company provides. This is a common mistake during the home-buying process. This is one of your first opportunities to fully take a tour around the house, with a house inspection expert, and see its features and condition up close.

The second most common mistake is to go to the inspection and be too afraid to ask questions about what you see. Some things that are common knowledge to the inspector might be new to you. Ask. Don't be intimidated about asking for an explanation if you don't understand what's going on.

Another mistake that buyers make is leaving without checking the utilities. They might be turned off, but you should ask for them to be turned back on to make sure there are no leaks and that everything is connected correctly.

All house inspection conditions apply to new construction, as well. Newly built houses can also have issues. Buying a house will likely be the biggest purchase in your life, and this isn't the time to gamble with such a large amount of money at stake. When buying a home, always get an inspection prior to signing.

## **WHAT TO DO AFTER THE INSPECTION**

After receiving an inspection report, there are two possible outcomes about how the situation may develop. In the best-case scenario, everything is fine, the house is in exemplary condition, and no further work is required. You're good to go with other paperwork.

A more typical scenario is that the house requires minor repairs. This may involve negotiations that the repair be done and inspected before moving along, or some price concession to account for your expense to make repairs.

The worst-case scenario is that the house needs major investment not contemplated in the offer — for example, the roof has exceeded its useful life and is in immediate need of replacement or the sub-structure leaks and can't be inexpensively remediated. You might ask the seller to vastly reconsider the sale price, ask for the full amount to fix the problem(s), or walk away. A full inspection should be part of the conditions in a home sale, thus failing the inspection, any deposit will be returned.

Regretfully, there's no standard template and step-by-step guidance about what to do if there are issues with the house. It depends on how you crafted your conditions. The best buyer option (and probably would only happen in a buyer's market) is where the seller is liable for all the repairs. Some contracts may include cost limits or split liabilities. In case you buy the house "as is" and your inspection was only for informational purposes, sadly, you will now have to calculate the repair costs and plan how you fix your new home.

Some of the common problems that should be considered include the roofing, replacing the pipes, fixing any leaks, and the requirement for new wiring for any 30- to 50-year-old houses.

## **WHEN TO WALK AWAY**

Professionals say you should cancel the deal if you can't buy the house you want on the conditions that you want and for the money that you have. In a buyer's market, the seller will negotiate on minor repairs disclosed by an inspection long before the thought to walk away hits you.

However, some repairs are just not worth it. If the problem that the homeowner refuses to fix or pay for is dangerous and you can't fix it, then it may be time to walk away.



If the problem is something you need to fix soon, but it is too expensive for you, walk away. If the issue is likely to cause a chain of other problems, and it is hard to estimate how much it will cost, walk away.

Consider the pros and cons carefully, and listen to your real estate team's advice. They are usually more experienced and may explain to you the advantages and disadvantages better than anyone else.

Also, listen to your own gut. If the doubts and uncertainties are too anxiety-provoking, it might be better to turn it down and start over.

## **CAN INSPECTIONS AFFECT THE HOUSE VALUE?**

The short answer is "Yes, they can," but don't count on it too much. Thinking of the inspection phase as another chance to revisit price isn't a good strategy. It's not often that the house inspection greatly affects the sale price. That has generally been negotiated prior to the inspection and the inspection is used to validate the home's apparent condition.<sup>[P.]</sup><sub>[SEP]</sub>

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Home appraisal, on the other hand, ensures a lender does not pay more than they should. During the appraisal, the appraiser determines the market value of the house based on its square footage, the number of rooms, bathrooms, size of the outside territory, and the garage.

The appraiser uses analytic data based on home features, comparable sales ("comps") in the area, and other pricing factors to set a value, or market price, and makes his summary based on complex mathematical calculations.

Home inspections focus on home conditions. If those conditions aren't obvious, the home appraiser won't factor them into the market price of the home. For example, a tilted facade and moldy basement are highly noticeable, and will be reflected in the appraisal; however, not-to-code electric wiring and condition of the insulation or foundation will not.

Some mortgage guarantors require home inspection along with the appraisal, as they have specific requirements of what should and shouldn't be in the house. A property that possesses any of the red flags can't be approved until all of them are eliminated. If inspections are made properly, you'll be able to know your future house's exact conditions. Be absolutely sure that you have a trustworthy and reliable home inspector on your side, as essentially the whole deal now depends on him or her.

# CHAPTER 7

## What to Know About Home Inspections

The house hunt is over, and you decide to start the closing process on your soon-to-be home. You have visited the house and seen it at its best — beautifully polished, shiny, and welcoming. What if this is just part of the picture and something is hidden underneath its glossy surface? Issues here may vary from termites and mold to leaking pipes or cracked support walls.

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# CHAPTER 8

## Shopping for a Home Loan

The decision to buy a home puts you into a realm full of things you have not dealt with prior, especially if you used to rent your home. Owning a house brings a whole new experience.

For example, consider taxes and mortgages. When you're looking to purchase a home, it's important to understand what can be deducted and what can't. A powerful piece of information many home buyers overlook is the effect of mortgage interest on their federal income tax payments. Mortgage interest is a powerful financial planning tool. Calculate the amount of mortgage interest deduction and include that in your annual financial planning.

Some of the non-deductible items include home repairs, general closing charges, as well as property hazard insurance premiums.

Once you own a house, you're a property owner, with the attendant obligation to pay property taxes.

The usual method of paying property taxes is to include the amount of annual taxes within the mortgage payment. The mortgage servicer will pay the taxes as they are due.

When buying a house, your lender will calculate the total amount of real estate taxes, as well as the number of days in a property tax year that you were the owner of the said property and add that amount to the mortgage payment.

People have been known to spend months looking for the best possible home and eventually find a good one. However, many of these individuals fail to understand the importance of finding a good loan. In the end, the new homeowner has a nice home, but a bad deal when it comes to the mortgage.

Not many people have the capability to buy a house for cash; most people will require a mortgage. Therefore, you not only need to go shopping for a house — you also should go shopping for the best loan deal. There are different types of loans out there, and it's best to check several and then compare them. That way, you'll have better chances of securing a mortgage that won't be a burden in the future. It also means you'll have an opportunity to save some money at the end of each month.

Shopping for the best loan on your own can be a daunting experience, and it might be a difficult task to accomplish by yourself. To overcome that hurdle, it's recommended that you hire a mortgage professional for many of the same reasons you should engage a real estate professional. If possible, you should engage the professional before you even start searching for the house.

Another task you should work on before you begin looking for a house is organizing your credit issues. It's important to ensure your credit is in order, because making any mistakes at this juncture can take months to correct and might even end up sinking your chances of owning a home.

After getting your credit in order, the next step is to do research on the houses that you can afford. This is simple today, since many online tools can help in doing these calculations. These tools will give you a rough idea of what you're getting yourself into by calculating income, expenses, and mortgage affordability. However, don't forget to involve the mortgage professional because he or she is the one who will help determine the best loan for your needs after the calculations are done.

Finding the best mortgage deal is made even more complicated by the fact that the mortgage rates change daily, or even several times in a single day. One can get a good mortgage deal from a mortgage broker, a bank, or a mortgage lender. It's up to the buyer, depending on the situation.

To find the best mortgage professional to guide you through the process of buying a home, seek advice from real estate agents, colleagues, or friends. Banks are generally known for having the fewest mortgage options because their products are tailor-made to suit the bank's interests. However, they can also be more flexible, as they are the ones lending the money. If the buyer owns other substantial assets, making a deal with a bank will not be a complicated process.

Mortgage brokers are known to offer the largest amount of options. Working independently and with several financial outlets, brokers can find the best loan for the buyer from different lenders.

Now that you've identified the house that you want to buy, and you have a professional mortgage advisor, how do you get the best mortgage deal?

The first step is a comparison of different interest rates. It's easy to get quotes from companies, since most of these companies offer these services online. However, you, as the buyer, should be careful to not just compare interest rates. The best option is to compare the interest rates, as well as all the fees, including origination fees, points, and any other fees that the lender might include in the deal.

Any loan regarded as a no-fee loan means that all the fees have been included in the rates and as the buyer, you should make a point of noting that.

You have the responsibility of ensuring you understand every aspect of the mortgage deal. Therefore, it's upon the buyer to interview the person handling the loan.

Another important step when buying a home is getting your credit report. The purpose of getting the credit report is not just to give you a chance of getting the best bargaining terms, but helping you know where you stand.

It's important because you might find that you aren't creditworthy, and that will torpedo the deal. If you find yourself in that situation, it might be a good idea to use a credit repair company. Search for a reputable credit repair company because there are credit repair companies that are either not good enough or charge too much. The company will help you repair your credit, as well as assist in correcting any mistakes that might be in the credit report.

As a new homeowner, it would be wise to remember that monthly mortgage payments aren't the only expenses that you'll be paying. You will be paying property taxes, homeowner's insurance, and maintenance costs. Therefore, you should ensure you have budgeted for all these issues.

Understand that once you have the house, it will become the focal point in your life. That means when you purchase that house, you'll be investing in the surrounding community, as well. You'll be commuting to work from that house; your kids will be going to school in that community and any other activities that your family will be involved in will revolve around that community. All these considerations should be in your mind before closing the deal.

The buyer should also make a point of being involved. Real estate agents have a complicated job in getting their clients the best deal. Therefore, as a buyer, you should also make efforts to ensure you're also part of the whole process and that you're involved in every step of the deal.

Research has shown that most people spend more time shopping for cars than they spend thinking about mortgages. As a result, many people seeking to buy homes end up paying more in closing costs, or a higher interest rate than they might have because they didn't bother doing enough research or they didn't adequately shop the mortgage market. The real estate mortgage interest rates can move up and down quickly, due to various financial and market factors. The ever-changing rates can confuse almost anyone, and timing is important. For instance, one day, the rate might be 5% and the following day it could rise to 6%.

Many people overlook the shopping aspect and tend to approach a single lender. As a result, these people will probably get their "dream" home, but it may come with a substantially higher monthly mortgage payment than if appropriate and adequate research had been done.



# CHAPTER 9

## Organizing Your Move

Moving is one of the most stressful and tiring things anyone can ever go through. It can also be an uplifting, refreshing experience. *I give you this to take with you: Nothing remains as it was. If you know this, you can begin again, with pure joy in the uprooting* — Judith Minty.

Whether the move is across cities or within the same area, it needs careful planning. From sorting to packing, labeling, unpacking, and arranging all your “stuff” in your new home, it involves a lot of work.

Unfortunately, it’s something most of us have to go through at some point in our life. It’s a necessity that can hardly be avoided or ignored. Luckily, the stress can be minimized and the possible problems avoided with a bit of help and resources.

As with most tasks, organization and careful planning is key to moving. A checklist will help you remain organized with the tasks of sorting, labeling, and packing your things.

### PREPARING YOUR CHECKLIST

Moving your entire home means that you need to prepare at least two checklists. The first is a checklist of all the items you’ll be bringing with you, grouped according to the room to which they belong. In addition to indicating the room, it’s a great idea to number the boxes. This way, you can indicate on your checklist where each item is packed. It will make it easier to sort and identify your things while moving.

The second checklist that you need is a list of all the tasks involved in your move, such as packing, labeling, disposing of items not being moved with you, utility turn-off and turn-on at the new home, and others. No task is too small for your checklist. It pays to be prepared.

To help you with this list, here’s a comprehensive sample to which you can refer. You might divide it into segments of time to keep you organized.

### A MONTH BEFORE THE BIG MOVE

- Ask friends and relatives for referrals to moving companies and inquire about their services, procedures, and policies. Get at least three estimates from different companies so that you can compare their services and choose the one that best suits your needs and budget.
- Go through all your “stuff” and identify the things that you’ll keep and those that you’ll dispose of. Remember, less is more. If you no longer use it, give it away or sell it. This will make packing easier and quicker for you.
- Keep a file of all your moving documents, such as contracts, invoices, bills, etc. This file should be readily available when you need them.

- Inform your utility company of your moving date so they can disconnect services (i.e., water, electricity, cable, Internet) on the date after your move.
- Schedule an activation or transfer of these same services to your new address, so that you already have them in place once you move in.

### **THREE WEEKS BEFORE THE BIG MOVE**

- Bring out the boxes and start packing the items you won't be using in the coming weeks. Label the boxes with the room the items belong to. This will make unpacking systematic.
- Make a list of the items that go in each box. You could also take pictures so you'll know where to find each item.
- Decide on whether you're going to hire a moving company to help you or if you decide to do it yourself. If hiring, now is a good time to finalize the details of your big move.
- Enlist the help of family and friends. Let them know when they can come and help you with packing, or with unpacking.
- Update all personal documents that include your address. Notify your employer, banks, and insurance companies of your change in address.

### **TWO WEEKS BEFORE THE BIG MOVE**

- Clean up every room once you've packed all the items in it.
- Disassemble furniture that you won't be using in the following days and pack or prepare for moving.
- Set aside all items that you won't be needing, and schedule for a pickup by the local Salvation Army or any organization you decide to donate them to. If you're planning on a garage sale, now is the perfect time to do that.
- File your leave from work for the days that you'll be concentrating on the move.
- Prepare a suitcase of things that you'll need on the day of your big move, like towels, toiletries, and clean clothes, etc.
- Check the condition of your new place and make sure everything is ready for moving day. Clean up all the clutter, and check if the switches are working and whether electricity is already available.
- Throw away all unneeded and unusable items, especially flammable items, such as leftover paint, spray cans, or propane.
- Call up your relatives and friends who enlisted to help with the packing and moving and inform them of your schedule.

### **ONE WEEK BEFORE THE BIG MOVE**

If you're hiring a moving company, make a call to confirm details, such as time of arrival and pickup.

- Draw up a timetable for moving day, including items like time to start loading boxes, where/when to stop for lunch, estimated time of arrival at the new place, etc. This will give you a sense of what to expect and prepare for on the day itself.
- With the help of volunteer family and friends, finish packing all your things, leaving behind only the essential items that you'll be using every day.
- Make sure all your boxes are properly packed and numbered, color-coded by room, if possible. This will help you in the unpacking process. Make sure there are labels on the tops and sides of the boxes.
- Prepare a snack bag for moving day. Make sure to bring lots of water and high-energy food to sustain your strength while moving.
- Have your checklists and pens ready with you in your bag.
- Clean up your refrigerator, stove, and other kitchen appliances. Make sure most the food in the fridge will be consumed by moving day.
- Make sure all your items for donation/giving away are picked up or delivered to their new owners.
- Check if all utilities are already working properly in your new home.
- Prepare several pieces of post-it notes with your new address and your contact numbers to be given to your movers, or to your entourage on moving day.

## **ONE THE DAY OF THE BIG MOVE**

- Pack away your beddings and disassemble all the beds in your home. (Or do this a day or two prior, and sleep on an air mattress for your last night.)
- Have a last-minute meeting with your movers, if hiring one, and make sure they know how you want things to be done. Inform them of the box labels, where each box must go, and how they should be loaded. Make sure all your items are loaded and nothing gets left behind.
- Distribute your post-it notes with your contact numbers and the new address to every driver in the moving group.
- Double-check every room in the house before leaving, making sure nothing is left.
- Turn off all light switches, and lock all windows and doors.
- Make sure you arrive at your new home before the movers/entourage.
- Inspect your new home, making sure all utilities are in working condition.
- Clean up your new home while it's still empty. Open windows and cabinet doors to let in fresh air.
- Direct your movers with unloading your boxes; show them where each box must go.
- Finally, unpack what you need for the rest of the day and set up your beds and beddings while you have help.

## **CHOOSING AND HIRING A MOVER**

The checklist above is as thorough as it gets, with the weekly tasks to tick off as you go along the way. However, a big factor to consider is whether to hire a mover. Movers are a big help with all the items you need to pack, load, and transport over a long distance. If you're bringing several rooms of furniture and a family load of personal possessions, hiring a moving company will decidedly be the practical choice.

With intrastate moves costing an average of \$2,000-\$3000, and interstate moves averaging \$7,000-\$8,000, you need to consider all your moving options carefully (including whether you might want to drive or ship off your car in advance). We recommend that you get at least three to four bids from different moving companies before you decide who to work with. That will ensure you get a fair price — and maybe even a good deal out of it.

The first thing to consider while analyzing these bids is verifying that the movers you want to work with are legit and up-to-date, with all the required insurance and approvals.

The issue is choosing the right moving company to work with you. Here are some things to consider when hiring movers:

- **Consider reputation.** Ask around for movers whom friends and relatives recommend based on their experience. Have at least three companies to compare services and reviews from before making your final choice.
- **Choose local.** Oftentimes, local companies are the better choice in terms of budget and availability.
- **Ask for an in-house cost estimate.** Let the movers see your belongings and inform them of the distance to your new home so they can quote you an estimate.
- **Look at the fine print.** Check their cost estimate for hidden charges, insurance coverage, payment terms, and policy on damage to items. Compare these with the other movers you're considering and base your decision on your comparisons.

When making your final choice for a mover to hire, keep in mind that getting the cheapest mover doesn't guarantee that you'll save in the end. Cheap could mean mediocre service and damaged items, and you may incur other problems along the way. Choose wisely, and take the above factors into consideration.

## **RENTING A U-HAUL**

The U-Haul truck you rent to load and move your things when moving to a different location is a less-expensive alternative to professional moving firms. Unlike movers, you do the packing, loading, and driving yourself. This could be a great way to save on moving costs, but only if you have a manageable amount of property to bring with you.

The truck size matters. It's imperative that you pick out the right transportation for your impending change of houses. While the objects from a one-bedroom apartment might just fit a 16-cubic-meter truck, the content of a fully furnished three-bedroom house might require up to two or three trips of a 26-cubic-meter truck. Make sure that you spare yourself a lot of grief and get the right size for your moving truck, especially if you're facing a long-distance move.

You can call on your friends for help in packing and loading your things into this rented truck. This will make it easier to do the moving without professional help.

To get the best U-Haul deal and pull off a successful and uneventful move, keep in mind the following:

- **Time your move.** Mid-month and mid-week are the best days to get a good price, since most movers say the weekends and month-ends are the busiest times for them.
- **Look for inexpensive but serviceable packaging.** Recycled boxes are less expensive.
- **Start packing a long time off.** Plan months ahead regarding which items you'll bring with you and which ones to give away or donate.
- **Organize a moving team.** You'll need all the help you can get, from packing and labeling to unpacking and sorting your stuff.
- **Time your departure from your old place.** Make sure you'll be able to stop and rest when needed at convenient times and places. You want to be able to get to your new house while there's still light outside for ease in unloading.

If you decide to do the move with a U-Haul, make a specific timetable. Include all the things that you would be doing in preparation for your move. If you'll be proceeding without professional help, you may even want to ask for advice from people you know. Their moving experience will provide you with tips on what to avoid and areas of preparation you may have overlooked.

Whether you make your big move with professional help, family and friends, or by yourself, preparation and organization are key. You might have asked for all the help you can get and hired the best movers. But, without your personal involvement in planning and organizing, you won't be able to keep track of everything that needs to be monitored and prepared.

## **SETTLING IN**

It's probably after 11:00 p.m. by now, the first night in your new place. Pizza boxes are stacked on tables not yet positioned. Soda and water bottles stand guard in the eerie quiet of unfamiliar surroundings that feel somehow like, well, home. You've got days of settling in yet to make this your home. But good job for getting to this point! And welcome home!

# YOUR GUIDE TO PURCHASING A HOME

Buying a home can be a daunting task. This book details the buying process in any market, with strategies and advice to help the process go as quickly and smoothly as possible. These strategies have helped thousands of people buy their homes in a timely manner – and most importantly – for a reasonable, or even amazing, price. It's time to find your dream home!

This book shows you the best ways to search for your desired home, how to compare your needs versus wants, negotiation tips, what to look for in a home loan, steps to take during a home inspection, and a full rundown of the closing process.



In this book, I've provided an effective guide for you to have the most successful real estate transaction possible.

If you don't have time to implement all of the strategies discussed in this book, I'd be more than happy to provide my expertise and services to help you buy or sell your home.

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