

# **Buyer's Handbook**

**Everything you wanted to know  
about buying a home...**

Prepared by:

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## THREE REASONS WHY I WANT TO OWN MY OWN HOME THAT HAVE NOTHING TO DO WITH MONEY!

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_
3. \_\_\_\_\_  
\_\_\_\_\_

For most of you, this will be the largest financial decision you've ever made. There are **5 areas** to consider in your search for a new home.

- ◆ What are my housing requirements?
- ◆ What are the financial considerations in buying?
- ◆ What are the advantages of working with Hazen & Val?
- ◆ How do I find the home?
- ◆ How do I purchase the home?

To determine your **Housing Requirements**, you will need to get in touch with your feelings before you purchase. These are categorized under **12 dominant motivations**:

1. Comfort
2. Convenience
3. Family
4. Independence
5. Prestige
6. Pride
7. Privacy
8. Profit
9. Romance and Love
10. Security
11. Self-fulfillment
12. Social Acceptance

## **URGENCY:**

How soon do you want to move and why is that date important to you?  
Ask yourself this question,

***"If you went out today and found the home of your dreams, would you buy it?"***

## **DECISION ABILITY:**

1. What people should you involve in the purchase?
2. If you are presently selling a home, you will have to ask yourself, ***"Should I buy or sell first?"***.

**Hazen can assist you in these  
areas based on his many years in  
Real Estate**

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- Other areas to consider:**
- ◆ **Location**
  - ◆ **Size**
  - ◆ **Structure**
  - ◆ **Amenities**

Of these, **Location** is the most important thing to consider. It can be separated into:

1. **Geographic**: How much time will it take to get to work...to school...to church...to the airport?
2. **Social**: What is the neighbourhood like?  
How close is it to shopping and other amenities?

## **FINANCIAL CONSIDERATIONS TO BUYING A HOME**

The optimum way to determine price range and affordability is to meet with your preferred lender and get a **pre-approval for mortgage financing**. For pre-approval, the lending institution will:

- ◆ Evaluate your cash
- ◆ Examine your income
- ◆ Check long-term debt
- ◆ Check credit history
- ◆ Determine qualifying ratios

At the conclusion of this interview, the lending institution will supply you with a document stating how much you can afford to pay for a home. This will give you peace of mind knowing what you can afford and also put you in a strong negotiating position once you have found the right home.

# AFFORDABILITY

- Examine your house payment:
- ◆ **Principle**
  - ◆ **Interest**
  - ◆ **Taxes**

<b>PI (Principle &amp; Interest):</b> Cost per \$1000 borrowed 25 year term	<b>%</b>	<b>\$</b>
	4.5	5.53
	5	5.82
	5.5	6.10
	6	6.40
	6.5	6.70
	7	7.00
	7.5	7.32
	8	7.63
	8.5	7.95
	9	8.28
	9.5	8.62
	10	8.65

**T (Taxes):** 1/12th of the year's net taxes.

**Example:**     \$100,000     Home  
                   \$ 85,000     Mortgage @ 8% Interest Rate, 25 years  
                   \$ 1,800     Taxes

**P.I.**    85 x 7.63 = **\$648.15**  
**T**       1800/12 = **\$150.00**  
**P.I.T.**    = **\$798.55/month**

**Required Gross Minimum Income:**  $\$798.55/0.30 = \mathbf{\$2661.83/month}$

From Income to Payment:

Monthly Income x 30% = Maximum P.I.T.

\$ 2000	\$ 600
\$ 4000	\$1200
\$ 8000	\$2400
\$10000	\$3000

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# What are you doing now to find the property you want?

- ◆ Searching for advertised properties?
- ◆ Looking for properties with "For Sale" signs?
- ◆ Searching the internet?
- ◆ Talking to or e-mailing several different agents?

# Working with Hazen as Your Realtor

Our first meeting allows us to get to know you and understand your requirements and needs. At the same time, we will go over closing costs associated with a purchase so there will be no surprises.

## As Your Realtor, I will:

- ◆ Provide access to properties on the market, including:
  - ◆ My company's inventory
  - ◆ Properties in Multiple Listing Service (M.L.S.)
  - ◆ Unadvertised properties
  - ◆ Properties without "For Sale" signs
- ◆ Review and select the appropriate properties
- ◆ Arrange for showings
- ◆ Provide property information, including:
  - ◆ Comparable property values
  - ◆ Taxes and assessment information
  - ◆ Utilities
  - ◆ Public transportation
  - ◆ Location of schools, churches, shopping centers and recreational facilities
- ◆ Help you learn market values

# **Working with Hazen as Your Realtor**

## **As Your Realtor, I will: (cont'd)**

- ◆ Prepare your sales contract
- ◆ Include the appropriate contingencies according to your wishes to protect your interests in the transaction
- ◆ Request a detailed disclosure form to be filled out by the seller if you so desire.
- ◆ Arrange for your inspections
- ◆ Assist in arranging your financing
- ◆ Forward all necessary documents to your lawyer
- ◆ Follow through until you move in to your new home

## How many Realtors should you work with?

- ♦ **Do you know who each agent represents in a real estate transaction?**

The enclosed brochure "**Working with an Agent**" will assist in clarifying the role and nature of services an agent may provide to a client or customer.

There is a belief that the more Realtors you have working with you, the better the service you will get. **The very opposite is true.** The more Realtors you work with, the **less** commitment you will get from any of them.

**When you make a 100% commitment to Hazen,  
He will make a 100% commitment to you.**

By working with Hazen and through the Multiple Listing Service (MLS), you will have access to all the homes listed on Winnipeg's MLS (usually over 3000-4000 homes at any time).

# SEEING THE HOMES

Try the **1-2-3 Approach**. Make note of the **top 3 homes** you have seen in order of preference.

If you see a new home you like better than 1 of the 3 on your list, add it to the list in order of preference and drop one. This way you will **never have more than 3 homes on your list** and avoid confusion.

# BUYING THE HOME

It starts by submitting an **Offer to Purchase**. How much should you pay for the home? Virtually, all Real Estate sells for market value. On average, Real Estate sells for 97% of its asking price.

We all want a "good deal". To know if it is a good deal, **ask yourself if this is the right home for you and are you paying market value**. You'll know it's the right home for you because you have reviewed your housing requirements and it matched your dominant motivations.

You will know if it is **market value** because you will have learned the neighbourhood houses for sale and those that have sold in your search for this home.

When you are prepared to make an **Offer to Purchase**, many things are negotiable:

1. Earnest money
2. Personal property
3. Financing
4. Closing and possession dates
5. Special conditions

When the **Seller** is presented with the offer, they have **4** options:

1. **Accept** the agreement
2. **Reject** the agreement
3. **Counter** the agreement
4. **Accept** a **competing** agreement

Once you have an accepted offer, the **process of closing** begins.

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## FINALIZING ALL CONDITIONS

If the contract states that financing will be provided by a lender, you will make a financial application for the mortgage loan. There will be a set number of days to procure the loan, as stated in the contract.

The **lending institution** may assign an **appraiser** to visit the home to verify its value is enough to secure the loan.

When all of the information is received, the mortgage loan underwriter will either **approve or disapprove the loan**.

If the offer is contingent on a **home inspection**, it is best to arrange to meet the inspector at the property. The inspector will evaluate the home's physical condition and the condition of its components.

Once all conditions have been met and satisfied, the pertinent documents are forwarded to the Lawyer of your choice.

## CLOSING COSTS

During the initial interview, Hazen & Val will outline the **general legal fees and closing costs** in a purchase.

In a typical transaction, a "rule-of-thumb" is **2.5% of the value of the property will be required for closing, in addition to the down payment**.

# LAWYER'S RESPONSIBILITIES

## PURCHASER'S LAWYER

**Main Responsibility: To make sure client obtains title and possession.**

Review offer for compliance and proper execution. eg. Check re: Mortgage Assumption permitted, Prepayment privileges, Purchasers' description on title.

Search title and check taxes.

Contact clients - letter or phone.

Letter to Vendor's lawyer, stating Purchasers' description on title.

Survey Certificate. Check if available from Vendor's lawyer? Is it recent? Obtain a new one? Zoning information?

Prepare mortgage documents (sometimes done by Mortgagee's lawyer).

Statement of Financial Particulars - an estimate of the funds Purchaser will require; considers: cash, mortgage, insurance fee, commitment fee, appraisal fee, interest adjustment.

**Purchaser arrives** and signs mortgage documents. Explains mortgage, statement of financial particulars, and the necessity/particulars of fire insurance **(2 to 4 weeks before possession date).**

Purchaser provides lawyer with certified cheque or bank draft for full amount **(1 to 2 days before possession or earlier for early possession).**

Letter sent "In Trust" to Vendor's lawyer, with cheque or draft, asking for T/L, other documents, keys and vacant possession.

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## VENDOR'S LAWYER

**Main Responsibility: To see that his/her client gets paid.**

Review offer for compliance, proper execution and commissions.

Search title and check taxes.

Contact clients re: survey certificate, zoning memo, tax bill available.

Letter to Purchaser's lawyer, forwarding survey, zoning and tax papers.

Prepare Statement of Adjustments (S/A) - Accounting explanation re: components of the purchase price and factors increasing or decreasing it.

Prepare Declaration as to Possession (D/P) - a sworn document verifying: no liens or judgements, that taxes have been paid, vendor is resident of Canada, etc.

Prepare Statement of Financial Particulars (S/FP) - an estimate of how much money the Vendor will net.

Transfer of Land (T/L) - changes title at Land Titles Office. To be signed by Vendor and includes Dower Act Consent.

**Vendor arrives** and signs T/L, D/P, and Statutory Declaration - a sworn document stating that Vendor is not a person of a similar name experiencing financial difficulty. **Vendor advised not to release keys until OK'd by lawyer.**

Letter sent "In Trust" to Purchaser's lawyer with T/L, D/P, S/A, Survey, Zoning and Tax Information.

Funds are held "in Trust" (often an interest bearing account) until a new title comes out in the Purchaser's name(s), and then released to Vendors.



# PREPARING TO MOVE

**Moving is always hard work, but if you're well organized, it will go much more smoothly. Here are a few tips that might assist you through that process:**

- ❑ **One of the most important things is to work with a moving company that you trust.** The best way to find reliable, experienced movers is to ask friends and neighbours for recommendations. Then be sure you understand all the terms of the contract.
- ❑ **Several weeks before the move, go through your house room by room, sorting through all your closets and drawers.** Start giving away to friends or donating to charity the things you don't want, and considering having a yard sale.
- ❑ **Make sure all of your paperwork — sending out change-of-address cards, transferring your homeowner's insurance, enrolling in new schools, etc. — is taken care of one to two months in advance.**
- ❑ **Put together a kit of packing supplies,** including tissue paper or blank newsprint, bubble wrap, rolls of 2-inch wide packing tape and a roller-dispenser with a handle, permanent markers and pens, labels, a pad for making notes, a box cutter, and several pairs of scissors.
- ❑ **Collect boxes** from grocery, liquor and office supply stores. You may also want to buy special boxes from a moving company. Wardrobe boxes are especially useful.
- ❑ **Some people use colored stickers to code boxes,** assigning a different color to each family member or room.
- ❑ **Small plastic bags also come in handy** for keeping related pieces together, like the screws and brackets for shelving. **Tuck a few basic tools, like different-size screwdrivers and a hammer in the kit, too, for taking apart items like shelves.** Try to keep the kit in one spot when not in use, with the smaller things in a toolbox or basket so everyone knows where to find them.
- ❑ **Work one room at a time,** starting with the areas or items you use the least so you won't be inconvenienced. Use small boxes for heavy items, large boxes for light ones. Each box shouldn't weigh more than 50 pounds. Label each box with your name, it's general contents (make a more specific list on your notepad, if you like), an arrow indicating which side is up, mark "**Fragile**" if the contents are breakable, and mark which room the box belongs in.
- ❑ **Packing a special box or two will make your first day in your new home much more pleasant.** Some things you'll want right away are a few plates, glasses, cutlery, napkins, paper towels, nonperishable snacks, bed linens, towels, toiletries, a change of clothes for each family member, favorite toys, a telephone, lightbulbs, trash bags, basic tools, and cleaning supplies. Label these boxes "**Last on, First off the Truck**" so you won't have to search for them.
- ❑ **You may want to carry valuable jewelery with you, along with a file folder with pertinent paperwork,** such as moving-company documents.

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# MOVING CHECKLIST

## Send Change of Address Cards to:

- Post Office
- Charge Accounts
- Subscriptions
- Friends
- Relatives

- Make Arrangements with Moving Company**

## Disconnect Utilities, Get Refund for Any Deposits Made, and Advise Where Final Bills are to be Sent:

- Water
- Electric
- Gas
- Telephone
- Cable/Satellite
- Internet
- Other

## Cancel Deliveries:

- Milk
- Newspapers
- Other

## Transfer Bank Accounts:

- Notify change of address for all accounts
- Have bank recommend affiliate in new city
- Notify Financial Advisor of change of address
- Have Financial Advisor recommend affiliate in new city

## Transfer Memberships:

- Church
- Clubs
- Civic Organizations

## Notify Insurance Companies:

- Health
- Life
- Auto
- Home Owners
- Check with Moving Company regarding insurance

- Notify Driver's License Bureau**

- Obtain School Records for Children**

- Obtain Birth and Baptismal Records for All Family Members**

- Obtain Legal Records**

- Check to See if Your Will Must be Rewritten When Moving Across Provincial Boundaries**

## Notify Health Care Professionals regarding change of address:

- General Practitioner
- Pediatrician
- Dentist
- Optometrist
- Other Doctors

- Manitoba Health Benefits Branch

- Pharmacy

- Have Drug Prescriptions Refilled prior to move, especially if moving out-of-province**

- Leave Keys and Any Necessary Legal Papers with Your Realtor or Lawyer**

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# ***To My Clients***

*Our homes are lifetime investments coupled with strong personal ties. Buying a home ranks among our clients' most important life experiences and we approach this task with sensitivity, concern and professional competence.*

*Thank you for this opportunity. My presentation is a measure of the quality of service which you can expect from us as we assist you in negotiating the purchase of your home.*

***I am "At Your Service".***

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