



# First-Time Homebuyer's Seminar



# Your Step-by-Step Process

- **Step 1 – Determining Your Housing Needs**
  - » Important factors to consider
- **Step 2 – How Much Can You Afford?**
  - » Determines how “much” house can you buy
  - » Knowing all the costs
- **Step 3 – Building Your Home-Buying Team**
  - » Who you need working for you

## Topics for Today's Discussion

- **Step 4 – Arranging your Mortgage**
  - » Interest Rates, Term, Amortization
  - » Mortgage Types
  - » Interest Rate Trends and Forecasts
  - » The Dominion Lending Centres Advantage
  - » All pre-approvals are not equal!
- **Step 5 – Making the Offer**
  - » What's involved
- **Step 6 – Closing the Sale**
  - » The Waiting Game



## Step 1: Determining Your Housing Needs

### **Location, Location, Location!**

#### **Neighborhood:**

- Best predictor of future value is past/current price trends of similar homes in neighborhood
- Neighborhood development opportunities

#### **Proximity:**

- To schools, amenities, city core, transportation

#### **Long-term / resale value:**

- Desire of future buyers to buy same property



## Step 1: Determining Your Housing Needs

**Determine your precise requirements in a home “needs vs. wants”**

**List your space needs, including:**

- living space requirements (i.e. how many bedrooms)
- what you're bringing with you from your old house

**Top features of a property**

- Kitchens and Bathrooms
- Bedrooms –size, number
- Storage / closets
- Windows and doors
- Upgraded electrical
- Sewers, access to city water

**Less important features of a property**

- Finished basements
- Swimming pools



# Condo or House?

- **Lifestyle**

What are your needs? Now, 1-3 years, 5 years plus?

- **Affordability**

What can you afford? Down payment, heating, condo fees, maintenance, repairs, renovations, property taxes





## What type of property makes sense for you?

- **Location**

Location is everything. Neighborhood, demand areas, proximity to amenities

- **Resale Value**

Neighborhood price trends. Return on your investment. Last 15 years, next 15 years.

- **Supply and Demand**

How much of the same type of housing is in your area? Too much will cause extra supply, too little may have your property appear as too “unique”



## Buying a Condo

### Condominiums Are:

- Generally less expensive
- Less maintenance than a house
- Include extras, such as security systems and recreation facilities.
- Condo Fees:

Be prepared to pay monthly condominium fees that contribute to the corporation's reserve fund and go toward covering the collective cost of property maintenance, repairs, replacements and insurance.



## Step 2: Affordability

### Maximum monthly housing costs you can afford Gross Debt Service Ratio (GDS)

Your gross monthly salary

Your spouse's gross monthly salary

Other monthly income

+

+

= A\$

Maximum monthly housing costs you can afford

A\$ \_\_\_\_\_ x 32% = B\$ \_\_\_\_\_

## Step 2: Affordability

**Maximum monthly debt load you can afford**

**Total Debt Service Ratio (TDS)**

Your total monthly salary A\$ \_\_\_\_\_

Maximum monthly debt service load you can afford

A\$ \_\_\_\_\_ x 40% = C\$ \_\_\_\_\_

Monthly Auto Payment \_\_\_\_\_

Monthly Loan Payment - \_\_\_\_\_

Monthly Credit Card Payment - \_\_\_\_\_

Other Monthly Payments - \_\_\_\_\_

Monthly Income left for housing = D\$ \_\_\_\_\_



## Step 2: Affordability

Maximum mortgage amount you can afford

Lesser of D\$\_\_\_\_\_ or B\$\_\_\_\_\_ = E\$\_\_\_\_\_

Approximate tax and heating costs - \$275.00

Maximum principle and interest payment = F\$\_\_\_\_\_

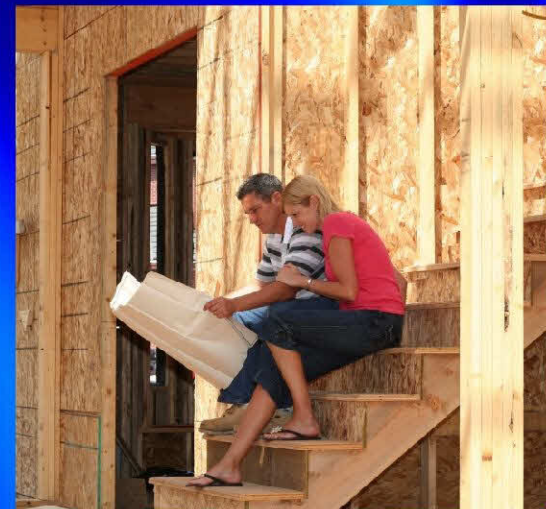
Max mortgage amount

F\$\_\_\_\_\_ / 6.39 X 1000 = G\$\_\_\_\_\_

## Step 2 – Affordability

Maximum House Price

G\$ \_\_\_\_\_ + your down payment



### OTHER COSTS

- GST (new construction)
- Mortgage Insurance Premium
- Appraisal Fee
- Lawyers Fees
- Land Transfer Tax
- Property Insurance
- Moving Costs
- Condo Fees
- Home Inspection Fee
- Application Fee
- Status Certificates (well/septic)
- Prepaid Taxes
- Property Tax
- Survey Fee



### DON'T PANIC!

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- Appraisal Fee
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## **Step 3: Assemble your home buying team**

**Your home buying team includes.....**

### **Real Estate Agent**

- Knows neighbourhood; understands market; will listen and advise; is an expert at type of property you are buying; is “in-the-know”; will add you to email lists to get you timely information

### **Dominion Lending Centres Mortgage Expert**

- Will arrange your financing and ensure that it is in place before your closing; will ensure that your financing meets your financial goals; is reputable and knowledgeable; is a licensed professional

## Step 3: Assemble your home buying team

**Your home buying team includes.....**

### **Home Inspector**

- Preferably referred; flat fee structure; will provide full, written report





## Step 3: Assemble your home buying team

### Your home buying team includes.....

#### **Lawyer/Solicitor**

- Required to obtain mortgage financing; must provide you with all fees up-front; will make you aware of what monies you need to provide and when; must advise about title, encumbrances, liens on property; may discuss “title insurance”; will receive funds from bank/lender “in trust”

#### **Home & Fire Insurer**

- Required by lender to obtain mortgage financing; must be “proven” in order to take possession of home

#### **Builder (if buying new)**



### Mortgage Basics

- Interest rates – Cost of borrowing money paid to the lender.
- Fixed rate vs Variable rate
- Term – determines the length of time your mortgage rate is set for.
- Amortization – The length of time over which the entire debt will be paid. The longer the amortization the smaller the monthly payment. Now you can go as long as 40 Years!



## **The Dominion Lending Centres Advantage**

- Dominion Lending Centres Mortgage Experts are equipped to offer you your best possible “mortgage strategy”. Enabling you to save thousands over time.
- Dominion Lending Centres Mortgage Expert offer multi-brands including our own Dominion Mortgage.



## Step 5: Making an offer

### The Purchase (Buyer) Agreement Typically states:

- How much you are willing to pay
- A proposed closing date
- Agreement expiry date
- Buyers conditions, subject to
  - a date for arranging a suitable mortgage
  - selling a current home owned
  - seller providing a current survey
  - a home inspection to detail home's safety, construction or condition

### The Purchase (Buyer) Agreement

- It is a legal binding contract
- A deposit of 5 to 10% of the purchase price must be presented with the offer and held in trust until closing. The amount will be applied to the purchase of the home.
- The deposit will be returned with an unaccepted offer. **However, if you cancel an accepted unconditional offer the deposit *may* be kept.**

## Step 6: Closing the Sale

### What Happens Now?

- 1) You may choose to have your lawyer review your accepted offer
- 2) Fax your accepted Offer to Purchase and MLS listing to your Dominion Mortgage Expert





### What Happens Now?

#### 3) The Mortgage Process:

- A. Your Dominion Mortgage Expert will review your financing need, current rates and mortgage “strategy” determined in pre-approval process.
- B. Your Dominion Mortgage Expert will submit your application to the selected lender for review
- C. Lender issues a “Mortgage Commitment” that must be signed by all applicants

### What Happens Now?

- D. Your Dominion Mortgage Expert will review the “Mortgage Commitment” and explain required conditions (ie. Proof of income, down payment) and all other required documents.
- E. Once all conditions are collected and all documents are signed, your Dominion Mortgage Expert will forward these to the lender for final review and approval.
- F. Once approved, lender instructs the solicitor.

## Step 6: Closing the Sale

### What Happens Now?

- 4) All conditions of your offer are to be met, complete home inspection obtain mortgage approval
- 5) Land survey is obtained and/or Title Insurance
- 6) Lawyer searches title
- 7) Check into taxes and Liens
- 8) Arrange your utilities
- 9) Go to your lawyer to sign final documentation shortly before your closing date



## Step 6: Closing the Sale

### What Happens Now?

- 10) Mortgage proceeds advanced to lawyer "In Trust" by lender
- 11) Your lawyer and your seller's lawyer exchange on closing day, documents, funds, and register all documents on title
- 12) You meet with your realtor for your new house keys and move





### In Review:

- Housing Needs
- Affordability
- Build your Team
- Arranging your Mortgage with Dominion Lending Centres
- Make the Offer
- Closing the Sale

## Questions?

**We will all be available following the presentation if you have specific details you wish to discuss.**





**Thank You!**

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