

First Time Home Buyer's Guide

Benefits of home ownership?

Pride of Home Ownership

Pride of home ownership is the number one reason why Canadians desire their own home. There is no landlord looking over your shoulder. You are able to make home improvements knowing that any appreciation that results, will be to your benefit. Home ownership gives you and your family a sense of stability and security. It's making an investment in your future.



Appreciation

In Canada, especially in the last few years, homes have appreciated considerably and in doing so have added substantially to owners net worth. Unlike stocks and bonds, you get to live in your real estate investment. Also, in Canada your principal residence is exempt from capital gains taxes.

Mortgage Reduction Builds Equity

Each month, part of your monthly payment is applied to the principal balance of your home loan, which builds your equity. You can borrow against a home's equity for a variety of reasons such as home improvement, sending your kids to university or college, or starting a new business. Why pay-off your landlord's property when you can own your own?

Homeowners accumulate wealth for the future while enjoying the benefits of a shelter that they have can use, improve and sell. Their home is a safe haven for investment.

Are You Ready to Buy a Home?

First – do you have the financial resources? You should have five percent of the purchase price of a home for the down payment, but ideally even more. Are there other priorities in your life e.g. starting a new business, which require your savings? If not, buying a home should be on your radar.

Second – do you expect to stay in your new home for some time? Moving can be expensive and you will want to build some equity before having to relocate. Your job and home life should be stable.

What Can You Afford?

If you haven't already gone through the mortgage pre-qualification process, you will need to meet with a lender or mortgage broker. They will establish how much of a mortgage you will qualify for. Mortgage rates vary considerably and it is paramount that you shop around for the best rate, terms and options.

At www.remax-western.ca [1] the affordability calculator will help you determine what monthly mortgage payment and the maximum mortgage you can manage. Note: if you are buying a condo, the amount of your monthly assessment has a direct impact on how much you can afford to spend on your mortgage.

First time homebuyers may want to take advantage of the federal government's **Home Buyers' Plan**. Under this plan, you may use up to \$25,000 of your RRSP towards the purchase of a home. The money is tax-free as long as you pay it back in the next 15 years. Ask your RE/MAX Sales Associate for details.

Questions To Ask When Assessing Home Features

- Do you need several bedrooms, more than one bathroom, space for a home office, a two-car garage?
- Do you want air conditioning, storage or hobby space, a fireplace, a swimming pool? Do you have family members with special needs?
- Do you plan to have children? Downtown or suburbs? Proximity to recreation or work.
- Do you need a substantial backyard? Pets?
- Is there adequate storage space?
- Will any remodeling be required to make the home move-in ready for you?
- What service providers (cable, Internet, telephone, Satellite) are available in the area, and is the house completely wired for each? Can you hear me now – how good is the cell phone reception?
- How much are the yearly property taxes?
- How much do utilities run each month? Does the house use gas or electric for the furnace, water heater, and appliances?
- How old are the major appliances, and which are included with the house?
- Have there been any major repairs to the house, and if so, when were they completed? For example, how old is the roof? Has water ever damaged the basement or foundation?
- Ever had problems with insects, such as termites and spiders, or rodents?
- Older homes need to be carefully examined - Windows may need caulking or new sashes, bathroom tiles may need grouting, home may need rewiring (planning on a hot tub or sauna?), a new hot water heater, or a new furnace.



Location, Location, Location

- How far will you be commuting and what is the traffic like? Factor in cost of fuel.
- Where will your children attend school and how will they commute?
- Are there recreational facilities and parks close by?
- Are you close to family and friends?
- Is safety or high crime an issue?
- Is the property close to an obstacle or negative influence? (i.e. an apartment building, shopping centre, school, radio tower, power lines, LRT or railroad track, highway, airport or commercial project).
- Access to schools, work, recreation, shopping centres, public transportation, cultural attractions, libraries, churches and hospitals
- Adjacent undeveloped land - what is proposed for this or other green space?
- Heavy traffic can be noise nuisance and hazard for children
- Distance from the unit to amenities, parking, walkways, roads, public transit
- Does the neighborhood reflect positively on the value of the condo and your lifestyle choice?
- Does this neighborhood, for any reason, have a poor reputation?
- Is the future economic climate for the area good? Are businesses moving in? Is there government investment?
- Are people moving in or out of the neighborhood? What is their age, income level, family size?
- Are there plans for this neighborhood that you may be unaware of (i.e. a future highway, a commercial development or a new housing development) that will provide competition on resale?

Noise and Privacy

- Proximity to highways, driveways, parking lots, playgrounds, trains.
- Proximity to elevators, garbage disposal, fire exits, heating and air conditioners.
- How well is the building soundproofed.
- Visit at different times/weekends to check noise levels and activity.