

# First Time Home Buyers Program

## HOUSE SHOPPING

Working with a mortgage professional and securing financing

- CHOOSE A MORTGAGE PROFESSIONAL: Most buyers need at least some financing (a mortgage) to purchase a home. The two most common sources of a mortgage are directly through a bank or through a mortgage broker. Typically, banks only offer their own mortgage products while mortgage brokers can source mortgage products from different lenders.
- DISCUSS YOUR DOWN PAYMENT: If your down payment is between 5% and 19.99% of the purchase price, you will need to obtain mortgage insurance (there are three mortgage default insurance providers in Canada: the Canada Mortgage and Housing Corporation (CMHC), Genworth Financial, and Canada Guaranty. There is a fee associated with mortgage insurance. Your mortgage professional will guide you through the process.
- DISCUSS DEPOSIT FUNDS: You need to provide a deposit with your offer to purchase. Your deposit funds will typically become part of your down payment.
- CONSIDER CLOSING COSTS: Closing costs are separate from your deposit and down payment, and are typically due on possession date, which is the date when the real estate transaction is complete and the property is yours. Closing costs include lawyer fees, property tax adjustments, etc. It is a good idea to budget a couple of thousand dollars on top of the purchase price as closing costs.
- DETERMINE WHETHER YOU QUALIFY FOR THE FIRST TIME HOME BUYER INCENTIVE: As you have read on [www.firsttimehomebuy.ca](http://www.firsttimehomebuy.ca), there are a few qualifications that you must meet in order for you to qualify for the Government of Canada incentive. You can ask your mortgage professional or speak with the Herrick Real Estate Group for more information.
- GET YOUR PAPERWORK IN ORDER: After you choose either a bank financial specialist or a mortgage broker to work with, get your paperwork in order. You may need to have certain documents available when you seek a mortgage pre-qualification, and you will definitely need them when you apply for the mortgage - these include:
  - Proof of employment (for example, a letter from your employer)
  - Most recent Canada Revenue Agency Notice of Assessment
  - Confirmation of income (for example, pay stubs or a T4 form)
  - Gift letter (if you're using a gift as your down payment)
- PRE-QUALIFY FOR A MORTGAGE: A mortgage pre-qualification is tentative approval from a lender for a mortgage based on your qualifications (i.e. income, down payment amount) made in advance of a real estate purchase. The pre-qualification will provide you with the information needed to know how much of a mortgage you will likely be approved for; it'll help you ensure you're shopping for homes you can afford.

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**MAINTAIN YOUR FINANCIAL SITUATION:** While shopping for a home, try to maintain your financial situation. That means it's not a good time to change employment or take on additional debt (vehicles, etc.).

A pre-qualification is not the same as receiving approval for a mortgage; it is not a guarantee a lender will enter into a mortgage contract with you. Once you make an offer to buy a property, you will formally apply for a mortgage, and you will have to submit supporting documentation that confirms your financial position. A lender might choose not to approve you for a mortgage after it more closely assesses you and/or the property.

Working with a Real Estate Professional

**CHOOSE A REAL ESTATE PROFESSIONAL:** It's always a good idea to use a licensed real estate professional in your home search. If you decide to enter into a client relationship with your real estate professional, they will ask you to sign a written service agreement. Written service agreements are required in Alberta when you're a client of a residential real estate professional.

Rent/lease agreement

**REVIEW YOUR RENTAL/LEASE AGREEMENT:** If you are renting/leasing, ensure that you know the effects/conditions of the termination of the agreement. Review the agreement and ensure that you are legally able to terminate the agreement before you take possession of your new home.

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### Finding a home

Now the fun part begins. It's time to find the perfect home. Some things to consider are :

- Location
- Home style (condo apartment, condo townhouse, single family home)
- Age/condition of the home
  - Is it a turnkey home or does it need some work?
  - How much will the work cost?
  - How much time will the work take?
- Number of floors, bedrooms, bathrooms
- Features
  - Home office/den (can it be used as a bedroom?)
  - Garage (is it attached/detached?)
  - Yard (is it landscaped, fenced?)
  - Basement (is it completed, is it plumbed, has the permit been obtained, are the bedroom windows legal size?)
  - Pet friendliness (are pets allowed, are there pet restrictions?)
  - Public transportation
  - Accessibility (wheelchair accessible, elevator)
  - Proximity to amenities (schools, restaurants, shopping, etc.)
  - Deck (has the permit been obtained?)
- Inclusions
  - Appliances, garage opener, garage remotes, shed, window coverings, etc.
- Price
- Annual tax amount
- Condo fee amount, if applicable
- HOA (Homeowners Association) fee amount, if applicable
- Size
- Front/rear exposure (does the backyard get sun in the morning or afternoon?)

These are items that you and your realtor should discuss before searching for a home. The more information that you provide to your realtor, the easier it will be for him/her to find you a home that suits your needs and lifestyle. Once you find the right home, your realtor will guide you through the process of writing and submitting an offer.