

MaxWell

®

# Buyer's Guide

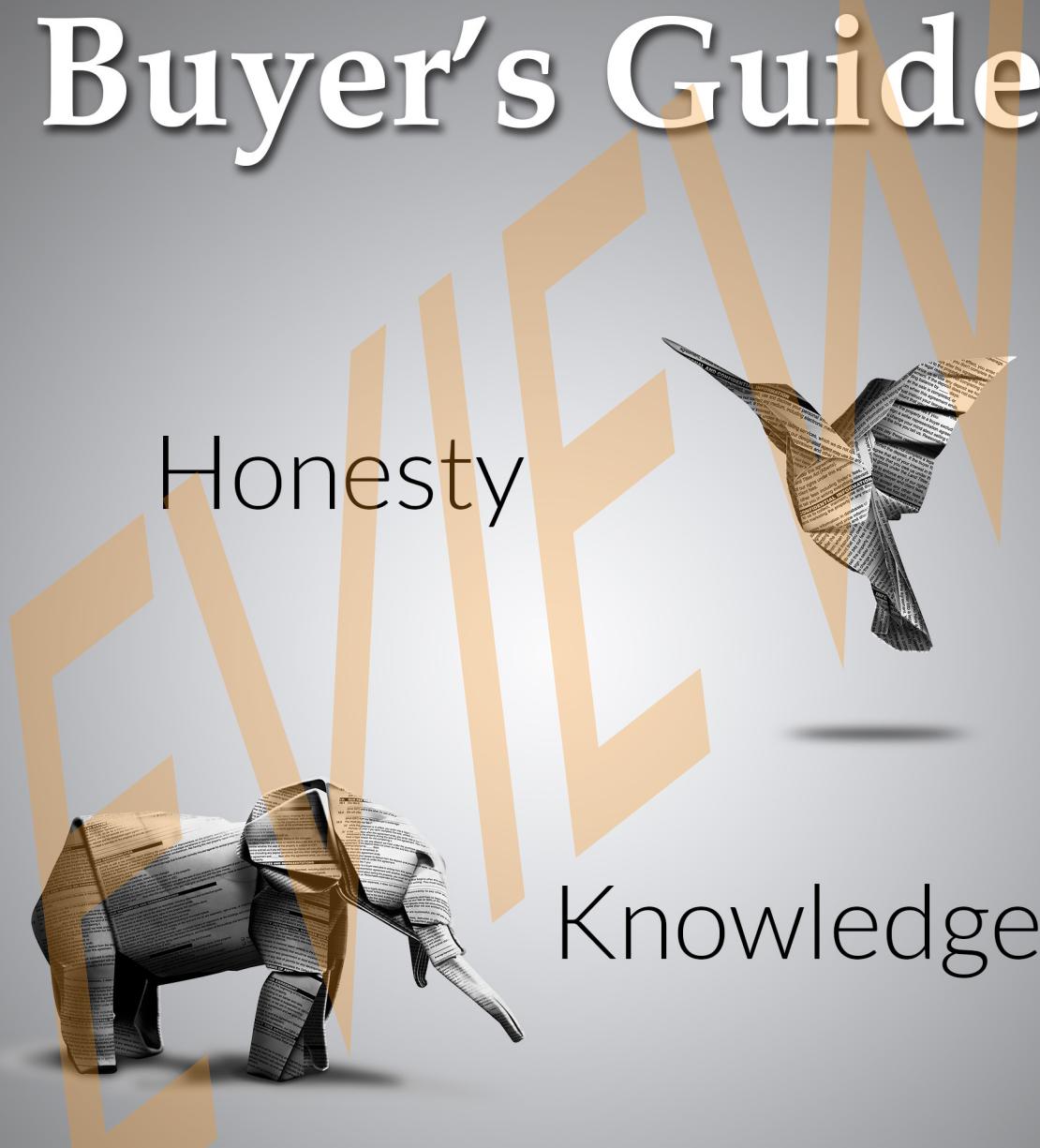
Honesty

Knowledge

MaxWell



Transparency



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# Congratulations!

The purchasing of a new home is an exciting and wonderful time in your life. Whether you are looking for your first home or a place to enjoy your retirement, you are embarking on a journey that will create memories for you and your family.

Your family has certain needs and your home must meet those needs. It is important for you to know what matters most to your family.

Buying a home is exciting but can also be overwhelming. You will find up to date information in this guide to assist you in your buying process. Some things you may already know, others may be new... but you will be equipped with the knowledge needed to find an purchase the house that fits your family perfectly.

## Buying Your New Home - It's All About You!

My real estate philosophy is built around one guiding principle: You Come First!

My responsibilities are to provide you with information so that you can make an informed decision. To meet that goal, I am providing you with information about our company, myself, the market conditions, pricing and marketing strategies, and finally, the buying process itself.

My Buyer Information Package is the start of your information gathering process to help.

So let's work together, communicate, and methodically search for the ideal home and location.

I am here to assist you each step of the way.  
My goal is to make your move a happy experience.

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# About Me

As your REALTOR®, I will earn your long-term loyalty and trust by providing you with exceptional and personalized customer service. I will do this by putting your needs first and caring for the outcome of your negotiations. I take your satisfaction personally and I will provide you with the most comprehensive Real Estate service available. When you work with me, you can be assured that you will receive the highest quality service available.

We'll work together at your pace, and I'll help you to accomplish your objectives in a way that will work best for you. I can help find you exactly what you're looking for and take care of all the details.

At MaxWell, Real Estate is not something we just do... Real Estate is our life.

## About My Company

MaxWell Realty is a proud Canadian real estate company established in Alberta in 1999 by two bold visionary leaders in the real estate business. MaxWell was founded on the principle of providing leading customer services to our clients.

We are an organization who believes that there are many customers looking for a real estate company who still offers services embodying old fashion values of Honesty, Integrity, and Knowledge.

We believe we have become a Preferred Choice for customers looking for a full service real estate company, by doing what we do best - providing exceptional, personalized service and advice for all your real estate needs. In our first decade, we have grown to over 300 agents with representation in 18 communities across Alberta and British Columbia.

- Listing to understand your needs
- Developing a plan to meet your goals
- Reaching agreement on your desired services
- Providing those services at a fair fee
- Asking you how we did, so we can always improve

# Understanding Home Values

*There are a number of factors that will affect a home's price.*



## Market Conditions

- Buyers or Sellers Market?
- Quantity of inventory?
- Average days on market?

## Area Influences

- What is the area doing?
- Are there any special considerations?
- What is the highest and best use of the property?

## Condition of Home

- Necessary repairs?
- Additional repairs?
- Value differential
- Buyer perception
- ...

## Economic & Social Influences

- Interest rates
- Political environment
- Labour market
- Vacancy rates
- Foreign ownership appeal

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# Understanding the Legalities

As your REALTOR® and representative, your best interest is always my first priority and as such I owe you 6 important legal duties call **Agency**:

1. Undivided Loyalty
2. Confidentiality
3. Full Disclosure
4. Obedience
5. Reasonable Care & Skill
6. Full Accounting

**Buyer Brokerage** - We offer a written service agreement outlining the details of the agreed upon buying services you desire.

As a consumer, your interests are further protected through our regulating bodies to ensure your transaction is handled in a professional manner.

## **CREB - Calgary Real Estate Board**

The Calgary Real Estate Board is the primary resource for Buyers and Sellers in the Calgary and area real estate market. One of the main functions of CREB is the operation of the Multiple Listing Service (MLS) System

## **RECA - Real Estate Council of Alberta**

The Real Estate Council of Alberta is an independent non-government agency responsible for the regulation and licensing of Alberta's Real Estate Brokers, Mortgage Brokers, and Real Estate Appraisals.

## **CREA - Canadian Real Estate Association**

The Canadian Real Estate Association is one of Canada's largest single-industry trade associations representing more than 96,000 real estate Brokers and Salespeople. CREA owns the MLS and REALTOR trademarks which signify a high standard of service and identify members of CREA.

## **PIPA - Personal Information Protection Act of Alberta**

Deals with how companies can collect and use personal information

## **PIPEDA - Personal Information Protection and Electronic Documents of Canada**

Deals with consumer privacy.

## **FINTRAC - Financial Transactions and Reports Analysis Centre of Canada**

Deals with protection from money laundering and terrorist financing.

# What is Our Budget? Finding the Money.

Let's be honest, nothing really matters unless you know how you're going to pay for your next home or investment property. Perhaps you have good credit, a down payment and qualifying for financing will not be a problem, but you want the best mortgage for your needs and, of course, the lowest interest rate available. Or maybe you just have no idea what you qualify for, this is your first purchase, and you just want to learn how to get started.

The following brief outline of some basic components of getting financing and some tips to get you well ahead of the game.

## Traditional Banks

An advantage of using banks rather than mortgage brokers is that you get to deal with someone who knows a lot more than just mortgages. Often, what is best for you in terms of mortgage might also play into your long term financial planning. For example, your bank can take into account any credit cards or lines of credit that you may have, along with any savings or RRSP accounts to make sure you have a high cash flow and low borrowing costs.

Although getting you approved for your mortgage may be your number one priority, a bank will work with you to make sure that whatever you end up with suits your lifestyle and matches your long term goals. Some banks even have access to alternative lending sources that may be able to help if your credit is less than perfect or a transaction is out of the ordinary.

## Mortgage Brokers

Brokers are typically self-employed and are paid by the lenders (or banks) and not by you. This means that they are motivated to get you approved and also give you great service in hopes of future referrals. They use as many as 30 different lending sources, which even include a lot of major banks.

One of the greatest advantages of using a mortgage broker is that they work with hundreds of unique situations and know how to ensure your mortgage gets the green light.



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## Lines of Credit

By financing your home with a line of credit, rather than a mortgage, there are some serious benefits. The line of credit will be secured against the home similar to a mortgage and the payment options are sometimes wide open. There are no penalties for paying off a large lump sum or clearing it completely (very important when you sell). If your monthly finances are short, or if monthly cash flow is the goal, then on some LOCs you can make interest only payments which will maximize your monthly income. A line of credit can also be a better way to refinance your home. You can use as much, or as little, of it as you need, and only make payments on the portion you have used.

## Creative Financing

How do people buy homes with no money or no credit? Well, some banks still offer zero down mortgages, however you still have to have good credit and income. Some self-employed people have lots of money but can't provide their income. Sometimes you need non-traditional methods of financing.

Here are a couple of possibilities:

**Private Lenders** - some lenders will work with high risk clients and simply charge a higher interest rate

**Vendor Take Backs** - Have the owner carry the mortgage.

## Summary

If you have enough motivation and the proper guidance, there is nothing holding you back from finding the money to purchase real estate. The key thing is to check out your options. If you plan on spending \$100,000s on a new home, it will be well worth your time to do a little homework.

Don't let everyone pull your credit rating, have the bank run some hypothetical examples and once you find one or two you trust, then pull the details. The more times your credit is pulled, the lower your credit rating becomes. Get pre-approved and lock into an interest rate. Some lenders will hold a rate for up to 120 days. If the rate is lower when you take possession, you get the lower rate, don't get caught if the rates climb and be careful whose advice you take. Review the terms of your mortgage in depth and be sure you understand the payout options, conditions, interest rates, etc.

If you are not approved, ask why not and find out what options you have to get approved (if they can't tell you, then find someone else). Sometimes it would just take an additional letter from an employer or something simple to remedy. There is always a way.

# The Mortgage Mystery Explained!

## Two Types:

### 1. "Conventional Mortgage"

Your down payment is 20% or more.  
Mortgage Company lends 80% or less

### 2. "High Ratio Mortgage"

Your down payment is less than 20%  
Mortgage Company lends more than  
80%

For CMHC insured high ratio mortgages the maximum price must be below one million dollars.

The interest rate used to assess the buyer's eligibility is the 3 year rate.  
Surcharges may apply for self employed persons.

## Insurance Premiums:

Loan to Value ratio	Existing Homes	New Construction
Over 75% to 80%	1.00%	2.00%
Over 80% to 85%	1.75%	2.50%
Over 85% to 90%	2.00%	3.00%
at 95%	2.75%	4.20%

## Understanding Tax Adjustments

City taxes are paid once per year, for the current year. There are three ways to pay your taxes:

1. Write one cheque which must be paid at the end of June.

This covers 6 months back (January - June) and 6 months ahead (July - December)

2. You may have the mortgage company collect the taxes and pay them for you at the end of June.

They will then set up a tax account for you and collect the taxes monthly, with your house payment. This is called a P.I.T. payment program.

The draw back for this choice is that the mortgage company must have collected the full current years taxes by June 30 each year.

The buyer must contribute approximately 6 months taxes to his/her tax account in advance for this to work, the surplus is maintained until you again sell your home, at which you could receive the funds back by way of a tax account credit.

3. Use the city of Calgary tax program called the TIPP Program. Taxes are paid monthly for the current year and automatically drawn out of your chequing account.

Property taxes are adjusted by the lawyers, for the buyer and seller, based on who owns the property for what portion of the current year. This is calculated by the adjustment date of your offer to purchase agreement.

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## You should know there will be buyers costs “closing costs”

These figures are approximate and should be used as guidelines only.

1) Legal Fees	City Home Sale \$750.00 +LTO City Purchase and Mortgage \$1125.00 +LTO City Purchase Cash Sale \$750.00 +LTO (LTO = Land Titles office)
2) Disbursements	Around \$100 - \$150 approx.
3) Tax Adjustments	Property (current year division)
4) Transfer of Ownership	\$1 per \$5,000 of value of home plus a \$35.00 admin fee. (ie) 400K = \$80+\$35= \$115
5) Mortgage Registration	\$1 per \$5,000 of mortgage to be registered on title. (ie) 400K = \$80+\$35= \$115
6) Condo Docs Review	\$350 - \$450 plus
7) Real Property Report	Cost \$575 plus \$97 city stamp
8) Mortgage and CHMC application fee	Usually included in insurance fees
9) Appraisal Fee	\$350 - \$400 plus (lender neg. or in CHMC fees)
10) GST Costs	five percent of the above
11) Things that need repair	Paint, dripping faucets, etc.
12) Home Inspection Cost	\$350 - \$450 plus based on size
13) Insurance for your home	\$500 - \$700 per year
14) Note: Week End Possessions	Add mortgage interest weekend

I recommend that you reserve about \$2,500 - \$3,500 for closing costs, CHMC requires buyers to have 1.5% set aside for closing costs.

# Mortgage & Lawyer

The following checklist is a guideline to help you finalize your mortgage and provide all necessary information and documentation to your Mortgage Broker and Lawyer. Specifics of documents will vary depending upon the lender and conditions.

## For the Mortgage

- Signed mortgage commitment
- Signed consent form
- Signed acceptance or waiver of the life/disability form
- Employment letter and current pay stub
- Copy of last years tax assessment notice
- Down payment verification
- Closing costs
- Self-employed income verification
- Purchase agreement
- MLS listing info sheet
- Lawyer information
- Void cheque

## For Your Lawyer

- Insurance confirmation with all purchaser names
- Void cheque
- How will your home be registered
- Bank draft
- 2 pieces of identification - 1 with photo
- How will you pay your property taxes



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# Our Buyer's Home Search Plan

## Auto Notification and MLS®

- Exclusive access by REALTORS®
- Receive properties before the public
- Save time by filtering properties at home

## Other Properties

- Properties that are now off market
- Sellers typically still want to sell
- Properties not listed anywhere

## Motivated Landlords and Rentals

- Business people open to offers
- Potential for increased motivation
- Quick possessions

## Advertise for Properties in Your Area

- Letter to potential home sellers
- Properties not currently listed for sale

## Collapsed Transactions

- Homes under contract that do not close
- Seller may be motivated
- Opportunity to purchase before re-listing

## Exclusive Buyers List for Office Pocket Inventory

- Over 300 REALTORS® and a good market share
- Learn about upcoming listing before they go to MLS®

## Online Classified Ads (Kijiji & Craigslist)

- Widely used source of advertising
- Not easy to navigate

## Show Homes and New Builds

- New homes or condo by any builder
- Learn all your options for what is available

## Newspaper Advertising

- Tracking multiple publications
- Not all properties listed on MLS®

## Exclusive Access to My Personal Upcoming Market Inventory

- My current database and pocket inventory
- Hundreds of contacts
- Opportunity to be first

## For Sale by Owners

- Research FSBO websites
- Potential to buy before MLS®

# Our Commitment to Service Promise

We are 100% committed to providing the best possible service to all of our clients.

In order to fulfill this commitment, we agree to:

- Represent your interests above all other parties, including our own, throughout the home buying process.
- Keep all information about you confidential.
- Inform you of any information we may have about the seller's **urgency** and motivation to sell the property.
- Advise you about the real estate market, procedures, customs, conditions and contracts, and make recommendations to assist you through this process.
- Search, using all available methods, to locate the **home** that will best meet your needs.
- Advise you as to advantages and disadvantages of purchasing homes that you view.
- Assist in estimating the market value of homes that are of interest to you.
- Prepare offers and counter offers on your behalf and in your interest.
- Negotiate the optimum price and terms for you.
- Fully disclose any limitations on our duties should you pursue the purchase of a **MaxWell** property listing within our brokerage and obtain your written informed consent to transaction brokerage if the situation arises.

## Our Client Referral Rewards Program

Like any company, we need new clients to stay in business.

If we helped you in the purchase of real estate, you know how well we serve our clients. We hope we did a good job for you and earned your respect and confidence in recommending our services to your friends, neighbours and relatives. The ultimate reward for our hard work and dedication is your recommendation.

We are asking you to become our "Goodwill Ambassador", to share your experience with others.

If you refer your friends, relatives, or coworkers to us, we assure you that they will receive the highest level of service, and as our way of saying "thanks" for thinking of us, you will receive a special token of our gratitude.

We specialize in happy clients!

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# My Client Testimonials

Client's Name:

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Client's Name:

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Client's Name:

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# In Summary

## Our Mission Statement

Our company works with the principle of serving our clients with genuine care, sincerity, and integrity, while providing superior real estate services throughout the entire buying process.

We keep the promises we make and communicate regularly.

Our vision is to be the customer's first choice when looking for real estate services.

"My Team Service Promise"

Using state of the art technology, and my home buying system, we will find exactly what you are looking for.

We'll work at your pace, to help you accomplish your objectives in a way that will work best for you.

When we find that special property, we will help you arrange all the details, so that you will feel comfortable with your purchase.

I hope you choose to hire our team of real estate professionals for all your needs.

<<Name and Signature>>



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# Your Next Action Items

## Mutual Decision to Work Together

It is important that we work together because you choose to and never because you have to. I would like to be the number one choice for all your friends, family, and your own personal real estate needs for years to come. It is also important that you understand how I am compensated for the services that I provide to you. These funds typically come from the transaction and seller's proceeds, however other options are available depending on the structure of our relationship.

## Solidify Financing

Understanding how you will be funding the purchase of your house well in advance will strengthen your negotiation position and give you opportunity to make smart decisions suitable to your lifestyle. I have great relationships with financial experts who will be able to assist you in discovering your options.

## Begin Reviewing Homes

I have access to some of the most cutting edge technologies available to refine your search and narrow down our options before we get out to look at the homes. This is designed to save you time and ensure that you view the very best matches suited to your criteria.

## Book Appointments for Viewing

This is the fun part of the home hunting process. We get to head out in the communities of your choice and look at the top properties that we have selected together to find the one to become your home.

## Write an Offer & Satisfy Conditions

Once we find a home we like, we can work with the seller to get an offer accepted. Typically, most offers once agreed upon are still conditional or subject to the buyer verifying information such as home inspection or getting a financial commitment from a lender.

## Move In

Crack the champagne and invite over your friends for the moving party. You are finally home!

# Let's Talk About You: Your Questions, Needs & Goals

What is your biggest motivation for buying?

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What neighbourhoods are you considering?

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Are you looking at new homes as well?

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What type of home are you looking for? (eg. bungalow)

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How many bedrooms do you require (desire)?

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What other rooms are important to you?

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What is your ideal floor plan (eg. open concept)?

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Is a yard a requirement? (perfect home vs. yard)

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What is important about the location of your home?

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What recreational amenities are important to you?

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Are you willing to do a little work (renos, repairs, develop basement)?

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Do you currently rent, own, or lease?

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Is the age of the home important? If so, what age?

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Ideally, when would you like to take possession?

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How much do you intend to put down?

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Have you set aside closing costs?

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Have you been pre-approved for your mortgage? If so, from whom? How much?

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What are your concerns about purchasing a new home?

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Who needs to be present during showings?

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What is the most important quality you look for in a Real Estate Associate?

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# Personal Moving Checklist

## Six Weeks Before Moving

- Take an inventory of everything to be moved
- Collect everything not to be moved for a yard sale or charity - get rid of it
- Contact several moving companies for estimates on their services
- Book a moving company
- Get cartons and packing material to begin packing
- Contact insurance agent to transfer or cancel coverage

## Four Weeks Before Moving

- Notify all magazine subscriptions of change of address
- Contact utility companies regarding turn off and hook up dates
- Collect everything you have loaned out and return everything you have borrowed
- If you are moving away from the area, then check with doctors and dentists for family records and prescriptions
- Check with vet for pet records etc...
- Get children's school records
- Check freezer and plan use of food for the next 2-3 weeks

## One Week Before Moving

- Transfer of closing chequing and savings accounts if moving out of the area. Make available the cash you might need during the move in case new accounts are not active
- Have automobile serviced if you are driving a long distance
- Remove all belongings from safety deposit box
- Fill out and give the post office change of address forms
- Check all furniture for dents and scratches and notify the moving company so you can compare on moving day
- Dispose of all combustible and spray cans
- Mark all boxes with the room name you want them to go in
- Cancel all newspapers and services
- Cancel or transfer alarm service unless purchaser has made arrangements to keep it



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