

Jeremy A Sellmer

PERSONAL REAL ESTATE CORPORATION

BUYER'S GUIDE

- Buying Real Estate -



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Types of homes, area of interest, Mortgage approval, It's no secret that the process of buying a home can feel daunting and overwhelming.

That's why it is our first priority to keep you educated and informed along the way, ensuring that you feel confident at every step of your purchasing journey. Together we will lay out a strategic plan specific to your home buying needs and find you the best options available. We have the experience and skills to guide you home.

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DISCLOSURE OF REPRESENTATION

IN TRADING SERVICES *(Your Relationship with a Real Estate Professional)*

KNOW YOUR OPTIONS AS A REAL ESTATE CONSUMER

Considering a real estate transaction? One of the first decisions you will need to make is whether you should work with a licensed real estate professional who will represent you. Take a moment to read this important consumer protection information from the Real Estate Council of BC.

Learn more about this form and other information for real estate consumers at www.recbc.ca

This form explains the special legal duties that real estate professionals owe to their clients. It will help you choose whether you want to be:

- a **CLIENT** of a real estate professional, who will represent you in the transaction, or
- a **NON-CLIENT** with no real estate professional representing you.

Why are you getting this form?

Real estate professionals have a regulatory requirement to present you with this consumer information before providing services to you.

How to use this form:

Read over this information and ask about anything that is not clear to you. You can then complete the form fields to indicate that you've received and discussed this information with the real estate professional.

What happens next?

After you've reviewed the form and completed the optional consumer fields, the real estate professional must complete and sign it.

YOU CAN WORK WITH A REAL ESTATE PROFESSIONAL IN ONE OF THE FOLLOWING WAYS:

This information explains the different relationships you can have with a real estate professional to buy, sell or lease property. Before you disclose confidential information to a real estate professional regarding a real estate transaction, you should understand what type of business relationship you have with that individual.

AS A CLIENT

If you are the client of a real estate professional, they work on your behalf. The real estate professional representing you has special legal duties to you, including:

- Loyalty:** They will act only in your best interests.
- Full disclosure:** They must tell you everything they know that might influence your decision in a transaction.
- Avoid conflicts of interest:** They must avoid any situation that would affect their duty to act in your best interests.
- Confidentiality:** They must not reveal your private information without your permission, even after your relationship ends. That includes:

- your reasons for buying, selling or leasing
- your minimum/maximum price
- any preferred terms and conditions you may want to include in a contract

When you become a client, you may be asked to sign a written agreement setting out your and the real estate professional's responsibilities.

A real estate professional who is not representing you as a client does not owe you special legal duties:

- No loyalty:** They may be representing a client with competing interests to yours in a transaction. They must be loyal to their client, not you.
- No duty of full disclosure:** They do not have a duty to give you all relevant information.
- No duty to avoid conflicts:** They are not acting in your interests.
- No confidentiality:** They must share any information you tell them with their clients in a transaction.


As a non-client, a real estate professional may give you only limited services.



Whenever a real estate professional works with you in a real estate transaction, whether you are their client or not, they have a responsibility to act honestly and with reasonable care and skill.

THE BENEFITS OF REPRESENTATION

Many people choose to have a real estate professional represent them in real estate transactions to help them make informed decisions.

As a client, you'll benefit from: 



EXPERT ADVICE

In BC, licensed real estate professionals receive specialized training.



PROTECTION

Real estate professionals in BC are licensed under the Real Estate Services Act. It is legislation designed to protect the rights of consumers.



OVERSIGHT

The Real Estate Council of BC works to ensure real estate professionals are competent and knowledgeable. If you have a concern about a real estate professional, you can file a complaint by visiting our website at www.recbc.ca. We can investigate and discipline individuals for professional misconduct.



The Real Estate Council of BC is the legislated regulatory agency that works to ensure real estate professionals have the skills and knowledge to provide you with a high standard of service. All real estate professionals must follow rules that help protect consumers, like you.

We're here to help you understand your rights as a real estate consumer.

Keep this information page for your reference and scan the QR code or visit recbc.ca for more information about real estate transactions.



DISCLOSURE OF REPRESENTATION

IN TRADING SERVICES *(Your Relationship with a Real Estate Professional)*

This is a required disclosure form in compliance with section 5-10 of the Rules under the Real Estate Services Act. Your real estate professional must present the ***Your Relationship with a Real Estate Professional*** information page to you along with this disclosure form.

REAL ESTATE PROFESSIONAL DISCLOSURE DETAILS

I disclose that I am (check one):

- representing you as my client
- not representing you as a client

NAME

TEAM NAME AND MEMBERS *(The duties of a real estate professional as outlined in this form apply to all team members)*

BROKERAGE

SIGNATURE

DATE

NOTES

CONSUMER ACKNOWLEDGMENT **▶ This is NOT a contract**

I acknowledge that I have received the ***Your Relationship with a Real Estate Professional*** consumer information page and this disclosure form.

NAME (OPTIONAL)

NAME (OPTIONAL)

INITIALS (OPTIONAL)

DATE

INITIALS (OPTIONAL)

DATE

A COPY OF THIS DISCLOSURE IS NOT REQUIRED TO BE PROVIDED TO THE REAL ESTATE COUNCIL OF BC UNLESS IT IS SPECIFICALLY REQUESTED.

The Real Estate Council of BC regulates real estate professionals to protect consumers. Visit us online to find information on real estate transactions, ask us a question, file a complaint or an anonymous tip. 1.877.683.9664 | anonymous tipline: 1.833.420.2400 | info@recbc.ca | www.recbc.ca (rev 9/2019)

Jeremy A Sellmer
PERSONAL REAL ESTATE CORPORATION



“

“Jeremy provided a very high level of customer service and was very attentive to our needs and desires. Excellent knowledge and advise regarding options and considerations on specific properties. His knowledge of the market and neighbourhoods was invaluable.”

- Bob K. Langley

ADVANTAGES OF USING AN AGENT

THEY EDUCATE, GUIDE AND ANSWER



It's no secret that buying a home can be one of the most stressful events in life, but is equally one of the most exciting and rewarding experiences. Choosing the right Realtor® can make all the difference.

- 1)** A Realtor® has the right training and qualifications to work with you through the entire buying process. The support and information they provide at each stage ensures the process is a prompt and enjoyable one.
- 2)** A Realtor® always has the most relevant and up-to-date information relating to market trends and what homes are available that suits what you are looking for. A lot of traditional forms of marketing are not used anymore, like 'for sale' signs or advertisements online or in the paper. This is where an agent can ensure you're informed of all available options, which is provided by agents through the Multiple Listing Service (MLS).
- 3)** As a buyer, the services that an agent can provide to put you in an advantageous position is provided at no charge or without any obligation. Since January 1, 1995, a Realtor® can work exclusively for you and without any out-of-pocket expense; the commission from the sale of the home will be paid by the seller from the proceeds of the sale. This means, as a buyer, you can have the professional support and advice from an agent free of charge and put you in the best position for purchasing the right home for you.

HOW DO I FIND THE RIGHT AGENT TO WORK WITH?

There is no shortage to finding a Realtor® but finding the right one for you is critical. Look for a Realtor® you can understand and feel as though they are genuine in completely understanding your needs and wants. It's important you feel confident in their abilities to provide you the access and the means to buying the right home.

Confidence and trust are the first things to look for in a Realtor®. It is extremely important as the relationship between you and the Realtor® can last for a long time. You need to feel comfortable with who you are working with and how they are working for you.

The other critical things to look for is the experience they have had in the industry and their negotiation skills. A Realtor® is not just there to find you a home but to lead negotiations to help ensure you get the right home for the best price.

There are a number of ways to find a quality Realtor®, the most obvious ones in this industry is word-of-mouth. Asking friends, family, neighbours is a great way to hear about great experiences and also those not so great experiences. Other options include contacting agents you may have liked in previous open houses or simply contacting local real estate companies who can help suggest the right agent based off experience in the type of home you're looking for.

Remember, you don't need to commit to a Realtor® on the first meeting. Take time to interview a number of agents to ensure you find the right Realtor® that you connect with, that you trust and feel confident in, and has a proven reputation and industry experience in the homes you are looking for.

DO I WORK WITH JUST ONE REALTOR® WHEN I'M BUYING A HOME?

Typically yes. Working with the one Realtor® allows them to best understand your needs and interests, provide you with continuity through the buying experience, and educate you on all the relevant information and questions you will inevitably have. Your Realtor® provides all these services with an expectation that when you do decide to buy a home you do so using their services. Whether you end up buying a home or not, for whatever reason, it's appreciated that you provide great references to your friends and family who may be looking to buy or sell in the future if you were impressed with the services provided by your Realtor®

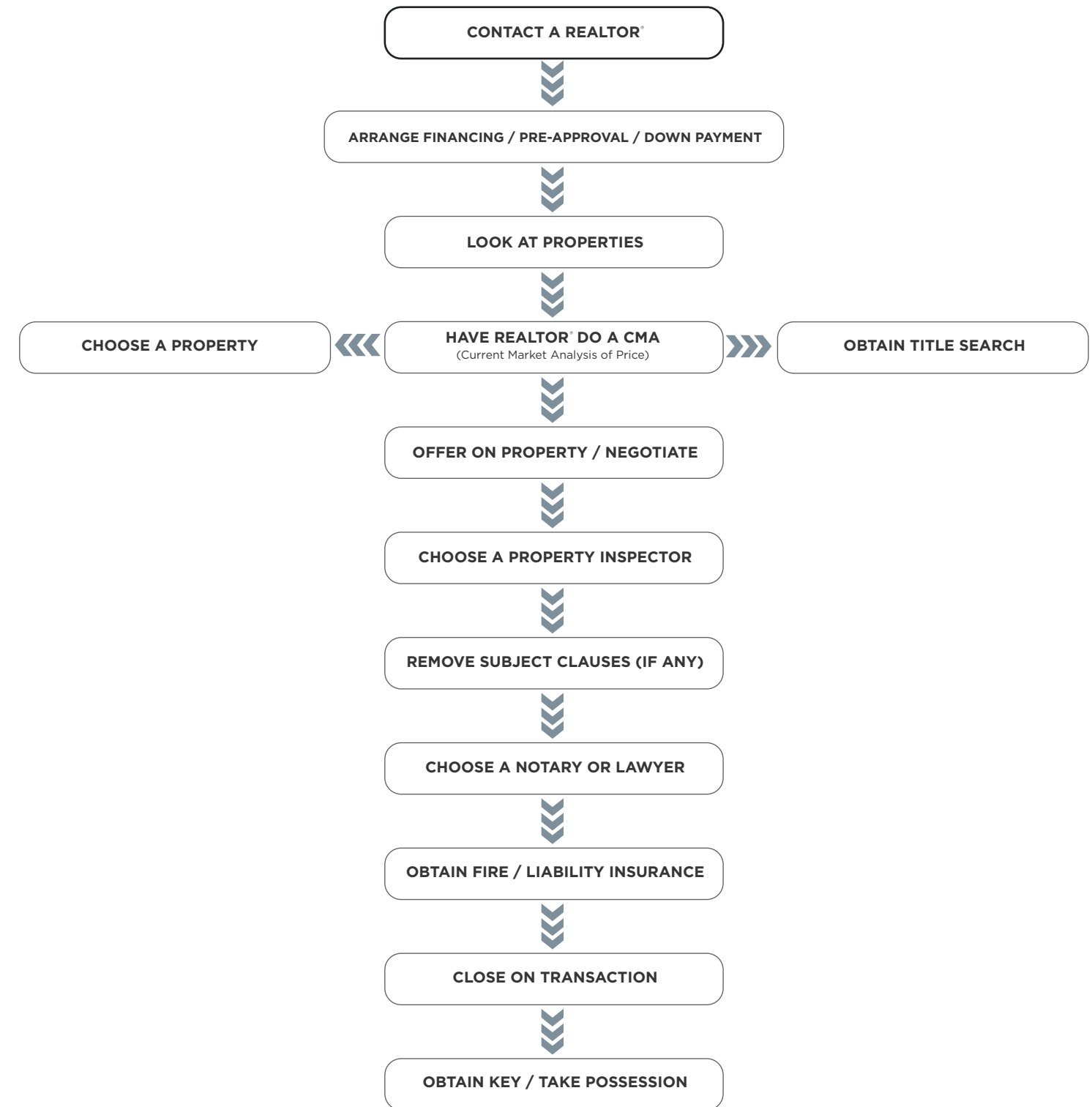
WHAT WILL AN AGENT CHARGE?

In general, agents work on a commission basis and receive payment only after the successful completion of a sale. A person selling will be asked to agree to pay a commission for the agent's services and this commission is usually stated as a percentage of the total sale price or as a fixed dollar amount. Note that GST is applicable to commissions. The commission rate is neither fixed by law nor by any real estate board; it is negotiable between the seller and the agent. The seller's agent traditionally shares this commission/fee with the agent working for the buyer.

Choose the agent who appears to be the most able to produce the results you are seeking.



PROPERTY ACQUISITION FLOW CHART



BUYER'S ESTIMATED EXPENSES

ALL EXPENSES INVOLVED

ESTIMATED SELLING PRICE

- Up-front expenses are to be paid on or before the documented completion day of your purchase. You may be exempt from some fees or have some fees waived. Your agent will inform you or ask your agent to determine this.

DEPOSIT UPON CONTRACT

- 5% of the purchase price is the usual deposit amount unless otherwise advised. This is held in Trust until closing.

PROPERTY TRANSFER TAX

- 1% of the first \$200,000, 2% on the portion of the fair market value greater than \$200,000 and up to and including \$2,000,000, and 3% on the portion of the fair market value greater than \$2,000,000.

LAWYER/NOTARY FEES

- Includes your lawyer's fees & registration of mortgage and Certificate of Title and disbursements.

APPRAISAL FEES

- A majority of lenders require an appraiser to confirm the purchase price reflects fair market value. Depending on the amount of down payment made to the lender this requirement may be waived.

HOUSE INSPECTION FEE

- The buyer has the option to arrange a home inspection to determine any quality concerns with the home. This is not mandatory but sometimes recommended.

HOUSE INSURANCE

- Required by the Mortgagee as security for the loan. Strata Properties are insured for contents and liabilities only.

SURVEY OR TITLE INSURANCE

- A survey accurately depicts the location of the house and outer buildings in relation to the property lines. Title insurance provides for no-fault protection against title risks.

PROPERTY TAX ADJUSTMENT

- Based on the "adjustment date" you may have to reimburse the Seller for their portion of the prepaid property taxes.

GST NEW HOME REBATE

- Only applicable on new housing.

MISCELLANEOUS

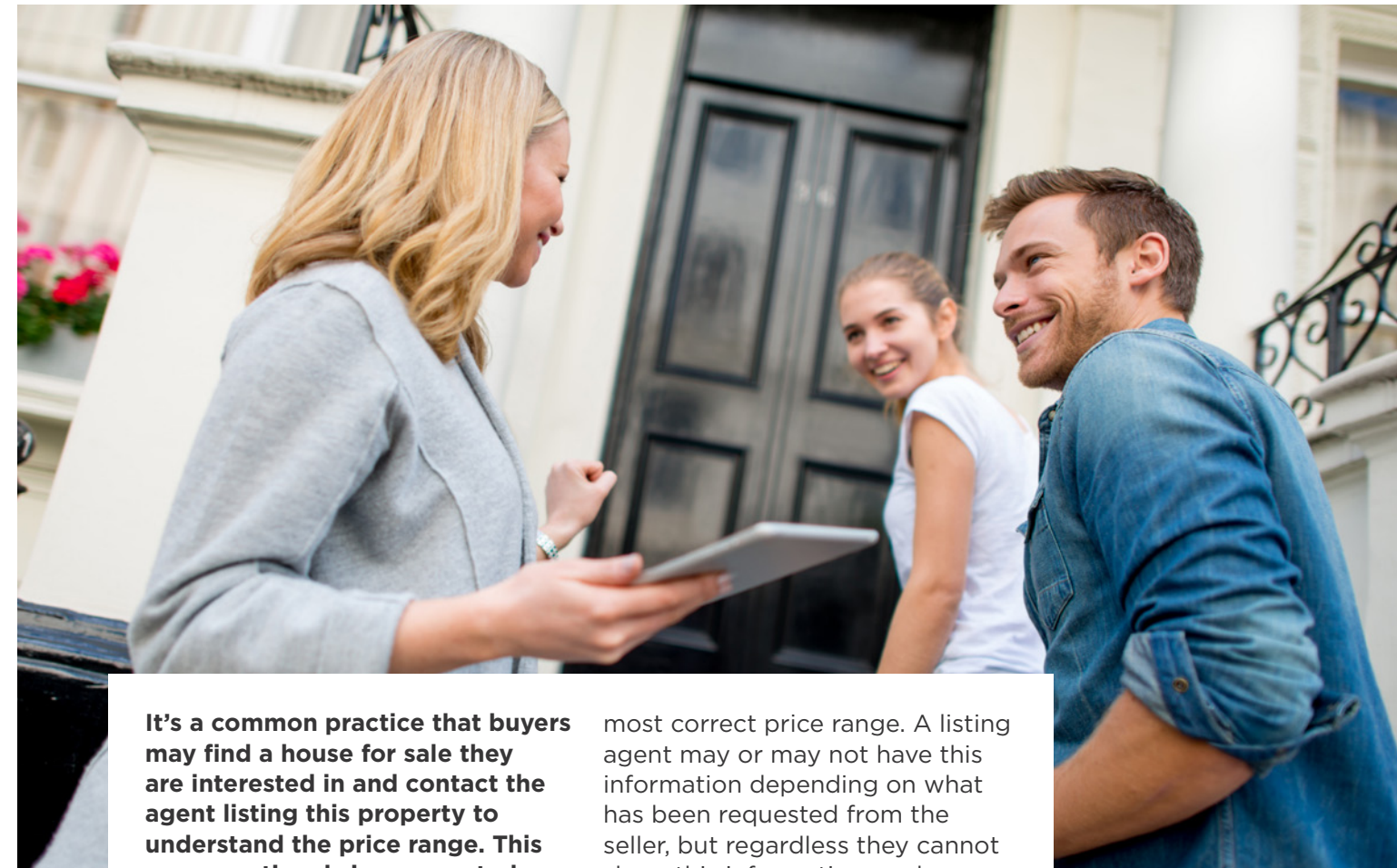
- Move in fee, mid-month maintenance fee adjustment etc.

"I Worked With Jeremy on a purchase of a Vancouver Condo. I Find Jeremy to be Knowledgeable and Patient. He was very helpful and I strongly recommend his services. Thank You"

- Malisa Soraya, Whiterock

DON'T USE THE LISTING AGENT

BUYER BEWARE!



It's a common practice that buyers may find a house for sale they are interested in and contact the agent listing this property to understand the price range. This can sometime bring unwanted problems that are best to avoid.

The first thing to understand that by law, the listing agent's number 1 priority is the seller of the home to whom they have been hired to represent. They are being paid to act in the best interest for the seller and are required to do so.

The number 1 concern for a buyer liaising directly with a listing agent without a buying agent is that they are not to provide you with any detail or recommendations of what the 'fair market value' is for the property. A buying agent will be able to help you conduct a comparative market analysis (CMA) on recent sales of like homes in a similar area so you know the

most correct price range. A listing agent may or may not have this information depending on what has been requested from the seller, but regardless they cannot share this information or share any recommendations other than the sellers request for their price range to complete a successful sale.

The laws and ethics rules protect the seller and ensures they are the primary priority. The ethics primer states: "Remember, if you are the listing agent or subagent to the seller, your principal fiduciary duty is to the sellers, even if you're working with the buyers as customers."

As a buyer, engage with a Realtor® you trust to provide you with the right information and where possible, avoid direct conversation with the listing agent.



“I found Jeremy to be very professional, friendly, and knowledgeable. I am a first time home buyer so I was very nervous in the beginning and many many questions. Jeremy addressed all my questions/ concerns in detail which made me feel more comfortable and in process he earned my trust and respect. He was extremely helpful during negotiations and ensured that his client's interests were addressed. After the removal of subjects I approached him with a request to have the move-in date changed, again he was able to successfully renegotiate the request with the seller.”

- Ghazanfar Farooq, Surrey

BUYER CONSULTATION

SIT DOWN WITH YOUR REALTOR® BEFORE VIEWING

OF COURSE, IT IS IMPORTANT TO MOVE FAST ON AVAILABLE PROPERTIES BUT WITHOUT FIRST TAKING THE TIME AND DOING YOUR DUE DILIGENCE WITH A REALTOR®, YOU CAN BE DELAYED SIGNIFICANTLY. SITTING DOWN WITH A REALTOR® TO TAKE YOU THROUGH THE HOME BUYING PROCESS WILL SET YOU UP FOR SUCCESS.

A Buyer Consultation will likely cover:

- 1) A check on any previous experiences you've had buying a home and/or your current knowledge of the end to end process.
- 2) An in-depth or refresher discussion of the home buying process, depending on your prior knowledge or experiences.
- 3) A number of key financing details, such as:
 - Personal costs of living to determine how much you can afford each month.
 - Various types of finance options depending on your situation and what they mean. These could be conventional mortgages, second mortgages, or high ratio CMHC with specific terms and conditions to be mindful of.
 - The current lender agreements and amount of down payment required.
 - The different rates available in the lenders market.
 - Providing GDS/TDS charts to determine what rate and mortgage amount you will likely qualify for.

During this consultation with the Realtor® it's recommended you prepare a cash flow comparison spreadsheet for various ranges of purchase prices using both the down payment amount and mortgage available to you. Doing this will help determine the likely mortgage payments and approximate costs for things like realty taxes or utility/property bills.

Once completing this it's important to ask yourself what you can afford and what the price range you should be looking in is

After confirming the financial requirements, available mortgage amounts and determining the price range to explore for buying, the home buying process is next.

- 1) Further discuss the size of deposit required and timeframes of when this deposit will be needed.
- 2) Review important conditions that should be included in your offer. Things like home inspections, subject to finance and status certificate are important to consider.
- 3) Providing insight on how offers are presented and counter-signed.
- 4) An insight into the lawyer's actions between the date the offer is accepted and the closing/settlement day
- 5) Discussing insurance requirements for your new home and mortgage.

After this consultation you will be in a good position to understand what is available to you. It's likely you may need to consider different options in terms of the size or facilities of the house, the neighbourhood you'd like to explore, or perhaps you have more options available to you than you first thought.

Once you have decided on what approach you're looking to take in terms of properties and locations to start exploring and accounting for any compromises you're willing to make if necessary, it is time to start working with a Buyer Agency to represent you when negotiating for a property. All of this for no cost!

WHERE DO I BEGIN LOOKING FOR A HOME?

LOCATION, BUDGET & PERSONAL TASTE



THE FIRST THING TO DO IS ESTABLISH WHAT KIND OF PROPERTY YOU'RE LOOKING FOR. STARTING WITH THESE 3 PRIORITY AREAS TENDS TO HELP

LOCATION

- Are you looking to relocate due to a new career or to be closer to your work?
- Would there be any impacts depending on the proximity to schools, shops, transportation?
- Do you have an idea of neighborhoods you're interested in? What is your ideal neighborhood and why?

BUDGET

- How much do you want to spend in monthly mortgage repayments that doesn't impact your quality of life?
- As you consider the style and/or features of your new home, shop around on home design websites or magazines to determine some cost effective styles. Understanding the costs involved in the style and features you're going after is beneficial.

- Review the market in your ideal neighbourhoods. Determine what is available and what the sale prices are.
- Sit down and consider all things involved in buying a home; mortgage repayments, any renovations or improvements you'd like to do, and any cosmetics and features you'd like to add. This will give you a good view of what will be involved.

PERSONAL TASTE

- What style home do you prefer? How many rooms? Open plan living or separated rooms?
- Would you like a condo, townhouse, detached home? Backyard and garden or minimal maintenance?

MARKET CONDITIONS

UNDERSTANDING WHAT IT MEANS

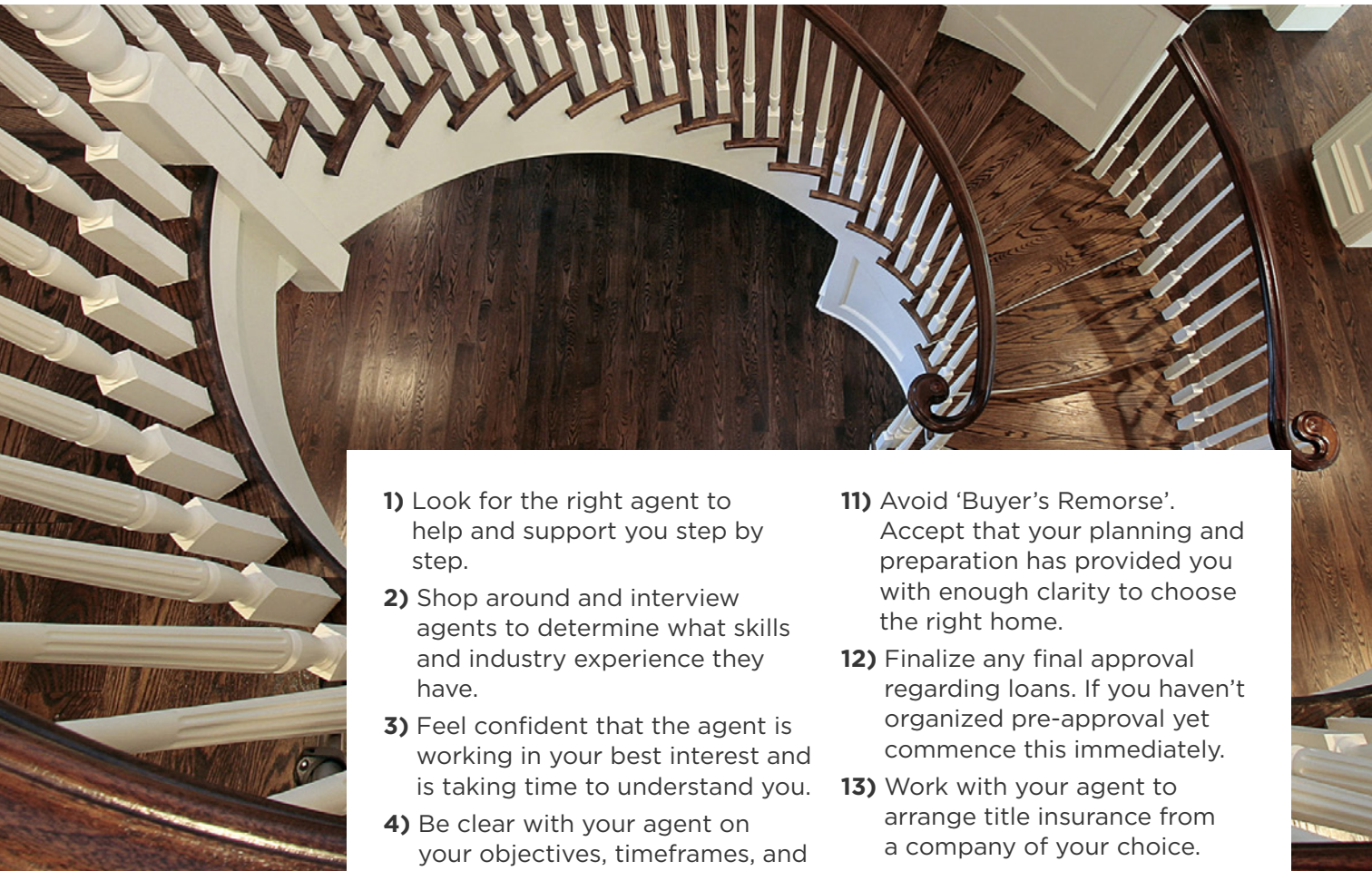
MARKET CONDITIONS	CHARACTERISTICS	IMPLICATIONS
BUYER'S MARKET - The supply of homes on the market exceeds demand.	A vast range of homes available on the market means more options for the buyer and likely that homes will remain on the market for longer.	Buyers are likely to have more leverage to negotiate. Buyers can be more patient when exploring available homes.
SELLER'S MARKET - The number of buyer's wanting homes exceeds the supply or number of homes on the market.	Less houses on the market or a lot of buyers in the area meaning homes are selling quickly. Prices are likely to elevate.	May need to make quick decisions, pay more than expected, and conditional offers (subject to finance) may be rejected.
BALANCED MARKET - The number of homes on the market is equal to the demand or number of buyers.	Equal balance between homes on the market and those looking to buy. A reasonable market for both buyers and sellers.	A good range of options to choose from with both the buyer and seller both generally open to negotiations for a reasonable price.

“Jeremy Sellmer went out of his way to accommodate us on the purchase of our first home. He cleared his schedule to focus on our needs and worked tirelessly to ensure we found exactly what we were looking for within a short time frame. We couldn't be happier with his service and will certainly be working with him again. Thanks Jeremy!

- Jessica & Jason, Burnaby

18 STEPS TO BUYING A HOME

A STEP BY STEP GUIDE




- 1) Look for the right agent to help and support you step by step.
- 2) Shop around and interview agents to determine what skills and industry experience they have.
- 3) Feel confident that the agent is working in your best interest and is taking time to understand you.
- 4) Be clear with your agent on your objectives, timeframes, and needs.
- 5) Work with your agent to establish your budget, which may involve arranging pre-approval with a lender.
- 6) Research the market and choose 3-5 of your favorite properties
- 7) View each property objectively following the "Simple 3-Step" approach. (See next page)
- 8) Record your offer if you decide to purchase.
- 9) Ensure your agent presents your offer ASAP.
- 10) Handle counter offers with your agent and ensure where there is compromise there is also reward.
- 11) Avoid 'Buyer's Remorse'. Accept that your planning and preparation has provided you with enough clarity to choose the right home.
- 12) Finalize any final approval regarding loans. If you haven't organized pre-approval yet commence this immediately.
- 13) Work with your agent to arrange title insurance from a company of your choice.
- 14) Any inspections will need to be arranged in a timely manner.
- 15) Address any minor/major complications and move on. Bumps are sometimes unavoidable but not insurmountable.
- 16) Do a final walk through of the property before closing. It's always safe to do a final check.
- 17) When closing, arrive early with all necessary documentation listed in your closing checklist.
- 18) After closing keep in contact with your agent to help with any questions or concerns you have. They're still there for you.

THE 3 STEP APPROACH

OBJECTIVITY, KNOWLEDGE & TRUST

There is always a lot to consider when you decide to buy a home regardless if you're a seasoned home buyer or a first home buyer. From budget to location and onto the style of the home, there are a lot of questions, but an experienced agent can help support and guide you to ensure you end up with the home you love.



The simple three step approach consists of 



APPROACH THE HOME BUYING PROCESS OBJECTIVELY...

- There is no perfect house. 85% is a win.
- The good homes sell quickly.
- Avoid Buyers Remorse and be confident in your choice.



AFTER VIEWING EACH PROPERTY ASK YOURSELF 3 IMPORTANT QUESTIONS...

- What was it about the property I liked?
- Is there anything I would like to or need to change?
- Is this a property I'd like to own? What is the price I'd be prepared to pay?



REMEMBER YOU HAVE 3 SAFETY NETS AVAILABLE TO YOU...

- Your judgment as an educated/informed buyer.
- The Comparative Market Analysis (CMA) prepared by your agent.
- The option of a home inspection.

FREQUENTLY ASKED QUESTIONS

AND MORE GREAT INFORMATION ABOUT HOME BUYING!

“WHEN I START VISITING HOMES, WHAT SHOULD I LOOK FOR?”

The house or condo you ultimately choose to call home will play a major role in your family’s life. A home can be an excellent investment, of course, but more importantly, it should fit the way you really live, with space and features that appeal to everyone in the family.

As you look at each home, pay close attention to these important considerations...

- Is there enough room for you now and in the near future?
- Is the floor plan right for your family?
- Is there enough storage space?
- Will you have to replace the appliances?
- Is the yard the size you want?
- If it’s a condo, is there good security? Is the maintenance fund sound? What’s the view like?
- Are there enough bathrooms?
- How much renovating and/or decorating will you need to do right away... Or within the first 2-3 years?
- Will your furniture suit this home?
- In what condition are the “guts” of the house, such as the furnace, the wiring, the plumbing, the foundation, or the roof?

“HOW MANY BEDROOMS DO I NEED?”

Whether you are married, or have kids, spare bedrooms come in handy when family and friends come to stay. When you’re not entertaining guests, extra bedrooms are useful as a library, den, office or TV room. Another good reason to choose a home with extra bedrooms is the extra space will make your home more appealing to a larger number of interested buyers when it comes time to sell.

“HOW DO I KNOW FOR SURE HOW MUCH HOME I CAN AFFORD?”

Affordability is probably the single biggest concern of today’s first-time home buyers. Given the wide range of media coverage regularly devoted to the issue, it’s not surprising that many young people wonder how long it will take before they can afford their first home. Don’t sell yourself short. Talk to your Realtor®. They will be able to provide you with a list of appropriate lenders who can help to determine your affordable price range. There are many financing options available today and some include low down payments. Find an option that fits your budget and you may be surprised at just how much home you can afford.

“WHAT SHOULD I TELL MY AGENT ABOUT HOMES WE LOOK AT?”

Open communication is critical. Tell your Realtor® everything you liked AND, more importantly, didn’t like about each home that you see. After all, YOU are their client and they are working for you. Don’t be shy about talking about a home’s shortcomings. Is the home too small for your needs? Let your agent know. Was the home perfect except for the carpeting? Let your agent know that, too. The more open and descriptive you are, the easier it is for your Realtor® to “zero in” and find a home you’ll love... To find a house that feels like home!

“WHAT SHOULD I ASK ABOUT EACH HOME THAT I TOUR?”

As a rule of thumb, ask any questions you have about specific rooms, features, or functions. Pay particular attention to areas that you feel could become “problems,” such as additions, defects, or areas that have been repaired. Take note of the age of the heating system and roof; the type of windows; the state of the foundation; and the amperage of the electrical system, etc. Above all, if you don’t feel your questions have been answered, ask until you do understand and are satisfied. In most cases, your real estate agent will be able to provide you with detailed information about each home you see. We will provide you with worksheets to note room sizes, features that need a second look and other comments.

“HOW MANY HOMES SHOULD I LOOK AT BEFORE I BUY?”

There is no set number of homes you should look at before you decide to make an offer for one. That’s why providing your agent with as many details as possible up front is so helpful. The perfect home may be waiting for you on your first visit! Even if it isn’t, the house-hunting process will help you get a feeling for the homes in each community and narrow your choices to a few that are worth a second look. Sometimes seeing many houses can become confusing! An excellent way to differentiate each home is to name it! Call it the “cat house” if there were several cats, or the “deck house” if the main feature is the deck. This will make it easier to remember and to reach a decision.

“HOME-HUNTING TIPS”

- ✓ How much do the utilities cost on a monthly basis?
- ✓ Have you (the owner) had any problems with water or dampness in the basement?
- ✓ Are there defects or problem areas that need to be fixed now?
- ✓ How old is the furnace and central air conditioning system?
- ✓ How old is the roof? Has it leaked? Has it been repaired or replaced recently?



“Jeremy Sellmer did an outstanding job getting us our new home. He went above and beyond our expectations during this whole process. We will be forever grateful for his determination, positive attitude, and excellent work ethic. He found us our dream home in our ideal neighbourhood and managed to come in under budget for us. In this market that's almost unheard of!”

- J Paterson, North Vancouver

10 BUYING MISTAKES TO AVOID

BE PREPARED AND DON'T GET CAUGHT OUT

× **LOOKING FOR A HOUSE WITHOUT GETTING PRE-APPROVED BY A LENDER**

When you are pre-approved, you are effectively a cash buyer. This makes it much easier to negotiate with the seller. Do not mistake pre-approval with pre-qualification; pre-qualification is only the first step in gaining pre-approval. Ask your banker or Realtor® for details.

× **FAILING TO CHECK OUT THE NEIGHBOURHOOD THOROUGHLY BEFORE BUYING**

How do traffic patterns change depending on the day, or even the time of day? Are there any future developments in the works? Is that nice greenspace down the road actually zoned for high-rise development? Ask around - check it out first.

× **MAKING AN OFFER BASED UPON THE ASKING PRICE, NOT THE ACTUAL MARKET VALUE**

Do your homework. What have similar properties sold for in the immediate area? How long were they on the market? How does this one compare? Is it over-priced, under-priced, or fair value? Ask your Realtor® for an up-to-date market summary.

× **LETTING “FIRST IMPRESSIONS” AFFECT YOUR DECISION TOO MUCH**

There are entire books written on how the first impression of a home is the single most decisive factor affecting many purchasers' decision to buy. Don't let bad decor or messy housekeeping scare you away from a home that structurally meets all your needs. Remember that you are buying the house, not the furnishings.

× **NOT KNOWING YOUR RIGHTS AND OBLIGATIONS**

If you do not know your rights, then you can be taken advantage of. If you do not know your obligations, you may inadvertently cause friction between yourself and those with whom you are about to enter a contract. Both your Realtor® and lawyer are great sources of information concerning this - make use of their expertise and resources.

× **ASSUMING THAT THE BANK'S QUOTED MORTGAGE RATES ARE WRITTEN IN STONE**

Like many industries, banks are experiencing increased competition and are often willing to negotiate mortgage rates. Depending upon the market and profit spreads, it is sometimes possible to negotiate substantial savings. Ask your banker or Realtor® for details.

× **NOT SHOPPING FOR HOME INSURANCE UNTIL YOU ARE READY TO MOVE**

If you wait until the last minute, you will be rushed in finding insurance. Allow time to shop around and get the best deal.

× **SIGNING DOCUMENTS WITHOUT READING THEM**

Do not wait until the last minute before reading the documents; there probably will not be time. Try to get copies of all documents early on in your home search so that you can peruse them at your leisure.

× **MAKING VERBAL AGREEMENTS**

Not only are they harder to enforce, but any written contract you sign will override a verbal agreement. Contract law says that verbal agreements are not enforceable when they deal with Real Property. Always get it in writing!

× **BUYING A HOUSE WITHOUT A PROFESSIONAL HOME INSPECTION**

When buying a house, consider getting a professional property inspection. Not only will you know what you are buying, but these reports will protect you from unforeseen nasty surprises in both the short and long run.

DON'T DO THESE BEFORE PURCHASING

FAILURE TO FOLLOW THIS ADVICE CAN SERIOUSLY AFFECT YOUR CREDIT

DON'T MOVE MONEY AROUND

When a lender reviews your loan package for approval, one of the things they are concerned about is the source of funds for your down payment and closing costs. Most likely, you will be asked to provide statements for the last two or three months on any of your liquid assets. This includes chequing accounts, savings accounts, money market funds, certificates of deposit, stock statements, mutual funds and company retirement accounts.

If you have been moving money between accounts during that time, there may be large deposits and withdrawals in some of them.

The mortgage underwriter (the person who actually approves your loan) will probably require a complete paper trail of all the withdrawals and deposits. You may be required to produce cancelled cheques, deposit receipts, and other seemingly inconsequential data, which could get quite tedious.

Perhaps you become exasperated at your lender, but they are only doing their job correctly. To ensure quality control and eliminate potential fraud, it is a requirement on most loans to completely document the source of all funds. Moving your money around, even if you are consolidating your funds to make it "easier," could make it more difficult for the lender to properly document.

So leave your money where it is until you talk to a loan officer. Oh... don't change banks, either.

NO MAJOR PURCHASE OF ANY KIND

Do not make any major purchase that would create debt of any kind. This includes furniture, appliances, electronic equipment, jewelry, vacations, expensive weddings.....and automobiles, of course.

SHOULD YOU CHANGE JOBS?

For most people, changing employers will not really affect your ability to qualify for a mortgage loan, especially if you are going to be earning more money. For some homebuyers, however, the effects of changing jobs can be disastrous to your loan application.

SALARIED EMPLOYEES

If you are a salaried employee who does not earn additional income from commissions, bonuses, or over-time, switching employers should not create a problem. Just make sure to remain in the same line of work. Hopefully, you will be earning a higher salary, which will help you better qualify for a mortgage.

HOURLY EMPLOYEES

If your income is based on hourly wages and you work a straight forty hours a week without over-time, changing jobs should not create any problems.

COMMISSIONED EMPLOYEES

If a substantial portion of your income is derived from commissions, you should not change jobs before buying a home. This has to do with how mortgage lenders calculate your income. They average your commissions over the last two years.

Changing employers creates an uncertainty about your future earnings from commissions. There is no track record from which to produce an average. Even if you are selling the same type of product with essentially the same commission structure, the underwriter cannot be certain that past earnings will accurately reflect future earnings.

Changing jobs would negatively impact your ability to buy a home.



BONUSES

If a substantial portion of your income on the new job will come from bonuses, you may want to consider delaying an employment change. Mortgage lenders will rarely consider future bonuses as income unless you have been on the same job for two years and have a track record of receiving those bonuses. Then they will average your bonuses over the last two years in calculating your income.

Changing employers means that you do not have the two-year track record necessary to count bonuses as income.

PART-TIME EMPLOYEES

If you earn an hourly income but rarely work forty hours a week, you should not change jobs. There would be no way to tell how many hours you will work each week on the new job, so no way to accurately calculate your income. If you remain on the old job, the lender can just average your earnings.

OVER-TIME

Since all employers award overtime hours differently, your overtime income cannot be determined if you change jobs. If you stay on your present job, your lender will give you credit for overtime income. They will determine your overtime earnings over the last two years, then calculate a monthly average.

SELF-EMPLOYMENT

If you are considering a change to self-employment before buying a new home, don't do it. Buy the home first.

Lenders like to see a two-year track record of self-employment income when approving a loan. Plus, self-employed individuals tend to include a lot of expenses on their tax returns, especially in the early years of self-employment. While this minimizes your tax obligation, it also minimizes your income to qualify for a home loan.

If you are considering changing your business from a sole proprietorship to a partnership or corporation, you should also delay that until you purchase your new home.

HOW DO I MAKE AN OFFER?

WHEN YOU HAVE FOUND THE HOME THAT YOU LOVE

When you've found a special house you want to call home, you'll probably feel excited and a bit nervous. Your Realtor® is ready to help you during this important time. With your agent, you'll draw up an Agreement of Purchase and Sale... A written document that declares how much you will pay for the home, provided that certain conditions are met

This is a **legally binding** contract that you will sign and date. Your offer will have a time limit for the seller to accept, reject, or make a counter-offer. If a counter offer is made, you have time to respond. Often, offers go back and forth until accepted, or until one party decides to end negotiations.

Be prepared to encounter a phenomenon called "buyer's remorse."

This occurs after you make a large purchase of anything, let alone a house. You will ask yourself "Did I make the right decision?" The answer is usually "YES"... consider this self-analysis to be entirely normal!

HOW DO I MAKE AN OFFER TO PURCHASE?

Once you have found your dream home we will prepare a Contract of Purchase and Sale, which is how a written offer is presented. It is a legal document issued by a buyer containing the terms and conditions desired to purchase a property.

WHAT SHOULD THE OFFER CONTAIN?

All offers to purchase a property will contain a number of important details which will need to be considered.

The offer should include:

- Date of the offer.
 - Full legal names and addresses of both the buyer and the seller.
 - Full legal description of the property.
 - Amount of the deposit.
 - Sale price.
 - Amount of the cash down-payment and details as to how the remainder of the purchase price will be financed.
 - Date for completion of the sale.
 - Date of possession of property.
- A list of the conditions which must be fulfilled before the sale can take place (normally called subject clauses or conditions precedent).
 - A list of items which are not attached to the building (normally called chattels) but which are to be included in the sale price; for example, drapes, refrigerator, stove, etc.
 - Date and time at which the offer expires.
 - The signature of the buyer and his or her occupation.



Jeremy A Sellmer
PERSONAL REAL ESTATE CORPORATION

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“My first meeting with Jeremy Sellmer was a good litmus test to see if he was a good fit for me. Being a first time home buyer, I had very little knowledge of real estate and the market. Jeremy not only educated me but made sure that I was comfortable throughout the buying process. I would recommend Jeremy Sellmer because he always went above and beyond when trying to find the right place for me.”

- Kurtis Young, Vancouver

HOW DO I MAKE AN OFFER?

CONTINUED...

HOW DO I DETERMINE THE AMOUNT OF MY INITIAL OFFER?

There is really no rule to use to calculate a realistic offer. Naturally the buyer wants the best price, but negotiations can be influenced by many factors.

After you've looked at the home's features and asked all your questions, your Realtor® will research comparable sales in the neighbourhood to give you a good idea of the home's current market value. Then you consider what you can afford and make a fair offer.

If you're working with a Realtor® they have a few techniques up their sleeve to find out some answers from the listing agent! Most buyers and sellers negotiate the price, with both sides "giving" a little until they agree.

When the price is agreed upon, the paperwork will be initialed by both parties.

After the offer is accepted, you typically begin the process of arranging a home inspection and arranging to get a firm mortgage commitment. (You should have a full pre-approval for a mortgage prior to signing an offer.)

SUBJECT CLAUSES

The purpose of a subject clause contained in an offer to purchase is to set out a specific condition that must be fulfilled before the sale can go through. These are some of the standard conditions that will be put into the offer for the benefit of the buyer.

Financing:

Subject to a new first mortgage being made available to the Buyer by _____.

This condition is for the sole benefit of the Buyer.

Property Disclosure Statement:

Subject to the buyer receiving and approving the sellers property disclosure statement on or before _____.

This condition is for the sold benefit of the buyer. PDS to form part of this contract as Schedule A.

Title:

Subject to the Buyer receiving and approving a copy of the state of Title and its contents on or before _____.

This condition is for the sole benefit of the Buyer. Title will form part of this contract as Schedule B.

Inspection:

Subject to the Buyer, at the Buyer's expense, receiving and approving the contents of a certified home inspection report on or before _____. This condition is for the sole benefit of the Buyer.

Building Information Request:

Subject to the Buyer, on or before _____ receiving and being satisfied with the following documents with respect to information that reasonably may adversely affect the use or value of the Strata Lot, including any bylaw, item for repair or maintenance, special levy, judgment or other liability, whether actual or potential.

Insurance:

Subject to the Buyer obtaining approval for fire/property insurance, satisfactory to the Buyer, on the property, located at _____.

This condition is for the sole benefit of the Buyer.

If one of the conditions contained in a subject clause cannot be met after every reasonable effort has been made to do so, the contract ends and there is no legal obligation to complete the purchase of sale.

WHAT IS HAPPENING ON THE SELLER'S SIDE?

When you make an offer to purchase a home, the seller will give considerable time and attention to review the offer carefully. Their agent will assist them in understanding the terms and conditions contained in your offer, and will provide them with any advice they request, but ultimately the decision is the seller's. The seller's Realtor® should prepare a revised estimate of the net cash proceeds they will receive on completion of the sale, based on the sale price and financing arrangements stated in the offer.

THE SELLER HAS THREE OPTIONS:

1) Accept an offer exactly as it stands

If they decide they would like to accept the offer the seller signs a Contract of Purchase and Sale agreeing to its terms. It becomes a legally binding contract. Legally binding means both you and the seller will be bound by the terms of the contract and must perform your respective obligations as stated. Your performance can be enforced in a court of law.

If you are uncertain about any of the clauses contained in the offer, you may wish to consult a lawyer before signing the contract; however, keep the expiry date of the offer in mind if you decide to postpone acceptance!

Be sure you know the precise meaning of each term in the offer

to purchase.

2) Make A Counter-Offer

If the seller changes anything at all in the original offer, they are considered to have rejected that offer and to be making a new offer to you the buyer. This new offer is usually referred to as a "counter-offer" or "sign-back."

The risk in making a counter-offer is that if you, the buyer has changed your mind and rejects the counter-offer, they do not have the option to return to the original offer and accept it.

But, you as the buyer may decide to make another counter-offer back to the seller and the process of counter-offers could continue until an agreement is reached.

If, after making a written counter-offer, the seller decides they don't want to sell the property, it may be possible to revoke the counter-offer. Many legal problems can result from the revocation of a counter-offer, so you should seek professional advice about the correct procedure to follow.

3) Reject The Offer

The seller is under no obligation to accept any offer or to make a counter-offer. If, however, they reject an offer which exactly meets all the terms you agreed to in the Listing Contract which they signed with their listing agent, they could be/are legally obligated to pay the commission.

Jeremy A Sellmer

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WHAT'S A "DEPOSIT" AND HOW MUCH DO I NEED?

When you sign an offer to purchase, you will require a "good faith" deposit... That is, money that shows you are serious about wanting to buy the home.

Usually, you will be asked to write a cheque for a specified amount, typically \$5,000 to \$10,000 or more, depending upon the value of the property being purchased. This cheque will be held by your Realtor® until you have an accepted offer. Then, within 1-2 banking days that cheque often must either be certified, or you must provide a bank draft for the same amount. Therefore, your deposit funds must be made readily available before you consider signing an offer.

Once the offer is accepted your deposit money will be held in a special trust account by the listing agent's company. Once your offer becomes firm, your deposit will be included as part of your down payment. If your offer is not accepted, you'll get back all of your deposit without interest or any deductions.

Keep in mind, though, that if you back out of an offer once it's accepted and all conditions have been removed, you forfeit the full amount of the deposit and may be liable for other costs incurred by the seller.

PROPERTY TRANSFER TAX

LAND REGISTRATION

THE AMOUNT OF TAX YOU PAY IS BASED ON THE FAIR MARKET VALUE OF THE LAND AND IMPROVEMENTS (E.G. BUILDINGS) ON THE DATE OF REGISTRATION UNLESS YOU PURCHASE A PRE-SOLD STRATA UNIT.

The tax is charged at a rate of:

- 1% on the first \$200,000.
- 2% on the portion of the fair market value greater than \$200,000 and up to and including \$2,000,000.
- 3% on the portion of the fair market value greater than \$2,000,000.

For example, if the fair market value of a property is \$500,000, the tax paid is \$8,000.

If you're a foreign national, foreign corporation or taxable trustee, you also pay the additional property transfer tax on residential property transfers within specified areas of B.C. Your proportionate share is the percentage of interest you are registering on title with the Land Title Office.

FIRST TIME HOME BUYERS' PROGRAM

The First Time Home Buyers' Program reduces or eliminates the amount of property transfer tax you pay when you purchase your first home. If you qualify for the program, you may be eligible for either a full or partial exemption from the tax.

If one or more of the purchasers don't qualify, only the percentage of interest that the first time home buyer(s) have in the property is eligible.

To qualify for a full exemption, at the time the property is registered you must:

- be a Canadian citizen or permanent resident.
- have lived in B.C. for 12 consecutive months immediately before the date you register the property or filed at least 2 income tax returns as a B.C. resident in the last 6 years.
- have never owned an interest in a principal residence anywhere in the world at any time.
- have never received a first time home buyers' exemption or refund.

and the property must:

- Be located in B.C.
- Only be used as your principal residence.
- Have a fair market value of: \$500,000 or less.
- Be 0.5 hectares (1.24 acres) or smaller.

You may qualify for a partial exemption from the tax if the property:

- Has a fair market value less than: \$525,000 or less.
- Is larger than 0.5 hectares.
- Has another building on the property other than the principal residence.

To claim the exemption, you must file a First-Time Home Buyers' Property Transfer Tax Return (FIN 269) and the appropriate Land Title forms at the Land Title Office when you apply to register your property.

“Thank you very much for your service. You are the best broker I've ever seen. Hope you have a good business and great career.”

-Nick Zhan

CLOSING COSTS

WHAT FEES TO EXPECT ON CLOSING DAY



In addition to the purchase price of the home, there are costs that will be due on, or by, closing day. These are fees that must be paid for your property purchase to be complete. Most of these fees are in addition to, and separate from, your mortgage loan (although some closing costs can be tacked onto your mortgage). We will discuss all of these costs in detail so that you are fully prepared for what to expect and can budget accordingly. Here is an idea of what to expect:

- 1) Legal fees (including disbursements) Expect to pay between \$1000 and \$1500 for a notary or real estate lawyer, but cost varies depending on the extent of services provided. Due at closing.
- 2) Property Transfer Tax (See previous page).
- 3) Interest adjustment varies with mortgage amount and terms. Due at closing.
- 4) Property tax/pre-paid utilities adjustments varies widely, but often under \$2,000. Due at closing.
- 5) Besides high-ratio mortgage insurance, your mortgage lender will require you to have property insurance in place on closing day. This insurance covers the cost of replacing the structure of your home and the premiums depend on the value of your home, according to CMHC. Your lender or lawyer may also suggest you get title insurance to cover the

loss caused by defects of title to the property. For instance, it offers you protection against previous owners failing to secure proper building permits. So if they put an addition onto the house and didn't meet the building code, you would not be responsible for any costs related to that, according to First Canadian Title, Oakville, Ont. The price of title insurance is a one-time premium when purchasing the home. For a home worth \$500,000, the cost would be about \$350.

- 6) Rather than purely appraising the value of the condo, an estoppel certificate verifies the legitimacy and fiscal health of the condominium corporation or strata council. Paying the fee will give you or your lawyer the opportunity to review the condominium's governing documents, financial statements and insurance coverage.

WE WOULD LOVE TO BE YOUR AGENCY OF CHOICE

It's important to have an agent on your side to protect your best interests in the largest financial transaction most will face in their life. Our team is here to guide you through the process from start to finish and make the home buying process easy and as stress free as possible. It would be our privilege to help you find your next home!

**YOUR DREAM
HOME AWAITS**



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