

PROPERTY.CA BUYER'S GUIDE

property.ca





ABOUT BRAM SANDOW

In a past life, Bram worked in a forensics lab, and now he brings that curiosity and keen eye for detail to serving his real estate clients. A deep determination to get deals done and a passion for architecture and design make him an ideal agent – one who's got the knowledge and the drive to make his clients' property dreams come true.

Bram has a highly independent personality and loves that the real estate industry lets him work autonomously, all while connecting with a wide variety of people and delivering exceptional customer service. He puts his client's needs first every time.

Bram is a devoted father, music lover and hip hop aficionado. He also loves playing basketball, and looks forward to returning to Muay Thai in the near future!

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THE BUYING PROCESS

STEP 1: CHOOSING A REALTOR®

Choosing the right REALTOR® can be an overwhelming decision because they play an integral part in the buying process and there are many to choose from. You need a full-time, specialist agent who has the skills, tools, and expertise to help you navigate today's competitive marketplace.

THE PROPERTY.CA DIFFERENCE:

Skill & Experience: Find a REALTOR® who can bring to the table certain skills that you don't have. Negotiation, property assessment, market insight and legal knowledge are a few examples. We strongly believe in educating our clients along the way too, which can help make the buying process as stress-free as possible. With all the opinions and insight available to the public through the media and internet it is easy to get confused. Our REALTORS® are here to help make everything clear.

Neighbourhood/Building Specialists: We hire and train neighbourhood and building specialists at our brokerage, so your agent is guaranteed to have the best inside knowledge of trends and the direction of the market in the neighbourhood & buildings you want to buy.

Team Support: With our in-house team, your agent has the tools and support needed to focus on finding you the right home. Our inside sales team assists with paperwork, deadlines, marketing, and much more. We also have a network of industry professionals to assist our clients, from lawyers, home inspectors and mortgage specialists to contractors, moving companies, and beyond.

WHAT IS A BUYER'S REPRESENTATION AGREEMENT (B.R.A.)?

This legal contract gives your REALTOR® exclusive right to represent you. It is in your best interest to have a B.R.A. with your REALTOR® as they will be able to provide you with insight and services that they cannot provide otherwise. By signing this document, you become a Property.ca client and it sets out specific fiduciary duties and obligations that the REALTOR® needs to perform for you as the buyer, on behalf of the brokerage. Without a B.R.A, the REALTOR® may still provide customer service, but does not have a fiduciary duty to act solely in your best interest. Your REALTOR® will review this agreement with you carefully, so you mutually agree to the terms and conditions.

STEP 2: THE CUSTOMIZED PLAN

Once you've decided to work with us, your REALTOR® will create a customized plan outlining your property search criteria, neighbourhoods, and budget. We put this in writing to ensure that we're on the same page. Our buyer's questionnaire is a great starting off point to create your personal, customized buyer's plan. Once your customized plan is set you will be armed with custom listing alerts, a clear understanding of what and where you should be looking, as well as the expertise of your REALTOR®.

STEP 3: MORTGAGE PRE-APPROVAL

A mortgage pre-approval is the foundation to starting your property search. If you are not yet pre-approved at this stage, we advise you to meet with a mortgage specialist to finalize this step. Having a mortgage pre-approval lets you know exactly what you can afford and means you'll have the financing in place to purchase your dream property once you find it.

Need a mortgage specialist? We can help! Ask your REALTOR® to connect you with someone in our network to get you started. Once you're approved, we can revisit the budget outlined in your customized plan!

Our section on Costs to Consider will cover more on mortgage rules.

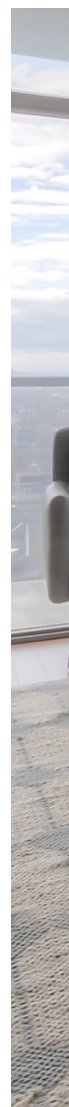
STEP 4: CHOOSING A NEIGHBOURHOOD

Our REALTORS® are specialized neighbourhood experts and will hand pick properties for you to view based on your search criteria. We recommend viewing a selection of different kinds of properties and, if you're open to it, different neighbourhoods in order to get a sense of what feels right for you.

Property.ca and Condos.ca offer unique insight into each neighbourhood in the city: avg home price, year-over-year price change, building and neighbourhood comparison and much more. We believe in a free-exchange of information, so take a look around our websites and do your research. It often helps to have more than one neighbourhood on your radar, which we will map out in your customized plan.

When choosing a neighbourhood it's important to decide which local amenities are most important to you. Ranking these will help narrow the search and put you one step closer to finding the perfect property.

- Schools & Daycare
- Transit, Highway Access & Walking Score
- Proximity to Work
- Fitness, Libraries, Grocery & Convenience
- Cafes, Restaurants & Nightlife
- Parks & Playgrounds



STEP 5: THE PROPERTY HUNT

Using our Site Tools

Our informative and easy to use websites give you the ability to target your search criteria by price, size and neighbourhood and include advanced search options like amenities, parking, furnishing and even unit exposure.

You can also set up email listing alerts, so any new listing featured within your custom search parameters will be sent to you instantly, daily, weekly or monthly. You can create a custom home search by using the options listed above, search by neighbourhood or by a specific condo building if you're in the condo market. Our REALTORS® will often become aware of new listings hours or sometimes days before the listing is available to the public, so between custom email alerts and your Property.ca agent you will be viewing listings quickly and booking showings before your competition!

You can also explore analytics and historical sales averages for each neighbourhood of interest on Property.ca. Condos.ca offers specific values and trends for each neighbourhood taking into account the average condo price per square foot for each area. We encourage you to get involved, ask questions, and educate yourself. These useful tools are here to help you along the way.



STEP 6: MAKING AN OFFER

You've found your dream property, now it's time to make a formal offer!

Your REALTOR® will determine the market value and a negotiation strategy that will help them prepare a strong and formal written offer, known as the Agreement of Purchase and Sale (APS). Keep in mind there are many terms to consider that must be included in your offer, and these are often negotiated with the seller. Terms or clauses may include:

PURCHASE PRICE AND DEPOSIT AMOUNT

CONDITIONS

Home inspection, Financing, Status Certificate Review, Sale of your Current Home, etc.

SET DATES

Irrevocable, Firm, Completion, and Title Search Dates

CHATELS

Items to be included in the sale that aren't physically attached to the property such as appliances, furniture, etc.

Once your offer has been submitted, the seller may accept, reject or counter your offer. Your REALTOR® will liaise with the seller's REALTOR® to negotiate throughout this process. The irrevocable date is when the other party must respond in writing or the offer becomes null and void. It's common practice for an offer to go back and forth a few times before a final decision is made.

Caught in a bidding war? Here are a few of the key things you should know about a multiple offer situation.

OFFER DATE:

The Offer Date is the day & time that the sellers will review all offers to buy their property.

BLIND OFFERS:

In a bidding war you will not know how much other perspective buyers are offering. The only thing you will know is how many offers there are. Always be prepared to put your best foot forward.

PRE-EMPTIVE OFFER (A.K.A BULLY OFFER):

A Pre-Emptive offer is when a buyer makes an offer to purchase the seller's property before the Offer Date. These offers are normally VERY strong with a short irrevocable, so to "Bully" the seller into accepting.

If the property does make it to the offer date your REALTOR® will keep you up-to-date on the number of bidders and will only suggest bidding if your offer and bargaining position is strong enough to keep you in the race.

CONTACTING A LAWYER:

A real estate lawyer can assist with negotiating and closing a transaction, will protect you and your money, and can intervene if there are any issues with the seller. Property.ca and your REALTOR® can provide you with a referral if you do not currently have a lawyer with specialized real estate experience.

STEP 7: FINALIZING THE SALE

The seller has accepted your offer, so you're officially a homeowner! Almost...

Once the offer is signed, there are a number of final steps you must complete before you are handed the keys to your new home. Both your REALTOR® and your lawyer are crucial at this point in the process. Your REALTOR® will help you fulfill any conditions included in the offer in the time period stated, while your lawyer will sign off on all final documents with you, register the property in your name, and confirm all final closing costs are transferred.

CHECKLIST FOR CLOSING THE DEAL:

- ✓ Submit your deposit (usually within 24 hours)
- ✓ Fulfill any conditions you may have included in your offer ie. Inspection, Mortgage, Status Certificate Review
- ✓ Visit home or condo for final inspection (if required)
- ✓ Finalize your mortgage approval
- ✓ Purchase home insurance
- ✓ Meet with lawyer and sign all documents & provide the remainder of the down payment and other closing costs
- ✓ Collect your keys!

COSTS TO CONSIDER

It's a common mistake to overlook closing costs and additional expenses when budgeting for your new home or condo purchase. We've outlined some of the required costs to help you better understand exactly how much you can afford.



DOWN PAYMENT:

A mortgage down payment is the amount of money you pay up front when purchasing a home. A deposit that is applied toward your down payment is required when you make the offer to purchase. Your down payment must be at least 5% of the purchase price for under \$500k. For properties with a purchase price between \$500k - \$1 million, the minimum down payment jumps to 10%. For mortgages over \$1 million the minimum down payment starts at 20% of the purchase price. If you are looking to spend over \$1.2 million you should speak to your lender as the down payment will vary depending on the lending institution's guidelines.



LAND TRANSFER TAX:

Calculated as a percentage of property value, these taxes are due on closing. Based on the purchase price of the property, the tax rate will vary per province, but keep in mind that Toronto home buyers incur an additional municipal tax. The city also offers land transfer tax rebates for first-time home buyers. You can find a great Land Transfer Tax Calculator that will show you the exact amount here: ratehub.ca/land-transfer-tax-toronto



MORTGAGE DEFAULT INSURANCE:

There are three main mortgage insurers in Canada, with Canada Mortgage and Housing Corporation (CMHC) the most recognizable. Mortgage default insurance is mandatory in Canada for down payments of less than 20%. Although default insurance protects lenders, it allows Canadians access into the real estate market with a smaller down payment. Keep in mind, any PST on your mortgage default insurance is due on closing.

FIRST-TIME HOME BUYER REBATES

The federal Government offers a variety of incentives for first-time home buyers. There's a first-time home buyers tax credit, a land transfer tax rebate, and don't forget about the Canadian government's Home Buyers' Plan (HBP) which allows first-time home buyers to borrow up to \$25,000 from your RRSP for a down payment, tax-free! The Land Transfer Tax Calculator above will show you how much of a rebate you are eligible for based on the price of the home.



LAWYER FEES:

Legal fees can range in cost but expect approximately \$1500–2500 + HST. These costs account for the status certificate review, the preparation of legal documents, disbursements, and title insurance and registration. Title insurance costs will be the major variant here and will increase with the price of the property.



HOME INSPECTION FEE:

It is recommended that you include a condition in your Offer to Purchase for a home inspection, to compile a report on the condition of the home. Depending on the complexities of the inspection this cost can vary but expect around \$500.



STATEMENT OF ADJUSTMENTS:

Compiled by your lawyer, this statement outlines any expenses you must re-pay the seller for maintenance, property taxes or utilities (if applicable).

PURCHASING COST EXAMPLE

1 Bed Condo

Purchase Price	\$535,000
Down Payment (6.42%)	\$34,347
CMHC Premium	\$18,024
MORTGAGE AMOUNT	\$518,677
Land Transfer Tax	\$14,350
Lawyer Fees & Title Insurance	\$1,882
PST (8%) on CMHC Premium	\$1,442
TOTAL REQUIRED TO BUY	\$52,021

THINGS TO KNOW



BUYING A CONDO

EXACT SQUARE-FOOTAGE:

The easiest way to compare units in a particular building is based on the square-footage. When you view the unit, bring a measuring tape to double-check you're getting exactly what you're paying for. However, you will also need to consider other aspects of the unit, like the condition, upgrades, outdoor space, exposure & what floor it is on.

Pro Tip: Square -footage is actually measured by going 6 inches into all exterior/partied walls & does NOT include any balcony or outdoor space.

MAINTENANCE FEES:

Condo buildings have service costs for the maintenance and repair of common-areas and amenities such as gyms, swimming pools, parking, concierge, and more. As a condo owner, you'll want to know how much you'll be paying for these services each month. These fees do go up over time, so it is also beneficial to know the historical growth trends of maintenance fees in a building. Condos.ca has you covered here. Ask your REALTOR®. There are also maintenance fees and lockers to consider.

AMENITIES:

Most newer condo buildings have a selection of modern lifestyle amenities such as gyms, swimming pools, party rooms, and more, while older buildings may offer fewer of these features. Your building amenities impact your maintenance fees, so you want to think about which ones you want to be paying for.

PARKING:

A parking space is a big financial consideration in a condo building, but not all condos come with parking. It's always smart to ask your REALTOR® about parking opportunities in the building.

LOCKER:

A locker is a small space that often has a big consideration. With condos being built smaller and smaller, you will need somewhere to store things such as sporting equipment, extra furniture or seasonal clothes. Though they are (or have) a small price tag, they can save a lot of space.

DEVELOPER & BUILDING DETAILS:

There are many condo developers out there and many building design styles, from multi-tower complexes to small boutique residences. To save yourself time and money, talk to your REALTOR® about the differences between a reputable developer offering good value and a popular building that may sell fast in the future.





BUYING A HOUSE

ELECTRICAL WIRING:

For older homes built in the 1950s or earlier, there might be “knob & tube” electrical wiring, which uses fuses. These older houses can be more difficult to insure, and the costs to upgrade the electrical can be quite expensive.

PLUMBING:

Many modern houses have updated plumbing, but if you’re purchasing an older house keep in mind that some may be fitted with steel, clay or even lead pipes which may clog and corrode much easier.

THE ROOF & WINDOWS:

Roofs and windows are important for the insulation and protection of your house from outside elements. Replacing a leaky roof can cost thousands of dollars and living with drafty windows can cause big increases on your energy bill, let alone the discomfort of those cool winter drafts.

PARKING:

There are many types of parking in Toronto (Canadian cities), such as street permit parking, attached and detached garage parking, laneway parking, shared drives and parking pads. You want to know what kind of parking you have and how it impacts the value of your house.

RENOVATION HISTORY:

It’s a good idea to obtain a history of past home-improvement issues and projects so that you know what has been done moving forward. Arranging a full home inspection is highly recommended as it covers many of these issues.

BUILDING PERMITS:

If the home you are buying has undergone recent renovations and improvements, you will want to ask for proof that the changes were made with the necessary building permits. More importantly you want to know that those permits were closed. This means someone from the city has come to inspect the changes or improvements and has certified that they were done in the proper & safe manner.

HERITAGE HOME:

A Heritage Home is a home that has been recognized by the city as having some historical significance. When buying a house, you need to be aware if it has been marked as a Heritage Home. There are different levels of Heritage Homes, but they have major ramifications on the owner’s ability to make changes to the exterior of the home.



FIRST-TIME BUYER

HOME BUYERS' PLAN (HBP):

The HBP is a Canadian government program that allows for first-time home buyers to withdraw a maximum of \$35,000 from a Registered Retirement Savings Plan (RRSP) to buy or build your first home. The amount withdrawn must be paid back in 15 years.

In order to qualify, you must be a first-time buyer. A first-time buyer is defined as an individual or couple who have never been on title of a home anywhere in the world.

An individual or couple can take advantage of the government program if:

1. The home they wish to purchase is below \$500,000
2. Their total household income is less than \$120,000
3. Their max mortgage does not exceed 4 times their total income (for example: \$100,000 income = max mortgage of \$400,000) even if the client(s) qualify for more
4. The client can provide 5% down (from savings, TFSA, or gift etc.), which cannot be borrowed

Example 1. MAXIMUM BORROW: \$550,000 Purchase

Household Income is \$120K. This means the maximum mortgaged amount is \$480K. Which means the buyer need another \$70,000 Down payment plus closing costs of approximately \$9,750 for a total of \$79,750.

The Program would give the buyer \$27,500, which would mean the buyer still needs to have \$52,250 to complete the purchase if they qualify for the program.

Example 2. \$450,000 Purchase

Household income of \$90K, which means the maximum mortgage amount is \$360,000. Which means the buyer needs another \$90K for the down payment plus \$5,557 of closing costs for a total of \$95,557.





BUYING PRE-CONSTRUCTION

ASSIGNMENT SALES:

When you purchase a pre-construction condo you are buying a written agreement to own the condo once it's completed. While it's being built, you can sell this contract to another buyer; however not all pre-construction projects allow assignment sales, so ensure that your deal allows this on the day you sign.

CAPPED DEVELOPMENT LEVIES:

With most new pre-construction projects, the developer will be charged levies by the government for things like road improvements as well as additional parks & schools. Legally, the developer is able to pass these costs, among others, on to the purchasers of each unit. In order to avoid big financial surprises at the close of your purchase, you want to make sure that developer fees are "capped" in your initial agreement.

ADDITIONAL CLOSING FEES:

In addition to development levies, the buyer will be expected to pay for the registration of the Tarion Warranty as well as fees for the utility meter hook up upon closing. These fees vary depending on the provider and should be reviewed with a lawyer. Just as with a resale condo, you will still have to pay land transfer tax & lawyer fees, so you don't want to forget to consider those.

INTERIM OCCUPANCY:

Often referred to as "Phantom Rent" or "Ghost Mortgage", interim-occupancy refers to a period of time between a building's occupancy and its final registration in which owners are required to pay the developer rent. The rent consists of property tax, building maintenance fees, and the interest on the unpaid balance of your condo purchase price.

NEW BUILD HST REBATE:

New pre-construction projects have HST included in the price. A large portion of this is covered by a government HST Rebate. The builder may require the partial payment of HST on closing. If the property is your principle residence, you will qualify for an immediate HST rebate. If you are purchasing the new property for investment purposes, you will have to pay the HST rebate on closing. Ask your REALTOR® about whether you can qualify for the HST rebate.

10-DAY CANCELLATION:

With any purchase of a pre-construction condo, the buyer has 10 days to cancel the deal without penalty to receive a full refund of their deposit. This is known as the "Cooling Off Period".





BECOMING A LANDLORD

FINDING TENANTS:

You can find a tenant on your own or with the help of a licensed REALTOR®. Craigslist and Kijiji are easy sites to list an apartment for rent, but it may take a while before you find or properly verify that someone is a qualified tenant. Working with a REALTOR® to find a tenant removes the headache of listing, showing, and vetting the tenant, typically at the cost of one-month's rent.

A LEGAL APARTMENT:

The type of dwelling you are legally allowed to list as an apartment for rent can differ across Canada, depending on municipal by-laws and rules. Residential zoning requirements, health and safety, fire and electrical, and additional property standards must be considered. When renting out a condo, your Condominium Board may have additional rules about leasing.

RENTAL PRICE:

You want to rent your apartment for a price that covers your carrying costs at fair market value. The average rental price for your neighbourhood and/or building is an excellent gauge to help set your base rental rate. Just like with the purchase of a condo or home you will want to consider things like upgrades, age of the apartment, exposure etc. when coming to a final decision on price. This is where the expertise of a REALTOR® can be so valuable. If you're unsure, ask your REALTOR® about current rental increase allowances.

THE LEASE AGREEMENT:

The lease is the contract between you and your tenant outlining the details of the rental agreement – the price, duration, apartment rules, and how to terminate the lease. Lease agreements are typically 12-month terms, and switch to a month-to-month agreement after that.

SELLING THE PROPERTY:

As a landlord, you are NOT allowed to evict a legally leased tenant in order to sell the property. The lease agreement transfers to the new home owner. You must wait until the tenant is on a month-to-month agreement and then give them 60-days written notice that you plan to sell, assuming the new owner will be moving into the property themselves.





BUYING INVESTMENT PROPERTIES

FINANCING & TAXES:

Securing a mortgage for a second property requires at least 20% of the purchase price as a down payment, and only 80% of your expected rental income will be considered when qualifying for a loan. In Canada, rental “income” is subjected to regular taxes, and the sale of your investment property will be subject to capital gains taxes.

PRE-CONSTRUCTION:

As an investor, buying pre-construction offers premium benefits such as your choice of unit, location, amenities, and suite features. It also can allow you to leverage debt to make payments on the unit, which you cannot do with a traditional resale property. In today’s market, however, pre-construction condos are often 10% to 20% more expensive than resale properties.

PROPERTY FLIPPING:

Property flipping can be a lucrative practice for smart investors, but you want to do it properly. The key is high quality renovation in good neighbourhoods to ensure high demand for the revitalized property. The pit-fall with flipping is the pipe-dream of fast profits. Renovations can be lengthy and expensive, and sometimes it takes more than a fancy kitchen to sell a house or condo.



CONDOS

In Canada’s leading cities, condos have historically been a good option for investment properties. Strong rental markets allow for cash flow positive investments, and the Return on Investment (ROI) of unique condo buildings in good locations often outperform the stock market.



HOUSES

Renovating your basement or dividing a portion of your house into an apartment for rent is an excellent way to supplement your income or create an investment property. Historically, houses appreciate faster than condos, so if your end game is to make a profit when you sell, buying a house might be a better bet.





INTERNATIONAL BUYER

FINANCING & TAXES:

Not a Canadian citizen: Anyone can buy real estate in Canada, from any country. Buying property in Canada, however, has no impact on immigration or citizenship status. If you want to become a Canadian citizen, you'll have to qualify under Canadian Immigration Laws.

CANADIAN TAXES:

In Ontario and British Columbia, there is a tax on all residential property purchases by international buyers. In Ontario it is 15% and it was increased to 20% in B.C. in February of 2018. First-time buyers, who have never owned property anywhere in the world, may be eligible for tax refunds up to \$2,000. The Canadian Revenue Agency has many rules, and it's best to speak with a Canadian tax accountant. You can find out more about the Non-Resident Speculation Tax in Ontario here:

<https://www.fin.gov.on.ca/en/bulletins/nrst/>

WORKING WITH A REALTOR®:

It's a smart choice for international buyers to work with a licensed Canadian REALTOR®. Our Property.ca Sales Representatives are neighbourhood and building experts, with knowledge of local developers, property managers, real estate lawyers, and Canadian banking institutions. We have many experienced agents who have helped international investors find homes in Canada.

SIGNING PAPERWORK:

Most real estate transactions can be processed digitally, via services such as Skype. Canadian banks, however, will often require in-person signatures to approve your mortgage. In case of your absence, you'll want to set up an executed Power of Attorney to sign the paperwork in-person.



GETTING A MORTGAGE:

International buyers can get a mortgage in Canada. The best financing options will require a significant down payment between 35-50%. The banking institution will also often want proof of income and credit history to feel assured about future mortgage payments.



INCOME TAXES:

All Non-Residents who are receiving rental income are required to file an Income Tax return here in Canada. We strongly recommend that you speak with an accountant if you are a Non-Resident.



TERMINOLOGY

Abbreviations that REALTORS® often use:

BOM: Back on Market

DFT: Deal Fell Through

EXP: Expired

EXT: Extended

LSD: Leased

LIST: Price

NEW: Active Listing

PC: Price Change

SC: Sold Conditionally

SLD: Sold

SUS: Suspended

TER: Terminated

DOM: Days on the Market

A/C: Air Conditioner

CAC: Central Air Conditioning

ELF: Electrical Light Fixtures



