**Buying Real Estate?**

**Forget the fluff - Here’s what you need to know!**

**Deposit Cheque** - Must be a bank draft or certified cheque. Given to the listing brokerage’s office within 24hrs from when your Offer is accepted. The greater the deposit cheque the more negotiating room your Search Realty Agent will have to play with. If let’s say you buy the home, its sold firm (all the conditions are waived) and then you decide you don’t want to go through with the property, you will lose your deposit cheque to the seller. This is why having a higher deposit will show your seriousness to purchase and then the seller will take your Offer more seriously which will give your Search Realty Agent more negotiating room. Remember the deposit cheque goes towards your down payment so if you have the cash on hand, put it towards your deposit cheque to ensure you get the best final price.

$200,000 - $300,000 - $5,000 deposit cheque is the minimum
$300,000 - $450,000 - $10,000 deposit cheque is the minimum
$450,000 - $600,000 - $15,000 deposit cheque is the minimum.
$600,000 - $800,000 - $20,000 deposit cheque is the minimum.
$800,000 - $1,000,000 - $35,000 is the minimum depending on current market conditions.
$1,000,000 + is done on a case by case basis. $50,000 minimum is sufficient also depending on current market conditions.

**Closing Date** – Closing dates can make or break a deal. It’s important to let your Search Realty Agent know of your desired closing date, the reason and if it’s flexible. Even if both the buyer and seller agree on a final price, if the closing date is not agreed upon then the deal can and will fall apart. Let’s say you find a home that is vacant and we tell the sellers we don’t want to move in until 6 months later. The seller will immediately think wow that’s 6 months of mortgage payments which can be between $7,000 - $12,000; your Search Realty Agent can then say “Well my clients will move in earlier but then you’ll have to reduce the price by X amount of dollars.” This is a common tactic used when negotiating so letting your Search Realty Agent know your flexible on the closing date can and will yield you a lower final price.

**“Low Ball” Offers** – A term given whereby the home buyer is submitting an abnormally low Offer as compared to the list price of a property. What is too low? Any time you find a home you like and want to submit an Offer on your Search Realty Agent will research what comparable homes sold for in the area. If the home you want to buy is listed for $400,000 and after research we see that the neighbor sold for $350,000, the couple across the street with the exact same layout also sold for $350,000 then all of a sudden an initial Offer of $350,000 doesn’t seem like such a low ball Offer after all. So before you submit an Offer make sure your Search Realty Agent does the research to see what actual market value is before you consider a low ball Offer.

**Knowing What Home to Submit an Offer on** – During showings we help guide our clients how to decide what home to submit an Offer in on. After awhile all the homes you will view become a blur. Our advice is for every home you see, give it a rating from 1 – 10. 10 being most liked and 1 being the worst home not liked.  Then write down notes that made the house stand out to you. E.g. Hardwood floors, open concept kitchen, pot lights, etc. Then you can use the following steps:

**1. Can you afford it?** Hopefully you have already talked to a Search Realty preferred Mortgage Agent and you know what amount the banks are willing to lend you.

**2. Does it meet your criteria?** Example: Finished basement, bright lit family room. Small families would need 3 bedrooms, 2 bathrooms. Single male or females would need 1 bedroom, etc.

**3. Do you like it?** There’s no cryptic formula here it’s just if you like the home as soon as you walk into it and the first two points check out. Then tell your Search Realty Agent to submit that Offer!

**When Should We Buy a Home?** – This is a common question. The common answer would be – “The best time to buy real estate was yesterday” this is because here in The Greater Toronto Area we are fortunate enough to reap the rewards of great appreciation. The longer you wait to buy a home, the greater loss of savings you would have reaped as house values are constantly on the rise. In the Greater Toronto Area real estate appreciates at a rate of 26.3% ROI over a 5 year period. If you do not buy a property today listed at $400,000 and decide to wait until next year that home will be worth $420,000 a loss savings of $20,000 should you decided to wait a year to buy. This is why we always encourage everyone to buy and not rent.  Why waste money on rent when you can be paying the same monthly amount but be making money instead of losing money! Even if it’s only for 1 year!

To learn more, contact Search Realty below.

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