

# First Time Home Buyer's Guide

## Congratulations!

Buying your first home can be such a rewarding experience.

This guide has been created to help you through the steps of purchasing your very first home. It will help you understand the steps involved, the participants involved and the process and costs associated.

**Presented By:**



## Testimonials

*"I was very appreciative and impressed by how hard Jeff worked for us to find the lowest interest rate and terms available. Jeff went the extra mile, or more, for us by always being available and ready to answer any and all questions that we may have had. Jeff has integrity and is a dedicated and honest mortgage broker. He works hard for his clients. I wouldn't hesitate to recommend him!"*

-Trevor Hanson

*"The thought of moving from renting to owning terrified me. I didn't think I could do it and certainly didn't know where to start. I was referred to Jeff through a family member. In one conversation he completely put me at ease. He provided me with the information I needed to make an informed decision and then did all the work! I wanted to spend my time picking out the perfect home, not worrying about financing or paperwork. Jeff allowed me to do that. He was amazing. He walked me through step by step, was super knowledgeable, very responsive and accommodating to my schedule and he found me the best interest rate and terms. If I had known it was that easy I would have made the move to homeowner years ago! I would definitely recommend Jeff."*

-Alyson Pearce

*"My wife and I were struggling with credit card debt. We were making our payments, but we weren't making any progress. We went to the bank we had our mortgage with and they told us they couldn't do anything for us. I spoke to Jeff about our problem and he was able to use the equity in our house through a refinance and he got us a rate that was much better than what any of the banks were offering. Now, we are able to focus our money where we want it and are saving hundreds in interest, all thanks to the IMT."*

-Colby & Shannon Smith

## About the Ingram Mortgage Team

The Ingram Mortgage Team was created June 1<sup>st</sup>, 2009 when, after graduating with a Major in Marketing Management from Kwantlen University, *Jeff* joined the “family business” with Dad, Mark. Jeff has turned out to be a natural and his clients are quick to not only commend his work, but also introduce him to their friends, family and co-workers.

*Mark* has been a broker for more than 25 years and has seen just about everything! Before becoming a broker, Mark worked with large financial institutions as a lender. In 1994 Mark was one of the founders of the Canadian Institute of Mortgage Brokers and Lenders (CIMBL), a national organization that promotes education and professional development along with a national voice with government, media and regulators. The name was changed to Canadian Association of Accredited Mortgage Professionals (CAAMP) and in 2004 CAAMP launched the Accredited Mortgage Professional designation. Mark was one of the first brokers to be awarded this designation.

*Jacklyn* joined the team in October, 2012 and strives to provide her clients with excellent service, strong dedication and knowledge. She has a background in Mortgage Brokering, Office Management and has obtained her Legal Administrative Assistant Certificate.

Jeff, Mark and Jacklyn work very well together – the ideal combination of youth and experience!

Here is what you can expect as a valued client of the Ingram Mortgage Team:

- *To be fully informed throughout the entire mortgage process*
- *Timely response to any emails or phone calls*
- *Professional service and advice*
- *Up-to-date information on the financial market and rate trends*
- *Honesty, Integrity, and Trust*

As your personal Mortgage Consultants, we will do our best to understand your goals which will allow us to align you with the best rate and solution to fit your needs and wants. Keeping you informed throughout the entire process will allow you the peace of mind to concentrate on other things, such as house-hunting! Explaining everything in a language that you will understand will allow you to make your decisions with confidence and knowledge.



*The Ingram Mortgage Team*



### Jeff Ingram

Mortgage Expert  
Tel: 604-763-4647  
Fax: 888-405-2808

# The Home Buying Process

## Step 1: Pre-approval

When you first decide you want to purchase a home, it is wise to get a pre-approved mortgage. The pre-approval will tell you how much of a mortgage you qualify for, ensuring you are looking at homes in your price range. Typical documents you will need to provide are:

- + **Job Letter** from your employer that states your tenure, position and wage.
- + Recent **Pay Stub**
- + Last 2 years' Personal **Notice of Assessments**, or **T4** Statements
- + 3 months **Bank or Investment Statements** to show source of down payment

## Step 2: House Hunting

Once you know your price range, your realtor will begin researching the available properties and will show you homes that fit your criteria.

## Step 3: Offer In and Accepted

Once you've found the home you are interested in, you will make an offer, subject to financing. Your offer may also have other subjects such as subject to a satisfactory home inspection or subject to review of the strata minutes. Once the offer is accepted you will provide a copy of the purchase agreement to the mortgage broker.

## Step 4: Lender, Insurer, Appraisal

Your mortgage broker will work with the lender, insurer and appraiser to get you final approval on the financing. Your mortgage broker may ask you for further documentation at this time. You will want to collect the requested paperwork and submit it to your mortgage broker in a timely fashion.

## Step 5: Firm Sale

Once you have met all your financing conditions, your mortgage broker will instruct you to remove the subject to financing. This is done with your realtor. You may remove

other subjects at the same time, such as “subject to satisfactory home inspection”. Once all the conditions are off, you now have a “firm sale”. You will get your deposit and instructions from the lender will be sent to the lawyer’s office at that time.

## Step 6: Moving Details

The lawyer is now receiving and preparing mortgage documents. You will want to use this time to start preparing for the move.

## Step 7: Lawyers

The lawyer will call you into sign (usually about 3-4 days prior to completion date.) The completion date is the day that the money is given to the sellers and the property is transferred to your name.

## Step 8: Move In

Usually your possession date will be the day after the completion date. This is the day that you receive keys and can move into your new home.

## Step 9: First Mortgage Payment

Unlike with rent, you pay your mortgage at the end of the month. If the purchase of your home was completing on June 1<sup>st</sup> and you chose monthly payments, you will not have a mortgage payment until July 1<sup>st</sup>. If you chose weekly payments, the payments would come out at the end of every week. You will receive the details of the mortgage repayment from your mortgage lender.

# Your Support Team

When you purchase your home, there are a number of key players who will help you along the process.

## Your Realtor

Your Realtor is your partner in the home buying process.

Once your Realtor understands what type of home you are looking for, they will begin researching the market on your behalf. They will search all the available properties for sale and will show you the ones in your price range that meet your criteria. Once you have found the home you are interested in, your Realtor will prepare an offer and represent you in the negotiation process.

Generally you do not pay a fee to the realtor who represents you when you are buying a home. The realtor is paid by the seller of the home. Realtors are licensed through provincial bodies and are knowledgeable about the markets they work in.

## Your Mortgage Broker

Your Mortgage Broker is another key partner in the home buying process.

Your Mortgage Broker will take time to understand your financial needs and will research the market to find the best mortgage for you. Your Mortgage Broker will represent you to the lenders and will negotiate terms on your behalf. Usually there are no fees to use a Mortgage Broker, as they are paid by the lenders.

## Lender

Your mortgage broker will choose the lender that best suits your requirements. The majority of your contact with the lender will be after your mortgage funds. You will receive contact information you can use when you want to make any changes to your mortgage in the future.

## Insurer

If you have less than 20% of the value of the property as a down payment, you will be required to have mortgage insurance. Mortgage insurance protects your lender against any losses incurred. Your Mortgage Broker and lender will arrange this insurance for you. The insurance companies in Canada are CMHC (Canadian Mortgage & Home Corporation), Genworth Financial and Canada Guarantee.

## Appraiser

The appraiser's role is to provide the lender with a market value of the home. The market value is the price that the home would sell at with reasonable exposure on the market to a large number of buyers. Often times, an appraisal is not required; however, your Mortgage Broker will arrange the appraisal for you.

## Home Inspector

A home inspector provides you with information on the construction on your home. They will make you aware of any repairs that need to be done in the near future and will let you know what types of repairs you can expect in the next few years. Your Realtor can provide you with some names of qualify home inspectors.

## Lawyer

Your lawyer or notary will transfer the property to your name and will draw up and register mortgage documents. Your lawyer liaises with your lender and realtor to ensure they have all the required paperwork to process the purchase. Your Mortgage Broker or Realtor can refer you to a lawyer or notary.

### Estimated Closing Costs

Item	Description	Standard Costs	Estimated Cost
<b>Purchase Price</b>			\$500,000
<b>GST (5%)</b>			
	GST is only applicable on brand new home purchases. You may be eligible for a rebate in certain situations.		N/A Unless a New Home
<b>Property Transfer Tax</b>			
Exempt if First Time Buyer up to \$475,000, with a sliding scale between \$475-500k. 1% on first \$200k, 2% on balance up to \$2 Million, 3% on balance above \$2 Million.	This is a provincial tax that is charged when property is purchased. It is an upfront cost and cannot be financed.		\$8,000
<b>Legal Fees &amp; Disbursements</b>			
	Lawyer fees for legal transactions relating to the purchase and registering the mortgage on title.	\$800 - \$1200	\$1,000
<b>Appraisal Fees</b>			
	To evaluate the current market value of the property. Required by the lender if the down payment is > 20%.	\$275 - \$500	\$300
<b>Title Insurance</b>			
	Required by most lenders and forms part of your closing costs at the lawyer's. Coverage protects lender from fraudulent claims against your title. Optional personal coverage available at extra cost.	\$225 - \$375	\$250
<b>Home Inspection</b>			
	To evaluate the structural & mechanical condition of the property and identify problems prior to purchase.	\$300 condo / \$500+ detached	\$500
<b>Home Insurance</b>			
	Insures the value of your home and its contents. Fire Insurance is usually included in most Strata Fees.	See Insurance Broker	TBD
<b>Adjustments (Taxes / Strata)</b>			
	This reimburses the current owner of any property taxes, strata fees, or utilities that they have prepaid for the year.		TBD
<b>Moving Expenses</b>			
	*Tip* Offer some pizza and beverages and you'd be surprised at how many friends show up!	\$500 +	\$0
<b>Total Closing Costs</b>			\$10,050



# Credit

Your credit score, also known as a beacon score, it is generated by 2 main organizations in Canada; Equifax and Trans Union. They have a system which tracks any personal loans, credit cards, or lines of credit that you have. The system gives you a score somewhere between 300-900, with 300 being the worst and 900 being the best. In order to obtain the very best mortgage rates, you generally need to have a score of 660 or better, however exceptions are made when it makes sense. If your credit score is not this high, there are a whole other group of lenders willing to help you out, but generally at a higher cost.

## What determines your score?

All of your creditors will report monthly to Equifax or Trans Union. They report how much you owe, what your monthly payment is, and whether you have made your payment on time. A record is kept for as long as you have the debt, showing how many times you have ever been 30 days late, 60 days late, or 90 days late. It will also show if the account has ever been sent to a collection company. The longer that you have had credit reporting to the credit bureau without late payments, the higher your score will climb. Also, if you have credit cards or lines of credit, try to keep your outstanding balance under 50% of the limit. Points are deducted for high balances in comparison to the limit, late payments, collections, and too many inquiries for credit.

## Important things to note:

Your utility bills, cell phone, gym membership, car insurance, etc., do not give you credit for paying on time. They will never show up on the credit bureau unless you don't pay them. If you plan on arguing or disputing a charge with one of these companies, expect it to show up as a collection on your credit bureau and drastically lower your credit rating. It's generally better to just pay the amount owing, and dispute your case after the fact.

Unless your mortgage is with a credit union, it probably doesn't report to the credit bureau either. So, even though you might pay your mortgage perfectly for 5 years, you won't have any credit score at all unless you have established some unsecured personal credit. (ie. credit card, car loan, personal bank line of credit, etc)

Bankruptcy and Credit Counseling programs make it near impossible to qualify for a mortgage until you have been finished with the program for at least a year or two, and reestablished some new credit for another year or two. If you are considering one of these options, don't just take your trustee's advice. Make sure to talk to a mortgage broker about how this will affect your ability to purchase a home.

## Conclusion

There is a lot to know about buying, selling, and refinancing, but a mortgage professional can help make the process a whole lot easier. As a member of the Canadian Association of Accredited Mortgage Professionals, I work ethically and honestly to get you the best approval available, while explaining and assisting with each step along the way.

*The best part of it all, is that my professional service generally doesn't cost you a penny!* In any situation where your mortgage is being funded by an institutional lender, the mortgage broker receives a referral fee directly from the lender's wallet, not yours.

I will take your information once, present it to multiple lenders for review, have them compete to give you the best rate, and make all the necessary arrangements along the way. Remember, I work for you, not any specific lender. This means that I have no obligation to send your application to a certain lender; I simply send it to whomever is going to give you the best mortgage.

I work via phone, email and fax, but am also quite flexible with making in-person appointments throughout the Fraser Valley, at your convenience. If you have any questions, need some assistance, or know of anyone else that may be dealing with a mortgage, please feel free to call or email me at the numbers below.

Sincerely,

 INGRAM  
MORTGAGE TEAM

Phone: 604.763.4647

Fax: 888.405.2808

Email: [Jeff@IngramMortgageTeam.com](mailto:Jeff@IngramMortgageTeam.com)