

# HOME BUYER'S GUIDE



Prepared by:

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## Welcome

I hope you find this guide helpful for your real estate investment! I invite you to look not only at my website, [www.prairierealty.ca](http://www.prairierealty.ca), but visit [www.remax-western.ca](http://www.remax-western.ca) for some great resources including a handy space planner, affordability calculator, and other information to assist you!

*Shawn Jacula*

## Biography

Shawn Jacula grew up on a grain farm north of Vermilion and attending school in Vermilion. After attending Arizona State University and obtaining both his Canadian and United States of America commercial pilots licenses Shawn returned to central Alberta and obtained his Alberta and Saskatchewan real estate licenses. In 2005 Shawn began his real estate career in Lloydminster and in the fall of 2009 purchased his own RE/MAX franchise, RE/MAX Prairie Realty which will be located in his hometown of Vermilion. Shawn received his diploma from Lakeland College in Appraisal and Assessment while expanding his clientele and experience in the local real estate market. Residing near the family farm, Shawn truly enjoys his job and looks forward to assisting you in your next real estate transaction!

## Eleven Steps to Buying a House

1. Obtain Mortgage Pre-Approval
  - a. Get your finances in order. Decide how much you can afford for a down payment. Remember – there are more expenses involved in a home purchase than mortgage payment and taxes.

- b. Make an appointment, but be sure to ask what you will need to bring with you. Typically a lender will want 1 to 3 years of income tax information, recent paystub, any information about other financial obligations that you may have (student loans, credit cards).
- c. Visit a few lenders (banks and mortgage brokers) and get educated about different mortgage options and rates.
- d. Mortgage pre-approval helps you determine what you can afford and decide what you want to spend. That way you will be looking at homes in the price range that you can afford and that your bank will look favorably upon providing a mortgage for.
- e. Passing on the fact that you are Pre-Approved to a seller puts you in a better negotiating position.

## 2. Get to Know the Market / And Your Wants and Needs

- a. Contact Shawn to get information on all available listings (no matter whose sign is on the lawn – he can help you with that house).
- b. Sit down and make a list of definite NEEDS in a house (garage for mechanic husband, must have minimum 3 bedrooms) and WANTS (it would be nice, but you are flexible).
- c. Ask to be added to our Automatic Notification System. We enter your criteria (price, size, etc.) and then you will automatically be notified via e-mail of any new listings – before they hit the public MLS system!
- d. Check the newspaper, mailouts, and websites – remember Shawn Jacula is a member of MLS and can show you any listings regardless of who the listing agent is.

## 3. Search for That Dream Home

- a. Shawn will help you decide which houses you would like to view then set up the appointments. We will point out the positives as well as the negatives of each home we visit together.

- b. It is best to see between 3 and 8 homes at one time. Otherwise, it is hard to remember details

#### 4. You Found the One – Now Write an Offer to Purchase

- a. Offer to Purchase: When you find 'the one' we will ask if you would like to write an 'offer to purchase'.
- b. Legal Contract: If you are sure you want to follow through with this purchase, we will sit down with you and write the offer. Remember an offer is a legal contract.
- c. Forms: We will go over all the necessary forms with you so you understand exactly what you are signing.
- d. Conditions: An offer can be drafted with or without conditions. An offer with conditions allows you to do some homework/investigating to assist in your decision. Some conditions could be 'subject to financing approval', 'subject to buyer selling their current home', or 'subject to a satisfactory home inspection'.
- e. Inclusions and Exclusions: These are specifications within the offer that detail the items to be included or excluded from the purchase of the property. Typical inclusions are appliances, window coverings, fixtures and decorative pieces.
- f. Deposit: A deposit is provided from the buyer to the seller as a token of the buyer's assurance and intention to buy the property involved. The deposit is applied against the purchase price of the home once the sale has closed. Your RE/MAX Sales Associate can assist you in proposing a certain and appropriate amount for the deposit.
- g. Closing Date: This is usually the date that the legal ownership of the property transfers from the seller to the buyer and, unless otherwise noted, when the funds for the purchase are concluded.



- h. Purchase Price: This is the amount that the buyer is offering to pay for the property. The price is usually dependent on market conditions and may differ from the seller's current asking price.
- i. Your offer is presented to the seller/seller's Realtor. This is an exciting time when you will be waiting for your telephone to ring with the seller's reaction to your offer.

5. Negotiating Offer

- a. The seller may accept your initial offer, reject your offer or present a counter-offer
- b. The counter-offer may differ from your original offer in respect to price, conditions, the closing date, or any other item
- c. Offers can be countered back and forth between the parties until one of you accepts or rejects, ending the negotiations.
- d. is hard to remember details

6. Offer is Accepted! Time to Get Mortgage Approval

- a. You or your Realtor will give the accepted offer (with both parties signatures) to you lender. Once approval is granted, the lender will send a letter of approval to the Realtor.
- b. is hard to remember details

7. Buyers Conditions Will Have to be Met and Removed From Offer to Purchase

- a. Your offer probably had buyers conditions (such as the financing condition).
- b. These conditions have time limits and must be removed or waived in writing once completed by the deadline. When all conditions are met, the home is consider 'unconditional'
- c. The Realtor will then send the file to your lawyer where they will start transferring the title to the new owners

8. Get Ready For Moving Day

- a. Apply for homeowners insurance (your lawyer will want proof of insurance before possession).

- b. Start packing!
  - c. Change of address: drivers license, banks, schools, doctor, dentist, newspaper, magazines, etc.
  - d. Apply for new utilities and termination of old accounts.
  - e. Prepare a moving day box, fill with: paper plates, cups, plastic utensils, toilet paper, paper towel, box cutters, cleaning supplies.
9. Sign All Documents at Bank and Lawyers Office
- a. At this time there will be charges from your lawyer. It will include the legal fees for their work as well as a property tax adjustment if necessary.
10. Possession Day
- a. Possession or Closing date is usually the date that the legal ownership of the property transfers from the seller to the buyer and, unless otherwise noted, when the funds for the purchase are concluded. Possession is usually around noon. As soon as the funds are exchanged from the buyers lawyer to the sellers lawyer, keys are allowed to be released to the new owner.
  - b. Congratulations!!

## **Benefits of Home Ownership**

### Pride of Ownership

Pride of ownership is the number one reason why Canadians desire their own home. There is no landlord looking over your shoulder. You are able to make improvements knowing that any appreciation that results, will be to your benefit. Home ownership gives you and your family a sense of stability and security. It's making an investment in your future.

### Appreciation

In Canada, especially in the last few years, homes have appreciated considerably and in doing so have added substantially to owners net worth. Unlike stocks and bonds, you get to live in your investment. Also, in Canada your principal residence is exempt from capital gains taxes.

### Mortgage Reduction Builds Equity

Each month, part of your monthly payment is applied to the principal balance of your loan, which builds your equity. You can borrow against a home's equity for a variety of reasons such as home improvement, sending your kids to university or college, or starting a new business. Why pay-off your landlord's property when you can own your own?

Homeowners accumulate wealth for the future while enjoying the benefits of a shelter that they have can use, improve and sell. Their home is a safe haven for investment.

### Are You Ready to Buy a Home?

First – do you have the financial resources? You should have five percent of the purchase price of a home for the down payment, but ideally even more. Are there other priorities in your life e.g. starting a new business, which require your savings? If not, buying a home should be on your radar.

Second – do you expect to stay in your new home for some time? Moving can be expensive and you will want to build some equity before having to relocate. Your job and home life should be stable.

### What Can You Afford?

If you haven't already gone through the mortgage pre-qualification process, you will need to meet with a lender or mortgage broker. They will establish how much of a mortgage you will qualify for. Mortgage rates vary considerably and it is paramount that you shop around for the best rate, terms and options.

At [www.remax-western.ca](http://www.remax-western.ca) the affordability calculator will help you determine what monthly payment and the maximum mortgage you can manage. Note: if you are buying a condo, the amount of your monthly assessment has a direct impact on how much you can afford to spend on your mortgage.

First time homebuyers may want to take advantage of the federal government's – be sure to research these options.

#### **Shawn's Tip!**

Don't let a current owners style or lifestyle sway your judgment. Beneath the bad décor or messy rooms the home may actually suit your needs. Likewise, don't jump at a home simply because the walls are painted your favorite color! Make sure you thoroughly investigate the structure beneath the paint before you come to any serious decisions.



## **RE/MAX Premier Market Presence**

### Premier Quality Professionals

RE/MAX professionals lead the industry in terms of experience, education and sales. In Western Canada, they average about 16 years of experience, and across the network, hold a higher number of professional designations than associates of any single competitor.

### Premier Brand Name Awareness

The RE/MAX hot air balloon trademark is one of the most widely recognized trademarks in North American business and is now a global brand. No other real estate organization has the level of brand recognition and definition of RE/MAX. The brand draws buyers and sellers and as a result no one in the world sells more real estate than RE/MAX.

### Premier Customer Satisfaction

Repeat and referral clients are the lifeblood of the real estate business. Approximately 70% of RE/MAX business comes from repeat and referral clients, a testimonial to the high caliber of service RE/MAX customers have come to expect from their Sales Associates.

A survey completed by RE/MAX found that 95% of RE/MAX customers report overall satisfaction with their RE/MAX Sales Associate, 92% say they will use RE/MAX again and 93% will recommend RE/MAX to others. This is, by far, the highest rating in the real estate business.

### Premier Community Citizenship

RE/MAX is a front-runner in terms of giving back to the community, often devoting endless support to countless charities and local causes. The RE/MAX sponsorship of Children's Miracle Network is a great example of RE/MAX

community citizenship. Since 1992, RE/MAX has been a major contributor to the Children's Miracle Network; a North American fund-raising organization dedicated to generating funds and awareness programs for the benefit of Children served by its over 170 associated hospitals. RE/MAX across Canada raises over \$4 million annually on behalf of 14 Canadian children's hospital foundations.

As well, RE/MAX of Western Canada created the "Quest for Excellence Program". This bursary program was established to recognize the success and on-going pursuits of Western Canadian students. A "Quest for Excellence" involves any student in Grade 12 who demonstrates passion, commitment and dedication, positive attitude and enthusiasm for on of the 6 categories. RE/MAX presents 24 cash bursaries of \$500 each. The categories are Leadership, Sports, Technology and Trades, Fine Arts, Performing Arts and Community Service. RE/MAX is proud to recognize students, in the very communities in which we live and work, for their outstanding achievements. Education is the building block of our future and if the children we hear from every day are any indication, our future has never been brighter.

RE/MAX is committed to help raise awareness of the ongoing need for organ donation. CA of T assists Canadians in making informed decisions regarding organ, tissue and bone marrow donation. The [www.transplant.ca](http://www.transplant.ca) site provides some national information regarding organ and tissue donation, but more importantly acts as a portal to the many provincial organizations that are mandated to oversee organ and tissue donation programs across the country.

### Premier Market Share

In large part, our community minded top producers who provide industry leadership, experience and excellent customer service under a respected company banner add up to leading market share. RE/MAX dominates virtually every market in Canada, in terms of market share. On average, RE/MAX outsells

the competition 3 to1 across Canada. RE/MAX is supported by over 35 years of brand name development, referral services, promotional support and other benefits that today are an integral part of the RE/MAX network of over 100,000 Sales Associates in over 7,000 offices in 65 countries worldwide. RE/MAX has the network to provide the best real estate experience throughout the world.

### Why use Shawn Jacula for your purchase?

Along with the above benefits I believe customer service is key to my success. I strive to guide you comfortably and knowledgeably through the home buying process and educate you along the way. I will be available and ready to help you solve problems, handle negotiations, explain forms and be a good listener. I am qualified for the job of finding your next home. You will be treated in the most honest, integral, loyal, and professional manner that you deserve.

### Sample Cash-Flow for Realty Transaction

WHEN	WHAT	AMOUNT
Prior to beginning house hunting	Call Shawn to provide knowledge in the area and assist you in your new home!	FREE
	Mortgage Pre-Approval	Usually Free
Find the house of your dreams then <b>WRITE AN OFFER</b>	You will write an offer to purchase with Shawn with all the details explained	FREE
Accepted offer	Deposit required, cheque or cash to RE/MAX in trust	Between \$1,000 - \$5,000, depending on the price
Immediately after your offer is accepted	Apply for a mortgage	Some lender charge a fee
As soon as offer is accepted	Appraisal - some lenders will require one	Approximately \$350
As soon as offer is accepted	Home inspection - or any other ancillary service you might decide to get	Home inspection is approximately \$400

10 to 14 days prior to possession	Home owners insurance (proof of insurance will be required by lender/lawyer at closing)	Approximately \$700 annually
7 days prior to possession	Utility deposits (power, natural gas, water, telephone)	These deposits depend on any previous accounts
Closing day - or when your lawyer has you sign papers	Closing costs (legal services, tax adjustment, etc)	Approximately \$2,000 (varies)

**Money Saving Tips**

Shop for a mortgage. That ½ percentage point may not seem like much but it will save you thousands over the life of a mortgage. Get quotes from a variety of banks or enlist a mortgage broker (the bank, not you, pays his or her fee). You can always go to your own bank to see if they will match the rate.

Shop for a lawyer. Fees may vary greatly and you can often save a lot by using someone who specializes in real estate law, as they compete for this business. Costs are often less due to economies of scale, but ensure you get a full cost quote.

Get a home inspection. Not only for piece of mind but there is nothing worse than discovering cost prohibitive problems after you have moved in. If your home inspector identifies deficiencies, you may be able to renegotiate the purchase price to cover required repairs.

Decline mortgage insurance. You are farther ahead to increase your own term insurance for the amount of the mortgage. The premiums are often less and the payout greater.

Buy a home that produces revenue. If you can rent out your basement or a self contained suite it will help



you pay the mortgage or offset your home expenses. Your RE/MAX sales associate can offer advise when it comes to zoning requirements and public transportation access.

Shop and get quotes on all of your major expenses including moving costs, renovations, home insurance etc. Ask lots of questions and get referrals. Your RE/MAX sales associate is a great resource.

Don't buy your furniture on time payment plans. Make do until you can afford it. Shop garage sales or used furniture outlets.

Make a budget and stick to it. There are a number of costs that you need to take into account as we have illustrated. Put the money aside.

Remember, all of the above will save you money but the most important consideration is to buy a home you can afford to live in.



If you have any questions or concerns feel free to contact Shawn Jacula

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