

The "Players"



by Miranda Jollymore

Ever wondered which professionals are actually needed to complete your home buying experience? Lawyers, real estate agents, home inspectors, appraisers, oh my!

It can be an overwhelming experience for even the most seasoned homebuyer. Let me simplify the key players who will need to assist you.

Mortgage Consultants

These independent professionals are trained to act in your best interest. They are intermediaries between you and the banks. Their goal is to simplify the loan process, and work towards finding you mortgage financing that fits your needs. Most mortgage agents are experts in their field because they focus on only one product, namely the mortgage. They know the hottest and most savvy products available in the industry. They are usually able to secure you a better interest rate than your bank and in 99% of cases they are free for you

to use! The bank sees them as an extended part of their sales team; they pay the broker for bringing them the business so you don't have to. You get the benefit of expert knowledge and an unbiased opinion while the lender foots the bill. How good is that?

Real Estate Agents

When you decide to find your dream home it helps to work with a real estate agent you can trust. It's important that your agent understands your goals, your budget and your "must haves". You should feel absolutely comfortable with your agent. If you feel any sense of hesitation then you are working with the wrong agent. You don't have to go with the first agent you meet. Take your time to do an interview.

Ask the agent how much of their business is repeat or referral. Ask what a past client would say they need to improve upon in terms of the home buying experience. Ask what share of their client base is first time buyers, repeat or commercial. What is the policy or penalty for changing agents if you are not satisfied with their services? If you are not confident in the answers given, then follow your gut. This agent is not for you.

Finding a good agent may take a few tries but remember that this may be the biggest investment of your life. If the

agent is too busy to answer a few questions, then they are too busy to help find your dream home. When you find the right one, you'll know. After deciding on an agent, consider the "Agency Agreement". Ask your realtor for a copy of the pamphlet, "Working with a Realtor, The Agency Relationship" and don't forget to speak up. Write down your questions and go over them one by one before hiring.

Appraisers

The word "appraiser" makes me think of I jewelry. How much is it worth? Well, it's the same with real estate. Mortgage lenders such as banks, credit unions and private lenders want to make sure their investment is secured. The only way to do this is through an accredited independent appraiser. Their job is to provide a reasonable value for the home based on its current condition and the local market. Most lenders require this as a condition of the loan. It's important that you follow the bank's guidelines when hiring an appraiser, to make sure that they are unbiased and on the lender's list of approved appraisers. Once the appraiser reviews the home and current sales in the area, he or she writes a report and gives it to the lender directly.

Home Inspectors

These paid professionals

inspect your potential new home before you buy it. There is often a condition in the purchase agreement that allows you the right to hire a third party, a housing inspector, to inspect the home from top to bottom. The inspector creates a report citing how well the building was built, what repairs may be needed in the near future and an educated opinion of the overall condition of the property. He or she will usually look at the major systems such as the heating and cooling, plumbing, electrical, the roof, walls, floors, etc. This is a critically important aspect of buying a home. The house may be staged beautifully to hide underlying issues. Most of us are not repair experts so it's vital to have a third party review the home. Sometimes we get emotionally involved in a purchase and underestimate the cost of repairs. It's helpful to have a qualified home inspector make suggestions and give an estimate on the price to fix any problems identified. Sometimes you can even use the home inspection report to leverage a lower price.

Lawyers

Don't just get any lawyer. Hire a *real estate lawyer*. Would you go to your dentist with a broken arm because he's a relative and can cut you a deal? No, you wouldn't, so don't short change yourself

on what could be the biggest purchase of your life. The average resale home price in Ontario for the month of February 2007 was a whopping \$368,687, so don't cheap out when it comes to hiring a good lawyer! Choose a lawyer with experience in residential home closings.

The lawyer will:

1. Review your agreement to purchase and make any amendments that he/she sees fit;
2. Conduct a "title search" on your prospective new home. This is a requirement of all lending institutions. It is to ensure that the vendor (the seller) actually owns the home, has the right to sell the property and that no organizations, businesses, or persons have a lien (loan using property as collateral) against it;
3. Draw up the mortgage documents for the lender, register the debt, and record you as the new owner on the deed;
4. Review any disbursement; property taxes for example;
5. Get you title insurance or a survey if necessary; and
6. Request the mortgage funds from the lender and pay the seller. At that time, you will be given your keys and take ownership of your new home.

Insurance Agents

Making an investment this big may get you thinking, "What if I were to lose my

See **READY TO BUY** on page 17 >

Ready to buy now?

Continued from page 7

job or become injured? Even worse, what happens if I were to pass away? My family would be left with this huge debt and little means to pay the mortgage." That's where insurance agents come in. Many lending institutions require fire insurance but it's also beneficial to look at other insurance available.

Ready to buy now? The Bank of Canada met on March 6th, 2007 and the prime lending rate has remained unchanged at 6%. New products are

being introduced to market to make home ownership more affordable. Mortgages can now be spread over 40 years. This is something Americans have been doing for years but Canada has finally made the switch from 25 years to the longer amortization. This makes monthly payments smaller and easier to manage. Many savvy programs have been targeted towards self-employed borrowers and new immigrants. These two groups are among the major players currently fueling the

home buying market.

About the writer

Miranda Jollymore is an Independent Mortgage Broker who lives and works in Toronto.

*Her company, **Simplicity With Miranda Inc.** (www.simplicitywithmiranda.com) helps clients find the right mortgage financing for their lifestyles. She is a member of the Mortgage Brokers Association and the Financial Services Commission of Ontario and an amateur boxer with the Ontario Amateur Boxing Association. **ER***