

Homefinding Guide

Presented by:

Marie Sargent

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Dear Home Buyer(s)

Thank you for the opportunity to help you find your next home. I understand that buying a home is a major decision. My goal is to take you through the homefinding process, making it as efficient, stress-free and successful as possible.

I will apply my knowledge and expertise to help you find the right home. Here is what you can expect from me:

- *I will work with you at every stage of the homefinding process, from the initial selection of properties to view, through the presentation of a purchase offer, to obtaining financing and the completion of your transaction.*
- *Communication is very important to me. We will want to agree to a system of regular contacts (whether in person, on the phone, by mail, fax or e-mail) so that you can be kept informed at all times.*
- *I will give you reliable information and solid advice so that you can make informed decisions. Please don't hesitate to ask questions.*

I have attached to this letter my "Homefinding Guide". The purpose of this Homefinding Guide is to help you understand the process of finding and buying a home, acquaint you with the kinds of housing and financing choices that are available, and assist you throughout the homebuying process.

In order to best serve you, I will need to spend time with you learning more about your unique needs, both in a home and of your real estate sales professional. My goal is that you will be delighted with your homebuying experience. Please feel free to call on me at any time, ask questions and share your concerns with me.

Again, thank you for allowing me to help you select your next home.

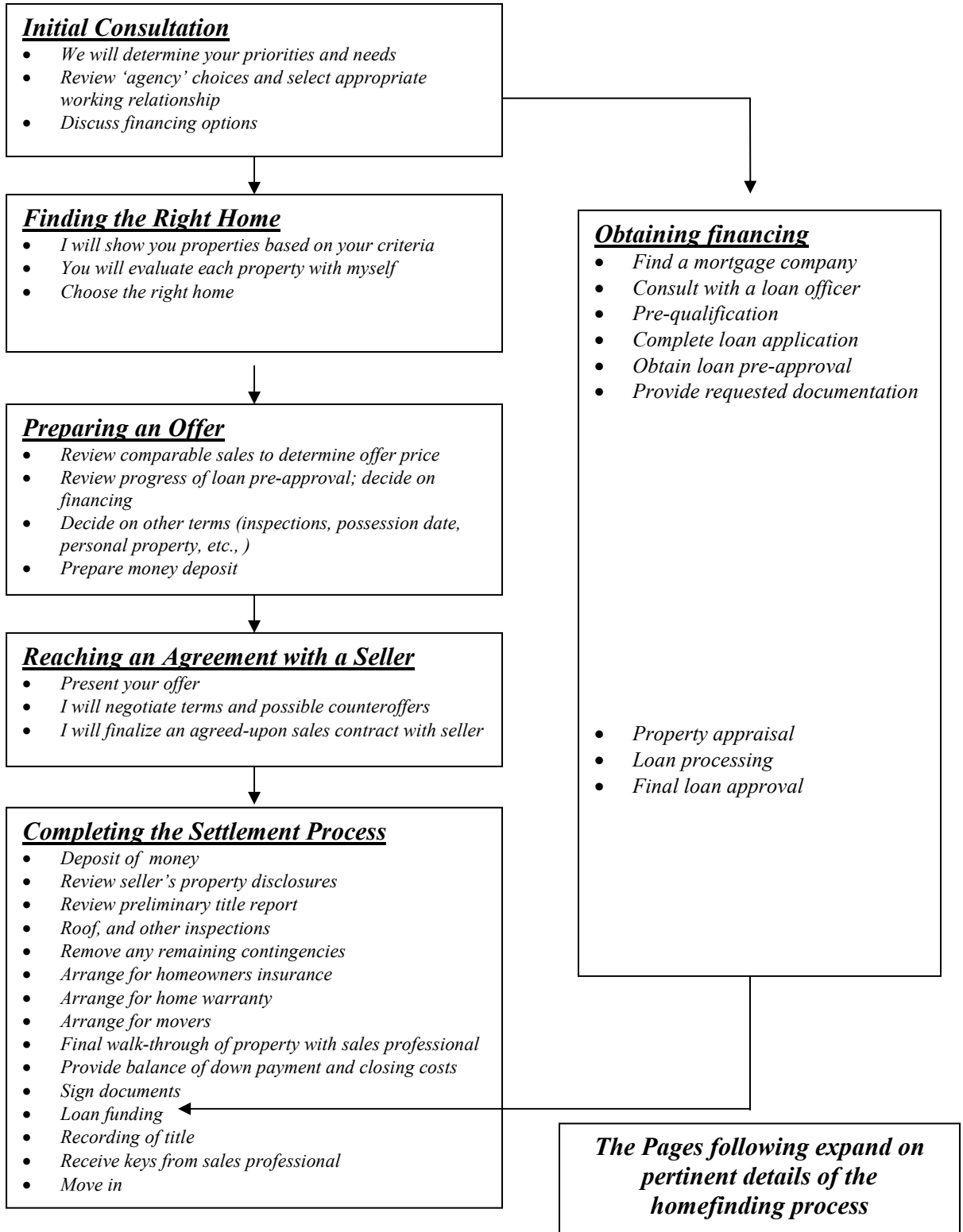
Respectively yours,

*Marie Sargent,
Sales Representative*



FINDING AND BUYING A HOME

The homefinding process typically includes many of the following elements. I will be your resource and guide every step of the way.





INITIAL CONSULTATION

---- YOUR NEEDS COME FIRST ----

Finding and buying the right home is a highly personalized process, and it all begins by identifying your needs.

As you think about finding a home, the 'Buyer Needs Questionnaire' can help me clarify your needs. This questionnaire explores areas such as:

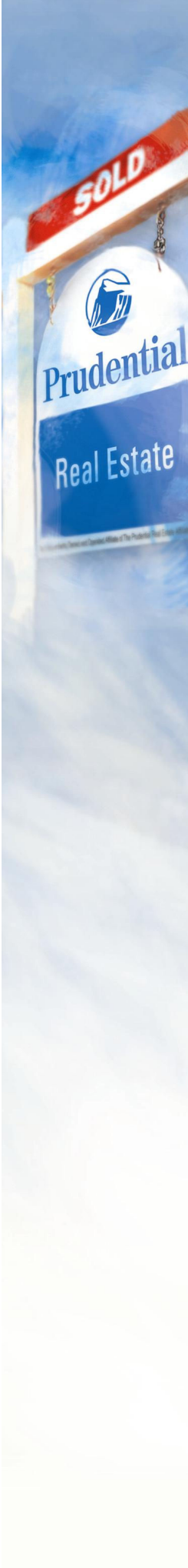
- *The values, interests and priorities you want this move to support.*
- *The features you are looking for in a home.*
- *How a neighborhood can best match your needs and lifestyle.*
- *How the homefinding process will need to be tailored to fit your plans.*
- *The support you expect to receive from me.*



DEFINING YOUR IDEAL HOME

The property you buy will be much more than a house; it will be your home. The following “Buyer Needs Questionnaire” will help you to describe the things that are most important to you in your ideal home and neighborhood.

- a) *How many people will be living in your household?*
- b) *What is something you disliked about the house or area where you have lived previously?*
- c) *What are one or more features you liked most about homes you have lived in previously?*
- d) *What are the most important “must have” features of your ideal home and neighborhood?*
- e) *What is your time frame?*
- f) *Who will be included in the homefinding and buying decisions?*
- g) *Thinking of previous homefinding experiences, what were the most positive features of those experiences?*
- h) *Were there any unpleasant features of your previous homefinding experiences that you hope to avoid this time?*
- i) *What are your expectations of me as your real estate professional?*
- j) *What specific services and support do you expect?*
- k) *Do you have a pre-approved mortgage?*



Defining your Ideal Home

Buy or Rent:	<input type="checkbox"/> Buy	<input type="checkbox"/> Rent	
Preferred location (Preston, Hespeler, Galt); a specific neighborhood, street, etc:			
Property Type (check all that applies):	<input type="checkbox"/> Single Family Detached	<input type="checkbox"/> Single Family Simi Detached	<input type="checkbox"/> Single Family Attached
	<input type="checkbox"/> Townhouse	<input type="checkbox"/> Condo	<input type="checkbox"/> Duplex
	<input type="checkbox"/> Triplex	<input type="checkbox"/> Cottage	<input type="checkbox"/> Vacant Land
	<input type="checkbox"/> Farm	<input type="checkbox"/> Other:	<input type="checkbox"/> Other:
Property Style (check all that applies):	<input type="checkbox"/> Bungalow	<input type="checkbox"/> Raised Bungalow	<input type="checkbox"/> 1 ½ Storey
	<input type="checkbox"/> 2 Storey	<input type="checkbox"/> 2 ½ Storey	<input type="checkbox"/> 3 Storey
	<input type="checkbox"/> 3+ Storey	<input type="checkbox"/> B-Level	<input type="checkbox"/> Split Level - 3 Levels
	<input type="checkbox"/> Split Level - 4 Levels		
Min. Bedrooms (circle all that apply):	1, 2, 3, 4, 5, 6, or more		
Min. Bathrooms (circle all that apply):	1, 1 ½, 2, 2 ½, 3, 3 ½, 4, 4 ½, 5, or more		



2nd Page of Buyer Needs Questionnaire

Monthly Rent Range or Purchase Price Range (check all that applies):	MONTHLY RENT		
	<input type="checkbox"/> Under \$1,000	<input type="checkbox"/> \$1,000 to \$2,000	<input type="checkbox"/> \$2,000 to \$3,000
	<input type="checkbox"/> Over \$3,000		
	PURCHASE PRICE		
	<input type="checkbox"/> Under \$100,000	<input type="checkbox"/> \$100,000 to \$200,000	<input type="checkbox"/> \$200,000 to \$300,000
<input type="checkbox"/> \$300,000 to \$400,000	<input type="checkbox"/> \$400,000 to \$600,000	<input type="checkbox"/> Over \$600,000	
Approx. Square Footage (check all that applies):	<input type="checkbox"/> Less than 750	<input type="checkbox"/> Around 1,000	<input type="checkbox"/> Around 1,250
	<input type="checkbox"/> Around 1,500	<input type="checkbox"/> Around 1,750	<input type="checkbox"/> Around 2,000
	<input type="checkbox"/> Around 2,250	<input type="checkbox"/> Around 3,000	<input type="checkbox"/> 4,000 to 5,000
	<input type="checkbox"/> 5,000 to 6,000	<input type="checkbox"/> Greater than 6,000	
Age (check all that applies):	<input type="checkbox"/> New	<input type="checkbox"/> 1 to 5 years	<input type="checkbox"/> 6 to 10 years
	<input type="checkbox"/> 11 to 20 years	<input type="checkbox"/> More than 20 years	<input type="checkbox"/> Doesn't matter
Basement Type (check all that applies):	<input type="checkbox"/> Fully Finished	<input type="checkbox"/> Partially Finished	<input type="checkbox"/> Not Finished
	<input type="checkbox"/> Doesn't Matter		
Parking (check all that applies):	<input type="checkbox"/> None Required	<input type="checkbox"/> Single Attached	<input type="checkbox"/> Double Attached
	<input type="checkbox"/> Single Detached	<input type="checkbox"/> Double Detached	<input type="checkbox"/> Driveway
	<input type="checkbox"/> Shared Mutual Drive	<input type="checkbox"/> I have multiple cars and need lots of parking for _____ (number of) cars	



3rd Page of Buyer Needs Questionnaire

Condition of Property (check all that applies):	<input type="checkbox"/> Not Important	<input type="checkbox"/> Move In Condition	<input type="checkbox"/> Recently Renovated
	<input type="checkbox"/> Something I can Fix Up	Other:	
Location (check all that applies):	<input type="checkbox"/> Not Important	<input type="checkbox"/> Quiet Street	<input type="checkbox"/> Cul-de-sac
	<input type="checkbox"/> Backs onto or faces a Park	Other:	
Lot size (check all that applies):	<input type="checkbox"/> Around 30ft x 60 ft	<input type="checkbox"/> Around 45ft x 100ft	<input type="checkbox"/> Around 60ft x 120ft
	<input type="checkbox"/> Bigger	Other:	
Lot type (check all that applies):	<input type="checkbox"/> Rectangular	<input type="checkbox"/> Corner	<input type="checkbox"/> Pie Shaped
	<input type="checkbox"/> Square	Other:	
Amenities (Select All Applicable):	<input type="checkbox"/> Family Room	<input type="checkbox"/> Formal Dining Room	<input type="checkbox"/> Formal Living Room
	<input type="checkbox"/> Rec Room	<input type="checkbox"/> Fireplace	<input type="checkbox"/> Dishwasher
	<input type="checkbox"/> Main Floor Laundry	<input type="checkbox"/> 2 nd Floor Laundry	<input type="checkbox"/> Ensuite Bath
	<input type="checkbox"/> Whirlpool Bath	<input type="checkbox"/> Deck	<input type="checkbox"/> Inground Pool
	<input type="checkbox"/> Above Ground Pool	<input type="checkbox"/> Central Air	<input type="checkbox"/> Fenced Yard
	<input type="checkbox"/> Walkout Basement	<input type="checkbox"/> Central Vacuum	<input type="checkbox"/> Waterfront
	<input type="checkbox"/> Close to Park	<input type="checkbox"/> Close to School	<input type="checkbox"/> Access to Public Transportation
	<input type="checkbox"/> Workshop	Other:	Other:
	Other:	Other:	Other:



AGENCY RELATIONSHIPS

When real estate professionals work with buyers and sellers, “agency” relationships are established.

1. Seller Representation

When a real estate company is a "seller's agent," it must do what is best for the seller of the property.

A written contract, called a listing agreement, establishes seller agency. It also explains services the company will provide, establishes a fee arrangement for the REALTOR's services and specifies what obligations a seller may have.

A seller's agent must tell the seller anything known about a buyer. For instance, if a seller's agent knows a buyer is willing to offer more for a property, that information must be shared with the seller.

Confidences a seller shares with a seller's agent must be kept confidential from potential buyers and others. Although confidential information about the seller cannot be discussed, a buyer working with a seller's agent can expect fair and honest service from the seller's agent and disclosure of pertinent information about the property.

2. Buyer Representation

A real estate company acting as a "buyer's agent" must do what is best for the buyer.

A written contract, called a buyer agency agreement, establishes buyer agency. It also explains services the company will provide, establishes a fee arrangement for the REALTOR's services and specifies what obligations a buyer may have. Typically, buyers will be obliged to work exclusively with that REALTOR for a period of time.

Confidences a buyer shares with a buyer's agent must be kept confidential.

Although confidential information about the buyer cannot be discussed, a seller working with a buyer's agent can expect to be treated fairly and honestly.

3. Dual Representation

Occasionally a real estate company will be the agent of both the buyer and the seller.

The buyer and seller must consent to this arrangement in their listing and buyer agency agreements.

Under this “dual agency” arrangement, the company must do what is best for both the buyer and the seller.

Since the company's loyalty is divided between the buyer and the seller who have conflicting interests, it is absolutely essential that a dual agency relationship be established in a written agency agreement.

This agreement specifically describes the rights and duties of everyone involved and any limitations to those rights and duties.

4. Customer Service

A real estate brokerage may provide services to buyers and sellers without creating buyer or seller representation. This is called 'customer service'.

Under this arrangement, the brokerage can provide many valuable services in a fair and honest manner. This relationship can be set out in a buyer or seller customer service agreement.

Real estate negotiations are often complex and a brokerage may be providing representation and/or customer service to more than one seller or buyer.

The brokerage will disclose these relationships to such buyer and seller.



KNOW WHO THE REALTOR IS WORKING FOR:-

It is important that you understand who the REALTOR is working for. For example, both the seller and the buyer may have their own agent which means they each have a REALTOR who is working for them.

Or, some buyers choose to contact the seller's agent directly. Under this arrangement the REALTOR is working for the seller, and must do what is best for the seller, but may provide many valuable services to the buyer.

A REALTOR working with a buyer may even be a "sub-agent" of the seller. Under sub-agency, both the listing agent and the co-operating agent must do what is best for the seller even though the sub-agent may provide many valuable services to the buyer. If the seller and the buyer have the same agent, this is dual agency and the REALTOR is working for both the seller and the buyer.

Code of Ethics

REALTORS believe it is important that the people they work with understand the agency relationship. That's why agency disclosure is included in a self-imposed Code of Ethics which is administered by the Real Estate Council of Ontario.

The Code requires REALTORS to disclose in writing the nature of the services they are providing, and encourages REALTORS to obtain written acknowledgement of that disclosure. The Code also requires REALTORS to enter into a written agency agreement with any sellers or buyer they are representing


Honesty and Integrity

Most real estate professionals in our province are members of the Ontario Real Estate Association (OREA) - and only members of OREA can call themselves REALTORS.

Highest Professional Standards

Before receiving a real estate license, candidates must successfully complete an extensive course of study developed by OREA on behalf of the Ontario Government. And that is only the beginning: in the two years after receiving their license, the new professionals are required to successfully complete three additional courses as part of their articling with an experienced broker. Once permanent registration is obtained, the sales professional must continue upgrading their knowledge and skill through participation in continuing education sessions. Failure to do so results in the sales professional losing their license. For more information please do not hesitate to call the Ontario Real Estate Association at the phone number provided below.

*OREA - Ontario Real Estate Association
99 Duncan Mills Road Don Mills, Ontario M3B 1Z2
Telephone: (416) 445-9910 Fax: (416) 445-2644 www.orea.com*



Why should you consider establishing an Agency Relationship with myself and Prudential Grand Valley Realty.

As a “Quality Service Certified” sales professional, I offer you a Quality Service Guarantee that confirms my commitment to work for you, with your best interests ALWAYS first.

My strength as a sales professional combined with that of the Prudential Organization allows me to offer you sound and knowledgeable assistance in all of your real estate needs.

The Prudential Organization gives us connection to buyers and sellers all over Canada and the United States, as well as up-to-date information and training in the real estate market.





My Quality Service Guarantee

This Quality Service Guarantee is your written commitment from me assuring the delivery of all of the services described below. As your representative, I will:

- 1) *Conduct a counseling and information session to identify your needs and goals and to plan a property search.*
- 2) *Offer to arrange pre-qualifying or pre-approval meeting with a lender to determine affordability range and improve negotiating position at the point of offer.*
- 3) *Commit to priority availability for meeting your needs and schedule for property research and showings.*
- 4) *Complete a thorough market search to identify all properties consistent with your needs and price range.*
- 5) *Prepare a written Comparative Market Analysis for you prior to you making an offer.*
- 6) *Prepare a written offer to purchase on the property of your choice reflecting your price and terms.*
- 7) *Provide counsel and negotiating assistance on all offers to purchase*
- 8) *Obtain and review with you the seller's written property history and disclosure statement.*
- 9) *Recommend professional building and property inspections and review findings and remedies with you.*
- 10) *Monitor and communicate the status and satisfaction of contract contingencies.*
- 11) *Accompany you on walk-through property inspection before closing, if provided for in the contract.*
- 12) *Attend the closing process if required.*
- 13) *Contact you after the closing to assure the satisfactory completion of all service details.*
- 14) *Offer the opportunity to evaluate the service provided through the Quality Service Assurance Survey™.*



Why Choose a Quality Service Certified[®] Real Estate Professional

- *Quality Service Certified[®] real estate professionals are offering home sellers and buyers a new standard of service and accountability.*
- *Real estate professionals must be educated and certified in order for them to hold the “Quality Service Certified designation”.*
- *Real estate professionals are highly motivated to protect their QSC[®] status by delivering better service satisfaction, more service value and higher accountability.*

THE SALE OR PURCHASE OF WHAT FOR MANY IS THEIR MOST VALUABLE ASSET, DESERVES THE SERIOUS ATTENTION AND ACCOUNTABILITY OF A DEFINED, WRITTEN AND COMMUNICATED SERVICE PROCESS WITH MEASURABLE STANDARDS; THAT’S EXACTLY WHAT A QUALITY SERVICE CERTIFIED[®] PROFESSIONAL MUST DELIVER.

HOLDING THE QUALITY SERVICE CERTIFICATION[®] REQUIRES THAT I FOLLOW A WELL-DEFINED PROCESS OF SERVICE, TO PRESENT THAT PROCESS IN WRITING TO YOU, AND TO GUARANTEE ITS DELIVERY. YOU CAN EXPECT A CONSISTENT, RELIABLE, RESPONSIVE AND ACCOUNTABLE SERVICE EXPERIENCE FROM MYSELF, A QSC[®] SERVICE PROFESSIONAL.

AFTER A TRANSACTION CLOSES, SELLERS OR BUYERS COMPLETE A CUSTOMER SATISFACTION SURVEY THAT IS ADMINISTERED BY LEADING RESEARCH CORPORATION (LRC). THE SURVEY DATA IS COLLECTED AND COMPILED BY LRC ASSURING OBJECTIVITY AND CREDIBILITY. AN OVERALL SATISFACTION RATING FOR MYSELF IS POSTED ON THE QSC CONSUMER WEBSITE AFTER 4 SURVEYS HAVE BEEN RETURNED. THIS FEEDBACK AND PUBLIC DISPLAY OF MY SERVICE QUALITY, HELP KEEP MYSELF ACCOUNTABLE TO MAINTAIN THE HIGHEST LEVEL OF SERVICE DELIVERY.

CONSUMERS TODAY EXPECT THE SAME CONSISTENT STANDARD OF SERVICE FROM THEIR REAL ESTATE ASSOCIATE AS FROM THEIR ACCOUNTANT, DOCTOR OR OTHER PROFESSIONAL. THE QUALITY SERVICE CERTIFIED PROGRAM PUTS THIS PHILOSOPHY INTO PRACTICE.

A Little About “Myself”

For those of you who do not know me personally let me tell you a little about myself: I am a self-disciplined, intelligent professional who understands the business and real estate world from many perspectives.

I am a good negotiator who looks for value, and understands what is fair for all parties involved.

I pride myself on being prepared, always punctual, and well versed in the details required to get the job done. I accomplish what I start out to do with a very pleasant, positive outlook and a ‘can do’ attitude.

Having lived and worked in Cambridge for over 12 years, I am confident that my experience of the area, combined with that of the Prudential Organization will allow me to offer you sound and knowledgeable assistance in all of your real estate needs.

In addition to my local expertise, The Prudential Organization gives us connection to buyers and sellers all over Canada and the United States, as well as up-to-date information and training in the real estate market.

Please feel free to call me anytime at 519-621-2000 if I can be of service to you in the future, or drop by my office at 471 Hespeler Road, Unit #4. You can also email me at

msargent@prugvr.com

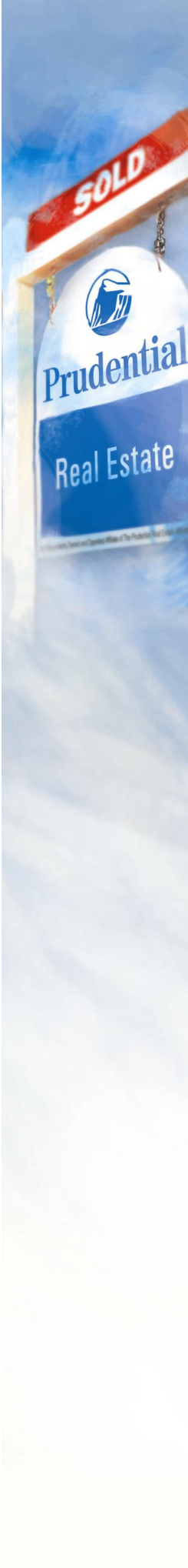
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www.prudentialgrandvalley.com



A little about “Prudential Grand Valley Realty”

What distinguishes Prudential Grand Valley Realty from others?

A rich heritage

- *The company was established in 1984*
- *Prudential affiliate since 1995*
- *A perennial sales leader in Waterloo Region*

A strong local presence

- *One of the top four companies in Waterloo Region in Sales Volumes*
- *Over \$120 million in annual sales*
- *Over 1,600 transactions in 2006*
- *Over 100 Sales Representatives in 2 offices in Kitchener and Cambridge*

A connection to the community

- *We support the local chapter of Sunshine Kids, helping children who are recovering from cancer.*





FINANCING YOUR HOME PURCHASE

Unless you are in a position to pay all cash for your home, you will need to obtain a home loan (mortgage) to complete the purchase.

I will assist you in this process to help ensure that you obtain the financing that meets your needs.

- *Being pre-approved for a loan before you submit an offer will put you in a stronger negotiating position and can save time in the loan approval process.*

Information required to obtain a pre-qualified mortgage:

- *Ask your employer to prepare a letter on company letterhead outlining your name, base salary or hourly rate, normal hours worked per week, position and length of service. A recent pay stub and a copy of your T4 from last year may also be required.*
- *If commission sales, three years personal tax returns together with the Notice of Assessments from Canada Customs & Revenue Agency.*
- *If self-employed, three years personal tax returns together with the Notice of Assessments from Canada Customs & Revenue Agency, three years business financial statements, and three years business tax returns (if applicable).*
- *Social Insurance Number*
- *At least 3 years history of residence and employment.*
- *Know your banking information (name of financial institutions, address, and type of accounts, account numbers).*
- *Know your assets (what you own) and their value, i.e. cash amounts, stocks, bonds, RRSPs, car.*
- *Know your liabilities (what you owe), i.e. car loan, credit card balances, child or spousal support payments.*
- *Let them know about any past credit problems you may have had.*
- *Write down a list of questions you would like to have answered.*

I can put you in touch with experienced loan officers at leading mortgage companies. Your loan officer will be your principal guide through the financing process.

"information provided by, Janna Cundari, Mortgage Intelligence"



COMPONENTS OF A MORTGAGE

A monthly mortgage payment can contain several components:

Principal

The original balance of money loaned. As the loan is paid over time, the principal is the remaining or outstanding balance.

Interest

The charge for the use (loan) of money. The interest rate normally remains constant during the term of the mortgage (unless it is a variable rate mortgage). Every month as you re-pay the principal, the amount of interest paid declines.

Property Taxes

The mortgage lender often requires that you make monthly payments for the taxes into a tax account from where the lender will make the payments as they become due. This is done by dividing the annual taxes into twelve equal payments.

Life Insurance

It may be a requirement of the lender that you have life insurance in case of your death during the term of the mortgage.

High Ratio Mortgage Insurance Fees

If the mortgage is for more than 75% of the value of the property, usually a fee of up to 3.75% of the value of the mortgage is payable. This is added to the principal amount of the mortgage. This does not add significantly to the monthly payments and is spread out over the amortization period of the mortgage. CMHC fees are subject to provincial sales tax, which must be paid at closing.



MORTGAGE OPTIONS

Conventional: Regulations under the Bank Act prohibit Bank, Trust and Insurance Companies from lending in excess of 75% of the purchase price or the appraised value of a property without obtaining Mortgage Loan (High Ratio) Insurance. A loan for up to 75% of the purchase price of a property is a conventional mortgage.

High ratio: A loan for 75.1% to 100% of the purchase price of a property.

Mortgage loan insurance (high ratio): High ratio mortgages must be insured through CMHC (Canada Mortgage and Housing Corporation) or GE (Genworth Financial Canada). CMHC and GE provide default or high ratio insurance to the lenders protecting them against the risk of lending to homebuyers who have less than 25% downpayment available. An insurance premium is paid by the borrower on behalf of the lender. The insurance premium that is paid to CMHC or GE is to protect the lender in the event that the mortgage is not paid. This is not to be confused with life, disability, or job loss insurance. The insurance premium is calculated as a percentage of the mortgage amount, depending on the loan to value, and may be added to the mortgage amount.

The premiums are as follows:

		Premium			
	LTV	25 years	30 years	35 years	40 years
	75.1-80%	1.0%	1.20%	1.40%	1.60%
	80.1-85%	1.75%	1.95%	2.15%	2.35%
	85.1-90%	2.00%	2.20%	2.40%	2.60%
Non-borrowed downpayment	90.1-95%	2.75%	2.95%	3.15%	3.35%
Borrowed downpayment	95.1-100%	3.70%	3.90%	4.10%	4.30%

On June 29th 2006, both CMHC and Genworth have announced the elimination of their application fee on all high ratio insured mortgages and HELOC's with closing dates of June 28, 2006 or later. Premium rates may vary for different mortgage types.

"information provided by, Janna Cundari, Mortgage Intelligence"



MORTGAGE OPTIONS *continued*

Downpayment: *If you have less than 25% downpayment, mortgage insurance is required as outlined. Homeowners no longer need the minimum 5% downpayment from their own funds to purchase a home. You can now use borrowed funds for your 5% down, but keep in mind that there are higher credit criteria and your insurance premiums increase.*

RRSP Program Home Buyers' Plan (HBP): *The HBP is a program that allows you to withdraw up to \$20,000 per person (or \$40,000 per couple) from your registered retirement savings plans (RRSPs) to buy or build a qualifying home. Withdrawals that meet all conditions do not have to be included in income and there is no withholding tax.*

Purchase Plus Improvements: *This special program is designed for people who wish to purchase a home that may require some immediate upgrades... a new electrical service, a new roof, central air, a new furnace, new siding, eaves, soffits, fascia, doors, windows, a new kitchen, carpeting... or any other renovation that would increase the value of the home.*

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MORTGAGE TYPES

Term of a mortgage: The actual length of time money is loaned at the contractual rate of interest. Terms range from three months to twenty-five years. Traditionally the longer the term, the higher the rate.

First mortgage: Mortgage given first priority at the registry office. Usually the only financing required. Gives borrowers the best rate of interest.

Second mortgage: A higher interest rate loan that provides borrowers with additional financing if the first mortgage does not meet their total financial requirements.

Fully open mortgage, with no penalty of notice: With this type of mortgage, the entire principal or any part of it can be prepaid to the lender at any time, without having to pay any penalty or bonus interest to the lender.

Open mortgage, with a predetermined penalty or notice: All or part of the principal can be prepaid at any time by paying a penalty or giving a set amount of written notice. The amount of the penalty or the notice period would have been predetermined at the time the mortgage was arranged.

Partially open mortgage, with no penalty or notice on that open portion: This type of mortgage is partially open, but not fully open. The mortgage contract permits a limited, fixed percentage to be returned to the lender each year (up to 10%, 15% or even 20% depending on the lender), in addition to the regular payment without any penalty being paid or notice being given. There may also be some restrictions as to when during the year this prepayment can be made. The balance of the mortgage (80%-90%) is closed and can only be prepaid if the lender allows – and then on the lenders terms!

Partially open mortgage, with a predetermined penalty or notice on that open portion: As above, this mortgage is partially open, but not fully open. The mortgage contract would allow for a fixed percentage of principal to be prepaid, but subject to a predetermined penalty (i.e. 3 month's interest) or with a pre-established amount of written notice. The lender may also have some restrictions as to when the prepayment can be made during the year. The balance of the mortgage is closed and does not allow for automatic early prepayment of the loan.

Fully closed mortgage: These types of mortgages have no pre-payment privileges at all. All mortgages fall into this category unless the prepayment privileges appear right in the mortgage documents. Although, all mortgages are fully open on maturity.

"information provided by, Janna Cundari, Mortgage Intelligence"



MORTGAGE TYPES *continued*

Convertible mortgage: *You can get the low rate typically associated with the short term, but the freedom to lock in at anytime for longer, if you think rates are headed up. To win, however, you've got to be an assiduous rate-watcher. These mortgages are usually offered with a 3-month, 6-month or 12-month term.*

Variable rate mortgage: *A loan whose interest rate is changed monthly or more frequently to keep it in line with the general interest rate trends. Lenders often set the rate based on their prime-lending rate. While the loan rate changes, the payment may stay level each month. In that case, the amounts going to pay interest and principal each month are adjusted to reflect the rate. VRMs are handy mortgages when rates are falling because those rate breaks get passed along quickly as rates are adjusted. However, if you fail to act quickly when rates begin to rise, you may also miss the chance to switch to a fixed-term mortgage. Increases in interest rates could create problems if your VRM monthly payment doesn't include any cushion for rate hikes. In that case the lender may require you to increase your payment to prevent a "deficit interest" situation.*

Hybrid (mutant) mortgages: *Lenders have different product names for their own mortgages to try to make them sound unique or for marketing purposes, but all mortgages fall into one of the above categories. Variations between and within each category help distinguish different lender's packages.*

Mortgages for recreational & investment properties: *There are mortgages available for specific needs such as recreational or investment properties.*

Mortgages for impaired credit: *There are also mortgages available that can help clients who are considered to have impaired credit because they have maximized their credit cards and other debt. Even though they may be able to make their payments each month, they may be considered a high risk borrower. These mortgages allows them to consolidate debts and restore their credit rating. They can also save on interest costs and have a more manageable monthly payment.*

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WHAT CAN YOU AFFORD?

Realistically assessing your finances upfront will streamline the homefinding process.

Step 1 Monthly Income

*Wages, salaries, business income after expenses
Interest, dividends or rental income
Other income (alimony, child support, pensions or Social Insurance)*

Total Monthly Income (Step 1) \$ _____

Step 2 Monthly Non-Housing Expenses

*Food/clothing
Medical (include insurance premiums and prescriptions)
Life insurance
Child care
Automobile expenses (loan, insurance, maintenance)
Education/student loans
Travel/recreation
Monthly credit card payments
Monthly bank loan payments (other than a mortgage)
Alimony or child support you owe
Savings and investments
Income taxes*

Total Monthly Non-Housing Expenses (Step 2) \$ _____

Step 3 Amount Available for Monthly Housing Expenses

*Total Monthly Income (Step 1)
minus total Non-Housing Expenses (Step 2)*

Equals Amount Available for Monthly Housing Expenses (Step 3) \$ _____

Step 4 Monthly Estimated Housing Expense

*Mortgage loan payment (principal and interest — see chart)
Property taxes
Mortgage insurance
Homeowner's insurance (liability, flood, fire)
Utilities (heat, water, electricity, gas, trash removal)
Maintenance and repairs
Other (assessments, homeowner's association dues)*

Total Monthly Estimated Housing Expenses (Step 4) \$ _____

Step 5 Compare Step 3 and Step 4 Totals. *The Total Monthly Estimated Housing Expenses (Step 4) should not exceed the Amount Available for Monthly Estimated Housing Expenses (Step 3).*



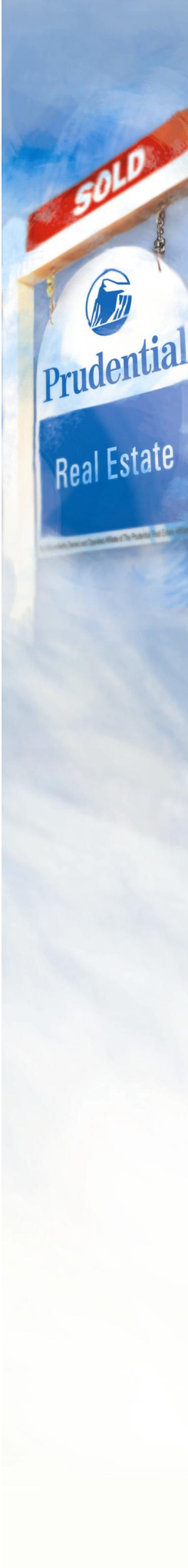
Estimated Monthly Payments

Mortgage Loan Amortized Over 25 Years

Interest Rate

	<i>5.0%</i>	<i>5.5%</i>	<i>6.0%</i>	<i>6.5%</i>	<i>7.0%</i>	<i>7.5%</i>	<i>8.0%</i>	<i>8.5%</i>	<i>9.0%</i>	<i>9.5%</i>
<i>80,000</i>	<i>465</i>	<i>488</i>	<i>512</i>	<i>536</i>	<i>560</i>	<i>585</i>	<i>610</i>	<i>636</i>	<i>662</i>	<i>689</i>
<i>100,000</i>	<i>582</i>	<i>610</i>	<i>640</i>	<i>670</i>	<i>700</i>	<i>732</i>	<i>763</i>	<i>795</i>	<i>828</i>	<i>861</i>
<i>110,000</i>	<i>640</i>	<i>671</i>	<i>704</i>	<i>737</i>	<i>770</i>	<i>804</i>	<i>839</i>	<i>875</i>	<i>911</i>	<i>947</i>
<i>120,000</i>	<i>698</i>	<i>732</i>	<i>768</i>	<i>804</i>	<i>840</i>	<i>878</i>	<i>916</i>	<i>954</i>	<i>994</i>	<i>1033</i>
<i>130,000</i>	<i>756</i>	<i>794</i>	<i>832</i>	<i>871</i>	<i>911</i>	<i>951</i>	<i>992</i>	<i>1034</i>	<i>1076</i>	<i>1119</i>
<i>140,000</i>	<i>814</i>	<i>855</i>	<i>896</i>	<i>938</i>	<i>981</i>	<i>1024</i>	<i>1068</i>	<i>1114</i>	<i>1159</i>	<i>1205</i>
<i>150,000</i>	<i>872</i>	<i>916</i>	<i>960</i>	<i>1005</i>	<i>1051</i>	<i>1097</i>	<i>1144</i>	<i>1193</i>	<i>1242</i>	<i>1292</i>
<i>160,000</i>	<i>931</i>	<i>977</i>	<i>1023</i>	<i>1072</i>	<i>1121</i>	<i>1170</i>	<i>1221</i>	<i>1273</i>	<i>1325</i>	<i>1378</i>
<i>170,000</i>	<i>989</i>	<i>1038</i>	<i>1088</i>	<i>1139</i>	<i>1191</i>	<i>1244</i>	<i>1297</i>	<i>1352</i>	<i>1408</i>	<i>1464</i>
<i>180,000</i>	<i>1047</i>	<i>1099</i>	<i>1152</i>	<i>1206</i>	<i>1261</i>	<i>1317</i>	<i>1373</i>	<i>1432</i>	<i>1490</i>	<i>1550</i>

Interest rate figures are based on a 25 year amortization schedule and rounded off to nearest dollar. The calculations do not include property taxes, heat or insurance



How Much Do I Need To Earn to Qualify?

Annual Earnings	40,000	50,000	60,000	70,000	80,000	90,000	100,000
Monthly Payment*	1,000	1,250	1,500	1,750	2,000	2250	2500

**Monthly payment is based on a 30% gross debt service ratio which includes the taxes. To use these two charts together, you need to calculate the monthly cost for realty taxes and add to the top chart.*

The percentage debt service ratio may vary from lender to lender. It also does not take into account any other loan payments you may have. (car, credit card payments)



Loan Application Checklist

The following information is typically needed when applying for a mortgage.

Purchase contract and property information

- *Copy of the sales contract*
- *Mailing address and property description*
- *Contact information for access to the property*
- *Plans and specifications (new construction only)*

Personal information

- *Social Insurance number*
- *Age*
- *Marital status*
- *Number of dependents*
- *Current address and telephone numbers*
- *Addresses for the past three years*
- *Current housing expenses (rent, mortgage, insurance, taxes)*
- *Name and Address of landlord or mortgage holder for past three years*

Employment history and income

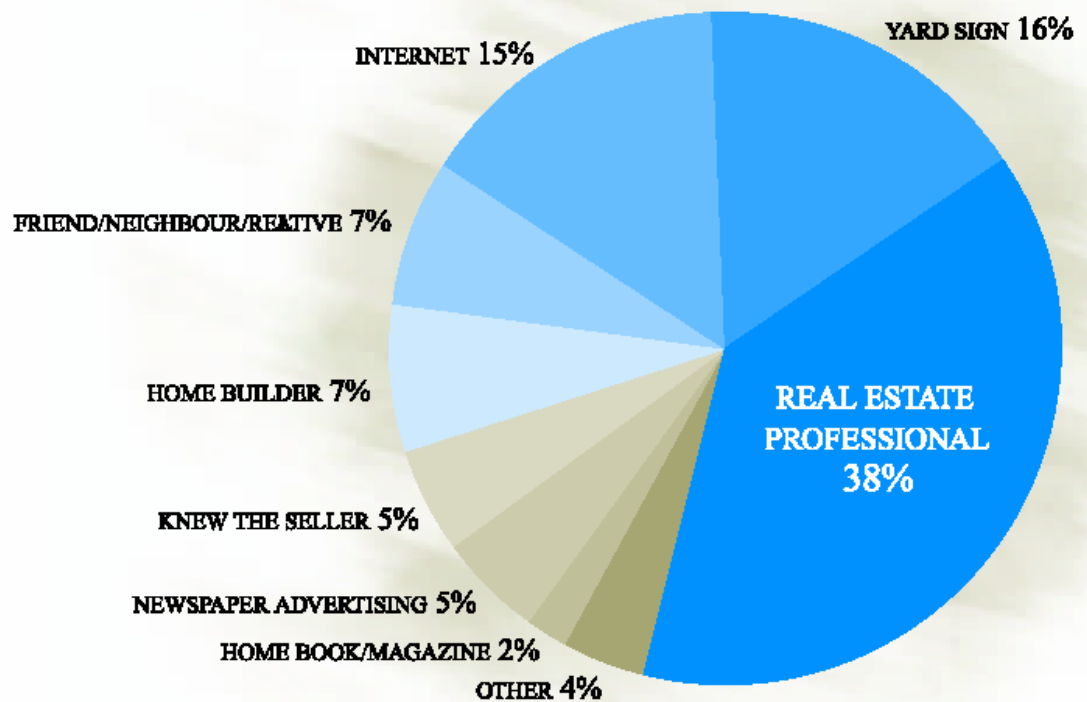
- *Three years of employment history, with complete detail of each job*
- *Recent pay stubs and two years of T4's and letter of employment*
- *Complete tax returns and financial statements if self-employed for three years*
- *Proof of other income, separation agreements, part-time jobs etc.*

Assets

- *Complete information on all bank and money market accounts*

HOW BUYERS FIND THE HOME THEY PURCHASE

Homebuyers may use several information sources in their search process, but they are most likely to find the home they actually purchase through a real estate sales professional.



Source: The 2004 National Association of REALTORS® Profile of Home Buyers and Sellers. Due to rounding, percentage distributions may not add up to 100 percent.



YOUR SINGLE SOURCE FOR PROPERTY INFORMATION

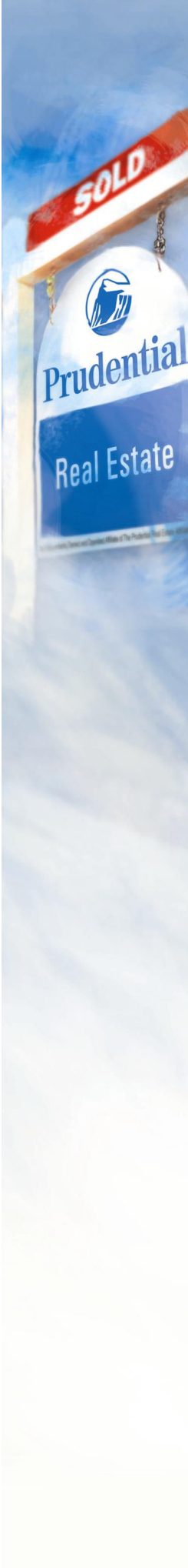
I have access to virtually every property for sale in this market, and will show you the homes that best match your requirements, including:

- *All homes marketed by Prudential Real Estate Network members*
- *All properties listed by other brokers through the Multiple Listing Service (MLS)*
- *Properties not necessarily on the open market yet*
- *Many properties offered “For Sale By Owner”*

To save you time, hassle and duplicated effort, call me for additional information on properties you see, regardless of whether or not they are being offered by a Prudential Real Estate sales professional.

I can obtain important facts about homes you see:

- *Advertised in newspapers or buyers’ guides*
- *On the Internet*
- *Open houses*
- *Displaying “For Sale” signs*



HOW TO LOOK AT HOMES

Discovering the right home should be an exciting event. As a Prudential Real Estate sales professional, my commitment is to make your home search as stress-free and efficient for you as possible.

- *Identifying up-front what is affordable will save time and frustration in the homefinding process. It is important to consider the financing options available and to begin the mortgage pre-approval process as soon as possible.*
- *From the multitude of properties currently on the market, I will select those that most closely meet your unique needs and interests. It is best to preview only a few homes at a time.*
- *We will schedule time to look at homes and neighborhoods.*
- *I will arrange showing appointments with the sellers or their brokers.*
- *If the seller or their real estate professional is at the property when we are there, it would be best for you to limit your conversation with them.*
- *You can use the Homefinding Worksheets I give you to evaluate each property.*
- *In order to help me find the right home for you, I will ask you to tell me your thoughts about each property you see — the positives and the negatives. We will continue to assess your needs and buying criteria.*



SUBMITTING AN OFFER

Once you have found the right property, the next step is to make an offer of purchase to the seller.

Determine the price you want to offer.

- *The price the seller is asking may or may not reflect realistic market value.*
- *The best way to determine market value is with a Comparative Market Analysis (CMA) showing similar properties that sold recently, those that are currently active on the market and those that failed to sell.*
- *I will discuss with you an estimate of costs associated with purchasing this property.*

Decide on financing.

- *We will review together the status of your loan pre-approval.*
- *We will work together with your loan officer to explain financing options and help you determine the mortgage plan that best fits your requirements.*

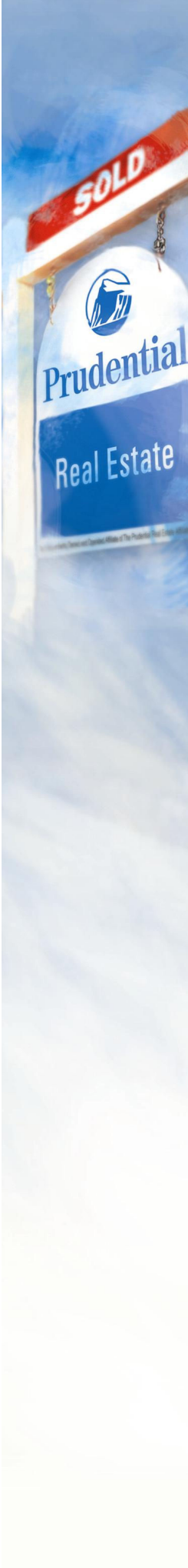
Decide on other issues that are important to you, such as:

- *Items of personal property you want included with the house.*
- *Warranty, inspections, repairs or other home enhancements by the seller.*
- *Closing date and possession.*

I will present your offer.

- *The seller will have three choices: accept your offer as it is presented; reject it completely; or propose adjustments to your offer (counter offer).*
- *If there is a counter offer, you can choose whether to accept it, reject it or counter it.*

Once you have reached agreement with the seller, you will have a firm contract to purchase the home.



COMPARATIVE MARKET ANALYSIS

<i>Subject Property</i>	<i>Style</i>	<i>Sq.ft.</i>	<i>Bdrms</i>	<i>Baths</i>	<i>Garage</i>	<i>Lot size</i>	<i>Age</i>

RECENT SALES:

<i>Address</i>	<i>Style</i>	<i>Sq.ft.</i>	<i>Bdrms</i>	<i>Baths</i>	<i>Garage</i>	<i>Lot Size</i>	<i>Age</i>	<i>Days on Market</i>	<i>List Price</i>	<i>Sale Price</i>	<i>Date Sold</i>	<i>Broker's Comments</i>

CURRENT LISTINGS:

<i>Address</i>	<i>Style</i>	<i>Sq.ft.</i>	<i>Bdrms</i>	<i>Baths</i>	<i>Garage</i>	<i>Lot Size</i>	<i>Age</i>	<i>Days on Market</i>	<i>Original List Price</i>	<i>Current List Price</i>	<i>Date Sold</i>	<i>Broker's Comments</i>

Positive selling points: _____

Drawbacks to the sale: _____

Recommended repairs or improvements to improve salability:

Comments: _____

Indicated value range for a 60-90 day sale: \$ _____ To \$ _____

Most probable sale price: \$ _____ *Suggested List Price* \$ _____

COMPLETED BY: _____

Telephone Number : _____ *Date:* _____



ESTIMATE OF COSTS

It is helpful to have an estimate of the costs associated with purchasing a home.

How Much will it Really Cost?

Once you have figured out the home price range you can afford and the type of mortgage you qualify for, you will need to calculate all of the associated costs of the transaction to make sure you are financially ready.

Up-Front Costs

You will need to plan ahead to cover the many up-front costs of buying a home. Timing is important to help make sure things go smoothly.

Rule of Thumb: 2-3% of the Purchase Price

- ***Mortgage Loan Insurance Premium.*** *If yours is a high ratio mortgage (less than 20% down payment), you may need mortgage loan insurance. To get this insurance, you will be asked to pay the required insurance premium. Your lender may add the mortgage insurance premium to your mortgage or ask you to pay it in full upon closing*
- ***Appraisal Fee.*** *Your mortgage lender may require that the property be appraised at your expense. An appraisal is an estimate of the value of the home. The cost is usually **between \$250 and \$350** and must be paid when you contract for those services*
- ***Deposit.*** *This is part of your down payment and must be paid when you make an Offer to Purchase. The cost varies depending on the area, but it may be **up to 5% of the purchase price**. If you wish to make a down payment of 5% and you give a deposit of 5%, then your down payment is considered to be made.*
- ***Down Payment.*** *At least 5% of the purchase price is usually required for a **high-ratio mortgage** and at least 20% of the purchase price is usually required for a **conventional mortgage**.*
- ***Estoppel Certificate Fee (not applicable in Quebec).*** *This applies if you are buying a condominium or strata unit and could cost **up to \$100**.*



Up-Front Costs, continued

- **Home Inspection Fee.** Remember that this may be a condition of your Offer to Purchase. A home inspection is a report on the condition of the home and may cost over \$200, depending on the complexities of the inspection. For example, it may be more costly to inspect a home that has large square footage, one that is expensive or one where contaminants such as pyrite, radon gas or urea-formaldehyde are suspected
- **Land Registration Fees (sometimes called a Land Transfer Tax, Deed Registration Fee, Tariff or Property Purchases Tax).** You may have to pay this provincial or municipal charge upon closing in some provinces. The cost is a percentage of the property's purchase price and may vary. Check with your lawyer/notary to see what the current rates are.
- **Prepaid Property Taxes and/or Utility Bills.** To reimburse the vendor for pre-paid costs such as property taxes, filling the oil tank, etc.
- **Property Insurance.** The mortgage lender requires this because the home is security for the mortgage. This insurance covers the cost of replacing the structure of your home and its contents. Property insurance must be in place on closing day.
- **Survey or Certificate of Location Cost.** The mortgage lender may ask for an up-to-date survey or certificate of location prior to finalizing the mortgage loan. If the seller does not have one or does not agree to get one, you will have to pay for it yourself. It can cost in the \$1,000 to \$2,000 range.
- **Water Quality Inspection.** If the home has a well, you will want to have the quality of the water tested to ensure that the water supply is adequate and the water is potable. You can negotiate these costs with the vendor and list them in your Offer to Purchase.
- **Legal Fees and Disbursements.** Must be paid upon closing and cost a minimum of \$500 (plus GST/HST). Your lawyer/notary will also bill you direct costs to check on the legal status of your property.
- **Title Insurance.** Your lender or lawyer/notary may suggest title insurance to cover loss caused by defects of title to the property.



Other Costs

Besides up-front costs, there are other expenses to consider:

1. **Appliances.** *Check to see what comes with the house, if anything.*
2. **Gardening equipment.**
3. **Snow-clearing equipment.**
4. **Window treatments.** *Check to see what comes with the house.*
5. **Decorating materials.** *Paint, wallpaper, flooring and tools for redecorating.*
6. **Hand tools.** *You will need some basic hand tools for your new home.*
7. **Dehumidifier.** *May be required to control moisture levels, especially in older homes.*
8. **Moving Expenses.**
9. **Renovations or Repairs.**
10. **Service Hook-Up Fees.** *Charged for utilities. You may be required to pay a deposit for utilities such as telephone and heating services.*
11. **Condominium Fees.** *You may have to make the initial payment for these monthly fees.*



Closing Cost Worksheet

SALE OF EXISTING PROPERTY

Selling Price: \$ _____

Real estate commission ()	\$
GST on commission (6%):	\$
Legal fees on sale:	\$
Disbursements on sale:	\$
Payout 1st mortgage (obtain balance in writing)	\$
Penalty to discharge 1st mortgage (if applicable):	\$
Discharge administration fee:	\$
Payout 2nd mortgage (obtain balance in writing):	\$
Penalty to discharge 2nd mortgage (if applicable):	\$
Discharge administration fee:	\$
Property taxes (paid up to date):	\$
Other debts to be paid out from sale:	\$
TOTAL EXPENSES:	\$

Net Cash Available From Sale: \$ _____

PURCHASE OF NEW PROPERTY

Purchase Price: \$ _____

Downpayment:	\$
Home inspection:	\$
Land transfer tax:	\$
Legal fees on purchase:	\$
Registration costs / disbursements on purchase:	\$
Survey / title insurance:	\$
Adjustments / incidentals:	\$
Mortgage application / appraisal fee:	\$
Lender's application / commitment fee:	\$
CMHC/GE insurance premium \$ _____ :	(added to mortgage)
PST on CMHC/GE insurance premium (8%)	\$
Interest adjustment (lender):	\$
Property tax holdback (lender):	\$
Pre-pay property taxes:	\$
Home (fire) insurance:	\$
Moving expenses / utility hook ups / condo fees:	\$
Repairs / renovations / paint, etc.:	\$
Appliances / furniture, etc.:	\$
Other:	\$
TOTAL EXPENSES:	\$
Less: DEPOSIT MADE WITH OFFER:	(\$ _____)

Cash Required to Complete the Transaction: \$ _____



IMPORTANT WAYS TO PROTECT YOUR INTERESTS

There are several ways to help support a trouble-free home purchase:

- *A written **property disclosure statement** from the seller will reveal any problems with the house and the surrounding area that you need to know about.*
- ***Professional inspections** can reveal structural, roof, termite and other problems with the property that the seller will need to remedy.*
- *A **home warranty** can give you peace of mind by providing repair-or-replace coverage of major home operating systems and appliances.*
- *A **preliminary title report** informs you of any problems with the property's title and a policy of title insurance protects your rights to the property.*
- *A **walk-through** before closing will allow you to make sure all required work has been taken care of and that the property is ready to become yours.*



COMPLETING YOUR HOME PURCHASE

Many details need to be taken care of in order for a home purchase to be completed.

It can take 15 - 90 days to complete all the steps involved in a home sale, depending on the complexity of the transaction.

I will work closely with everyone involved in the transaction to help ensure that it moves ahead as smoothly as possible:

- *Explain to you in detail all the steps that will occur, and answer any questions you might have.*
- *Work with the seller's broker to see that they fulfill their responsibilities under the contract.*
- *Stay in touch with the settlement officer, title officer, lender and others to help coordinate their activities and to help keep the transaction moving forward.*
- *Communicate with you on a regular basis so that you can stay informed and as worry-free as possible.*



A SMOOTH TRANSITION TO YOUR NEW HOME

Here are some things to consider as you make the move to your newhome. I can suggest local professionals for many of these services.

4 weeks before your move

- Contact and contract with a reputable moving company.
- Have school records transferred.
- Arrange to transfer (or take with you) medical, dental and other important records.
- Prepare to transfer your homeowners and auto insurance to be sure you will be covered for any unforeseen disasters.
- Hold a garage sale to get rid of unneeded items; arrange to place excess items in storage.
- Keep track of moving-related expenses. (Check with your accountant to find out what expenses will be deductible).

3 weeks

- Obtain and mail change-of-address cards to the post office, subscriptions, credit card companies and important contacts.

2 weeks

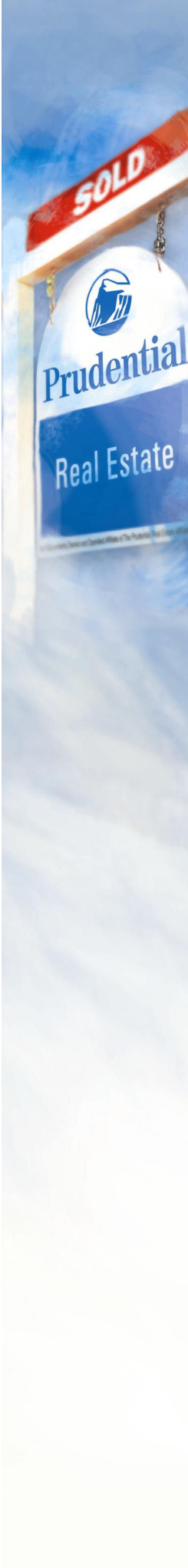
- Arrange for final utility reading at your former residence the day after your move and have utilities and phone turned on at your new home the day before you move in.
- Close or transfer bank accounts.
- Terminate newspaper delivery service.
- Arrange for transfer of vehicle licenses and driver's licenses.
- Have an extra supply of prescription medications for the next four weeks.
- We will schedule a final walk-through of the property to make sure everything is in order.

Week of your move

- Keep valuable financial records and personal papers with you; do not pack them with the rest of your household goods.
- On closing day, the home purchase documents record and the home is yours.
- Move in!

After you move in

- Consider plans for landscaping design, installation and maintenance.
- Review home security requirements and systems.
- New home furnishings, appliances and interior decorating will help make the house your home.



Moving Checklist

MOVING OUT

Utilities & Services

- Electric
- Gas
- Water
- Telephone
- Cable Service
- Fuel
- Appliance Service

Professional Services

- Doctor
- Dentist
- Chiropractor
- Lawyer
- Broker
- Accountant

Business Accounts

- Banks
- Finance Companies
- Credit Cards
- Charge Accounts
- Dry Cleaner
- Drug Store
- Service Station
- Diaper Service

Insurance Agencies

- Life
- Accident
- Personal Property
- Business & Professional

Government Offices

Local

- Schools
- Library

Provincial

- Health & Hospital Insurance
- Vehicle Registration
- Driver's License

Federal

- Post Office
- Income Tax
- Child Tax Credit
- Old Age Security
- Canada Pension Plan
- Unemployment Insurance

Publications

- Newspaper
- Record Club
- Magazines
- Mail Order Houses

People & Organizations

- Friends
- Relatives (optional)
- Church
- Business Associates
- Athletic & Health Club

PRE-CLOSING DATE

- Send outstanding documents to: **Janna Cundari**
- All conditions of approval satisfied
- Appointment confirmed with Lawyer
- New telephone installation
- Arrange for moving day child care
- Arrange for moving day pet care


MOVING DAY

- Drop off keys
- All meters read
- Telephone disconnected
- Windows and doors shut and locked
- Pick up new keys

Other

- _____
- _____
- _____

"information provided by, Janna Cundari, Mortgage Intelligence"



Glossary of Terms

Adjustable Rate Mortgage : Mortgage loans in which the interest rate and monthly payments may be adjusted periodically to correspond with changes in the cost of funds.

Amortization: Payment of debt in regular, periodic installments of principal and interest, as opposed to interest only payments.

Amortization Schedule: A schedule showing each payment of a loan to be amortized and breaking down the payment into the amount applied to principal and the amount applied to interest.

Appraisal: An evaluation of a property usually for mortgage purposes to establish value and done by a certified appraiser.

Balloon Payment: When the final installment payment on a note is greater than the preceding installment payments and it pays the note in full.

Canada Mortgage and Housing Corporation: An agency of the federal government that insures mortgage loans.

Closing date: A future date when the possession of the property changes hands and monies are exchanged.

Closing Statement: The statement that lists the financial settlement between buyer and seller, and also the costs each must pay.

Conditional Offer: An offer made on a property which is not firm, but conditional upon something happening. Two most common conditions are: arranging financing and selling a property.

Condominium: A system of individual fee ownership of units in a multi-family structure, combined with joint ownership of common areas of structure and the land.

Conventional Loan: A mortgage or deed of trust not obtained under a government-insured program (such as Canada Mortgage and Housing Corporation).

Deposit Money: Down payment made by a purchaser of real state as evidence of good faith.

High Ratio Mortgage: Where the mortgage is more than 75% of the value of the property, mortgage insurance is required to protect the lender against default by the borrower. Stricter rules apply when the borrower is applying for this type of mortgage.



Home Warranty Insurance: Private insurance insuring a buyer against defects (usually in plumbing, heating and electrical) in the home purchased. The period of insurance varies and both new and used homes may be insured.

Mortgage Term: The length of time a mortgage has a fixed interest rate, usually ranging from 6 months to 5 years. At the end of the term, it is usually renewed at current rates. Paying off a mortgage early may result in a penalty.

Mortgage Pre-payment Penalty: When paying off a mortgage early, usually a penalty applies. This can be verified through a mortgage verification form.

Loan Application Fee: A one-time set-up fee charged by the lender.

Property Inspection: A professional inspector views a property for possible problems or expenses required to keep the property in good working order.

Point: One percent of the loan amount.

Title Insurance: Insurance against loss resulting from defects of title to a specifically described parcel of real property. Defects may run to the property itself (chain of title) or to encumbrances.

UFFI Insulation: Urea Foam Formaldehyde Insulation installed in the early 1970's to older homes and later to be found to arguably be a health hazard.

Variable Interest Rate: An interest rate that fluctuates as the prevailing rate moves up or down. In mortgages there are usually maximums as to frequency and amount of fluctuation. Also called "flexible interest rate."

Waiving Conditions: When conditions on an offer are removed, they are waiving conditions.