

10 HELPFUL HOME BUYING SECRETS

1. Don't Buy if You Can't Commit.

If you can't see yourself staying in one location for a few years, it's time to reconsider buying a home. Buying and selling real estate quickly isn't cheap, and will probably devour any profits your property has built up. Perhaps renting will better suit your lifestyle, at least for now.

2. Put Your Best Foot Forward. Check Your Credit.

Since you'll probably need to get a mortgage to buy a house, ensure your credit history is squeaky clean. A few months prior to house hunting, get copies of your credit report. Make sure the facts are correct, and fix any problems you notice.

3. Get in Touch with Reality.

Generally, you can afford to buy a home that runs about 2.5 times your annual salary. Bear in mind that you still have to factor in how your income, debts and expenses will affect what your budget will be. Maybe a townhome will better suit your budget than a detached or semi-detached home. Do your research first.

4. Can't Put Down the Standard 20%? Don't Worry.

CMHC (Canada Mortgage and Housing Corporation) provides mortgage loan insurance to help lenders (banks, mortgage brokers, etc.) offer mortgages at the lowest possible rates. This enables new home buyers to realize their dreams of homeownership with as little as 5% down. All you have to do is apply and qualify.

5. Look for First-Rate Schools in Your Neighbourhood.

Even if you don't have any school-age children (or any at all), buying a home around great schools can pay dividends. When it comes time to sell, you'll learn that excellent schools in your neighbourhood are a priority for buyers, and it will increase the attractiveness and property value of your home.

6. Leave it to the Professionals.

Even though the Internet provides buyers with easy access to local home listings, most new buyers are better off using a professional real estate agent. With all the negotiations, legalities and house hunting involved, you'll need someone to coordinate it all. Look for an exclusive buyer agent, if possible, who will have your best interests at heart and can help you with the negotiation process.

7. Choose Carefully Between a Fixed or Variable Rate Mortgage.

When picking a mortgage interest rate, you usually have 2 options. A permanent fixed interest rate never fluctuates, and will remain the same regardless of the current economic situation. Choose this option if you want to play it safe. If you're a bit of a risk-taker (and promise to keep a close eye on interest rates throughout the year) a variable rate can help you save. If the current interest rate is low, and it looks like it may drop even further, variable could be the way to go. Most variable rate mortgages will allow you to lock into a rate within the first 3 years of the term to help you secure a comfortable rate.

8. Get Approved Before House Hunting.

Getting pre-approved on a mortgage will save you the hassle of looking at properties you can't afford. You'll also be in a better position to make a serious offer when you do find the right house. Not to be confused with pre-qualification, which is based on a quick review of your finances, pre-approval from a lender is based on your actual income, debt and credit history.

9. Do Your Homework Before Placing an Offer.

Your opening offer should be based on the sales trends of similar homes in the neighborhood. Consider sales of similar homes in the last three months, before you proceed. If homes have recently sold at 5% less than the asking price, you should make an offer that's about 8-10% lower than what the seller is asking.

10. Hire a Home Inspector.

Almost all offers to buy are conditional on a home inspection. This ensures you're not buying into someone else's problems. You should hire your own home inspector with experience in doing home surveys in the area where you are buying. Their job will be to point out potential problems that could require costly repairs down the road. A little money spent here can save you substantially in the long run.

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