

7. Ready To Buy?

Once you have found the home you would like to purchase, you need to present the vendor with an Offer to Purchase or an Agreement of Purchase and Sale. As your home is probably your biggest investment, it would be wise to work with your real estate agent and/or a lawyer/notary in preparing your offer. Remember that the Offer to Purchase or Agreement of Purchase and Sale is a legal document and should be carefully prepared.

Any offer or agreement will typically include:

- Your legal name, the name of the vendor and the legal civic address of the property.
- The purchase price offered.
- The chattels that will be included in the purchase price (e.g.: window coverings, appliances or a satellite dish). Whatever items in or around the home that you think are included in the sale should be specifically stated in your offer.
- The amount of deposit.
- The closing day (date you take possession of the home) — usually 30 to 60 days from the date of agreement. It can also be 90 days or longer.
- Request for a current land survey of the property.
- Date when the offer becomes null and void.
- Any other conditions that go with the offer, including property inspection and approval of mortgage financing.
- The process of making an offer, receiving a counteroffer and then revising it again is not uncommon. The whole process can seem like a roller coaster ride — exciting, but stressful. It's all part of making the deal work best for you and the vendor.

The diagram below outlines the entire process for you in detail.

Steps for the Offer to Purchase

You

Your real estate representative helps you prepare an Offer to Purchase. This offer should include all the details of the sale.

You may want your lawyer to look at the offer BEFORE you show it to the vendor, because it is a legally binding document.

Your real estate representative or lawyer will then present the offer to the vendor, who will accept (1), make a counteroffer (2) or reject (3).

Vendor

Situation 1

The vendor accepts your offer. The deal is concluded.

7. Ready To Buy?

Situation 2

The vendor may make a counteroffer, asking for a higher price or different terms. You sign the offer back to the vendor with a higher price than your original offer, but lower than the vendor's counteroffer. The vendor accepts this counteroffer. The deal is concluded.

Situation 3

The vendor may make a counteroffer, asking for a higher price or different terms. If a counteroffer is returned to you at a higher price, ensure that you know exactly how much you can afford before you start negotiating. You don't want to get caught up in the heat of the moment with costs you can't afford. You reject the counteroffer and decide not to make a subsequent counteroffer. The sale doesn't go through and your deposit is returned.

When you make an Offer to Purchase, your real estate agent or your lawyer/notary will most likely add certain conditions to it, making it a conditional offer. This means that the contract will only become final when the conditions are met. The following three conditions are generally standard in an Offer to Purchase, especially for first-time buyers:

- A satisfactory home inspection report
- A property appraisal
- Lender approval of mortgage financing to finance the purchase

Once these requirements are met, the conditions are removed and the Offer to Purchase becomes final.

Home Inspection

It is always a good idea to have the home you are buying inspected by a knowledgeable and professional home inspector. The inspector will go through the property and perform a comprehensive visual inspection to assess the condition of the house and all of its systems. When you receive the home inspection report, you and your real estate agent will have to discuss how required repairs may affect the sale price that was agreed upon. (Refer to **5.What Professionals Should You Call On** for details.)

New Home Warranty Programs

A home inspector is not used as frequently for new homes if the builder provides a New Home Warranty. Warranty coverage varies from one province to another, but typically covers labour and materials in your new home for at least one year after completion. It is also intended to address structural defects for a minimum of five years, and up to ten years with some extended coverage options. A dollar cap is common. Before you sign a contract for a new home, contact your New Home Warranty Program office for a list of registered builders in your area.

For Condominiums or Strata Units

To buy a resale condominium or strata unit, you will have to get a satisfactory Estoppel Certificate or Certificate Status (does not apply in Quebec). This should be included as a condition in the Offer to Purchase.

7. Ready To Buy?

Mortgage Approval

A pre-approved mortgage certificate is not a guarantee of being approved for the mortgage loan. Even if you have a pre-approved mortgage certificate, you must still meet your lender during the conditional offer period to get a final mortgage approval. To ensure that the process goes smoothly, make sure you bring:

- A copy of the property listing
- A copy of the signed Offer to Purchase

Your lender will update/verify your financial information, the property and other information required to complete the mortgage application. Your lender may require an appraisal and/or a survey. Title insurance may also be required. Your lender will also inform you on the various types of mortgages, terms, interest rates, amortization periods and payment schedules available.