

## 12 Tips on The Home Buying Process

The following tips will hopefully familiarize you with the home-buying process.

- 1) Find out how much you can afford by talking with your Mortgage Broker or bank.
- 2) Send your Mortgage Broker or bank the necessary paperwork that they ask for.
- 3) Ask your Mortgage Broker or bank for a pre-approval.

### **Good Things About Pre-Approvals**

- a) They secure rates (rate-hold) for typically 120 days
- b) Underwriters often review documents so as to give borrowers a pulse as to viability of financing.

### **Things You Should Know About Pre-Approvals**

- a) Rate-holds are generally at higher than market rates, but when you make a formal application (when you make an offer on a home), you can apply for the lower of the pre-approval rate OR the market rate (if approved by the lender).
  - b) While underwriters often review documents at the pre-approval stage, not all lenders scrutinize documents as though it were a "live" application, so it is good to work with an experienced broker who can help guide you through the process.
  - c) You may have been approved for a pre-approval, but you might NOT get approved when you formally apply. This may be because the lender didn't have a necessary document until you made an offer on a home, and it turned out that the document revealed something that was detrimental to your application (ie. job letter saying you are largely relying on "bonus income", which not all lenders prefer). A good broker will help you by asking questions early in the process that will help unearth potential issues later on.
- 4) Talk with a Realtor and begin looking for properties.
  - 5) When you find a home that you like, please email your bank or broker with the details of the property in question.

Please also alert the bank/broker if the property is unique in any way ie. former grow-op, agricultural property (over 4 acres), if agricultural – will there be any livestock on property?, if condo – any recent special assessments?, if apartment condo – does it have post-tension cables?, any asbestos insulation?, what kind of wiring does the property have (prefer 100 amp), does it have a well? etc...
  - 6) If the broker/bank comes back saying that it is okay to make an offer on the property – make sure to make the offer **CONDITIONAL** to financing (your Realtor will show you how to do this). You may also want to add a condition for a property inspection. Generally, banks/brokers appreciate **10 business** days for the condition of financing. Once you make an offer – immediately send the bank/broker the offer paperwork (an offer to purchase is a contract and needs to be signed by all parties – but even if you do not have the other party(ies) signatures, please send the versions with only your signatures to your bank or broker (this will allow them to get everything entered into their system so that IF your offer is accepted by the seller(s), then your application can be sent to the lender faster!).
  - 7) Once your offer is accepted, then send all signed paperwork to your bank/broker.

- 8) Now that your application is accompanied by a signed offer to purchase – your file will be reviewed more thoroughly. Your bank/broker may need certain documents that they do not already have. Please get them any requested documents as soon as you can.
- 9) If the approval process takes too long, you may need to ask for an extension to the condition of financing date. An extension means that the seller(s) will allow you to take longer to get your financing confirmed. You do NOT want to “waive” your financing condition, until you are sure that you will have the money needed to buy the property (ie. that you are approved for the mortgage). IF/once you are approved by the lender and once all of the conditions/documents have been received and you have confirmation that the lender is happy with them, then you may wish to consider waiving your financing condition. You should wait until you have an email or something in writing from your bank/broker before you consider waiving your conditions.
- 10) Even IF you are approved, and even if the lender is satisfied with your documents, the lender is NOT obligated to fund the loan. In the vast majority of cases the funding is smooth and simple – BUT, please be aware that because of the wording protecting the lender in their mortgage commitments the actual mortgage itself, your bank/broker may not be comfortable telling you that you can waive your condition of financing. I am including a screen shot of the email that I generally send to borrowers on the subject, at the end of this document. You will notice that it does not instruct borrowers to waive – this is because a) financing is never done until it is done b) it is your home and not mine, and I am not in a position to instruct you to waive your conditions.

**Tip:** When making a condition offer to purchase: It is also advisable to set condition (and closing) dates on a Tuesday/Wednesday and on odd days ie. 17<sup>th</sup> or 23<sup>rd</sup> of the month - NOT 1<sup>st</sup>, 15<sup>th</sup>, or 31<sup>st</sup>, as these latter dates are typical closing dates and lenders are often overrun with files at these times. It is good to take these precautions, just in case you need more time and need to ask the seller(s) for an extension; it is less stressful to move dates from Wednesday to Friday versus from a Friday to a Monday (and have to worry all weekend - in the latter case). This handy tip was brought to my attention by the writings of Dustan Woodhouse (see <https://bethebetterbroker.ca/>).

- 11) Once you waive your condition for financing, and any other conditions that you had put into the offer to purchase – assuming you are wanting to move forward with the sale (and assuming all conditions on the mortgage commitment are met and satisfactory with the lender), the next step is to sign at the lawyers. Generally, the lawyer will contact you about one week before closing – and ask you for any necessary paperwork ie. fire insurance, bring your ID when you go in to sign, bank draft for the down payment etc.
- 12) Certain mortgages may take up to a few weeks before you can take “possession” (move into the home), but the vast majority of purchases today are completed using “Western Law Societies Protocol” or “Title Insurance”. It is very common today for residential buyers to be able to take possession of their newly purchased property immediately after signing with the lawyer.

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To...  
Cc...  
Subject Congratulations! Should I waive?

Hello **Joe**, congratulations!! Forgive the rather formal format, but the following is in a boiler-plate/template format so that important items aren't forgotten. Feel free to call me on my cell ( (403) 860-8738) if needed.

Thank you for allowing us to serve you as your Mortgage Brokers for your proposed purchase of **123 Property Address!**

As you know we have received a conditional mortgage commitment dated **DATE**, you signed and returned this to us via DocuSign on **DATE**. The original mortgage commitment lists a number of broker, and solicitor conditions.

CONGRATULATIONS! It appears as though the last remaining mortgage condition (satisfactory appraisal) has been received by the lender!!

If you decide to waive your financing condition with the seller, please provide us with a copy of the waiver (signed by all parties).

Please realize that the mortgage has not yet funded and the lender still has other requirements (ie. you still need to go to the lawyer's to sign the actual mortgage, and you need fire insurance with the lender showing as "first loss payable" – don't worry the lawyer will brief you on these) - these will be satisfied at the lawyer's and/or at your visit to sign at the branch. There are also other little things that are often done behind the scenes and/or are non-issues ie. need to present id, get fire insurance (cost is responsibility of borrower), pay for appraisal, discuss common shares (if your lender is a credit union) etc.

Cautionary note: The lender approved you as you are, please do not negatively change your situation (ie. DO NOT buy a car with payments etc.).

If you have any questions, please call right away - please let me know when you are signing with your lawyer and/or branch and I can make sure that I am available to answer any questions, by phone, if needed.

THANK YOU for your business!!

Have a great night!

P.S. Please tell your friends about us - we are always happy to help!!

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