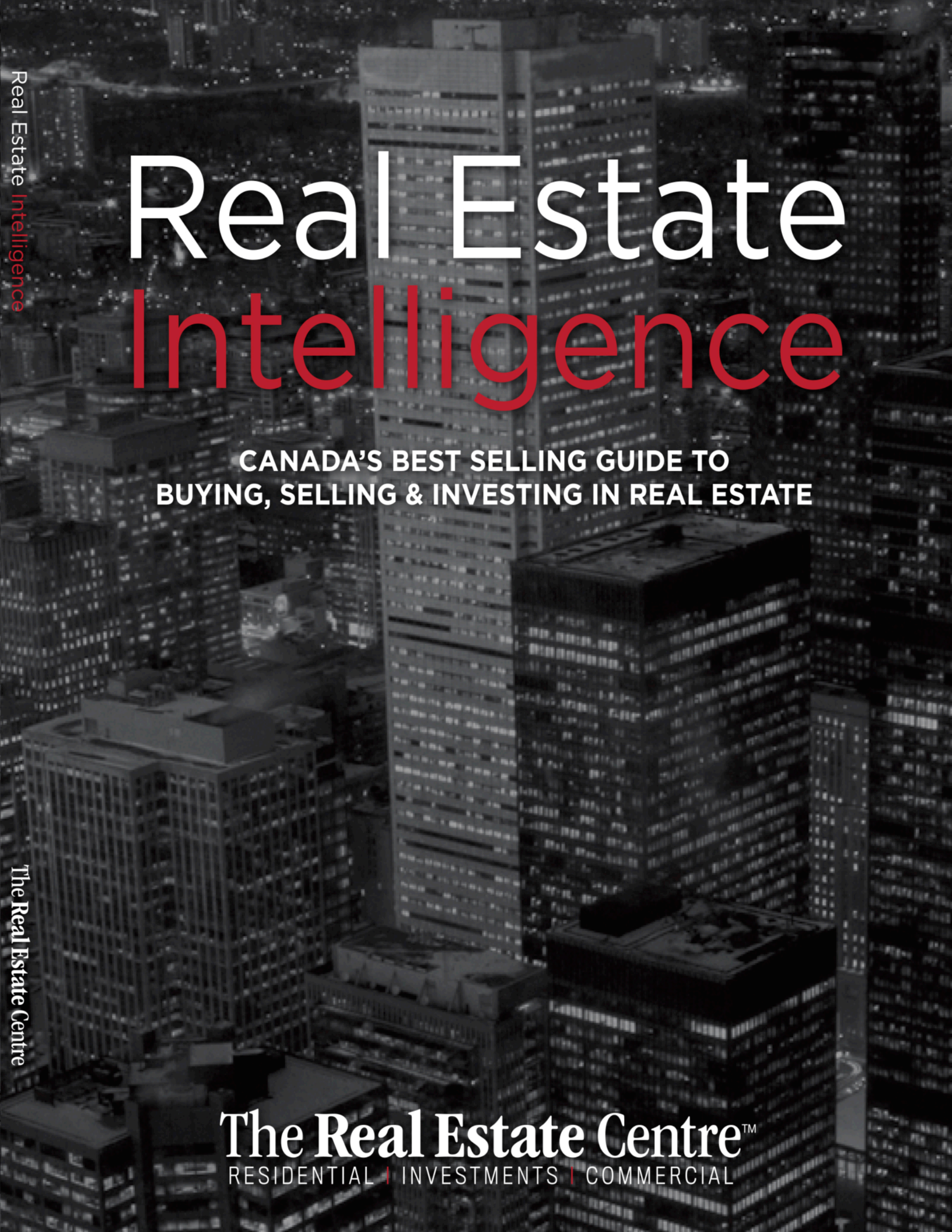

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Table of Contents

Acknowledgements....9
Introduction....11

PART 1: MARKET INTELLIGENCE
How's The Market? 17

PART 2: BUYING INTELLIGENCE
What If The Market Drops? 25
Have A Game Plan....27
Assemble A Team Of Experts 29
Understanding The Numbers 33
Find The Best Home Possible 39
Negotiate Like A Pro....43
The Mortgage Buster Approach....49
Frequently Asked Questions From Buyers 53

PART 3: SELLING INTELLIGENCE
Assemble A Team Of Experts 61
Understanding The Numbers 65
Frequently Asked Questions From Sellers 67
Home Seller's Guide....73

PART 4: INVESTING INTELLIGENCE
Beware Of Anacondas 93
The History Of Real Estate 95
What If Our Parents Did This? 97
Track Everything....99
A Simple Plan 101

Dream Big.....105
Now What?.....109
Types of Real Estate Investments.....111

Conclusion.....117
Appendix.....119
Common Real Estate Terms.....129

Acknowledgements

"If I have seen farther than others, it is because I was standing on the shoulders of giants."
Isaac Newton

This book, like everything else worthwhile, is the result of a huge team effort. We extend our deepest gratitude and thanks to everyone who allowed us to help them find their dream home and trusted us in guiding them to build a long term real estate investment portfolio.

We would be remiss, if we didn't also thank those who crossed our paths in the early months of our real estate careers and allowed us to "practice" on them.

This book is dedicated to our families without whose support, nothing would be possible, and to all those courageous people who have dared to dream big and take action to create the life of their dreams.

"If we did all the things we are capable of doing, we would literally astound ourselves."
Thomas A. Edison

Introduction

"If a man writes a book, let him set down only what he knows.
I have guesses enough of my own"
Johann Wolfgang Von Goethe
German poet, novelist, playwright, and philosopher

The Real Estate Centre has been helping people buy, sell and invest in real estate for over 25 years now.

Very early on, it became evident that our clients followed a very similar pattern; people were thirsty for knowledge, motivated primarily by the fear of making a mistake and they tended to ask a lot of the same questions, over and over. Although the answers were obvious to us, they never ceased to elicit a reaction from others, as if we had shared the wisdom of the ages.

First time buyers especially were not only asking the same questions, but also were a little shy to ask these questions. Ultimately, deep down, people don't want to appear ignorant, but thankfully, for most people, their fear of making a mistake is greater than the fear of looking foolish.

This book then, has the purpose of making our lives easier, and hopefully those of our clients. It has been written with tongue occasionally planted in cheek, with the odd attempt at humour (because nobody will read a boring book) and always remembering that the primary objective is to educate, motivate, and inspire.

We hope to answer, on mass, the many questions we have received repeatedly over the years, while also providing insight into how we, as real estate advisors, scrutinize the abundance of market information available, develop strategies for both buyers and sellers, and the step by step plan we set out for our investors.

The Carpenter Story

An elderly carpenter was ready to retire. He told his employer-contractor of his plans to leave the house building business and live a more leisurely life with his wife, enjoying his extended family. He would miss the paycheck, but he needed to retire. They could get by.

The contractor was sorry to see his good worker go and asked if he could build just one more house as a personal favor. The carpenter said yes, but in time it was easy to see that his heart was not in his work. He resorted to shoddy workmanship and used inferior materials. It was an unfortunate way to end his career.

When the carpenter finished his work and the builder came to inspect the house, the contractor handed the front door key to the carpenter. "This is your house," he said, "my gift to you."

What a shock! What a shame! If he had only known he was building his own house, he would have done it all so differently. Now he had to live in the home he had built none too well.

So it is with us. We build our lives in a distracted way, reacting rather than acting, willing to put up less than the best. At important points we do not give the job our best effort.

Then with a shock we look at the situation we have created and find that we are now living in the house we have built. If we had realized the outcome, we would have done it differently.

Think of yourself as the carpenter. Think about your house. Each day you hammer a nail, place a board, or erect a wall. Build wisely.

It is the only life you will ever build. Even if you live it for only one day more, that day deserves to be lived graciously and with dignity.

Remember, "Life is a do-it-yourself project."

PART 1: MARKET INTELLIGENCE

How's The Market?

By far, this is the most common question we get, and our first response is always "which market are you referring to?". The Downtown Toronto Market is very different than the Brampton, Ontario Market. In some areas, demand for a small, 1 bedroom condominium will be greater than that of a large 2 bedroom unit; whereas in another neighbourhood, large, fully detached houses are in such demand that when they do come on the market, they likely go into multiple offers.

Ultimately, you as a buyer, seller or investor, need to understand regional market statistics, and more importantly, neighbourhood subtleties for which you are looking to purchase or sell.

Once you understand the external factors affecting a specific market, you can then make the right decision as to whether or not now is a good time to buy or sell.

Media

As the saying goes, if it bleeds it leads. Be careful of where you get your information from. What we mean by that is, the media is out to sell news and do so through catchy headlines; when they say that the market is going down or that the bubble is about to burst, you really need to make sure that you get the right stats along with a full explanation of what the data really suggests.

The question you want to ask yourself as a buyer, seller, or an investor is to always look at what is happening in your local neighbourhood in terms of how many sales have happened during a specific period, how many homes are currently for sale and how many months of inventory are in the marketplace.

Market Indicators

Economics 101 - the lower the supply the higher the value of the commodity. In major cities across the country, for example in Toronto, the issue is and always has been basic supply and demand.

Here are the top factors that impact buyer confidence and available inventory.

Interest Rates

Interest rates play a big role in determining affordability for a buyer and they are directly impacted by The Bank of Canada's decision to increase, decrease or hold steady the overnight rate.

This decision has a snowball effect in that it directly impacts the interest rate for which people can get a mortgage for. An increase in interest rates has a cooling effect on housing sales because the cost of borrowing has gone up and the amount people can borrow has decreased.

Conversely, as interest rates go down, we start to see an influx of buyers in the marketplace, and the market tends to shift to a seller's market as available inventory can no longer keep up with demand.

As a buyer, what's truly important when it comes to whether you can afford a home, is not necessarily the purchase price, but instead your monthly payment, which of course is impacted by interest rates.

Employment Rates

Employment rates impact the housing market as it's an indicator of a market's overall stability, impacting the number of houses on the market and the ability for people to make purchases.

As unemployment rises, the instability of jobs negatively impacts how many buyers are in the market, putting negative pressure on housing values.

As unemployment decreases, however, public confidence increases, more buyers are in the market and values go up.

Government Policy

Not to get too political, however, depending on which party is in power, there can be major policy changes that can drastically impact consumer confidence.

In 2017, the Ontario Government implemented what is called the Fair Housing Plan. In the short term this caused a slowdown in the marketplace as buyers were waiting to see how this would impact housing values and pushed off purchasing. Approximately 8 months later however, there was an influx of buyers in the marketplace again, many of those who had previously pushed off purchasing, and values of homes increased.

What we've come to see in many major metropolitan areas is the government restricting a developer's ability to build out, and instead they are being forced to develop vertically. Because of this, there have been what appears to be an overwhelming number of cranes sprinkled across city skylines. What you have to realize is that as people grew tired of commuting into work from the suburbs, but could not afford a single detached home within the city limits, condominiums became the new first time home buyers purchase.

Now that you have a better understanding of why markets have influxes, how to analyze the data for yourself, and have concluded that now might be a good time to consider buying property, the next chapter provides you with our step-by-step process.

PART 2: BUYING INTELLIGENCE

Own Or Rent? Study Shows Location And Discipline Is Key

A study by the Sauder School of Business at the University of British Columbia concludes that on average, Canadians who own their homes become wealthier over time than renters.

"It's not that renters cannot build wealth similar to that of owners," says Tsur Somerville, lead author of the study. "But it requires a level of discipline and sophistication in investing that most North American households have shown themselves unable to achieve."

"The results of this research show that only renters who are highly disciplined, savvy investors are able to match the wealth that owners can accumulate simply by making their mortgage payments," says the study. "If they meet these criteria, in the best scenario for renters, they can accumulate over 24 per cent more wealth than owners in Edmonton, Halifax, Montreal and Regina, and they can accumulate at least as much wealth as owners in Ottawa, Vancouver and Winnipeg. In Calgary and Toronto, renters cannot on average over our study period match the wealth achievable through home ownership."

The study says that in the cities where matching owner wealth is possible, renters would have to save between 60 and 100 per cent of the difference between annual owner and renter costs. "The average of 80 per cent is analogous to a savings rate of nine per cent," says the study. "In contrast, the most recent Canadian savings rate was negative 0.4 per cent."

In addition to avoiding spending money on automobiles and other consumer goods, renters would also have to invest in high yield assets with very low fees, the study says. "Yet, most mutual funds charge high fees and return less than the Toronto Stock Exchange's total return," says the study. "The challenge for renters to accumulate the same wealth as owners, while surmountable, does not seem to be realistic for the vast majority of renters who even have the income and wealth to buy."

The study says that renters are also at a disadvantage because of the tax advantages of owning a principal residence. Although mortgage interest is not tax deductible as it is in the United States, Canadians enjoy a capital gains tax exemption when they sell their principal residence.

In Toronto, the study finds that renters could not catch up with homeowner wealth because of fast-rising house prices. In Calgary, renters were faced with higher rents, which mean they had less money to invest.

Vancouver, the country's most expensive housing market, the study's "best-case scenario" required renters to invest 100 per cent of the difference between owner and renter payments in the Toronto Stock Exchange, and pay very low investment management fees. That would have enabled them to match owner wealth.

The author says that homeownership provides a unique opportunity for people to accumulate wealth. "The significant benefit of home ownership for individuals is that a mortgage effectively forces them to save and build equity through mortgage payments," he says.

What If The Market Drops?

Imagine this:

Theresa rents for 25 years, and never buys a home.

Her sister, Anita, buys a modest home for $250,000, with a small 5% down payment, and steadily pays down her mortgage. Let's assume interest rates of 5%, making her mortgage payment $1,300 or about the same as Theresa's rent.

Now this has NEVER before happened in Canadian history, but in this example, imagine prices actually go down by 20% over 25 years, making Anita's home worth only $200,000

"I told you so," Theresa says over coffee one day. "I told you that the market was going to drop. And now you've lost $50,000!"

Anita calmly takes a sip of her latte, and explains, "Theresa, you don't get it." I have slowly been paying down my mortgage, paying monthly exactly what you have been paying for rent."

"While your rent has slowly gone up, my mortgage payments have steadily gone down. In fact, because I kept paying the same amount every month, I was able to pay off my house in only 15 years, and my mortgage payment disappeared 10 years ago."

"I own a home worth $200,000, and even though the value dropped, I'm $200,000 ahead of you! But don't worry, because I've also been

able to purchase 2 more investment properties, and since you're my sister, you can move in with me if you ever run into financial trouble."

As we said before, expecting the market never to adjust is simply naïve, but the long-term benefits of home ownership will always outweigh the ever-present, but always temporary ups and downs of the market.

The Triple Benefits of Real Estate

#1: Rents will always go up over time. This is lousy for tenants, but great for investors.

#2: Values will always, over time, increase.

#3: As you pay your mortgage, the principal debt will decrease, and your equity will increase.

#4: I know, I said three, but this is a bonus:

There are ways to get a bargain in any real estate market. This is instant equity, and the only way to pick up this "free" money is to buy and invest in real estate.

"The reason so few people are successful, is no one has yet found a way for someone to sit down and slide uphill."

W. Clement Stone

Have A Game Plan

Whether you're buying your first home, or your fifth, there's a right way and a wrong way to do it. We could fill this book with page after page of mistakes people have made, but instead let's look at a step by step process that anyone can follow.

First and foremost, carefully think about why you're moving and when you need to do it by.

In terms of the why, ask yourself: Do you need more space or less space? Have you thought about the area you are moving to, and how that will affect travel times and expenses?

Here's a tougher question: what's the motivation for your purchase? Are you buying a modest home that will improve the quality of your life, or are you buying the most expensive home you can afford, simply to create envy? (Okay if you can afford it!)

Now you should consider the parameters surrounding your move: are you currently renting? When is your lease up? Can you vacate early? Can you stay longer? How much notice do you have to give?

Once you've determined these 2 factors, we can move onto the next stage.

Assemble A Team Of Experts

Aside from the army of renovators, decorators, painters and landscapers you'll need, here is a list of key players who are there to help you during the purchase of your new home:

Mortgage Agent

The most important questions that need to be answered are in regard to mortgage financing. Ultimately, you need to determine how much money you are planning on using out of your savings for the down payment. Included with this are additional costs required to close on a property: that's lawyer fees, closing adjustments and land transfer tax which we discuss in more depth later on in this chapter.

Secondly, you need to determine what amount are you comfortable with in terms of a monthly obligation. This includes your mortgage payment, maintenance fees (for a condo), heating, hydro, insurance, etc.

This should to be determined with the use of a Mortgage Agent, before you contact a Buyer Agent as they will use these parameters to narrow their scope for property searches.

Buyer Agent

A Buyer Agent is, of course, a real estate agent, who represents you when you buy. That would be us!

As a Buyer Agent, it's our job to help you devise a game plan, assist you in selecting the other professionals you'll need on your team, and then help you find the best home possible.

We start by helping identify the best location for you and your family. Once we know the area, we can provide you with a detailed report showing you recent sales, so you can see for yourself exactly what homes are worth. Then we provide you with a complete list of all available homes for sale in your area.

It is important to note that the Seller Agent pays our fee, so there is never any cost to you to use our services, and because we get paid regardless of which home you buy, we're completely impartial. We are on your side during negotiations, everything we discuss is confidential, and our job is to help you find the best home possible. We know from experience, that if we do a good job for you, you will become a loyal client, and hopefully spread the word about us.

Real Estate Lawyer

The next person you should have on your team is a local lawyer who specializes in real estate law.

Most often, homebuyers call a lawyer after they have purchased a home, which doesn't always make sense. Most lawyers charge a flat fee upon completion; therefore having them involved from the beginning adds no additional cost to you as the buyer and can provide valuable information before locking yourself into a contract. Your lawyer can review all documents, including the Offer To Purchase,

mortgage and insurance documents and answer any other questions you have about ownership, title insurance, and so much more.

Home Inspector

Once you've found a property and negotiated an offer, it is important to get your property inspected. The designation is not regulated across the country and so it's important you work with someone who has the following qualifications: a membership in the Ontario Association of Home Inspectors (OAHI), the Provincial Association of Certified Home Inspectors (PACHI) and/or the Canadian Association of Home Inspectors (CAHI). When interviewing candidates, ask how long they have been in business, a list of references and proof of any affiliations.

A thorough inspection includes an examination of the structure from top to bottom, including the heating, air conditioning, plumbing and electrical systems, as well as the roof, visible insulation, walls, ceilings, floors, windows, doors, foundation, and basement.

In older homes, an inspector will also look for the presence of lead paint, aluminum wiring, asbestos, urea formaldehyde foam insulation (UFFI) and termites. The whole process usually takes two to three hours, and we recommend you join the inspector while he or she goes through the process. You will become more familiar with the home, and maybe even get some maintenance tips firsthand.

You should then get a written report that summarizes the inspection, points out any problems, and estimates the cost of any necessary repairs. Don't expect the inspector to be able to properly evaluate the home's market value, as it is not their role to keep up on home prices.

For a list of reputable inspectors, lawyers, mortgage brokers, and certified realtors across the country, send us an email to info@reccanada.com.

Understanding The Numbers

For many of us, purchasing a home will be the largest expense of our life and while home ownership can be a rewarding experience, the true foundation of security rests in owning a home that falls within our financial limits.

Below is a list and explanation of some of the most common additional financial obligations you will take on as a new homeowner:

Upfront Costs

The Down Payment

As very few homebuyers (first time or otherwise!) have the cash available to buy a home outright, most will turn to their financial institution for assistance.

The down payment is that portion of the purchase price you furnish yourself and the balance is obtained from a financial institution in the form of a mortgage. The amount of the down payment (which represents your financial stake or the equity in your new home) should be determined before you become involved in full scale house hunting.

Most commonly, individuals put down 10% to 25% of the selling price of the home; the minimum payment generally accepted today

is 5-10%, and some institutions will provide 100% financing, with no down payment whatsoever. There is no limit, however, to the size of the down payment you can make.

Just remember that the larger the down payment, the less your home will cost in the long run. With a smaller mortgage, interest costs will be lower and over time, this will amount to significant savings.

Keep in mind that when making an offer on a property, a deposit will be required by the seller, as a sign of good faith. At closing, the deposit is subtracted from your total down payment.

For example, if the total down payment on your purchase is $100,000 and a $20,000 deposit was made at negotiation, then on closing you will give the lawyer the remaining $80,000.

Home Inspection Fee

As mentioned in the last section, it is recommended that you have an inspection performed by a professional building inspector before you finalize your offer to purchase. The inspection may bring to light areas where repairs or maintenance are required and will assure you that the house is structurally sound. Often the inspector will provide you with a written report.

Expect to pay $350 - $500 for the average home.

Appraisal Fee

The financial institution extending the mortgage will hire an appraiser to ensure that the property you are buying meets their criteria for a mortgage. You are generally responsible for the cost of the appraisal which could be built in to the "admin" fee they charge, but be sure to get that in writing.

On average this fee is anywhere from $500 - $700.

Legal Fees

You will be required to retain a lawyer to act for you in the purchase of a property. Budget $1,500 - $1,800 for the services of a reputable, real estate lawyer.

If you google lawyer's fees, you will likely see quotes for $800. Keep in mind that what they are not including are the other disbursements for which they will tack on to the price afterward. These added costs include: photocopies, couriers and more importantly Title Insurance, protecting you against fraud. This all adds up and in many cases you could wind up paying more.

Land Transfer Tax

Depending on where you live in Canada, there will be different taxes associated with your purchase.

If you are buying in Ontario, you are required to pay a one - time provincial land transfer tax based on the purchase price of your home.

If you will be purchasing in Toronto, on top of the provincial tax, you will also be required to pay a one - time municipal land transfer tax.

There are some rebates for which you might qualify for.

> For a full list of rebates and Land Transfer Tax calculations, email us at info@reccanada.com.

Moving Costs

Whether the move into your new home is a do-it-yourself affair or you hire movers, there will be costs involved. If you plan to move during the peak spring/summer months, you should contract for service two to three months in advance if possible.

Closing Adjustments

These costs are payable at closing and include but are not limited to: property taxes, utility bills and condominium common expenses. These costs are usually paid for by the seller prior to closing; they are then pro-rated based on your closing data and you are responsible for reimbursing these amounts to the seller at close.

New Home Costs

IF purchasing a new home, there are some additional expenses you should take into account: kitchen appliances, tools, gardening equipment, cleaning materials, perhaps some new furniture, carpets or curtains. It is a good idea to tally up the costs of items you think you will need in the short-term and factor these expenses into your initial costs.

Monthly Expenses

Once you close on your property, you need to consider what monthly obligations you will be comfortable paying and this should be taken into account before making your purchase.

The Mortgage Payment

For most homebuyers, mortgage payments constitute their largest monthly outlay of cash. The actual amount of the mortgage payment can vary widely since it is based on a number of factors and variables including your down payment, your interest rate and the term. These payments can be made monthly, bi-weekly or weekly. For more information, see chapter titled “The Mortgage Buster Approach”.

Property Taxes

Property taxes are usually billed twice a year at six-month intervals and can be paid in two ways.

They may be remitted directly to the municipality by you, in which case you may be required to periodically show proof of payment to your financial institution.

Alternatively, you may include a provision for the payment of your property taxes in your monthly mortgage payment. Your financial institution will retain your tax contributions in a separate account (on which you earn interest), remitting on your behalf as required by your municipality.

Home Insurance

All homes must have adequate insurance coverage against fire, and other risks of loss, theft and liability.

Your mortgage lender requires that you provide your lawyer or notary with proof that your insurance is in place by the closing date. Your insurance company will usually call you with a list of questions about your new home.

Utilities

As a homeowner, you will be responsible for all utility bills (including heating, gas, electricity, water, telephone and cable), some of which may previously have been included in the cost of your rent.

Condominium Fees

If you have chosen to purchase a condominium unit or a townhouse, you will likely be required to contribute to exterior maintenance and upkeep of the common grounds and public areas on a monthly basis. Your property manager or condominium association can provide full details of the services and monthly fees.

Find The Best Home Possible

Notice that we said "best" home, and not the "perfect" home. A common mistake is to try to find the perfect property even when the market is telling you that it's not available.

Before you buy, you MUST understand the local market. Some people do this by watching selling prices of homes in a neighbourhood for the next 6 – 12 months. However, by doing so, in that same time, market values have now gone up.

A faster, and less expensive way is to review the most recent transactions about all sales in your preferred area. We can provide you with a custom list of homes that sold in a very precise location, and for a specific type of home, and price range. This gives you access to market information right away.

For example, you're looking for a 4-bedroom, 2 storey home, with a garage in the Green Acres area. And let's say that our list will show you that 5 homes sold in the last 90 days, ranging in price from $350,000 to $400,000. By looking at the report, you might also see that the homes in the lower range were a little smaller, or needed renovation, and that $400,000 got you a larger, updated home.

Scenario One: 123 Maple St. Asking Price $399,000



Now imagine that a new listing comes up in your area for $399,000. It's a smaller floor plan, and needs a new kitchen, and the roof is a little old. If you study the list of sold properties, you'll quickly see that the home is overpriced, and you can either try a lower offer, or wait for them to drop their price.

This home is just right. Larger floor plan, new kitchen and baths, and the home inspection reveals no major problems with the house. At the open house on the weekend, you notice lots of cars and lots of traffic in the house.

This is classic example of an under-priced home, which will likely generate multiple offers, and sell over asking price. Notice that we didn't say over "value", but over "asking" price.

Scenario Two: 238 Maple St. Asking Price $369,000



If the sale price ends up at $400,000, which is $30,000 over the asking price, it could still be considered a fair price, because similar homes have sold for that same price.

Remember this: **The asking price is irrelevant.**

Sometimes the price is low, and sometimes the price is high.

You have to consider the market conditions, the condition of the property, and your own budget to make the right decision.

Are similar homes available regularly, or are you looking for a ravine lot that only sells once or twice a year?

Are you the only offer on the table, or are you competing with 5 other offers?

Is the house vacant, and the seller really motivated to sell?

Is the house in poor shape, but has lots of potential with a little cosmetic repair?

And remember, you don't have to try to figure this out on your own. We can help you review the market info, and calculate a fair market range for the type of your home you're looking for.

Be careful not to take advice from friends or family, unless they are market experts. Although well intentioned, the advice of your uncle, boss, or best friend may not be the best information to rely on. Understand the numbers for yourself, ask questions, and then go with your gut.

Negotiate Like A Pro

OK. You've looked everywhere, and you've found the right place. You like the location, the asking price is in your budget, and you feel ready to go. Now it is time to make an offer to purchase the home.

The Agreement of Purchase and Sale is quite simply a document that specifically sets out the terms and conditions between you and the seller. Once the offer is made by you, accepted by the seller, and any conditions are met (if there are any conditions), the offer becomes legally binding and both you and the seller are obligated to hold up your ends of the agreement and complete the transaction.

For that reason, you must be very sure you understand what's in your offer before you sign it. If this is the first time you've purchased a home, you probably have never seen an Agreement of Purchase and Sale. Not to worry. We will review the offer form and all necessary terms and conditions with you in advance, so that there are no surprises.

We have literally prepared thousands of offers to purchase, and most scenarios have come up before. We use standard forms that have been drafted by the Toronto Real Estate Board, which have been tested in the courts, and are widely accepted.

Your offer, though, can contain any special conditions that you want. Since every sale is different, it is critical that you voice any concerns early on so that we can make sure that the offer is as concise and

complete as possible. Let's review the general areas of the standard offer form:

Buyer

That's you! Your full legal names should appear here.

Seller

The seller. Their full legal names also appear here.

Agent

The names of the listing and selling brokers involved in the transaction.

Property

The legal description of the home as well as the municipal address. Your lawyer will make sure the description is specific and accurate.

Purchase Price

The price you are offering for the property, including the deposit.

Deposit

Normally when you submit an offer, you are expected to submit a deposit to demonstrate a serious intent to buy the property. It is usually in the form of a certified cheque payable to the listing broker in trust. When the agreement is closed, this amount is credited towards the purchase price.

Clauses Specific to the Agreement

Every offer is unique, and therefore, every offer will have different conditions protecting the buyer or the seller. For example, if you are going to arrange a mortgage to buy the property, it is customary to insert a condition making the offer conditional upon financing for a certain period of time. In the event that you are unable to arrange adequate financing within the time period, the offer is null and void, the deposit is returned to you, and neither party is under any further obligation to proceed. Keep in mind that if a seller receives two offers, one with conditions, and one without, the seller might be inclined to accept the unconditional (or "firm") offer. You should consult with us, and with your lawyer concerning the use and wording of conditional clauses.

Irrevocable date and time

This is the date and time by which the other party must respond to your offer, failing which, the offer becomes null and void. We can help you determine how much time you should give, but it is usually less than 72 hours.

Closing date (or Completion Date)

The date on which the parties complete the transaction. All the paperwork is filed, all monies paid out, and you get title to the property. Typically, the closing date is 30 to 60 days from the date of the agreement, but can be longer, as in new home sales.

What is included in the purchase price?

Fixtures are permanent improvements to a property that normally stay with a property as part of a sale. Chattels are moveable objects, not physically attached. However, the distinction isn't always clear;

for example, if the chandelier in the dining room is a family heirloom the seller will likely want to keep it.

Since it could be defined as a fixture, it should be listed as an exception in the offer. From a legal standpoint, it is a fixture and if it is not mentioned in the offer, it is considered part of the sale. In order to avoid confusion, any items that you are not sure about should be listed in the offer. These items might include:

Area rugs

Bathroom fixtures

Ceiling fans

Chandeliers and other light fixtures

Draperies, curtains and blinds

Wood-burning stove and accessories

Microwave oven

Dishwasher

Refrigerator/freezer

Free-standing stove and oven

Washer and dryer

Custom fitted furniture

Water heater

Water softener

Window air conditioners

Garage door openers and remotes

Storage shed

Satellite dish & equipment

TV antenna tower

Above ground swimming pool

Swing set & playground equipment

Patio furniture

Barbecue

External locker (condominium)

When should my lawyer look at the offer?

You may want your lawyer to review the offer before you submit it to the seller. Why? Because when the dust settles, you are legally liable for the conditions as spelled out in the agreement. If timing is critical, we can always insert a clause making the agreement conditional upon your lawyer reviewing the offer, usually within a day or two. Keep in mind, though, that your lawyer's job is to review the paperwork and make sure that you are protected. It is NOT their job to comment on the value of the property.

Offer negotiation

After the offer is signed, a meeting is arranged with the seller and the listing agent. The seller can accept the offer, reject it, or make a counter-offer, but only during the irrevocable period. If the offer is rejected, it may be because your opening bid was too low, or other terms were not acceptable to the seller. At this point you may want to raise your price and try again. In the event the seller makes a counter-offer, he has indicated an interest in the offer, and now is simply negotiating. You can now go back and forth until you agree on price and terms or until one of you ends the negotiation.

The Mortgage Buster Approach

Most people will focus a lot of energy on negotiating a great purchase price, which is not a bad thing. However, there is even more money involved in properly managing debt.

When it comes to your principal residence, for most, paying down their mortgage faster is probably a good idea, if only as a forced savings plan. It's a little different when you own an investment property because of the tax implications. We advise that you sit down with your accountant as every situation is different, depending on your personal financials.

Typically, buyers will opt for a monthly payment with a 5-year term, and a 25-year amortization. This means that the payment is fixed, the rate is guaranteed for 5 years, and if nothing changes, the mortgage will be paid off in 25 years.

By simply understanding the power of compounding, we have a simple program that anyone can use to pay down their mortgage in as little as 10 years, instead of the usual 25 years.

Once we know your budget, we can design a plan to make small increases in your monthly payment that will have a significant impact over the life of the mortgage.

Consider these examples….

Example 1

Principal	Frequency	Payment	Amortization
$250,000	Monthly	$1,375	25 years

Here, your monthly payment will take 25 years to eliminate the mortgage.

Example 2

Principal	Frequency	Payment	Amortization
$250,000	Bi-Weekly	$688	21 years

In this example we take your monthly mortgage, and instead, pay half the amount bi-weekly. This saves you 4 years of payments on the back end. Why? There are two reasons.

Since the bank has some of your money a few weeks earlier, the interest is reduced over time. And since there are 52 weeks, you are actually making 26 half payments, instead of 24, so you are actually making two extra payments throughout the year. Since most people get paid every two weeks, they usually don't feel the pinch. Sneaky, huh?

Example 3

Principal	Frequency	Payment	Amortization
$250,000	Bi-Weekly	$750	17 years

In this example, by simply increasing the payment by $62, we eliminate another 4 years of payments, paying down the mortgage in only 17 years!

We've noticed that most people are nervous about a mortgage payment that is $50 or $100 higher, but won't think twice about going to a

movie and spending $50, or dinner and drinks on a patio with friends for $100.

Now we enjoy the good life like everyone else, but the key here is moderation. We believe that if we're frugal now, we can have an even better life later.

We teach a simple program called TEN BY TEN, which can show you how to make subtle, changes over a period of 10 years, and completely pay off your mortgage.

You'll save 15 years of mortgage payments, and won't feel a thing.

This alone can save most people on average, a whopping $375,000 in interest!

You can thank us in ten years with a bottle of Scotch, specifically Balvenie, aged 12 years.

You'll EASILY afford it at this point, no?

Frequently Asked Questions From Buyers

When is the best time to buy?

It seems everyone has an opinion about the "right time" to buy real estate. And the decision becomes especially challenging in a changing market. If housing prices are falling, people tell you to wait until the market "bottoms out" before buying. If prices are going up, you feel inclined to buy now to avoid being left behind. Even the self-proclaimed "experts" can't accurately predict when a market will reach a peak or valley.

Always remember the primary purpose of buying a home: to provide you with a comfortable place to live for several years or longer, and to build some equity along the way. Think of a home purchase as a long-term investment; no matter when you buy into the cycle, you will always do well over the long term. Rather than trying to "outguess the market," your decision on timing should focus on current market conditions, and more importantly, your current financial situation.

Am I ready to buy a home?

Have you demonstrated the ability to save money? Are you pleased with what you have saved so far? Are you ready to change your spending habits to enable you to deal with the additional costs of maintaining

a home? Are you prepared to enter into a long-term commitment for your security? Is pride of ownership important to you? Would you enjoy taking care of your home?

If you answered yes to most of these questions, you might be ready to own a home. It is a big step, but if you've spent time budgeting and doing the preliminary research then you are ready to start.

What about my "dream home"?

Most first-time buyers want their idea of a dream home immediately, but as we search for available homes online, the reality of price eventually sets in. Our dream home sells for a lot more than we had hoped and the down payment alone is more than we earn in a year.

The best way to deal with this reality is to match your financial capabilities with a home that meets as many of your needs as possible. Because of this, many first-time buyers purchase what is commonly known as a "starter home." There's nothing wrong with this approach; in fact, it is good common sense to start with a home that won't stretch your budget too much. This way, any excess savings can be put toward reducing the principal amount of your mortgage, helping you to build equity that much faster and perhaps eventually allowing you to purchase your dream home.

Should I buy or sell first?

There is no easy answer to this question.

If you purchase a new home before you sell your home, you may find yourself owning two homes at the same time.

On the other hand, if you sell your home first, and don't find a new suitable home before you move out, you could be living in a hotel

with your furniture in storage for a while. On top of those expenses, you would also incur the cost of moving your belongings twice.

The ideal situation is to time the sale and purchase to happen on the same closing date and with a little planning, this is possible, and very common.

Firstly, you want to determine the market conditions in not only your neighbourhood but that of the area you're hoping to move in to.

If it's a seller's market, it would be advantageous to go find a new property first. Once that is locked in, you will then likely have an easier time selling your home and having the closing dates match as negotiations are in your favour.

Conversely, if the market conditions favour buyers, ie. a buyer's market, you would be best to sell your home first and negotiate a longer closing date when possible. This allows you time to then find a new property and negotiate your closings to coincide with one another.

Another common approach to use in a buyer's market or in a balanced market, is to make your offer to purchase "conditional" upon the sale of your present home. This means that if your current home doesn't sell, you are not obligated to complete your next purchase. In most markets, however, it remains difficult to convince the seller to accept an offer of this type, because in effect, they have taken their home off the market, and if you are unable to sell your home, they are back at square one.

What is bridge financing?

Let's pretend your current home is for sale and during your search for new houses, you've actually managed to find your "dream home", but the seller is not willing to accept a conditional offer on the sale of

your existing home. In this scenario you may be forced to commit to your purchase or risk watching your dream home slip away.

One way around this, is to arrange "bridge financing" through a financial institution. If your lender is confident that your current home will sell in a reasonable time frame, they may consider advancing you the money to purchase your new home, using the equity in your current home as security. You would in effect own both homes for a short period, and the added costs are usually negligible.

For example, bridge financing on a $400,000 home for 30 days at 2% is only $800. The added benefit of this method is that you aren't forced to move everything on one day, oftentimes resulting in a much less traumatic experience. Of course, you would want to arrange this with your lender ahead of time before signing any agreements to purchase.

What type of programs and rebates are there for first time home buyers?

Home Buyer's Plan: This exists for first time home buyers; to summarize, you can borrow up to $25,000 from your RSP for each purchaser who qualifies. If you haven't put your allotted annual amount into your RSP but instead have money in your GIC, mutual funds or in cash, you can usually top up your RSP based on your unused contribution limit.

Land Transfer Tax Rates for Ontario: At the time of this writing, 2018, new home buyers in Ontario may qualify for a rebate of all or part of the land transfer tax; the specifications for this refund are as follows:

- Purchaser must be at least 18 years of age
- You can not have owned a home or interest in a home anywhere in the world

- Your spouse can not have owned a home or interest in a home anywhere in the world while he or she was your spouse

Some important items to note:

- The method of acquiring the home (eg. Purchase gift or through inheritance) is not relevant to qualifying for a rebate
- You cannot re-qualify as a first-time homebuyer
- If you claim an immediate refund at the time of registering your home, this may offset any tax that would have been payable.
- If you do not claim the refund at registration and do so afterward, the tax must be paid at registration and you must submit your refund request to the Ministry of Finance

Here's how to calculate your potential rebate:

- Effective January 1, 2017, the tax rates for land transfer tax will depend on the date of the agreement of purchase and sale.
- If an agreement of purchase and sale is entered into after November 14, 2016, and registration or the disposition occurs on or after January 1, 2017, the tax rates on the value of the consideration are as follows:

Purchase Price of Home	Marginal Tax Rate
First $55,000	0.5%
$55,000.01 to $250,000.00	1.0%
$250,000.01 to $400,000.00	1.5%
$400,000.01 to $2,000,000.00	2.0%
Over $2,000,0000	2.5%

Land transfer Tax Rebates for Toronto: As of March 1, 2017, first time home buyers in the City of Toronto may qualify for a tax rebate up to $4,475.

The purchaser must:

- Be 18 years of age or older.
- Occupy the home as their principal residence no later than 9 months after the date of conveyance or disposition.
- Not have previously owned a home or had any ownership interest in a home, anywhere in the world, at any time.
- Be a Canadian citizen or permanent resident of Canada or have become so within 18 months of conveyance or disposition.
- Not have a spouse who has owned a home or had ownership in a home, anywhere in the world, while they were the purchaser's spouse.
- Have submitted the claim for a rebate within 18 months of the purchase.

Purchase Price of Home	Marginal Tax Rate
First $55,000	0.5%
$55,0000.01 to $250,000.00	1.0%
$250,000.01 to $400,000.00	1.5%
$400,000.01 to $2,000,000.00	2.0%
Over $2,000,000	2.5%

For more information on how to calculate your potential rebate email us at info@reccanada.com

PART 3: SELLING INTELLIGENCE

Assemble A Team Of Experts

Most people needlessly try to figure out parts of, if not the entire process of selling a property on their own, when really, things could be much smoother with the help of a team of experts.

Real Estate Lawyer

As with buying a property, the time to choose a lawyer when selling is not at the very end, as most people tend to do, but instead at the very beginning. A lawyer can help draft an Agreement of Purchase and Sale that you could have ready for buyers, or, at the very least, a series of clauses that you can add to any offers that come in, to help protect your interests as the seller. It is not unusual for offers to be negotiated after hours when lawyers are not readily available, so it could come in handy to be prepared well in advance.

Most importantly, it shouldn't cost you any more to involve your lawyer from the very beginning as they usually charge a flat fee for their services. You should also keep in mind that you should only work with a local lawyer who specializes in real estate, as opposed to a "general practitioner".

Seller/Listing Agent

Ultimately, this is the person you hire to help you sell your home, and again, that's us!

As a Listing Agent, our job is to help you sell your home for terms you are happy with and we do so by creating a strong marketing plan and by applying our years of experience in negotiations.

We start by viewing your property, providing you with a detailed overview of recent comparable sales and suggest to you, a range of value. We then detail what our marketing plan and strategy would be and discuss with you our fee. Keep in mind, as a seller, you will be paying not only the Listing Agent fee, but also, the Buying Agent commission.

Mortgage Broker

Most people think that a Mortgage Broker is only necessary when buying a property. In fact, they can be even more helpful when you are selling your home for the following reasons:

They can arrange a new first mortgage to replace the mortgage on your current home.

They can arrange to "PORT" your existing mortgage to your next home.

They can arrange a discounted pre-arranged mortgage for the buyer of your home, to make the home more affordable, and therefore more valuable.

Mortgage Brokers are paid for by the bank or lender who takes your mortgage, so it will not cost you anything additional to use their services.

Here at The Real Estate Centre, we offer the following guarantees when you use our services:

- Easy-exit guarantee: either party can cancel the listing agreement within 48 hours notice
- 90-day sale guarantee: we guarantee the sale of your home within 90 days, or we'll work for free

Understanding The Numbers

As with purchasing a home, when selling, it's important to consider some of the additional financial obligations you may incur. Here is a simple checklist along with usual estimated costs:

Legal fees

You will be required to retain a lawyer to act for you in the sale of a property, and you will be responsible for payment of the legal fees and disbursements.

Budget a minimum of $1,500 for the services of a reputable real estate lawyer. (Give us call for a list of recommended service providers.)

Real estate fees

In most cases, real estate fees distributed to the buying agent, as well as the listing agent, are paid for by the seller and this can amount to roughly 5% of the purchase price plus applicable taxes.

This commission fee is negotiable, however, keep in mind the listing agent will pay marketing and other costs associated with the sale out of their total commission and so the level of service provided will be determined by the fee they charge.

You may save 0.5% on the fee but due to the decreased level of marketing, service or negotiating expertise, you may lose more on your selling price than what you saved on commission.

In business, you always get what you pay for.

Closing Adjustments

The real estate lawyers acting on behalf of both the buyer and the seller will determine what the adjustments will be during the week of closing. For example, if you the seller have paid the taxes for the full year but the moving date is June 1st, then the new buyer will have to rebate you a prorated amount for the rest of the year. The same goes for hot water tank rentals, condo fees and monitoring systems, etc.

Moving Costs

Whether the move into your new home is a do-it-yourself affair or you hire movers, there will be costs involved. If you plan to move during the peak spring/summer months, you should contract for service two to three months in advance if possible.

Renovations and cleaning expenses

As we will discuss in the next chapter, in order to sell your home at its full value, you may want to consider doing some small renovations to either repair or improve some features of the home. Additionally, you will want to ensure the home is clean and decluttered. Our team has worked with many contractors and cleaners, please email us for a list of our preferred suppliers.

Frequently Asked Questions From Sellers

When is the best time to list my home for sale?

As soon as you are ready to move!
If you want to get the best price for your house, the key is to give yourself as much time as possible to sell it. More time means more potential buyers will probably see the house. This should result in more offers; it also gives you additional time to consider other options if the market is slow or initial interest is low.

Is there any seasonality to the market?

Peak selling seasons vary from year to year in most market places and weather sometimes has a lot to do with it. For example, often early spring and early fall are the prime listing seasons because houses tend to "show" better in those months than they do in the heat of summer or the cold of winter.

Keep in mind that there are also more houses on the market during the prime seasons, so you'll have more competition. So while there is seasonality in the real estate market, it's not something that should dominate your decision on when to sell.

What makes a home sell?

This entire book could be devoted to answering this question. But to

be as concise as possible, a successful sale requires that you concentrate on five considerations: your price, terms, condition, location and market exposure. Since you can't control all of them, you may have to overcompensate in one or more areas to offset a competitive disadvantage in another.

When about market conditions, price trends, interest rates and the economy in general? Should they have any beaing on when I list?

If it's your family home, there's no perfect time to sell. Govern your decision more so by your family's needs, regardless of how much profit you've made.

If you're considering the sale of an income property, there are really only two things to consider: the cash flow first, and secondly, if you do sell, where is the money being invested.

If you are simply moving your investment in the market to get better cash flow, anytime is good. If you are taking the money out of the real estate market to invest it somewhere else, don't forget to take capital gains taxes into consideration. This is a good time to check with your accountant.

How long should it take to sell?

Average listing times vary from 30 to 180 days, according to the market conditions in a particular neighborhood, the type of property and the price range. Of course, price, terms, conditions, location and exposure play an even greater role. Selling in any market is easier if you keep time on your side. Most professionals will tell you that pricing, conditions, and aggressive marketing will shorten this greatly. If you are selling during a seller's market, pricing for multiple offers can help you sell in days, not months.

What if I can't sell my current home before we move?

This situation can arise for any number of reasons. For instance, getting the job promotion you've been waiting for may mean having to relocate very quickly. Another example: you finally find your "dream home" and need to put an offer in before it sells to another buyer. Whatever the reason, don't panic. You have some viable alternatives to the potential nightmare of double mortgage payments.

If you don't have to sell in order to buy a new home, renting your existing property may be one option to think about. Consider the advantages and disadvantages. If you're being transferred, you may be able to obtain a short-term rental in your new location while you're becoming familiar with the new area.

Either way, we can usually help by advising you how much you can expect to pay for rent in the new neighborhood, or what you need to charge for rent to cover your mortgage payments and other costs you'll accrue as a landlord.

What if I decide to sell my home first?

First of all, we always advise that in a buyer's market, you should sell your property and make sure to negotiate a longer closing. This will allow you time to be able to find another home to purchase, without feeling rushed.

In a seller's market, one should buy their next home first, again with a longer closing of 120 to 150 days (if possible) to allow time to sell your home in the interim.

You should also arrange for the possibility of "bridge financing" in the event that the closing date of the sale of your home is longer than the closing date of the purchase.

What renovations can I do to increase the value of my home?

Renovating your home to suit your own personal tastes because you will be living there is very different from renovating your home to increase its value. For example, installing an inground swimming pool because you want your kids to enjoy it for years to come has its own value; however, when it comes time to sell, you may not get back your investment. If you are considering doing some renovations to increase value, here is a list of 5 ways to maximize the return on your investment:

1. Kitchen: This is the single most important room when it comes to valuation and it can make a significant difference in the value of your home. When considering a renovation, think modern and fresh. Update your cabinetry, under cabinet lighting and install new appliances. To save on costs, look at options like Ikea as opposed to custom cabinetry.

2. Bathrooms: This is the second most important room in the house when it comes to valuation. Upgrading cabinets, countertops and hardware to look fresh and modern will increase your home's marketability. Even better, if you can add an additional bathroom where there is dead space, will increase your home's value even more; keep in mind, do not sacrifice useful bedroom space for a bathroom.

3. Flooring: You will see an immediate increase in your homes' value simply by installing hardwood floors. For cheaper fixes, consider refinishing existing hardwood floor or removing carpet and adding engineered laminate flooring throughout. In the bathroom, you'll always see higher demand for tile over laminate.

4. Fixtures: If you can't change the cabinets in the kitchen and bathrooms, consider updating the cabinet hardware, light fixtures, countertops and faucets. This gives the appearance that a full renovation has been completed and can completely change the look and feel of your home.

5. Income Suite: The biggest and most effective way to add value to your home is to build an income suite within the property. Consider converting your basement into a rental and advertise your home as an investment property. However, be sure that your neighbourhood has demand for this type of offering.

Can I sell my house myself?

Some people believe they can save a considerable amount of money by selling on their own. They look at the average commission on a house and think of friends and relatives who managed to get through the process with seemingly little trouble. It can be done, they say - so why can't I?

Right now, approximately 1%-2% of Canadian homeowners handle their own sale. But in order to join the ranks of successful ones, you need to realistically assess exactly what's involved. The routine parts of the job involve pricing your house accurately, determining whether or not a buyer is qualified, creating and paying for your own advertising, familiarizing yourself with enough basic real estate regulations to understand (and possibly even prepare) a real estate contract, and coordinating the details of a closing.

The greatest downsides are the demand on your time, and the possibility that a mistake may cost you the money you're trying to save.

Listing Agents know about the market trends, houses in your neighborhood, and the people most likely to buy there. They also

know how to reach the largest number of people who may be interested in your house and are trained in areas like screening potential buyers and negotiating with them. Finally, they're always "on-call", and willing to do things most of us hate: working on the weekends, answering the phone at all hours, and always being polite about it. That said, if you have decided to do it yourself, see the next chapter titled "The Home Seller's Guide"

At any time, feel free to email us at info@reccanada.com for a list of recent solds in your area.

Home Seller's Guide

Should you decide that you would like to sell your home on your own, there are three key points you need to know, and five action steps you need to execute to get your home sold on time and for the highest possible price.

Three Key Factors to Selling Your Home

Emotions

Without a doubt, the first and toughest hurdle you're going to come up against in selling your home yourself, are your emotions.

Like most people, you probably have strong feelings about your home. And now that you're moving, you want to make sure you get the most money you can for all the time, effort, care and improvements that you've invested into it. The problem is, your feelings have very little to do with the price and terms and conditions that govern the sale of real estate.

This is a critically important point. When you put your home on the market for sale, you're not selling your home — you're selling a house. It may seem like a subtle point, but your successful sale and maximum profit depends on your understanding of this difference.

Buyers are not interested in buying your home. They're interested in buying a house that they can make their home. So, the first thing

you need to know in selling your home yourself is your emotions and territorial feelings need to be put aside. To get the top dollar price you want, you need to look at your house through a buyer's eyes and start repackaging and positioning your home to look and feel like a house that buyers would want to make their home.

Know Your Market

The second thing you've got to note to get your home sold fast and for top dollar is what's going on in the marketplace. Like merchandising any product or service, when you sell your house you've got to know exactly what's going on in the real estate market in your specific neighbourhood.

The merchandising success or failure of any product, whether it be hamburgers, soft drinks, automobiles or houses, can be directly traced to either excellent or lousy market research. Great market research produces great results. You see it on tv, hear it on the radio, read it in the magazines. Shrewd market research overwhelms the competition and compels people to buy what you're selling.

Take something simple, like mouthwash. The consumer- marketing giant, Proctor & Gamble, demonstrates mastery of market research. One of their most successful campaigns was for Scope mouthwash. Proctor & Gamble used intensive market research to find two simple words to wipe out Listerine, the king of halitosis hill — "Medicine Breath". These repulsive words blew Listerine's memorable slogan, "The taste you hate twice a day" right out of the water and firmly entrenched Scope as a top selling mouthwash virtually overnight. The exact same merchandising and marketing strategies apply to the positioning of your house when you launch your marketing attack to sell your home.

For example, if your house is the only one for sale in your neighbourhood, the price you ask and can get is generally lower if there are fourteen other houses on the market that have features similar to yours. I realize that you are saying, "My house is different", but just like the stock market or anything else, if everyone is looking to sell, prices will generally drop.

Whether you are selling stocks, automobiles, houses, or your kids have a lemonade stand, the laws of supply and demand apply. When you have competition, when everyone is looking to sell, prices go down.

Timing

The third key is understanding the time frame that you have to sell your house. How many days, weeks or months do you have? You may think this is an obvious question but knowing exactly how long you have will determine how to set the right listing price for your house. If there is any one thing that causes home sellers to lose thousands of dollars or causes their house to sit unsold for months on the market, is the failure to understand how market conditions and timing ultimately govern the sale of real estate.

Suppose you had to get your home sold in, say, the next seven days. I realize this might be an exaggerated example, but the price you'll get if you have to sell your house quickly is going to be a whole lot different than if you have, say, two to three months to sell. Does that make sense? Sure.

So in summary, the first three things you need to know to get top dollar for your home and sell it as fast as you need to are:

Knowing what you're up against in selling your home yourself. Coming to terms with the fact that once you put your home on the market for sale, it is no longer a home — it's a house.

The importance of market research to find out exactly what's going on in your area, your community, and in your neighbourhood. Thorough market research is the key to outmaneuvering your competition and setting the right selling price for your house.

Once you've thoroughly researched the market, you need to determine exactly how much time you have to sell your house. Not when you want to sell your house — when you have to sell it. It's one thing to say you want to sell your house in 90 days; it's quite another to say you absolutely have to sell it. When you're talking time and money, what counts is the bottom line.

Five Action Steps To Sell Your Home

Research Your Local Market

This can't be emphasized enough. To position your home to sell for top dollar, you must know how to research the real estate market in your area to find out exactly how many homes are on the market for sale, what's selling, what's not selling, where and how fast. This is the first and most important step in the entire marketing and sales process

Determine The Value of Your Home

Once you know exactly what's going on in your local real estate marketplace, the next step is to carefully compare the style, features, benefits of your home with other homes that are on the market for sale, so you can determine the target price range that your home should sell within.

Set a Listing Price for Your Home

By taking time to carefully research the real estate market before you sell, you won't have to wonder whether you gave some of your

hard-earned profits away to a stranger because you set too low a price for your house. More importantly though, in a competitive real estate market with lots of for sale signs and few buyers, careful market research will help you position yourself in the marketplace to squeeze the highest price you can get for your house without overpricing it. This knowledge is so important, because if you arbitrarily price your home too high based on emotion rather than reason, your home can sit on the market for weeks, months, or not sell at all.

Calculate Your Bottom Line

Once you've researched the market, compared the features of your home with other homes to determine your right price range and right selling price, the next thing you need to do is calculate your projected net proceeds of sale by deducting the advertising, marketing, sales, financing and administrative costs associated with the sale of your home.

Advertise and Market Your Home For Sale

A common misperception among home sellers is "advertising sells homes".

This is False. Advertising attracts potential buyers. Merchandising and marketing sells homes.

In selling your house yourself, you need to understand how most buyers go about finding the house they want to buy. Additionally, you need to know how to merchandise, market and advertise your home so buyers are motivated to pick up the phone and call you, and see your house instead of the house for sale down the street. Most home seller's advertisements and marketing strategies don't work because they're amateurish, boring and self-centered, rather than focusing on the all- important buyer needs and desires.

Remember, now that you're selling you need to always, always look at your home through a potential buyer's eyes. In the next chapter we'll show you how we prepare advertising that turns the lifeless features of your house into exciting words that grab potential home buyers by the lapels and say "now here's a home you really want to buy". You'll discover simple secrets on how to target your audience and prepare persuasive flyers, signs and classified advertisements that bring the right buyer to your doorstep.

Preparing Your Home For Sale

Your house can be priced right, but if it doesn't look right it's not going to sell. Have you ever toured a brand new model home? Ever wondered what it was that makes these homes look so good and why they always sell first and fast? Well you don't have to wonder any more. Here you'll learn how to use interior design and consumer marketing techniques to cause buyers to instantly like the look and feel of your house when they pull into your driveway and walk through your front door.

These are the same techniques that have been used for years by Madison Avenue advertising executives and consumer marketing experts to sell you virtually every product you have in your home.

Now you can use these same techniques to merchandise and sell your house. In this portion of the guide we'll talk about inexpensive cosmetic improvements that make your house seem more valuable, and how to use certain colours, lighting, sounds, even smells, to enhance the appeal of your home so buyers are drawn toward it and want to buy it.

Advertising experts have long recognized the impact of light, colour, sound, smells and words in selling products. These techniques have been used for years by marketing experts at major consumer product companies all across the country.

From the use of colour to make a package more appealing, to the use of certain smells to increase the sales of automobiles, seemingly small details like these can have dramatic impact on the sale of a product.

Homebuyers buy what they see, like, and can afford, in exactly that order. Your house can be priced right, you can do a good job of advertising it, but if buyers walk through your front door and don't like what they see or feel, your home is not going to sell quickly, or at all. By learning a few simple tips from consumer marketing experts, you can avoid the three merchandising traps that most home sellers fall into, and gain a distinct advantage over your competition, many of whom are probably falling into these traps right now.

Mistake #1

As a home seller, the biggest merchandising mistake you can make is to assume that potential buyers will like your home just as it is now, or will like the things you did to improve it to suit your particular tastes. Over-personalizing your home to suit your tastes is a common and costly mistake because it makes it difficult for a potential buyer to visualize your house as his or her home. Think about it. Have you ever walked through a home you were considering buying, but certain sights, sounds or smells gave you an uneasy feeling? Clothes, dishes, toys strewn about, or kitchen or pet odours that made you uncomfortable, almost like you were an intruder in someone else's home rather than looking to buy a house to make it your home. If potential buyers feel uncomfortable in your house because it feels too much like your home, they're not going to buy it.

Mistake #2

The second biggest trap you can fall into in the marketing of your home is the failure or refusal to recognize the weaknesses of your home. It's often difficult to be objective about looking critically at your home,

but when you sell your home yourself, you need to learn to do so. In order to maximize your profit, train yourself or hire someone else to look at your home with an impartial eye to spot improvements that you simply cannot or will not see.

Mistake #3

The third major trap you can fall into in the marketing of your home is to allow your home to get lost in the crowd. To get top dollar for your house and sell it as fast as you need to, you must gain the advantage over your competition, by understanding how to market and merchandise your home to outshine the competition. To use light, colour, sound, smell and words to make your home irresistibly attractive in the buyer's eyes so they buy your home instead of the dozens of other homes for sale around the corner.

Going full circle, have you ever toured a brand-new model home? Ever wonder what it is that makes these homes look so good and why they always sell first and fast? What is it about a new home that makes you feel so comfortable? Well you don't have to wonder any more. The reason you feel so comfortable is that you have no problem walking openly through the master bedroom, bathroom, or anywhere else in the brand new house. There is no sense or scent that this territory belongs to anyone. It doesn't look or feel lived-in because everything is new. There are no personal odours, other than a pleasant "new" smell.

Look around and you'll see that the colour of the walls, carpeting and accessories are all neutral, so you don't feel uncomfortable. It probably doesn't even sound like someone lives there. The only noise would be the voice of the real estate agent in the background, and some pleasant music. The fact that model homes are among the first to sell should say something very important to you about the merchandising strategy of your home.

By keeping the sights, sounds and smells of your home neutral, you not only reduce uncomfortable feelings that may be aroused in potential buyers, but also make it easier for them to picture how their preferred furnishings and decorations would look in the house. Everybody likes the look and feel of a new home. So let's start to work now to transform your house as much as possible to look, feel and sound like a brand-new model home. We'll start by performing a homebuyer evaluation first. For the next fifteen minutes, forget that you are selling your home. Instead, put on your buyer's hat and transform your mind set into that of a home buying critic on a surprise inspection tour to your neighbourhood and home for the very first time.

No vacuuming, dusting, cleaning or mowing allowed. Get a pencil and two sheets of 8½" x 11" paper, draw two lines equally spaced apart down each page, from top to bottom so each sheet of paper is divided into three distinct columns. At the top of the first page label the left column "Neighbourhood Features", the middle column "Positives" and the right column "Negatives". List the positive features of your neighbourhood down the left hand side of the page. Give yourself enough space so you can describe the positive and negative features of your neighbourhood, looking through a potential buyer's eyes — a very critical buyer's eyes for those of you who have convinced yourself that you live in paradise.

Now that you have a determined what will help the sale of our home and what will hinder it, you need to take an active role in decreasing the negatives and highlighting the positives. This may require that you bring in professional cleaners or declutters, a painter to touch up the ceiling, or a stager. Keep in mind that these expenses, although they may seem large upfront, will most likely result in a higher selling price and a higher bottom line.

Strategic Marketing Will Attract More Buyers

As mentioned before, it's a common misperception amongst home sellers that advertising sells homes. That's false.

Advertising attracts potential buyers and that's all. Merchandising and marketing sells homes. To sell your house yourself you have to understand how most buyers find the house they want to buy. You also need to be aware of how to merchandise, market and advertise your home so buyers are motivated to want to see your house, instead of the house for sale down the street.

Once you've found the right price range and determined your listing price strategy, your next step is to advertise and market your home as cost effectively as possible, so it sells faster and for more money. But before you invest a dime in advertising, it's important to know how most homes get sold, whom you're going to be competing with, and how to position your home in the marketplace so buyers find it and want to buy it.

When you put your home on the market to sell it, you need to take off your homeowner's hat and start thinking like a buyer. Once you've set the sale price of your home, you need to immediately start positioning your home to look like a house that a large group of buyers would like to make their home. How do you do this?

Simple. Just like decorating a model home, refinishing a fine piece of furniture, or detailing a car to get it ready to sell, you need to clear away as much of the visual impact of your personal possessions and bring out the basic features and appeal of your house that made you want to buy it. What were the features about your home that attracted you to it and made you want to buy it? Stop right now and think back.

Think back and remember how you found and bought your home. How did you find it? Did you drive by and see a for-sale sign or open house? Did a real estate agent help you find it? Did you spot it in an open house add? Or did you find it online? Chances are you found the home you're living in through one of these avenues. So, before you spend any money to advertise your home, it's important that you understand that the buyer of your house is likely to find it through one of these avenues too.

With a clear understanding of the three most common ways that buyers find homes, it's much easier to develop a cost-efficient advertising and marketing plan that will give you the highest probability of selling your home. Let's cover these three avenues right now.

The fact is, most people do find and buy their homes through a real estate agent, we want to make this very clear. This is not a commercial for realtors; it's a simple fact that when most people find a home, they don't find it by driving around in a car for days, hunting for it by themselves. With the multiple listing service (MLS), it's simply much more convenient for a buyer to find out what is for sale and locate the home they want by picking up the phone and asking a real estate agent to search for them. There's no cost for a buyer for this service because real estate agent fees are paid by the seller. Therefore, real estate companies have every reason to want to attract buyers to call their offices, and they spend millions of dollars on advertisements and promotions to motivate them to do so.

Because of the cooperation between various networks and thousands of real estate offices in local communities throughout the country, it's estimated that over 98% of all homes are purchased through real estate brokerage.

To put that in perspective, this means that of the 4 Million homes that go on the market for sale each year, only 2% of these sales are not

handled by realtors. Just like trying to sell stock that you own without the services of a stockbroker, when you sell your home yourself you will not have immediate access to the network of hundreds of potential buyers who will probably not see your home because it's not listed on the multiple listing database. You will also not have access to the network of hundreds of real estate agents who have a built-in incentive to sell your home.

The second most common way that most buyers find homes is through the for-sale sign that is posted right in your front yard, and open house signs that direct potential buyers to take a no obligation tour of your home.

When you combine an attractive for sale sign with an immaculate front yard, nicely trimmed trees and shrubs, fresh paint on the shutters and garage door, and some sweet pine mulch or pebble stone landscaping, you let buyers and real estate agents know that here's a home that you really like and ought to buy. To get the word out you may want to pass flyers out to the neighbourhood or put a small add in the newspaper.

The third most common way that buyers find homes is through on-line advertising. You'll want to make sure your ad is located on a high traffic site and perhaps pay extra to ensure it pops up first when someone searches for homes for sale within your area.

Ultimately, without the use of a real estate agent, you will be paying money to advertise your property for sale, so you need to be very careful of how much time and money you invest in it.

If you're going to spend money on advertising, don't just write another boring ad that peoples' eyes will glaze right over. If you've got a pool, a brand new kitchen, a beautiful family room, or an extra-large master bathroom, sell these features to entice people to want to come see

your house and buy it before somebody else gets it. Write a headline that grabs readers by the lapels and forces them to read the rest of their ad and call you.

"Swim while others swelter. Beautiful five-bedroom colonial with free swimming pool included."

"Barbecue and relax while others work. Beautiful, four- bedroom ranch style home with brand new deck and free Jacuzzi."

"Own a home and get someone else to make the payments."

Beautiful three-bedroom townhouse with finished basement all ready to rent out. Great opportunity for first-time home buyer."

"Totally remodeled home. Beautiful four-bedroom ranch style home with brand new bathroom fixtures and kitchen appliances. Pick out your choice of new carpet and paint and we'll have it ready before you move in."

Get the idea? It all gets back to the merchandising and marketing techniques we talked about earlier. The same kind of creative packaging and advertising techniques that caused Scope mouthwash to unseat Listerine, and Federal Express to become a household name. If you're going to advertise your home, you've got to think of a creative angle to motivate people to think about you, to call you up on the telephone and want to buy your house.

"But I don't have a pool!" or "I don't have a deck" you say. Nonsense! With a little effort, there are hundreds of ideas that you can come up with to motivate people to pick up the phone and call you about buying your house.

"Get a free $2,000 shopping spree with this home. Beautiful four-bedroom, split-level home, sunlit kitchen with hardwood floors, large bedrooms and a $2,000 shopping spree

paid for by the seller at closing to help you furnish it the way you want."

There are literally hundreds of different ways to package and present your home to make it more appealing to prospective buyers. The point of these examples was not to suggest the specific words that you should use, but rather to stimulate your mind to think of creative ideas that you can use to make your home stand out from the other houses that are hungrily looking for buyers in the marketplace. So now you know how to set up a simple, cost-effective marketing plan to get your home sold. You know how to get your for-sale sign done, you're going to get a weatherproof box made up that has the words "free brochures" printed on the outside, and you're going to get ten to fifteen directional signs that say "Open House" and "Beautiful House for Sale" to direct people to your home. Finally, you know how to get started writing an exciting advertisement, even several, that will motivate potential buyers to pick up the phone and call you.

Qualifying Buyers And Authorizing Agreements

Once your home is staged, your advertising is on the street, and your open house signs are strategically placed to guide potential buyers to your property, the next step in the process is to know how to confidently receive inquiries from potential buyers and entice them to buy your home. In this chapter we'll talk about how to uncover a potential buyer's real wants and needs without being intrusive or overbearing.

Qualifying Buyers

First thing we advise is setting up a separate phone line to receive incoming inquiries for people looking to see your home as you may not feel comfortable giving out your personal cell number to all interested

parties. Additionally, inquiries will be easier for you to track. Also, create a simple landing page online that can be filled out so you can track prospective buyers online.

Once you receive a request for a showing, you should consider only showing your home on specific dates and times, reason being is that this will allow you to schedule more than one showing at a time. Once the two or three or four interested parties show up at the same time, a sense of urgency has now been created. For example, when you get advertising for a huge sale at BestBuy, they mention the sale is only valid on Sunday from 12-2 pm. This follows the same principle which is to create a sense of urgency.

From a security perspective, we suggest you ask for a copy of the buyer's license as well as a mortgage pre-approval. This lets you know that they are not only qualified to be searching in the price range of your home but also that they are serious buyers and not just nosey neighbours.

Before showing the home, make sure all valuables, including cash and jewelry, are stored outside the home in a safety deposit box or with a trusted family member or friend. If prospective buyers are coming with real estate agents, be sure to request their business card.

When showing the home, stepping outside for a 15 to 20 minute walk would be advantageous as it allows buyers to comfortably walk throughout the home without the pressure of you breathing down their neck. Also, it allows them to envision themselves living in the home, further enticing them to possibly buy.

The next day, you should follow up with a phone call asking them the following questions:

Are you interested in purchasing the home? (do not ask them to give you an offer as this indicates that the price you have listed might be too high)

If they say yes, then move to the next step which is Authorizing an Agreement of Purchase and Sale (see next section).

If they say no, now go into asking for feedback:

How did the home show?

How do you think it's priced?

Are there any comments you can give me that might be helpful?

Authorizing the Agreement

Once you've received an offer from an interested buyer, you will want to thoroughly review the documents. See Appendix for the laments terms of the Agreement of Purchase and Sale.

As mentioned in the chapter "Assemble a Team of Experts", you want to make sure you start working with a real estate lawyer before putting your home on the market. By doing so, you now have that lawyer on call to review the documents with you before you sign anything.

Unfortunately, the lawyer cannot comment on whether or not the price and terms offered are fair so it's up to you to do your research. What you'll need is a complete list of homes that have sold recently that are comparable in location, size and layout.

> Feel free at any time, to request a complete list of solds, in any area, by emailing us at info@reccanada.com

Closing The Sale And Settling In

Most buyers would have made the agreement conditional on doing a home inspection, wrapping up their financing and if it's a condo, conditional on reviewing a condo status report. So although both

parties have signed the agreement, it's important to understand what can happen in the following days.

As a seller, if you did not do a pre-listing inspection, be prepared that the buyer will likely have asked that a home inspector look through your home. This process takes roughly 3 hours with the intention of finding deficiencies in your home. If there are substantial problems, be prepared that the buyer will likely try to renegotiate the price and terms of the agreement.

If at that time, you and the buyer do not come to an agreement the buyer has the option to walk away and you the seller would have to return the deposit.

For the same reason, the buyer can use the financing condition to walk away from the deal as well. The lender who will be giving the buyer the mortgage will request to do an appraisal of the home to confirm the address, and the state of the home. Should this impact the amount or terms of the mortgage offered to the buyer, they can choose to rescind their offer and again you would be forced to return the deposit.

For a condo, if after reviewing a status report, the buyer, the agent or their lawyer feel it is not satisfactory to their liking, they can walk away from the deal as well, within the conditional period stated and agreed upon in the agreement.

Our advice, if you are presented with an offer which has one or all of the above conditions, counter offer with tightening the time allotted to complete the tasks. Most buyers would have tried to negotiate 5 business days, but we advise minimizing that number, therefore lessening the time your home is potentially off the market. Keep in mind however, that the market for which you are selling in will determine how much power you have in the negotiations.

Once the conditions are satisfactory to the buyer, they will send you a waiver or a notice of fulfillment and your home is now sold.

The buyer normally requests in the offer the ability to see the home 2 times in order to take measurements and to ensure you have left the property vacant and in clean swept state.

A day before closing, you meet with your lawyer to sign off on the sale. After receiving the funds from the buyer on or just before the closing date, the lawyer will pay off any mortgages, leans and any realtor fees associated with the transaction. Lastly, you will be given a cheque for the remainder.

Congratulations!

PART 4: INVESTING INTELLIGENCE

Beware Of Anacondas



For those who don't know what an Anaconda is, allow us to explain. The Anaconda is the world's largest snake, can grow up to 10 metres (30 feet) in length, is as thick as a tree trunk, and kills its prey by suffocating the life out them, and then swallowing them whole.

Some of us have anacondas in our life.

Sometimes our friends and family can literally suck the life out of our plans and dreams.

Although well intentioned, the problem is that unless our friends and family are experienced real estate investors, their opinion, quite frankly, is not worth much in this regard.

Yet most of us have at some point, found out about a business opportunity, investment, idea, system, or something else, only to be shot down by the Anaconda's comments or opinions.

If you want advice on how to drink beer, ask your brother in law. If you want advice about how to cut hair, ask your barber.

If you want advice about how to get rich investing in real estate, you have to take the lead from someone who has done it and ignore the opinions of anyone who hasn't.

Period.

Try this: the next time you sense an Anaconda trying to suck the life out of your ideas or dreams, simply look them in the eye and make this noise: HHHIIISSS!!!

It's okay to have pessimistic friends. Just love them from a distance.

They will poison your financial future.

The History Of Real Estate

There are occasional corrections, but over time, real estate ALWAYS increases in value. This is the ultimate get rich SLOWLY plan.

In 1970, bread was 25 cents, cars were $1200, and homes were $10,000. People will always eat, drive, and live somewhere, and prices for all of these will continue to increase due to inflation.

Any questions?

What If Our Parents Did This?

Imagine that as soon as you were born, your parents bought a second home, and rented it out. They used a small down payment and used the rent money to pay down the mortgage.

You started out in diapers, then kindergarten, elementary school, high school, and then university, completely oblivious to what was going on in the house down the street that your parents owned. Tenants came and went, minor repairs were done here and there, but every year, slowly but surely, the mortgage decreased, and the value shot up.

The home that your parents bought 30 years for $10,000, using a $1,000 down payment is now worth $300,000, has no mortgage owing, and can more than cover your university tuition, and give you a head start in the real estate market.

Nice idea, huh?

Our friend, Steve, lives in the US with 6 kids. At the birth of each child, he purchased a modest investment property, using a small down payment, and as the children grew, he took them along, and they watched. They watched as he checked in on the tenants to see if everything was okay. They saw him visit at Christmas with a bottle of wine. They saw him go to the bank to deposit the cheques.

As they were entering university, the mortgage had disappeared, and he used the equity in the home to arrange for a line of credit to pay for the tuitions, but with one simple agreement in place. Each child was given the responsibility of managing the property, and if they did their job well, the tuition would be repaid in 4 – 5 years, and they would own the home outright.

If they were not able to do this, the home would go back to their parents, and they would still owe the tuition.

Steve came up with a simple plan that worked wonders. The children learned not only the power of leverage but also responsibility.

At this point, some people talk about how they have no money for a down payment, and they simply can't save any money, no matter how much money they make. Read on . . .

The Latte Factor

For those of you that think you can't save any money, consider the following:

One coffee a day: $ 3.00

Every month: $ 90.00

This year: $ 1,080

Invested over 25 years at 7%: $ 657,832

Track Everything

Anyone finding it difficult to save money should try this for one month.

Track every penny spent from morning to night, including:

Your first coffee.

The magazine you bought.

The pack of gum.

The parking ticket.

The chocolate bar.

Lunch with friends.

Another coffee perhaps.

Pack of cigarettes. (OUCH!)

That shirt you saw on sale, that doesn't really fit, and you've never worn it, but it was on sale after all, and it was only $40, and you do deserve it.

The movie that you sat through, even though it was lousy and the large popcorn (& diet coke).

The tickets to every boat show, car show, home show, garden show, bike show, dog show . . . .

Take a simple piece of paper, recycled preferably, and make a note of EVERY penny spent, including the change in your car, the debit transactions, credit card transactions, AND the automatic transactions that you forgot about.

You will be AMAZED how much money you spend, without even realizing it. You know you should do it, but you probably won't. Prove us wrong, and do it, just for 30 days, and call us to review….we'll even buy you a latte.

A Simple Plan

With all due respect to every late night real estate guru that made millions investing in real estate and out of the goodness of their heart, wants to sell you their program for only 5 easy payments, act now, blah, blah, blah. . .

The fact is, there are many, many people that have made millions, and billions investing in real estate. Some methods are simple, others very complicated.

We are not in the business of selling seminars, but we are in the real estate business. We have not only invested in real estate ourselves, but we have also helped thousands of our clients buy investment properties right here in Canada, and right here in the GTA.

The simple truth is that success leaves clues. If others have done it before you (and they have) whether you believe it or not, you can do the same thing.

It's simple really. You have to first understand that investing in real estate is a business. You have to have a plan, you have to budget, and like any business, you should hope for the best, but plan for the worst.

For example, if you have income properties, all of the following will happen, no matter what you do:

Unexpected repairs. Tenants will leave.

Rent cheques will bounce or will be late. Interest rates will fluctuate.

Contractors will do a bad job or do it late. Wear and tear will cost money.

Values will sometimes go down.

Not to think so is naïve. You have to remember,though, that you can still get astronomical returns, in spite of all of these things. You just have to budget for them, expect them, and never get emotional about it. Let's consider the following:

	Year 1	Year 2	Year 3	Year 4	Year 5
Mortgage	$1575	$1575	$1575	$1575	$1575
Rent	$1800	$1850	$1900	$1950	$2000
Taxes	$170	$180	$190	$200	$210
Cash Flow	+ $550	+$1150	+$1750	+$2350	+$2900
Value	$267K	$286K	$306K	$327K	$350K
Equity	$43K	$61K	$81K	$102K	$126K
ROI	70%	150%	225%	311%	403%

In this example, we have purchased a $250,000 property with 10% down, or $25,000. The home is a simple 3 bedroom house, with a basement apartment.

The monthly mortgage payment is fixed for five years.

The rent is typical for this type of home in the GTA, and is increasing by 2 – 3% per year.

The value is increasing by 5% per year.

The ROI (Return on Investment) over 5 years is 403%, and there is no tax payable yet.

The value has increased by over $100,000, and at the same time, the mortgage has decreased, and rents have gone up.

Since we have not sold the property, there is no tax payable on the capital gains.

We could sell the property, but that would incur a tax. Instead, why not simply **refinance** and get our money out that way.

The increased rent is covering our new, higher mortgage payment, and we have money in the bank.

Imagine we refinanced and got our $100,000 out of the property. We could go on a trip around the world or . . .

We could buy more properties.

Imagine the following, fairly conservative, 25 year plan: every year, we refinance and purchase another similar property. . . .

	Start	Year 5	Year 10	Year 15	Year 20	Year 25
Purchase Price	$250K	$350K	$490K	$690K	$968K	$1.35M
Down Payment	$25K	$50K	$100K	$175K	$250K	$350K
Asset Value	$250K	$700K	$1.47M	$2.76M	$4.8M	$6.8M
Equity	$25K	$175K	$480K	$1.1M	$2.9M	$4.8M

Note the following:

The initial down payment is $25,000, and is the only down payment required in this example.

Property values are increasing by 5% over 25 years in our example (in the last 15 years, values have risen by an average of 7.1%).

Every 5 years, we refinance and use the money as a down payment on another property.

The values are increasing, and the mortgages are decreasing.

Rents are increasing. They always have, and always will.

What Happens If Values Don't Increase?

This has never happened in the last 200 years, but imagine that over 25 years, values don't move. In this scenario, we are still able to refinance and buy another property every year, because the mortgage is still being paid down.

	Start	Year 5	Year 10	Year 15	Year 20	Year 25
Purchase Price	$250K	$250K	$250K	$250K	$250K	$250K
Down Payment	$25K	$25K	$25K	$25K	$25K	$25K
Asset Value	$250K	$500K	$750K	$1M	$1.25M	$1.5M
Equity	$25K	$70K	$215K	$615K	$865K	$1.15M

Our initial investment of $25,000 is still growing to over $1 Million dollars, because we are using rent money to pay down the mortgage on each new home we purchase.

Dream Big

Imagine.

Just imagine that you can work a little harder and find a good deal for your first home, clean up the property a little, increase the rent, and get the same increase in value in 3 years, instead of 5.

Now imagine that when you refinance, you get a little creative and buy 2 more properties. And every 3 years you do the same. Here's what's possible . . .

Year 1



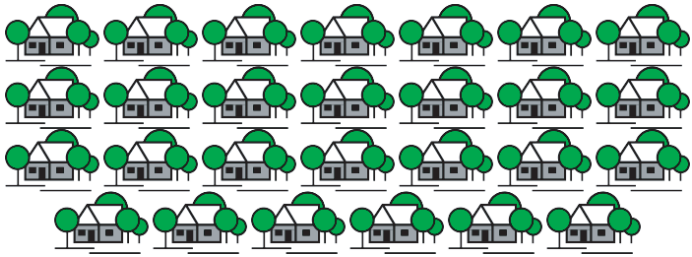
Year 3



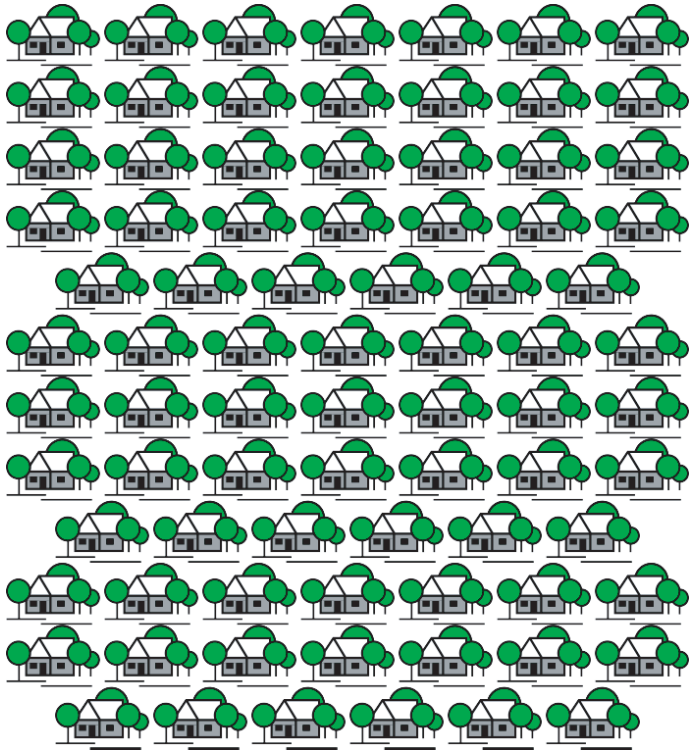
Year 6



Year 9



Year 12



Get the picture?

In year 12, you would own 81 properties, worth $25 Million.

What if only half of this came true?

Would $12.5M worth of property help you out?

What if only 10% of this came about? Would $1.25M change your wardrobe a little? Or change the car you drive?

Now, quite frankly, it doesn't always work exactly like this, in that you probably wouldn't buy 81 single-family homes. You might expand to small apt buildings, then larger apt buildings. Or you might invest in commercial properties.

You might start buying, renovating, and flipping some properties for quick turnover.

The point is, there is a TON of money to be made in the market, but you first have to believe it's possible, and then you simply have to get started.

For most people, there is a lot to learn. And it is SIMPLE, but NOT EASY.

There is work involved. You will have set backs.

You will make more on some properties, and less on others.

But you will always be better off than your neighbour Bob, who doesn't believe in "all that real estate stuff".

And that's great, because we will always need guys like Bob to be our tenants.

Now What?

First, you have to decide.

Decide has a Latin root, and it means to cut off. In other words, to cut off all other options.

You have to decide that no matter what, you will do what it takes, find the money, get the information, get some advice, and buy your first (or your next) investment property, and put a plan of action in place to create real wealth over the next 10 – 15 years.

Not someday. Not when you figure everything out. NOW.

We have helped thousands of people before you, and we can show you exactly how we helped.

The next 10 years are going to happen anyways, aren't they? We might as well enjoy the ride.

"Life is a journey to grave with the intention of arriving safely in a pretty and well-preserved body. But rather, to skid broadside, thoroughly used to, totally worn out and loudly proclaiming...'WOW WHAT A RIDE!' "
Robert Fulghum

Types of Real Estate Investments

As with any investing, it is important to diversify. In this chapter we include the real estate options available to you, what the benefits are of that investment type and some points you should consider before making a purchase.

Pre-Construction

What is it?

Pre-construction investing is the purchasing of, usually a condo, before a shovel breaks ground.

What are the benefits?

- Passive investment
- Appreciation in value while the building is being constructed
- Buying at current value for future return
- Deposits are paid out in increments

What should I consider?

- Funds are tied up for about 4 years

- Buying from a floorplan - not being able to touch, see and smell a unit
- Typical cost of entry: $100,000

Income Property

What is it?

A property that has 2 or more doors which can be rented out individually. Options in this investment class include duplex, triplex and multiplex.

What are the benefits?

- Having more than one tenant gives you higher income
- Low risk given that if one unit is vacant, the others will offset the vacancy

What should I consider?

- Active investment compared to other investment types
- Bigger reserve fund needed for repairs and maintenance
- Managing of more than one tenant
- Typical cost of entry: $130,000

Lease to Own

What is it?

An investor acquires a property for a tenant buyer who in return will purchase it back from the investor in time with pre-determined terms.

What are the benefits?

- Passive investment
- Helping a young family or first-time buyer purchase a home
- Pre-determined exit strategy

What should I consider?

- Money is typically tied up for 4 years
- Getting qualified tenants is a long process
- Typical cost of entry: $125,000

Joint Venture

What is it?

A joint venture is an opportunity where we partner investors together to obtain a property while leveraging each other's individual ability for financing and capability to manage and do repairs.

What are the benefits?

- Passive or active investment depending on your role
- Mitigated risks
- Ability to purchase more properties in the future
- Ability to invest in larger projects

What should I consider?

- Individual goals might differ from group
- Less control
- Typical cost of entry: $50,000

Student Housing

What is it?

Investing in temporary housing for students in close proximity to major University and College Campuses.

What are the benefits?

- Passive or Active depending on property management arrangements
- Typically located in AAA locations in major centres
- Ongoing demand with relatively low supply, giving you the highest positive cashflow of most asset classes
- Low eviction rates due to the parental guarantees on leases

What should I consider?

- Maintenance schedule is more demanding than other investments
- High tenant turnover
- Typical cost of entry: $80,000

Mortgage and Equity

What is it?

Deals in this asset class include lending in the Private Mortgage space, Syndicated Mortgages and Land Development Capital Raises.

Includes REITs (Real Estate Investment Trusts), MICs (Mortgage Investment Corporations) and Private Construction Loans and Equity.

What are the benefits?

- Passive investment
- Ability to choose some or all of the terms of your lending
- Registered fund eligibility gives you a tremendous opportunity to control and grow your RSP portfolio (RRSP-LIRA-RIF-TFSA)

What should I consider?

- Capital is not liquid for the duration of term
- May or may not have monthly or annual dividends
- Typical cost of entry: $30,000

Conclusion

Did you know that the majority of people who begin reading a "how to" book, don't make it past the first chapter?

Because of this, we wanted to extend to you a huge congratulations on making it to the end. We hope we've brought you some value.

We do recommend that when you are ready to buy, sell or invest that you read those sections over to refresh your memory. If you know of anyone else who would also want a copy of this book, send us an email and we will be more than happy to courier one out.

If you are thinking about building out your real estate portfolio, we'd be happy to meet with you for 20 minutes over coffee; there we'll get a sense of what it is you'd like to accomplish and discuss with you ways in which we think we can help.

As someone who has actually finished this book, we wanted to extend the offer to you to become a Real Estate Centre Insider in order to stay up to date on current market stats, trends and exclusive opportunities.

To reach us, please send an email to info@reccanada.com or give us a call any time at 416.979.0333.

For additional content and tips, visit us on our website www.TheRealEstateCentre.com.

Appendix

GENERAL USE: The Agreement of Purchase and Sale is the document used to state the Buyer's desire to purchase the property, and to negotiate the terms of the sale. It is often referred to as an "Offer". This document also allows the Buyer an opportunity to set out in detail all of the terms and conditions they wish to be part of their Offer when buying the Seller's property. Common examples of a Buyer's conditions include arranging financing (a mortgage) for the property to be purchased, completing a home inspection, arranging for fire insurance or ensuring they can sell their current home before purchasing. After the Offer is prepared and signed by the Buyer, it is presented to the Seller for consideration and possible acceptance. The Seller, in turn, may want to make changes to the Offer for the Buyer's consideration. This process can continue back and forth several times in an effort to reach an agreement.

This line below states the date that the document is created. This date is used to identify or reference this Offer.

This Agreement of Purchase and Sale dated this..... day of ..... 20.....

BUYER,....., agrees to purchase from
(Full legal names of all Buyers)

SELLER,....., the following
(Full legal names of all Sellers)

REAL PROPERTY:

Address.....

fronting on the ..... side of.....

in the .....

and having a frontage of ..... more or less by a depth of..... more or less

and legally described as .....

..... (the "property").
(Legal description of land including easements not described elsewhere)

PURCHASE PRICE: Dollars (CDN$).....

.....Dollars

DEPOSIT: A Buyer typically submits a deposit on the purchase of the property. It demonstrates the Buyer's sincerity and good faith in the purchase transaction. When a deposit is to be delivered can vary at the discretion of the Buyer to be accepted or negotiated by the Seller.

DEPOSIT: Buyer submits .....
(Herewith/Upon Acceptance/as otherwise described in this Agreement)

..... Dollars (CDN$).....

by negotiable cheque payable to..... "Deposit Holder" to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.

Buyer agrees to pay the balance as more particularly set out in Schedule A attached.

SCHEDULE(S) A.....**attached hereto form(s) part of this Agreement.**

INITIALS OF BUYER(S): ( ) **INITIALS OF SELLER(S):** ( )

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1. *IRREVOCABLE - The party submitting the Offer to the other side agrees to allow the other side until this time and date to consider and accept the Offer. The submitting party is not permitted to withdraw their Offer prior to that time. The Seal beside their signature shows that the submitting party has received something of value for this irrevocable Offer.*

1. **IRREVOCABILITY:** This offer shall be irrevocable by ..... until ..... a.m./p.m. on
(Seller/Buyer)

the ..... day of ..... 20 ....., after which time, if not accepted, this offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.

2. *COMPLETION DATE - This is the date the transaction is scheduled to be completed. Unless there is a provision elsewhere in the Agreement, the property is to be vacant. This date is not to be on a weekend or a statutory holiday.*

2. **COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the ..... day

of ....., 20 ..... Upon completion, vacant possession of the property shall be given to the Buyer unless otherwise provided for in this Agreement.

3. *NOTICES - Under the Agreement there will be requirements to deliver notices to the other side. This provision highlights various methods that would be available to deliver notices.*

3. **NOTICES:** The Seller hereby appoints the Listing Brokerage as agent for the Seller for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Buyer's Brokerage) has entered into a representation agreement with the Buyer, the Buyer hereby appoints the Buyer's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original.

FAX No.: ..... (For delivery of Documents to Seller)

FAX No.: ..... (For delivery of Documents to Buyer)

Email Address: ..... (For delivery of Documents to Seller)

Email Address: ..... (For delivery of Documents to Buyer)

4. *CHATTELS INCLUDED: In this section of the Agreement, the Buyer would list the items that the Buyer wished to include in the purchase price. Subject to the Seller's agreement, these might include appliances, and other items that were not attached. To avoid disputes later the items should be described in detail. This might include GE Stove, Kenmore Refrigerator and might involve adding serial numbers. The rule to follow is "when in doubt, spell it out".*

4. **CHATTELS INCLUDED:**.....

.....

.....

.....

.....

Unless otherwise stated in this Agreement or any Schedule hereto, Seller agrees to convey all fixtures and chattels included in the Purchase Price free from all liens, encumbrances or claims affecting the said fixtures and chattels.

INITIALS OF BUYER(S): ( ) **INITIALS OF SELLER(S):** ( )

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5. FIXTURES EXCLUDED: If the Seller wished to remove an item that had been attached to the home, such as a "dining room light fixture" this would have to be detailed here.

5. **FIXTURES EXCLUDED:**.....

.....

.....

.....

6. RENTAL ITEMS: This has become an important issue in recent times. There are a number of items that potentially are not owned by the Seller but rather leased or rented. The Seller would have to identify these to a Buyer. An important issue these days is the "hot water tank". These may be rented or more frequently now, on a contract for "lease to own".

6. **RENTAL ITEMS (Including Lease, Lease to Own):** The following equipment is rented and **not** included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable:

.....

.....

.....

.....

The Buyer agrees to co-operate and execute such documentation as may be required to facilitate such assumption.

7. HST: This section indicates how the Harmonized Sales Tax will impact the sale price if at all.

7. **HST:** If the sale of the property (Real Property as described above) is subject to Harmonized Sales Tax (HST), then such tax shall be ..... the Purchase Price. If the sale of the property is not subject to HST,
(included in/in addition to)
Seller agrees to certify on or before closing, that the sale of the property is not subject to HST.
Any HST on chattels, if applicable, is not included in the Purchase Price.

8. TITLE SEARCH: There are a number of searches that a lawyer may undertake when working on a real estate purchase. This paragraph sets out the times for those searches to be done. These searches may include the title search or work orders among others.

8. **TITLE SEARCH:** Buyer shall be allowed until 6:00 p.m. on the..... day of....., 20....., (Requisition Date) to examine the title to the property at Buyer's own expense and until the earlier of: (i) thirty days from the later of the Requisition Date or the date on which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five days prior to completion, to satisfy Buyer that there are no outstanding work orders or deficiency notices affecting the property, and that its present use(.....) may be lawfully continued and that the principal building may be insured against risk of fire. Seller hereby consents to the municipality or other governmental agencies releasing to Buyer details of all outstanding work orders and deficiency notices affecting the property, and Seller agrees to execute and deliver such further authorizations in this regard as Buyer may reasonably require.

9. FUTURE USE: This sets out the Buyer is entitled to get what the Agreement provides when it comes to the use of the property. If the Buyer intends on turning the property into a commercial use in the future there are no assurances that the Buyer will be able to do so in the future.

9. **FUTURE USE:** Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.

INITIALS OF BUYER(S): ( ) **INITIALS OF SELLER(S):** ( )

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10. TITLE: This paragraph sets out that the Buyer is entitled to good title subject to a number of items. These items include having the title subject to minor utility easements for gas, water hydro and so on. The Buyer will also have to accept restrictive covenants provided they are complied with.

10. **TITLE:** Provided that the title to the property is good and free from all registered restrictions, charges, liens, and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telephone services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Seller and which Seller is unable or unwilling to remove, remedy or satisfy or obtain insurance save and except against risk of fire (Title Insurance) in favour of the Buyer and any mortgagee, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Brokerage and Co-operating Brokerage shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Buyer shall be conclusively deemed to have accepted Seller's title to the property.

11. CLOSING ARRANGMENTS: Most transactions in Ontario are completed electronically. The following paragraph sets out how this is to be accomplished.

11. **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Seller and Buyer irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Upper Canada. Unless otherwise agreed to by the lawyers, such exchange of the Requisite Deliveries will occur in the applicable Land Titles Office or such other location agreeable to both lawyers.

12. DOCUMENTS AND DISCHARGE: The Seller is to deliver to the Buyer documents in the Seller's possession respecting the property. These would include copies of surveys and deeds. In the event that there is a mortgage on the title and it is with a chartered bank, trust company, insurance company, credit union or Caisse Populaire, it will most likely not be discharged on or before closing. This paragraph details how this discharge will come about. All other mortgages will have to be discharged by closing.

12. **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.

13. INSPECTIONS: This provision sets up that the Buyer has had the opportunity to personally inspect the property. Further the Buyer acknowledges the opportunity to have included a condition clause for review of a property inspection report and agrees that if there is not some other provision respecting this type of report then the Buyer is not going to get an inspection report.

13. **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this offer there shall be a binding agreement of purchase and sale between Buyer and Seller. **The Buyer acknowledges having the opportunity to include a requirement for a property inspection report in this Agreement and agrees that except as may be specifically provided for in this Agreement, the Buyer will not be obtaining a property inspection or property inspection report regarding the property.**

INITIALS OF BUYER(S): ( ) **INITIALS OF SELLER(S):** ( )

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14. INSURANCE: The Seller is responsible for the property until closing. The Seller is to maintain any insurance policies until completion. In the event the property suffers substantial damage prior to closing, the Buyer can cancel the Agreement or can close and get the proceeds of any insurance.

14. **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase. No insurance shall be transferred on completion. If Seller is taking back a Charge/Mortgage, or Buyer is assuming a Charge/Mortgage, Buyer shall supply Seller with reasonable evidence of adequate insurance to protect Seller's or other mortgagee's interest on completion.

15. PLANNING ACT: This clause makes the entire agreement subject to compliance with the Planning Act. The Planning Act governs things such as severance.

15. **PLANNING ACT:** This Agreement shall be effective to create an interest in the property only if Seller complies with the subdivision control provisions of the Planning Act by completion and Seller covenants to proceed diligently at Seller's expense to obtain any necessary consent by completion.

16. DOCUMENT PREPARATION: The deed is prepared (except for the Land Transfer Tax affidavit) at the expense of the Seller and any mortgage to be given back at the expense of the Buyer.

16. **DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O.1990.

17. RESIDENCY: The Income Tax Act has sections in it to address a non-resident Seller selling property. To ensure the appropriate taxes are paid, this paragraph discusses what the options are in a real estate transaction.

17. **RESIDENCY:** (a) Subject to (b) below, the Seller represents and warrants that the Seller is not and on completion will not be a non-resident under the non-residency provisions of the Income Tax Act which representation and warranty shall survive and not merge upon the completion of this transaction and the Seller shall deliver to the Buyer a statutory declaration that Seller is not then a non-resident of Canada;
(b) provided that if the Seller is a non-resident under the non-residency provisions of the Income Tax Act, the Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate.

18. ADJUSTMENTS: In a real estate transaction there will be adjustments such as prorating the property taxes. This clause lists the usual adjustments and provides that the Buyer will be responsible for the day of closing.

18. **ADJUSTMENTS:** Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.

19. PROPERTY ASSESSMENT: The property may be evaluated and re-assessed on an annual basis. The Buyer and Seller agree not to hold the real estate sales people responsible when a change takes place.

19. **PROPERTY ASSESSMENT:** The Buyer and Seller hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Buyer and Seller agree that no claim will be made against the Buyer or Seller, or any Brokerage, Broker or Salesperson, for any changes in property tax as a result of a re-assessment of the property, save and except any property taxes that accrued prior to the completion of this transaction.

20. TIME LIMITS: Dates and times are important and must be adhered to.

20. **TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.

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21. TENDER: Each side must be able to demonstrate that they are ready, willing and able to complete the transaction. For the Buyer generally, they must be able to produce the money to close and for the Seller it is generally produce the Deed and keys.

21. **TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money shall be tendered with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.

22. FAMILY LAW ACT: The Seller is warranting that they have complied with the Family Law Act insofar as it relates to spousal requirements and that no spouse has a claim to the property other than a spouse who has signed a consent in the area set aside for that signature.

22. **FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O.1990 unless Seller's spouse has executed the consent hereinafter provided.

23. UFFI: The Seller is warranting that they did not install any Urea Formaldehyde Foam Insulation and to the best of their knowledge there is none in the buildings.

23. **UFFI:** Seller represents and warrants to Buyer that during the time Seller has owned the property, Seller has not caused any building on the property to be insulated with insulation containing ureaformaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains ureaformaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is part of a multiple unit building, this warranty shall only apply to that part of the building which is the subject of this transaction.

24. LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE: This clause states that no information the Buyer and Seller have been given by the real estate sales people shall be considered to be Legal, Accounting or Environmental Advice. If these factors impact the transaction or valuation, the Buyers and Sellers should seek independent professional expert advice.

24. **LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE**: The parties acknowledge that any information provided by the brokerage is not legal, tax or environmental advice.

25. CONSUMER REPORTS: The following paragraph notifies the Buyer that a personal or credit check may be obtained and referred to.

25. **CONSUMER REPORTS: The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.**

26. AGREEMENT IN WRITING: If there is a conflict or discrepancy between any of the pre-set (preprinted) clauses and anything that has been added to the Agreement, then added parts supersedes the pre-set clauses. Further there are no other agreements between the Buyer and Seller other than those contained in this Agreement.

26. **AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.

27. TIME AND DATE: Times and Dates within this Agreement are determined by the location of the property.

27. **TIME AND DATE:** Any reference to a time and date in this Agreement shall mean the time and date where the property is located.

INITIALS OF BUYER(S): ( ) **INITIALS OF SELLER(S):** ( )

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28. SUCCESSORS AND ASSIGNS: In the event one of the parties dies before closing their heirs and executors are bound by the Agreement.

28. **SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

.....(Witness) .....(Buyer) (Seal) DATE.....

.....(Witness) .....(Buyer) (Seal) DATE.....

I, the Undersigned Seller, agree to the above offer. I hereby irrevocably instruct my lawyer to pay directly to the brokerage(s) with whom I have agreed to pay commission, the unpaid balance of the commission together with applicable Harmonized Sales Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the brokerage(s) to my lawyer.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

.....(Witness) .....(Seller) (Seal) DATE.....

.....(Witness) .....(Seller) (Seal) DATE.....

SPOUSAL CONSENT: The Undersigned Spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O.1990, and hereby agrees with the Buyer that he/she will execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

.....(Witness) .....(Spouse) (Seal) DATE.....

CONFIRMATION OF ACCEPTANCE: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties at.....a.m./p.m. this.....day of....., 20..... .....(Signature of Seller or Buyer)

INFORMATION ON BROKERAGE(S)

Listing Brokerage..... Tel.No.(.....).....

.....(Salesperson / Broker Name)

Co-op/Buyer Brokerage..... Tel.No.(.....).....

.....(Salesperson / Broker Name)

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

..... DATE.....
(Seller)

..... DATE.....
(Seller)

Address for Service.....

.....Tel.No.(.....).....

Seller's Lawyer.....

Address.....

Email.....

(.....)..... (.....).....
Tel.No. FAX No.

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

..... DATE.....
(Buyer)

..... DATE.....
(Buyer)

Address for Service.....

.....Tel.No.(.....).....

Buyer's Lawyer.....

Address.....

Email.....

(.....)..... (.....).....
Tel.No. FAX No.

FOR OFFICE USE ONLY

COMMISSION TRUST AGREEMENT

To: Co-operating Brokerage shown on the foregoing Agreement of Purchase and Sale:
In consideration for the Co-operating Brokerage procuring the foregoing Agreement of Purchase and Sale, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS® Rules and Regulations of my Real Estate Board shall be received and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS® Rules and shall be subject to and governed by the MLS® Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement of Purchase and Sale. Acknowledged by:

.....
(Authorized to bind the Listing Brokerage)

.....
(Authorized to bind the Co-operating Brokerage)

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OREA Ontario Real Estate Association

Schedule A

Agreement of Purchase and Sale

Toronto Real Estate Board

Form 100A for use in the Province of Ontario

This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

BUYER, ... , and

SELLER, ... ,

for the purchase and sale of .....

Agreement of Purchase and Sale dated .....

The Buyer(s) agrees to pay the balance of the purchase price, subject to adjustments, by certified cheque or bank draft, to the Seller(s) on completion of this transaction.

This offer is conditional upon the Buyer(s) or his agent being able to arrange satisfactory financing within FIVE (5) business days (excluding Saturday, Sunday and Statutory Holidays) from the date of acceptance of this Offer. This condition is included for the benefit of the Buyer(s) and may be waived, at his sole option, by notice in writing to the Seller(s) or his Agent within the conditional period, failing which this Agreement shall become null and void and the Buyer's deposit shall be returned to him in full without interest or deductions. The Seller hereby acknowledges that it may be a requirement of the Buyer's lender to have an appraiser access the subject property prior to closing. The Seller covenants and agrees to provide access for such purposes. Access to the property shall be deemed to include the dwelling and any outbuildings, as may be required.

This Offer is conditional upon the inspection of the subject property by a qualified home inspector at the Buyer's own expense, and the obtaining of a report satisfactory to the Buyer in the Buyer's sole and absolute discretion. Unless the Buyer gives notice in writing delivered to the Seller within FIVE (5) business days of acceptance of this Offer (excluding Saturday, Sunday and Statutory Holidays), that this condition is fulfilled, this Offer shall be null and void and the deposit shall be returned to the Buyer in full without deduction or interest. The Seller agrees to co-operate in providing access to the property for the purpose of this inspection. This condition is included for the sole benefit of the Buyer and may be waived at the Buyer's sole option by notice in writing to the Seller within the time period stated herein.

The Seller agrees to provide, an existing survey of said property showing the current location of all structures, buildings, fences, improvements, easements, rights-of-way, and encroachments, affecting said property within 48 hours of acceptance of this offer.

Buyer shall be allowed to visit the subject property Two (2) times prior to closing at reasonable times and with twenty four hours notice to the Seller.

The Seller represents and warrants that to the best of the Seller's knowledge, during the time the Seller has owned the property, the property and the buildings and structures thereon have not been used for any criminal use or activity. This warranty shall survive and not merge on the completion of this transaction.

The Seller agrees to leave the premises in a clean broom swept condition on closing, free from all debris.

Continued on page 2...

This page must be initialed by all parties to the Agreement of Purchase and Sale.

INITIALS OF BUYER(S): ( ) **INITIALS OF SELLER(S):** ( )

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BUYER, ..., and

SELLER, ...,

for the purchase and sale of .....

Agreement of Purchase and Sale dated .....

Continued from page 1...

The Seller represents and warrants that all existing flooring and floor coverings, drapery tracks, ceiling fans and fixtures, built-in appliances, bathroom mirror(s) heating-ventilating air conditioning equipment, central vacuum system and accessories and all other items secured by means of nails, screws, plumbing, wiring, ducting and related accessories that are now on the property are to be included in the purchase price except items which are leased or rented and those specially listed herein and shall be in working order and free from all liens and encumbrances on completion

The Seller warrants and represents that the heating and air conditioning systems are free and clear of all liens, rental fees and encumbrances. If a rental fee, lien, or any encumbrance is outstanding on the heating and air conditioning systems, the Seller agrees to pay the cost of the contract in full before closing, at the Seller's own expense. Further, the Seller shall provide all documentation to the Buyer on closing.

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INITIALS OF BUYER(S): ( ) **INITIALS OF SELLER(S):** ( )

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Common Real Estate Terms

Amortization: The number of years it takes to repay the entire amount of a mortgage.

Appraisal: An estimate of a property's market value, used by lenders in determining the amount of the mortgage.

Appreciation: The increase in a property's value over time.

Assessment: The value of a property set by the local municipality, for the purpose of calculating property tax.

Assumable Mortgage A mortgage held on a property by the seller that can be taken over by he buyer, who then accepts responsibility for making the mortgage payments.

Blended Mortgage A combination of two mortgages, one with a higher interest rate that the other, to create a new mortgage with an interest rate somewhere between the two original rates.

Blended Mortgage Payments: Equal or regular mortgage payments, consisting of both a principal and an interest component. With each successive payment, the amount applied to interest decreases and the amount applied to the principal increases although the total payment doesn't change. (Exception: see variable Rate Mortgages)

Broker: A real estate professional licensed by Ontario to facilitate the sale, lease, or exchange of a property.

Buy Down: When the seller reduces the interest rate on a mortgage by paying the difference between the reduced rate and market rate directly to the lender, or to the Buyer, in one lump sum or monthly installments.

Closed Mortgage: A mortgage that cannot be pre-paid, re-negotiated or refinanced during its term.

Closing: The real estate transaction's completion, when the parties involved agree that all legal and financial obligations have been met, and the deed to the property is transferred from the seller to the buyer.

Closing Costs: Expenses in addition to the purchase price for buying and selling property.

Closing Date: The date on which the title and keys to the property are transferred from the seller to the buyer, and the money is paid.

Common Elements: The portions of a condominium development owned in common (shared) by the unit owners.

Conventional Mortgage: A first mortgage issued for up to 75% of the property's appraised value or purchase price, whichever is lower.

Counter-offer: One party's written response to the other party's offer during negotiation of a real estate purchase between buyer and seller.

Debt Service Ratio: The percentage of a borrower's gross income that can be used for housing costs, including mortgage payment and taxes (and condominium fees, when applicable).

Deed: A legal document that conveys (transfers) ownership of a property to the buyer.

Down Payment: The difference between a property's purchase price and the amount financed.

Easement: A legal right to use or cross (right of way) another person's land for limited purposes. A common example is a utility company's right to run wires or lay pipe across a property.

Encroachment: An intrusion onto an adjoining property. A neighbour's fence, storage shed, or overhanging roof line that partially (or even fully) intrude onto your property are examples of encroachment.

Equity: The difference between the price for which a property can be sold and the mortgage(s) on the property. Equity is the owners "stake" in a property.

Estoppel Certificate: A written statement of a condominium unit's current financial and legal status. This is now called a CONDO STATUS REPORT.

First Mortgage: The first security registered on a property. Additional mortgages secured against the property are "secondary" to the first mortgage.

Foreclosure: A legal process by which the lender takes possession and ownership of a property when the borrower doesn't meet ("defaults on") the mortgage obligations.

Hazard Insurance: An insurance policy required by lenders to protect against damage or loss caused by fire, weather, etc.

High Ratio Mortgage: A mortgage of more than 75% of a property's appraised value or purchase price.

Interest: The cost of borrowing money.

Joint Tenancy: A form of ownership in which two or more individuals (often spouses) have an equal share in the ownership of a property.

In the event of one owner's death, his or her share is automatically transferred to the surviving owner(s), apart from the deceased's will.

Land Transfer Tax: Payment to the provincial government for transferring property from the seller to the buyer.

Leverage: Controlling a large asset with a relatively small amount of cash. In real estate, a $25,000 down payment (or less) can be used to purchase (control) a $100,000 home, for example.

Lien: Any legal claim against a property, filed to ensure payment of a debt.

Listing Agreement: The contract between the listing broker and an owner, authorizing the REALTOR to facilitate the sale or lease of a property.

Listing Broker: The REALTOR who signs a contract with an owner to sell the property.

Maintenance Fee: A monthly fee paid by condominium owners for maintaining the developments common areas.

Mortgage: A contract between a borrower and a lender. The borrower pledges a property as security to guarantee repayment of the mortgage debt.

Mortgagee: The lender.

Mortgage Insurance: Government-backed or private-backed insurance protecting the lender against the borrower's default on high ratio (and other types of) mortgages.

Mortgage Life Insurance: is insurance that pays off the mortgage debt, should the insured borrower die.

Mortgage Payment: The regular installments made towards paying back the principal and interest on a mortgage.

Mortgage Term: The length of time a lender will loan mortgage funds to a borrower. Most mortgage terms run from six months to five years, after which the borrower can either repay the balance (remaining principal) of the mortgage or renegotiate the mortgage for another term.

Mortgagor: The borrower.

Multiple Listing Service (MLS): A system for relaying information to Realtors about properties for sale.

Open Mortgage: A mortgage that can be prepaid or re-negotiated at any time in any amount without penalty.

Partially Open Mortgage: (Also called a "partially closed" mortgage) Allows the borrower to prepay a specific portion of the mortgage principal at certain time with or without penalty.

Mortgage Broker: A licensed individual who, for a fee, brings together a borrower in search of a mortgage and a lender willing to issue that mortgage.

Prepayment Privilege: A mortgage feature that allows the borrower to prepay a portion or all of the principal balance with or without penalty. The privilege is frequently restricted to specific amounts and times.

Principal: The mortgage amount initially borrowed, or the portion still owing on the mortgage. Interest is calculated on the principal amount.

Rate: (Interest) The return the lender receives for advancing the mortgage funds required by the borrower to purchase a property.

REALTORS: Real estate professionals who are members of a local real estate board and the Canadian Real Estate Association. Only these professionals can call themselves REALTORS.

Refinancing: The process of obtaining a new mortgage, usually at a lower interest rate, to replace the existing mortgage.

Reserve Fund: The portion of a condominium maintenance fee that is set aside to cover major repair and replacement costs.

Second Mortgage: A second financing arrangement, in addition to the first mortgage, also secured by the property. Second mortgages are usually issued at a higher interest rate and for a shorter term than the first mortgage.

Secondary Financing: Second, third, fourth, etc. mortgages, secured by a property "behind" the first mortgage.

Portability: A mortgage feature that allows borrowers to take their mortgage with them without penalty, when they sell their present home and buy another one.

Take Back Mortgage: See Seller-Take- Back Mortgage.

Term: See Mortgage Term

Title: The legal evidence of ownership in a property.

Title Search: A detailed examination of the ownership documents to ensure there are no liens or other encumbrances on the property, and no questions regarding the seller's ownership claim.

Unit: Term used to describe the individual home or apartment held by the owner within a condominium development.

Variable-Rate Mortgage: A mortgage for which payments are fixed but whose interest rate changes in relationship to fluctuating market

interest rates. If market rates go up, a larger portion of the payment goes to interest. If rates go down, a larger portion of the payment is applied to the principal.

Seller: The seller in a real estate transaction.

Seller-Take-Back Mortgage: When sellers use their equity in a property to provide some or all of the mortgage financing in order to sell the property.

Weekly Payments: Mortgage payments made weekly or 52 times per year.

Zoning Regulations: Strict guidelines set and enforced by municipal governments regulating how a property may or may not be used.

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