

7 Steps to STOP PAYING RENT and OWN A HOME OF YOUR OWN INSTEAD...

...and what you need to know to get you started toward buying your 1st home!

People fear what they don't understand. A good example is the purchase of a home. The average consumer knows very little regarding the home buying process. Between finding the right house, making sure it won't fall apart the day after it is purchased, and finding the best financing, it is no wonder that so many people are afraid to purchase their first home.

Buying a home is one of the most important financial decisions an individual will make. For a first-time homebuyer, the decision to purchase a home can be daunting. It will represent a major step forward as the individual/family will potentially be assuming its largest financial responsibility. As with any major decision, it is important that everyone, especially first-time homebuyers, take full advantage of the information and training that is available so they clearly understand the home buying process.

Before beginning the search for your dream home, it's important that you do your research and become more fully informed. Here are **seven steps** to get you started:

STEP 1: Visualize Yourself as a Home Owner

Before starting your house search, allow yourself to imagine what it will be like to be a homeowner. For most people, homeownership can be one of the most significant financial turning points in their lives. Imagine, living in a Home of Your Own! A fenced yard for the kids...A garage for your car...Enough room for all your stuff... On a quiet street...Privacy...Comfort. The advantages (pride of homeownership, financial investment) far outweigh any drawbacks.

STEP 2: Pull Your Credit Report

Your credit history is one of the first things a lender will look at in making a decision on your loan. Visit www.equifax.ca to obtain a credit report. Review it carefully to be sure all the information is correct. If you find discrepancies, you should work with the credit agencies to resolve them.

STEP 3: Determine How Much Money You Have for a Down Payment

Saving for a down payment can be one of the biggest barriers to homeownership. Mortgage lenders recognize this dilemma and many now offer new products with low down payment options. Five percent down payments are commonly available, and there are some loans that require no down payment.

There are many ways to find or save for a down payment, consider various sources of income such as:

- Save your tax refund
- Savings Bonds
- Borrow from parents
- Checking/Savings Account – put the same amount away every paycheck and watch it grow
- Gifts
- Borrow against equity in second home
- Take a second job
- Check out government programs

STEP 4: Choose the Right Lender for You

The mortgage broker vs. banks and mortgage companies. A mortgage broker has many different banks, savings and loan companies and mortgage companies that they "broker" their loans to, something like a stockbroker or independent insurance agent.

Since a mortgage broker does business with lots of banks throughout Canada, they can:

- Send the loan to many different underwriters
- Shop for the best rates and programs

Save you money by not charging loan origination fees

STEP 5: Get Pre-Approved for a Mortgage

Before you begin working with a realtor, see your mortgage professional and get pre-approved (not pre-qualified) for a mortgage. This will not only tell you how much you have to spend on a house but also give you an idea of how much of a down payment you will require. Getting a pre-qualification letter is easy. You just call your mortgage professional, provide some basic financial information, then wait a few minutes for the pre-qualification letter to come through your fax machine. Getting a "pre-qual" from a Web site is just as easy. Enter some information, click "submit" and voilà. A pre-approval letter, on the other hand, involves verification of the information. Rather than taking your word on faith, the lender will ask for documentation to confirm your employment, the source of your down payment and other aspects of your financial circumstances. Granted, a pre-approval is more time-consuming (and possibly more stressful) than a pre-qualification the additional due diligence is exactly why the pre-approval carries more weight.

Most lenders will provide this service free of charge. Pre-approval will let you **know exactly how much you can spend on a home purchase BEFORE you start your search.** A pre-approval in hand also makes you a more attractive buyer when you are ready to make an offer on a home. Home sellers are more likely to accept an offer from a buyer who can demonstrate the ability to secure financing.

STEP 6: Consider Using a Buyer's Agent

Most real estate agents represent the seller; they do not represent you as a homebuyer. There is a fairly new type of real estate agent called a "Buyer's Agent."

The buyer broker can disclose things to you about the seller (or the home) that they would not be able to if they represented the seller. They work for you, not the seller.

You do not pay their commission - the seller does.

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If a real estate agent will not offer you a buyer brokerage agreement, ask "Why Not". . .or better yet, find another agent!

STEP 7: Get Educated on the Home Buying Process

Many mortgage lenders, non-profit organizations, and even realtors offer homebuyer education classes to prepare you for homeownership. Classes normally run about four hours and cover the basics of home buying. Some of the topics covered are "How to Apply for a Loan", "Finding the Right Realtor", "Making an offer on a Home" and "The Advantages and Responsibilities of Home Ownership". The quickest and easiest way to get educated about the entire home buying process is to select a mortgage advisor and realtor who offer unbiased professional advice with your best interest in mind.

In Conclusion:

When you choose the right mortgage professional, with you're best interest in mind...

- You can find ways to get out of the "trap" of paying rent.
- *You'll be confident that you made the right decisions about your mortgage.*
- You'll be at ease knowing that nobody rushed you into the wrong mortgage program because you had to apply for your mortgage within 3 days of signing your purchase agreement. *Is 3 days long enough for you to make a decision that could last for 30 years?*

Not too many real estate agents will teach you the information that I have just given you.

Your desire to own a home, combined with my knowledge, will increase your chances dramatically.

Well, I hope I got you thinking. You probably have some questions.

As we wrap up, you may be still be wondering...

What's the next step?

We can give you a detailed analysis of how much you will save by owning instead of renting.

Please give me a call while this is fresh on your mind and you are excited about the possibilities.

Even if you are skeptical, which is only natural, a phone call can't hurt.

The worst that you will do is spend a few minutes learning.

The best you can do is have "peace of mind" and save yourself lots of money.

Or, if you wish, I can send a pre-approval package out to you today, or fax information to you.

I look forward to hearing from you.

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***Think about it. Now is the time to escape from endless rent payments. We can mail you a Pre-Approval Kit to get you started on your road to homeownership today! More people who are renters now qualify to become a homeowner. Don't let fear or ignorance stand in your way. Our job is to educate and advise you to make right decisions based on your unique situation. Call us today and take one step closer toward realizing your dream of homeowner ownership.