10 Tips Before You Buy Real Estate

Tip #1 ALIGNMENT

Make sure the property you are purchasing aligns with your short and long term lifestyle and financial goals. Is this a Rental property? Vacation property? Or your dream home? Then make sure it aligns with the lifestyle you want to live.

Tip #2 FINANCING

Are you going to be needing traditional financing? Get a mortgage pre-approval through a great mortgage broker. Are you going to need high ratio mortgage insurance, such as CMHC or Genworth? Do you have your down payment figured out? Are you aware of current and new lending legislation in Canada? Talk to a mortgage broker.

Also, remember there will be closing costs and you will require a lawyer. Get estimates to prepare in advance for these expenses, if they are not rolled into your mortgage.

Tip #3 CREDIT

How is your credit score? Ask your mortgage broker, financial advisor, or Certified Cash Flow Specialist™ for tips on how to keep your credit score high.

Tip #4 INTEREST RATES

Interest rates are historically low. See if you can afford your mortgage at higher interest rates. Maybe not the smartest thing to have a huge mortgage that would financially drown you if interest rates rose even by 1%. Even with the 5-year rate qualifying test in Canada, you have to feel comfortable with the amount of debt you are taking on and that you will be able to service it.

Tip #5 RENOVATIONS

Renovations. Do you need them? Have you estimated costs for all the renos you need to do in year 1, year 5, year 10? Do you have a plan for this? Doing renovations yourself typically comes with more stress and costs less. Getting a contractor may cost more and hopefully reduce your stress. Weigh out all options carefully.

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Tip #6 MONTHLY EXPENSES

Figure out what all your monthly expenses are, such as utilities, taxes, internet & phone, etc. If you live in a Condo/Strata, find out if your property has any potential assessments or deficiencies that could come up for you as large unexpected costs. Ask lots of questions to the condo/strata board and always a great idea to talk to neighbours in the area.

Tip #7 LIQUIDITY

Resale? How fast would you be able to sell if you really had to? Ask your Realtor to see comparables in the area and how long they took to sell. Do you have a mortgage penalty if you do decide to break your mortgage?

Tip #8 LOCATION

Are you too close to trains, planes and automobiles? Not close enough to amenities? Schools? What about lighting? Are there street lights that look right into your bedroom at night that you won't see in the daytime? Location matters. Location, Location, Location!

Tip #9 THE FINE PRINT

Did you read the fine print? Ask questions. Ask your realtor. Ask your mortgage broker. Ask questions again. For most people, buying a home or property is the largest purchase you will ever make. Make sure you have all the answers before you put pen to paper.

Tip #10 WALK AWAY

Do you have an exit strategy? Do you know when to walk away? Circle back to tip #1, is this in alignment with your short & long term goals? Best advice ever: Sleep on it, sleep on it again & trust your intuition before buying any property.

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