



The Ultimate Edmonton Home Buyer's Guide

Welcome to the Ultimate Edmonton Home Buyer’s Guide – the only guide you’ll ever need to help you navigate the Edmonton home buying process from start to finish.

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1. Are You Ready to Buy a Home?

The first step in the home buying process is determining if you're (financially) ready. In addition to saving your down payment (more on that to come), you'll also want to ensure you're in the best financial position possible before attempting to qualify for a mortgage:

Boost Your Credit – Your credit score is an indication to mortgage lenders of how well you handle your financial obligations. To qualify for a mortgage loan at an affordable rate, you'll want to make sure your score is as high as possible.

Helpful Hint: For most lenders in Canada, a credit score of 680 and above is considered "good."

Calculate Your Debt Service Ratios – Your debt service ratios are two calculations that lenders use to determine your creditworthiness and how much they may be willing to loan you for a mortgage. The easiest way to calculate these ratios is by dividing your current debt by your monthly income.



Helpful Hint: A Debt Service Calculator is a quick and easy way to determine if you can afford to buy a home with your current debt load and income.

Use an Affordability Calculator – Using a mortgage affordability calculator, you can decide if you need to save a little longer (to get what you really want) or if you have enough to move forward.

2. Saving Your Down Payment

To purchase a home in Canada, you must be able to provide a minimum of 5% down on the home's overall purchase price. Anything less than 20% is subject to mandatory mortgage default insurance, an additional premium paid out with your regular monthly mortgage payments.

While saving even the minimum can be less than easy, keep in mind, the more you put down, the more affordable your monthly mortgage payments (and interest rate) will be. Here are a few of our top down payment saving tips:

Take Advantage Of First-Time Buyer Programs – If you (or your partner) have not purchased a home within the last four years, you may be eligible for first-time buyer help.

Pay Down Your High-Interest Debts First – Pay these down as quickly as possible, so you're able to free up more to put towards your savings.

Make a Budget and Stick to It – This may seem obvious, but it does make all the difference between a slow crawl and a sprint. After calculating your income and expenses, see how much you have left over and where you can cut back.

Utilize a Tax-Free Savings Account – Speaking of savings, a TSFA is a registered savings account that provides tax-free benefits. In other words, you can keep 100% of your down payment fund, even on withdrawal. If you're a first-time buyer, putting your savings into your RRSPs may also allow you to qualify for tax-free down payment help (see: the Home Buyers' Plan to learn more).

Set Up Automatic Transfers – By aligning your payday with automatic transfers, money will be instantly invested into your down payment savings fund before you even notice it's gone.

Get a Side Hustle – Now that you've established a budget, if you find you're still not able to set aside as much as you'd like, consider picking up a side hustle. This may be in the form of freelance work, tutoring, a part-time job, etc.

Windfalls – Tax refunds, workplace bonuses, monetary gifts, and raises are all perfect excuses to pad your savings!



3. Determine Your Wants and Needs

Now that you've determined how much home you can afford and amassed your down payment, it's time to zero-in on your new home wants and needs. These can be defined as the features you absolutely need in your new home (i.e. a certain number of bedrooms) vs. the features that, while nice to have, aren't deal-breakers (i.e. a corner lot, real hardwood floors, a jacuzzi or specific paint colour).

To get started, ask yourself the following questions:

- How much home can I reasonably afford?
- Where do I want to live?
- What amenities do I need (i.e. schools, shops and services), and how far am I willing to commute?
- How many bedrooms do I need? Bathrooms?
- What style of home am I interested in? (Single-family, townhome, duplex or apartment-style condo)
- What is the minimum square footage I'm looking for?
- Do I require yard space?



4. Get Pre-Approved

Simply put, a mortgage pre-approval is a commitment from a lender to loan you a certain amount for a mortgage (at a locked-in rate), within a specific time frame - typically 60-120 days. Getting pre-approved before you hit the market is also an essential part of the home buying process, and for several reasons:

- 1. You'll Save Time, Money (and Disappointment)** – You won't waste any effort or energy looking at homes outside of your pre-approved price range.
- 2. You'll Be Taken More Seriously By Sellers** – Think of it this way, as a seller, are you more likely to favour the buyer with secured financing or the buyer without?
- 3. You'll Have Great Negotiation Power** – A home buyer with pre-approval letter in hand may benefit from greater bargaining power when it comes to negotiating the sale price, repairs or other buyer concessions. The seller may also be more flexible when they know you're already pre-qualified to purchase the home.

Helpful Hint: Just because you've been with your bank for an extended period doesn't mean you'll qualify for the best mortgage rate. Be sure to shop various lenders to secure the best product and rate for your needs. If you're unsure where to start, your REALTOR® can refer you to a reputable mortgage broker.



5. Partner With an Expert Edmonton REALTOR®

When it comes to the home buying process, REALTORS® bring more to the table than simply finding you the perfect home.

1. They Save You Time and Money

One of the most significant advantages of teaming up with a REALTOR® is the savings. Thanks to their expert knowledge and negotiation skills (more on that below), your agent can save you potentially tens of thousands of dollars on your home purchase. You'll also benefit from significant savings in time as your agent will do all the heavy lifting for you (vetting and researching properties, etc.). Even better, the home seller typically pays for your REALTOR'S® services.

2. They're Familiar With the Edmonton Market

As Edmonton real estate experts, your agent is extremely market savvy. Not only will they be able to answer any questions you have about a prospective neighbourhood (home prices, available amenities, accessibility, etc.), but they'll also be able to provide valuable insight into market trends (is now the right time to buy?) and much more.



3. They Have Negotiation Super-Powers

Your REALTOR® is there to represent your best interests every step of the way – especially when negotiating with competitive home sellers and their agents. When it comes to buying a home, this will instantly put you in a better position to get the property you want at a price you can afford.

4. They Take Care of the Details

No real estate transaction is without its paperwork. Between the deed, affidavit of title, bill of sale, transfer tax declarations, written offer, etc., the buying process requires a mound of copies, signatures and records. But never fear - your REALTOR® will take care of it all for you – ensuring all documentation is signed, sealed and delivered, error-free.

5. They're a Reliable Source of Support and Guidance

What neighbourhood will best suit your lifestyle? How long will it take to buy your new home? What happens if the home you're interested in goes into multiple offers? How can I find the right mortgage lender? The right mover? With so much to think about, the buying process can seem downright overwhelming. Your REALTOR® will address any concerns you might have, alleviate stress, and support you every step of the way.

6. They're Well Connected

From mortgage brokers and home inspectors to contractors and lawyers, your REALTOR® has the necessary connections you need to ensure a seamless home buying experience. If you're not comfortable shopping around for the right professionals to help you along your journey, your agent can help.



6. Start Your New Home Search

Now is where the fun can really begin! After carefully listening to your new home wants and needs, your REALTOR® will get to work, scouring the city's best listings in search of your new home. Here are a few questions/things to keep in mind when looking at potential properties:

The Neighbourhood – Pay attention to the sights, sounds and smells of a potential neighbourhood. Is the home located near a busy highway or under a flight path? Do the neighbours take good care of their properties? Is there litter everywhere? Are there any unpleasant smells? You may have to visit during different parts of the day to really get a feel for the community.

Lot Orientation – A south-facing home will typically see more sun during the day (especially towards the front). In contrast, a north-facing home will usually be cooler (inside) but benefit from a sunnier backyard. Can you see directly into your neighbour's home? Is there plenty of natural light? What is the view like?



The Location – Location is an important consideration for determining how long you'll need to commute to work or the surrounding amenities. Are there major commuter roads nearby? How far is the nearest school? Are there shops, services and transit easily accessible in the area?

Other Homes For Sale in the Neighbourhood – How much are other homes in the area selling for? This is a key indicator of whether the property you're considering is overpriced. Alternatively, if it's underpriced, why? A REALTOR® will help you determine this with a comparative market analysis.

See Past the Décor – We all have different tastes. For this reason, it's important to picture yourself living in the home (with your belongings) rather than getting too hung up on the seller's current décor. Remember, simple things such as paint colours, window treatments and even lighting fixtures can be easily changed.

Potential Renovations – That being said, you'll also want to keep the cost of possible renovations, repairs and upgrades in mind. If the home requires a lot of work to meet your needs, it may not be the right property for you.

7. Making an Offer

Here is where having an experienced REALTOR® on your side really makes a difference. When you're ready to make an offer on your dream home, your agent will draft up the necessary paperwork. These documents will include your offer, any inclusions or exclusions (i.e., appliances or window coverings), your proposed possession day, your deposit and any other conditions that must be met before moving ahead with the home's purchase.

Your REALTOR® will then work with the seller's agent to negotiate not just a lower asking price, but other buyer concessions. These may involve an extended (or shorter) closing date, repairs, upgrades, etc. Much of your negotiating power may come as a result of a home inspection, which your REALTOR® will help you arrange.

8. Closing Day

Closing day represents the final step in the home buying process, at which point you will work alongside your lawyer to settle any outstanding fees or closing costs. Closing costs are one-time expenses, typically paid for by the buyer, to cover any legal/administrative fees associated with the purchase. Ranging from approximately 1.5 -4% of the home's final price, these costs generally include:

- Land transfer tax
- Property appraisal
- Property survey
- Title insurance
- Property insurance
- Property taxes

Helpful Hint: Most lenders will want to see you've budgeted for closing costs before they will issue your mortgage pre-approval.

From here, your lender will release the mortgage funds to your lawyer, who will then transfer the balance to the home seller. Your agent will hand you your keys, and you're free to move into your brand-new home!

Congratulations!

Are you thinking about buying a home in Edmonton or the surrounding area? [Get in touch with me today](#), and together we'll begin the process of making your new home dreams a reality!

