



# The Top Home Buying Questions & Answers



## Start Planning for Home Ownership

The Canadian housing market is on the rise, and while conditions for buying a home have improved, there are still numerous misconceptions. In this booklet, RE/MAX will highlight some of the most popular questions and answers surrounding purchasing your new home.

To help combat the misconceptions, we have listed the 5 most common home-buying questions with answers below:

- Is right now the best time to buy a home?
- What type of home is right for me? What's the difference?
- Do I need a real estate agent?
- Should I seek the lowest mortgage interest rate?
- Should I buy a home?



## 1. Is right now the best time to buy a home?

The economics on housing costs vary by market and it's important to remember each area can be affected differently.

When asking yourself "is right now the right time to buy," there are many things to consider. The most important factor to consider is the reality of your financial condition. Regardless of the house price and interest rates, if you're not financially prepared to purchase and maintain a home, then it might not be the right time for you.

## 2. What type of home is right for me? What's the difference?

Depending on your lifestyle wants and needs, you'll have to decide which type of ownership is right for you. We've categorized the three most common home types to help you decide.

**Detached House:** A freestanding house that does not share a wall with another house.



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**Attached House:** A house that is attached on one or both sides to another house or houses. Attached homes include duplexes and town houses. Generally attached homes are less expensive than detached houses; however you must take into consideration the neighbourhood along with the condition and features of the home.

**Condo:** A condominium is also a type of home ownership. The word is frequently used to refer to purchased units in apartment buildings. You can get a condo in a high-rise or a low-rise building.

### 3. Do I need a real estate agent?

Of course you can locate, negotiate and complete the home-buying process without an agent's help. But it is far more difficult and frequently more costly.

When you choose the route of consulting a real estate agent - you get the benefits of their knowledge of the local real estate market and neighbourhood, as well as their team of professionals and access to historical sales. They also have access to all available and up-to-date information on homes listed. This all helps to ensure your home buying experience is a positive one. Most of all there is no cost to you as a buyer to hire an agent! So why take the risk?

### 4. What type of mortgage do I need?

#### **Different Types of Mortgage Options**

There are several types of mortgages to choose from. In order to choose the right one for you, you must understand the difference between them, below is a guide that will assist you in determining which one best suits your situation.

#### **Fixed Rate Mortgage vs. Variable Rate Mortgage**

- *Fixed Rate Mortgage:* In a fixed rate mortgage you agree on an interest rate with your lender and this rate gets locked in for the term of the mortgage.

*Pros:* You won't pay more if interest rates go up.

*Cons:* You won't pay less if they go down.

- *Variable Rate Mortgage:* In a variable rate mortgage your interest rate is the current rate indicated. At specified intervals, your interest rate may change to reflect the current rate at that time. In that case, your monthly payments do not change for that time period.

*Pros:* If the interest rate falls, more of your payment goes towards the principal and less goes towards the interest.

*Cons:* If the interest rate rises, less of your payment goes towards the principal and more goes towards the interest.

## 5. Should I Buy a Home?

This may be the biggest question of all. Buying a home is one of the most exciting — and important — moments of your life. Your home is one of the most important investments you'll ever make, it's not just the roof over your head, it's where you live, eat, sleep, play, and raise a family.

Evaluate your financial situation. Ensure you are educated on the real estate industry with facts, and remember, don't buy if you can't afford to, but if you can, it just might be the right time for you!

### Summary

We hope that these 5 frequently asked questions have helped kick start your home buying journey. There are many aspects of home ownership to consider, but with the right help, your buying process can be pain-free!



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