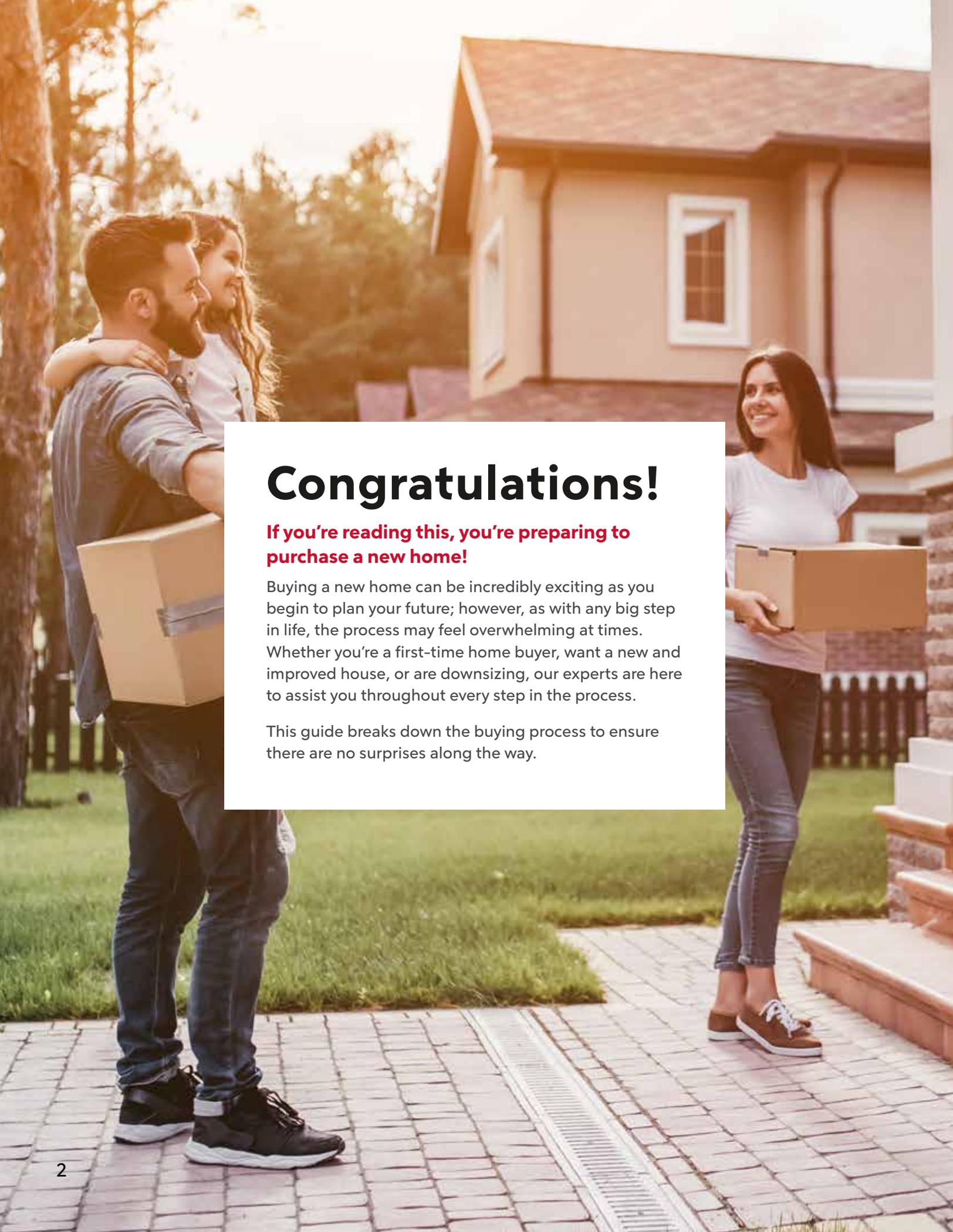

Step by step guide for home buyers.



ROCKET
Mortgage



Congratulations!

If you're reading this, you're preparing to purchase a new home!

Buying a new home can be incredibly exciting as you begin to plan your future; however, as with any big step in life, the process may feel overwhelming at times. Whether you're a first-time home buyer, want a new and improved house, or are downsizing, our experts are here to assist you throughout every step in the process.

This guide breaks down the buying process to ensure there are no surprises along the way.



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1

Start your home buying journey.

Shopping and buying a new home is an incredibly exciting time. Advanced preparation can simplify the process so that you can start your home buying journey feeling confident and envisioning yourself in your new home. While there is no “one size fits all” approach to buying a home, the steps are relatively the same for everyone. To help you get started, we’ve put together the following home buying guide.

While buying a home includes many steps along the way, the **ROCKET MORTGAGE 4 STEP MORTGAGE PROCESS** makes the financial part of your journey simple and straightforward.



START YOUR APPLICATION



VERIFIED APPROVAL



FIND A HOUSE



CLOSE WITH CONFIDENCE



Financial Assessment

Before buying a home, you'll want to understand your financial situation so you can properly budget for your home. Take inventory of your finances, including credit score, income, debts, savings and your monthly expenditures, to assess how much you can afford.

If you're thinking about buying your first home, you've likely set aside some cash for your down payment. If you're currently a homeowner, you have the benefit of using the equity in your home as a down payment on your new home.

TDS Ratio And Home Affordability

The larger the down payment is, the better your mortgage rate will be. Don't be put off by the old myth that 20% or more is necessary, as you can qualify for a mortgage with as little as 5% down! If you do have less than 20% for a down payment, you'll have to get mortgage loan insurance.

Add up all your recurring monthly expenses to calculate your total debt service ratio (TDS). Include things such as rent, student loans, car and credit card payments. Don't include variables such as utilities or grocery bills. Divide total monthly debts by total monthly pre-tax income to find your TDS ratio. TDS is the percentage of a person or household's gross monthly income that goes towards all current debt payments.

It is recommended that your TDS be within 40%; however, we can qualify clients for more if that suits their situation. Use Rocket Mortgage monthly payment and home [affordability calculators](#) to determine your home budget and monthly payments.



First-Time Home Buyer Programs

Did you know the government of Canada offers first-time home buyers multiple incentives to ease the financial costs associated with homeownership?

Here are some programs that assist first-time home buyers:

First-Time Home Buyer Incentive

Eligible first-time home buyers with the minimum down payment for an insured mortgage can apply to finance a portion of their home through a [shared equity mortgage](#) with the government of Canada.

Tax Credits

\$5,000 non-refundable income tax credit amount on a qualifying home acquired during the year. For an eligible individual, the credit will provide up to \$750 in federal tax relief. To find out if you are eligible, please visit the [Canada Mortgage and Housing webpage](#).

Home Buyers' Plan (HBP)

First-time home buyers can also withdraw up to \$35,000 from their RRSPs on a tax deferred basis to use towards the purchase of a home under the Home Buyers' Plan (HBP). First-time buyers may also be eligible for a land transfer tax refund of up to \$4,000. To find out if you are eligible, please visit the [Canada Mortgage and Housing webpage](#) and [Legal Line](#) for further details.

Green Home

If you plan to buy an energy-efficient home or make energy efficiency improvements when you purchase an existing home, you may be eligible for a [CMHC Green Home](#) partial premium refund. Based on the level of energy efficiency achieved, you could get a refund of up to 25% on your mortgage insurance premium.

2

Mortgage options and pre-approval.

As purchasing a home is likely the largest and most important financial transaction of many people's lives, it's a good idea to evaluate all options to place yourself in the best possible position for a stress-free investment.

Benefits Of Working With A Rocket Mortgage Financial Agent:

- Cost savings from viewing all available options
- Lower rates than a bank
- Expert agent assistance throughout the entire process
- Knowledge of the entire mortgage market instead of one bank's product line
- Flexible options for any buying situation

Banks are considered A-lenders, meaning they tend to prioritize lower-risk borrowers with the best credit scores and have stricter guidelines. You get the convenience of keeping all your finances under one financial umbrella, but this typically comes with additional costs. You could be leaving decades of cost savings on the table by only considering one option. As soon as you decide to buy a home, you should obtain pre-approval documentation.

Pre-Qualification And Pre-Approval

You can get a rough unverified budget for your home purchase, known as pre-qualification; however, a pre-approval will put you in a much better position for both home shopping and budgeting.

The Rocket Mortgage Verified Approval Letter (VAL), an enhanced pre-approval and a first of its kind in Canada, verifies your information and confirms your purchasing power. When you're up against other hopeful buyers making offers on the home you want, a reliable promise of financing can help make your offer competitive, even against cash buyers.

Here are the benefits of getting pre-approved with a Rocket Mortgage Verified Approval Letter:

- You'll be able to make an offer as soon as you've found a place you love, which is a huge advantage in today's highly competitive market.
- Sellers prefer home buyers with pre-approvals.
- Budget with certainty, knowing exactly where you stand when making an offer.
- Lock in your interest rate for 90 days¹ and shop with confidence.

¹Specific lenders only

Verified Approval Letter Checklist

At Rocket Mortgage, we're a client-first mortgage broker using the power of technology to make the process as transparent and easy as possible for you. If you haven't connected with Rocket Mortgage, answer a few questions on our website and have a commitment-free introductory chat with one of our agents. It's the first step in getting a Verified Approval Letter (VAL).

Checklist: Verified Approval Letter

- ✓ **One government-issued photo ID with your current address**
- ✓ **History of residence and employment (3 years)**
- ✓ **Proof of income (T4/pay stub) for your mortgage application**
- ✓ **Down payment proof (amount and source)**
- ✓ **Assets, savings and investment summary information**
- ✓ **Details of current debts and any other financial obligations**

What will affect your pre-approval?

Financial decisions made after receiving pre-approval can still void the validity of the document.

Examples can include the following:

- Changing employment or a reduction in your income. This can include a probationary period at work or if you are currently on, or plan to be on, maternity or parental leave.
- Applying for new credit cards or loans.
- Signing a "don't pay for a year" financial agreement with future payments.
- Guaranteeing/co-signing a loan or mortgage for someone else.
- Using any of your down payment money for other purposes.
- Investment value slipping below the amount needed to maintain your current financial position.

Mortgage Product Options

Rocket Mortgage works with over 50 lending partners and can offer a variety of mortgage options for many clients. One of our agents will help you compare options and choose the right mortgage for your homeownership goals.

Buying a home gives you the ability to choose a mortgage term for a set time frame of 1 – 5 years.

Your term will need to be renewed at the end of its duration, which is generally 5 years. Knowing that you're not locked into your rate forever is good news if you find yourself re-evaluating your goals or finances in a few years.

Open And Closed Mortgages

Some home purchasers like to have the flexibility to make extra payments or pay off their mortgage completely before the term ends. An open mortgage allows you to do exactly that. It's a great option for home buyers who plan to pay off their mortgage quickly or stay open to the idea of moving. While this option is great for those who want flexibility, interest rates tend to run a little higher for this added benefit.

A closed mortgage often limits the amount of extra money you can put toward your mortgage each year but offers a lower interest rate. These are better for home purchasers who plan to keep their home for the entirety of their loan's term or for those who want a lower interest rate.

Fixed And Variable Rates

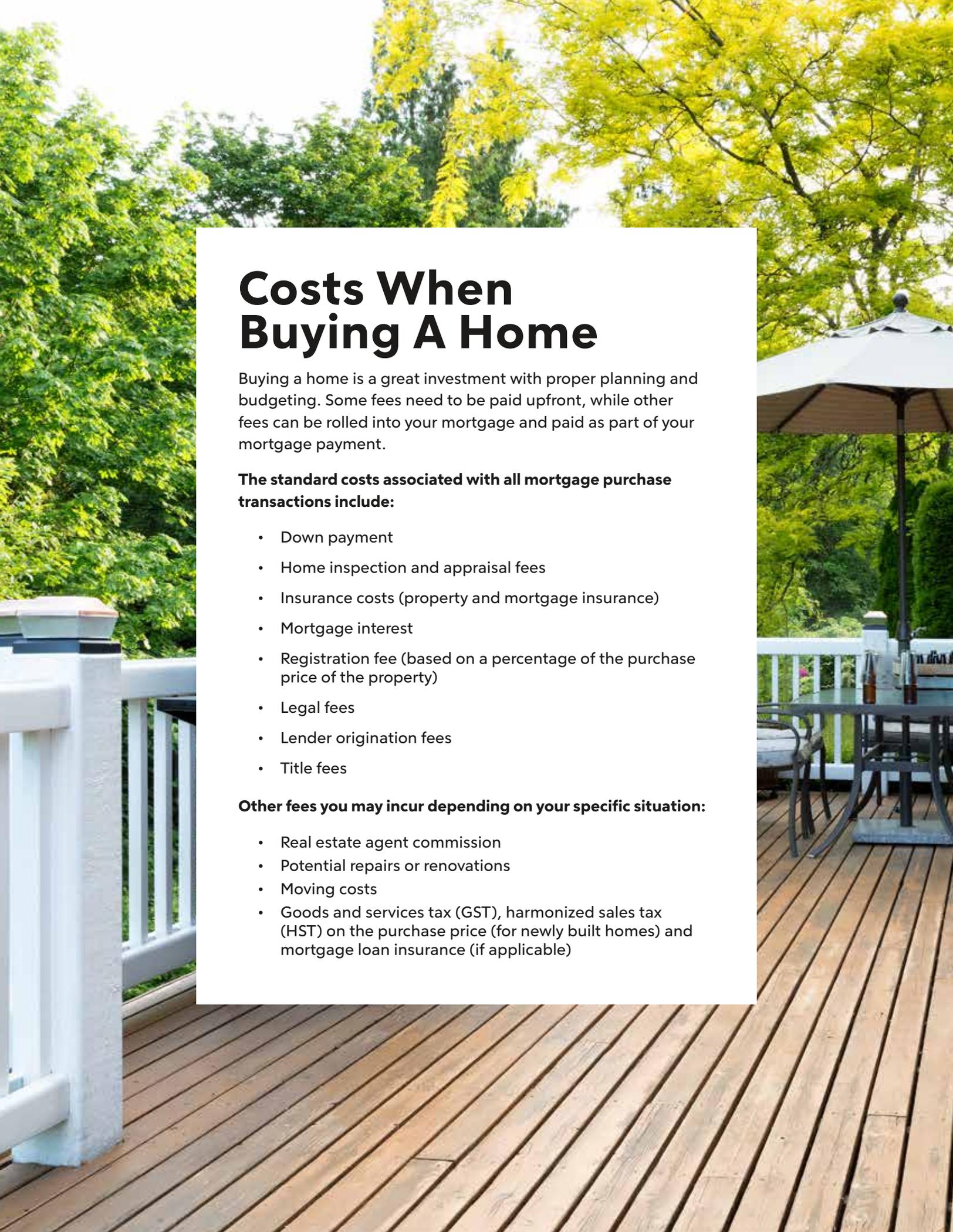
As a home buyer, you have many great options when it comes to interest rates. Fixed interest rates stay the same for the entire term, which allows you to have a set monthly mortgage payment for the duration of your term. Variable rates are typically lower than fixed rates but can fluctuate up or down based on the prime rate.

The most popular mortgage options are the 5-year fixed rate and the 5-year variable rate, although 3-year fixed and variable rates often come with lower rates. Rocket Mortgage offers terms from 6 months to 10 years.

[View Current Rates](#)

Here are some additional mortgage options to discuss with one of our agents:

- **Portable mortgage:** An option that lets you transfer or switch your mortgage to another home with little or no penalty when you sell your existing home. Mortgage loan insurance can also be transferred to the new home.
- **Pre-payment options:** The ability for borrowers to make extra payments, increase their payments or pay off their mortgage early without incurring a penalty.
- **High-ratio mortgage:** A mortgage for more than 80% of the value of a property, which will require additional mortgage insurance.
- **Rocket Mortgage can provide loan options for self-employed clients and clients with a credit score of less than 620.**



Costs When Buying A Home

Buying a home is a great investment with proper planning and budgeting. Some fees need to be paid upfront, while other fees can be rolled into your mortgage and paid as part of your mortgage payment.

The standard costs associated with all mortgage purchase transactions include:

- Down payment
- Home inspection and appraisal fees
- Insurance costs (property and mortgage insurance)
- Mortgage interest
- Registration fee (based on a percentage of the purchase price of the property)
- Legal fees
- Lender origination fees
- Title fees

Other fees you may incur depending on your specific situation:

- Real estate agent commission
- Potential repairs or renovations
- Moving costs
- Goods and services tax (GST), harmonized sales tax (HST) on the purchase price (for newly built homes) and mortgage loan insurance (if applicable)

3

Finding the right home for you.

With a clear picture of your budget and the pre-approval to prove it, it's time to narrow down your home search and find one that will meet your present and future wants and needs. To find the right home for your lifestyle, go through your daily activities to ensure life in your new home will be comfortable.

Lifestyle And Amenities To Consider

- Location (downtown, suburbs, schools, local amenities)
- Size (bed/bath numbers)
- Special features (appliances, swimming pool, AC, yard)
- Lifestyle (children, commute, retirement, friends, community)

Often overlooked items

- Parking
- Age of windows, roof, appliances, heating & cooling
- Natural Lighting
- Level floors (uneven floors are a warning sign of major structural issues)
- Smells (damp can be a sign of mold or poor ventilation)
- Neighbours

Start Your Search

You can start your shopping online with various home listing sites, such as:



[REDFIN.CA](https://www.redfin.ca)



[REALTOR.CA](https://www.realtor.ca)

You may also consider short sales and foreclosures by searching bank websites, government-owned listings, and county offices.

Connecting with an experienced real estate agent may save you time and money as well as provide more options, as they have in-depth knowledge of the market and can negotiate on the offer. Rocket Mortgage can connect you with a trusted network of real estate agents we partner with.

4

Selling your home and buying a new one.

There are several schools of thought when deciding whether to buy or sell a house first, and each person will have their own considerations. Some people say you should sell first so you're not stuck with two mortgages at the same time. Others say you should wait to sell later so you're not in between homes.

Buying Before Selling

PROS: The most obvious pro of buying a house before selling your current one is that you know you'll have a place to go when you sell your place. There's nothing more frustrating than having to find a short-term rental, especially if you have pets, kids or heavy furniture like a piano. Many places don't allow month-to-month rentals if you're a new tenant, which means you may have to pay multiple months of rent even if you only need a month. Plus, if you have a home to move into, you won't have to worry about living out of boxes or paying moving expenses twice.

CONS: Not selling your house before you buy your next one could leave you on the hook for two mortgage payments at the same time. Homeowners need to have a plan for how they'll pay two mortgages.

This could create financial stress, especially if selling your home proves harder than you realized.

Selling Before Buying

PROS: When you sell your home before buying a new one, you're no longer on the hook for paying two mortgages at once. This means you don't have to feel rushed into making a housing decision. If you have somewhere to stay after closing, then you can also take your time and make sure your next home purchase is the right one.

CONS: When you sell a home before buying one, you're leaving it up to chance that you'll find something that fits your lifestyle and your budget. Some people have discovered through the process of selling their home that they're better off staying put and remodeling.

Whether you decide to sell your home first or buy your next house first, consider the following:

- In a perfect world, you'd move from a seller's market to a city that has a buyer's market. The situation lets you achieve the highest selling price for your house and the lowest buying price for your new home.
- There are many factors that affect the housing market. An area with good schools may always be a seller's market, while a suburb with an increase in crime may suddenly be a buyer's market.
- Some seasons are better for home buyers than others. The late spring and summer are popular, especially with families who don't want to move during the school year. Winter is generally slow, especially in areas with heavy snowfall. You should also talk to the real estate agent to see if there are any other factors you should be aware of.

Even if it's not the best time to put the house on the market, you can still get it ready to sell. The sooner you prepare, the easier the process will be.

For Sale By Owner Vs. A Real Estate Agent

Selling your home means making dozens of decisions, starting with whether to work with a real estate agent. While the vast majority of homeowners hire a listing agent, others brave the world of for sale by owner (FSBO). According to Zillow research, 36% of sellers attempt to sell their homes themselves, but challenges along the way lead many of them to eventually hire an agent. In the end, only 11% of sellers end up selling their home without a real estate agent.

If you're trying to decide whether you're better off enlisting the help of a local real estate professional or selling your house yourself, consider the following:

Benefits Of Selling For Sale By Owner (FSBO)

1) You'll avoid paying the listing agent commission.

The most common reason for choosing FSBO is to avoid paying commissions, which are fees paid to agents based on the final selling price of the home. Commissions are typically split 2.5% for the selling agent and 2.5% for the buying agent. These costs are usually paid by the seller from the proceeds of the sale.

2) You'll have complete control of the listing price.

Without an agent, you're the sole decision maker when it comes to your list price. You'll need to make sure you put your emotional connection to your home aside. Look at your home as an asset and do your research to see how your property stacks up against other similar homes nearby. For \$300 – \$500, you can hire an appraiser to give an accurate market value.

3) You can manage the schedule of showings and open houses.

No more last-minute showings, weekend open houses or keeping your home pristine around the clock. You decide when you want to show your home. Plus, you won't have to wait for your agent to be available to do a showing for you.

4) You're the neighbourhood expert.

You can speak to potential buyers about not just the home itself, but what it's like to live in the community. After all, you know your neighbourhood best. Sharing that knowledge can be a huge selling point with buyers.

When selling your house independently, objectivity and acceptance of feedback from potential buyers are incredibly important. To help move your negotiations forward in a productive manner, make sure you know what your bottom-line price is and what concessions you're open to. This makes negotiations more logical and less emotional.



Benefits Of Hiring A Real Estate Agent

1) They understand fair market value and pricing strategy.

When you work with an experienced local agent, they should have a great handle on what your home is worth and what kind of pricing will get buyers through the door. They will navigate the process for you and negotiate to get the highest possible price on your behalf, while still appealing to a wide range of buyers.

2) They're objective listing experts.

Good real estate agents have a deep understanding of their local market and want to show your home in the best light. They also have relationships with photographers and home stagers, who can all work as a team to highlight the amenities that local buyers want.

3) They have access to extensive market exposure.

With access to the local multiple listing service, home sites and professional networks, your real estate agent can get a lot of eyes on your listing and plenty of potential buyers in the front door.

4) Buyer's agents are more likely to show your listing to clients.

Real estate agents are paid on commission, so some agents may not take the time to show your FSBO listing to their clients, since there's no guaranteed commission.

5) They'll negotiate professionally.

Experienced agents can spot serious buyers and guide you toward the strongest offers, which eliminates the burden of calls and negotiations with less motivated shoppers. Agents are extremely familiar with both the selling process and your local market, so they can recommend appropriate counteroffers and help you get as much money as possible.

6) They know the paperwork.

There's a lot of documentation involved when you sell a home, and without an agent, the burden of making sure it's complete and accurate falls on you. Seasoned real estate professionals are experts in the purchase and sale process as well as all the legalese that comes with it.

5

Get your house ready to sell.

Getting ready to sell your home? If you want to sell your home for as much as possible, there are steps you can take before putting it on the market to increase its value. Although it may take a little work, research and time to get the best offers, these six steps will get you prepared.

Understand Your Home Value

Your first step should be to determine what your home is actually worth. With so many memories attached to your home, it can be easy to believe that your home is worth more than it actually is. A common mistake that homeowners make when they sell their home is overvaluing it and pricing it too high. Search online for home value estimators or consult with a local real estate agent to price your home. They'll consider recent home sales and current market conditions to figure out a good price point to attract buyers and bring in offers.

Find The Right Listing Agent

A great listing agent is an invaluable asset when you sell your home. Listing agents will help you plan, promote, show and sell your home in a timely manner. Rocket Mortgage has a trusted network of real estate agents in our Rocket Mortgage Realtor Alliance that we can refer to you. Connect with one of our agents for a complete listing.

Depersonalize And Declutter Your Space

Removing distinctive personal touches allows buyers to envision themselves in your home. This often leads to a higher selling price and less time spent on the market. Here are some additional tips:

- Make your design aesthetic as neutral as possible, especially walls, floors and furniture.
- Remove unusual paint and wallpaper colours, and pack up family photos.
- Ask a friend to point out any taste-specific decorations so you can remove them.
- Remove unnecessary appliances, furniture and toys from view when buyers are touring your property.
- Deep clean your house to get rid of any odors from pets, mildew or pipes.
- Open your curtains or shades to allow light in.
- Before a showing, clear the kitchen counters, tidy up rooms and remove pets from your home.

Your home's exterior is the first thing buyers see, so take some time to make sure you're up to date with exterior maintenance. Here are some things you can tackle before selling your home:

- Clean your gutters out and wash your home's siding.
- Mow your lawn; remove weeds, toys and pet stool; and prune bushes.
- Inspect your fence for cracks and peeling paint.
- Clean your pool if you have one.
- Pressure-wash your sidewalk and any other paths on your property.
- If your front door has peeling paint, a fresh coat will instantly update and modernize it.
- Finally, consider adding curb appeal. Put planters on either side of your front door or add a new, clean welcome mat to help potential buyers feel at home.

6

Making an offer and closing.

Once you've chosen your ideal home and the mortgage option that works for you, **it's time to make an offer to purchase** and hopefully close the deal. Although this sounds quite simple, expect to negotiate, and try to enjoy the process of working out the best deal for you.

Making an offer to purchase is a legal contract that should be carefully prepared with your real estate agent and/or lawyer and will include a purchase deposit (1% – 3% of your home's purchase price) to prove that you're serious about buying the home. Rocket Mortgage has a network of trusted lawyers who can assist with your closing, or you can work with one of your choosing.

Be 100% sure you want to purchase a home before you submit an offer because you could back out of the home purchase for a reason not specified and lose your earnest money deposit.

Checklist: What You'll Need To Prepare Your Offer

- ✓ **Address of the property and name of seller**
- ✓ **Full purchase price you're offering**
- ✓ **Extra items you want included in the purchase (carpeting, appliances, blinds)**
- ✓ **Closing date to take possession of the home (usually 30 to 60 days after signing)**
- ✓ **Request for a current land survey of the property**
- ✓ **Date the offer expires**
- ✓ **Any other conditions that must be met (home inspection, lender approval)**

Once your offer is accepted, congratulations! Rocket Mortgage is here to finalize the details of your home purchase and mortgage.

A photograph of a white front door with a wooden panel, set in a white frame. Two black lantern-style light fixtures are mounted on the white horizontal siding on either side of the door. Green ferns are visible in the foreground on both sides. A red banner is overlaid on the top part of the image, containing the title 'Checklist: Closing'.

Checklist: Closing

- ✓ **Listing/photographs**
- ✓ **Estimates of recent or planned renovations and improvements**
- ✓ **Legal description of the property**
- ✓ **Land survey**
- ✓ **Most recent property tax assessment**
- ✓ **Heating and utility costs**
- ✓ **Appraisal**
- ✓ **Condominium fees (if applicable)**
- ✓ **Signed offer**

Based on the condition of the home you're interested in, you may want to request repairs or make your offer contingent upon a successful inspection. You may also request that the seller add upgrades to the home (such as new carpet or appliances), but keep in mind that this may drive the price up. Also, be aware that this may make your offer less appealing in times when the market is highly competitive.

Appraisals And Inspections

After you reach an agreement with the seller, it's time for the appraisal and the inspection. An appraisal gives you an estimate of how much the home is worth based on values in the neighbourhood and the general condition of the property. An inspector will examine the home's structural, mechanical and electrical systems. You have a few options if your appraisal comes in lower than what you offered on the home or if the inspection comes back with major issues.

You can:

- Renegotiate the purchase price with the seller.
- Put conditions on your offer for all necessary repairs.
- Bring a larger down payment and lower the amount of money you're borrowing.
- Request a new appraisal.
- Cancel the sale and continue pursuing a different property.



Closing Day!

Celebrate your closing date! This is the day you officially take legal possession of your new home! Bring to your closing meeting your ID, closing disclosure, and cashier's check or proof of a wire transfer for your down payment and closing costs. A neutral third party called a closing agent will lead the process. You're officially a homeowner as soon as you sign all your paperwork!

At this point, your lender gives the mortgage money to your lawyer, and you provide your down payment (minus deposit) along with closing costs (typically 1.5% to 4% of the purchase price) covering legal fees, land transfer taxes, etc.

Your lawyer will help with payment to the seller, register the house in your name, then the deed and keys to your home are officially yours! For more information, you can visit [RocketMortgage.ca](https://www.RocketMortgage.ca) or have an introductory chat with a Rocket Mortgage agent at **(844) 733-4766**.

Moving Tips

You're finally ready to move into your new home. Here are some moving tips to make moving day seamless:

- Create a moving checklist and budget.
- Weigh the pros and cons of hiring professional movers.
- Declutter by donating or tossing anything you no longer need.
- Invest in some quality moving boxes.
- Pack for at least an hour a day, 30 days prior to moving.
- Use different coloured labels for each room and label the contents in each box.
- Keep your boxes at no more than 50 lbs.
- Be sure to pack heavier items on the bottom and lighter items on the top to avoid damaging breakables.
- For any fragile items you pack, use plenty of bunched-up paper and padding.
- Use plastic wrap to avoid leaks for any packed liquids.
- Take pictures of items that require reassembly.
- Pack hanging clothing in garbage bags by cutting a hole on top of the bag then placing the garbage bag over a grouping of hangers.
- Roll clothing instead of folding to save space.
- Create a moving day game plan.

Settling In

Now that you've moved in, make sure to consider the following to make your transition as smooth as possible:

- Change your address at the local post office and Service Canada (licence and health cards).
- Connect with your local electric, water and cable companies to set up your new account.
- Establish a reserve fund for the repair or replacement of common elements such as the roof, windows, boiler, flooring and appliances.
- Create a maintenance fund to cover costly repairs; 5% of your monthly income is a good base.
- Protect your personal and financial safety. Prepare a fire evacuation plan, store valuables safely, check fire extinguishers and smoke alarms, test your carbon monoxide detectors and test your home for harmful radon gases (Canada.ca/radon).
- Consider obtaining mortgage life insurance, which protects the family by paying off the mortgage if your unfortunate circumstances don't allow you to make the payments.



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