FLORENCIO MENDE JR
Your Trusted Expert in Real Estate

HOMEBUYER'S
GUIDE

PREPARED BY
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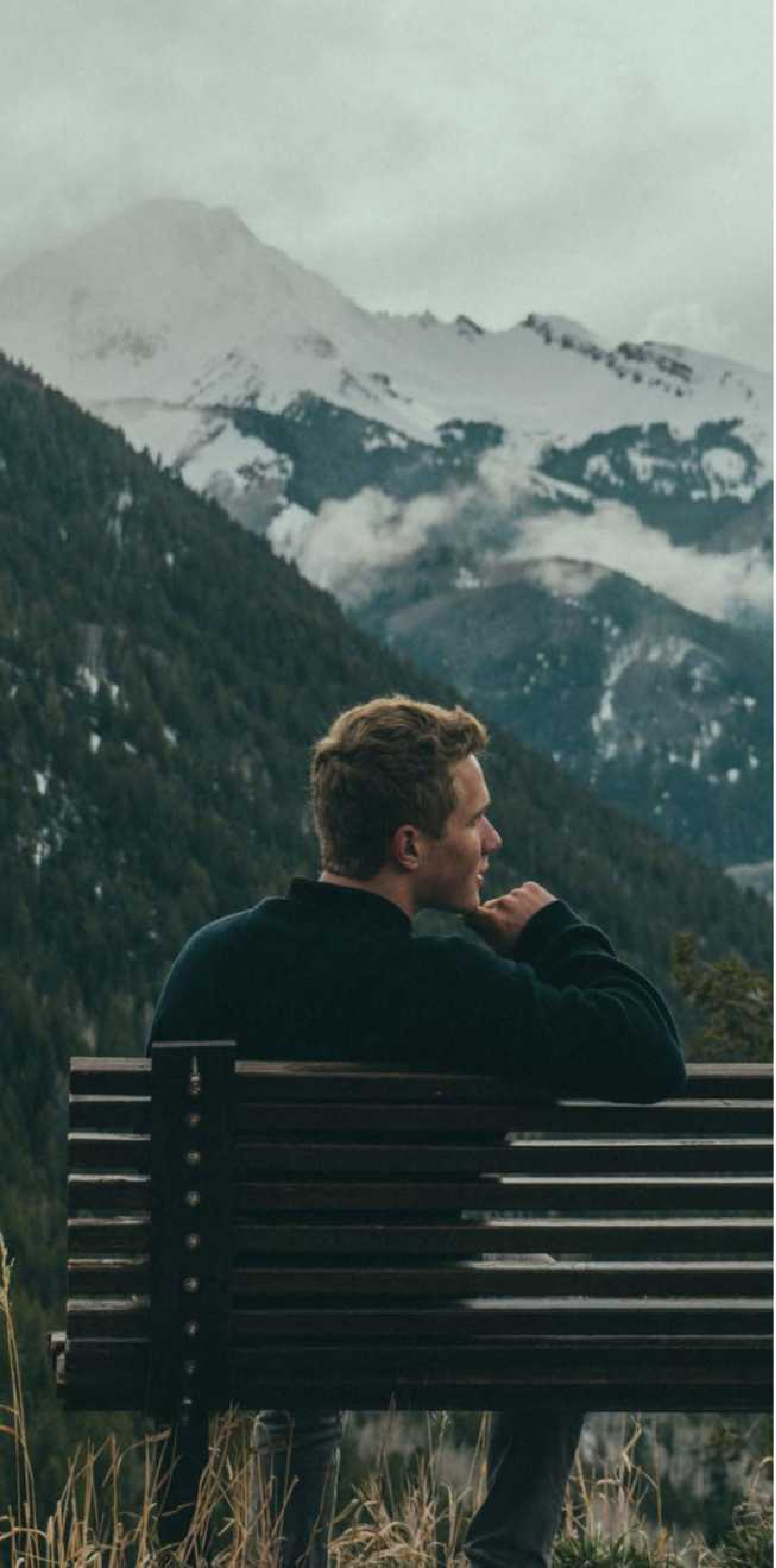
Chart your way through a successful property purchase

01
WHY USE THIS BUYER'S GUIDE?



WHY USE THIS BUYER'S GUIDE?

This practical buying guide was designed to help you chart your way through a successful property purchase.

For most people, buying a property is one of the most significant financial decisions they will ever make. It can easily become emotional, especially if the property will be your home. There's a lot at stake.

That's why most people choose to work with a professional REALTOR®. Realtors like Florencio will protect you with valuable advice, knowledge and expertise that allow you to buy with confidence knowing that you're making informed decisions.

Having the right Realtor on your side can transform a potentially stressful and complex transaction into an exciting and rewarding experience.

02
WHO ARE REALTORS®?

Who are REALTORS®?

Realtors are licensed real estate professionals who are members of the Canadian Real Estate Association (CREA). CREA holds the trademark "REALTOR®." It symbolizes a commitment to competence, service and professional conduct. In the quest for these high standards, Realtors in Canada have been bound together by a REALTOR® Code of Ethics since 1959.

As well, Realtors must uphold the requirements of their provincial association (BCREA) and local real estate board. In most cases, Realtors who work in the Greater Victoria belong to the Victoria Real Estate Board (VREB).

Realtors have a shared commitment to provide expertise and high quality service to their clients, yet there is a lot of diversity among the Realtor community. Realtors are self-employed, independent business people who come from every walk of life. This means you are likely to find a Realtor to work with you who suits your unique needs.

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Why should you hire Florencio as your Realtor?

When you are making one of the most significant personal investments of your life, you would want to work with someone you can trust.

By using my real estate services, you'll have an expert who can help guide you through every step of buying or leasing a property. After all, the key to making smart decisions is being informed.

When you hire me as your Realtor, I can help you with many things including:

- Narrowing the search down to suggest the most suitable properties
- Advising on relevant information including neighbourhoods, zoning and property histories.
- Assessing the potential resale value of properties and ensuring fair market value on what you pay.
- Arranging showings and providing knowledgeable feedback on prospective properties.
- Writing all offers and handling the purchase negotiations to ensure your financial interests are protected
- Assisting you at every step of the process by providing valuable advice and essential information

What to expect from Florencio as your Realtor?

When you choose me to represent you in the real estate transaction, I am expected to:

- Promote your best interests with expert real estate advice and skills
- Simplify the process of buying or leasing with specialized real estate knowledge
- Offer you protections with trust coverage and insurance
- Stay informed of market trends, neighbourhoods, and property histories
- Communicate honestly and as frequently as you require on all matters of concern to you and your real estate transaction
- Offer personalized marketing services including MLS® access

Without a real estate advisor, you may be vulnerable to costly mistakes.

Naturally you'll want to maximize your investment, and having me as your professional Realtor on your side increases the likelihood of purchasing the right property at the best price and with the fewest hassles.

Choosing a Realtor

Choosing a Realtor to work with is not that different from seeking out a good lawyer or dentist. It helps to get referrals from family and friends who have positive things to say about their experience with one.

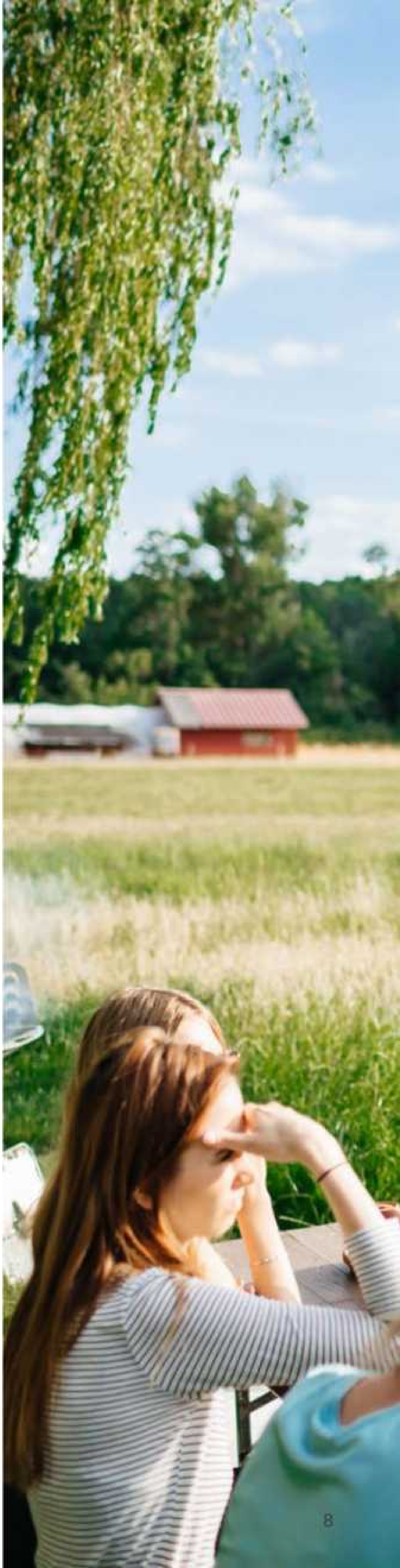
Florencio, as your Realtor, takes the time to listen and understand your preferences—whether it's the right neighbourhood, the perfect home size, or staying within your budget. With his unique skills, experience, and commitment to exceptional service, he ensures a smooth and informed real estate journey. Plus, as a member in good standing with the Victoria Real Estate Board, you can trust that you're in capable hands.

What are brokerages?

A brokerage is the real estate office where a Realtor conducts their business.

Although Realtors are self-employed, they must work under the supervision of a licensed managing broker who has the responsibility to make sure all activities are completed competently and in accordance with requirements at all levels of government, the Real Estate Council of BC Rules, provincial legislation, CREA's *REALTOR® Code of Ethics* and *Standards of Business Practice*.

As well, brokerages each have their own unique approach to training, support, branding and fees, so it's wise to discuss the brokerage's business model with your Realtor.



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Licensing qualifications

All real estate licensees in BC are required to complete a provincially-mandated training program though the University of British Columbia's, Sauder School of Business – Real Estate Division. Florencio has passed this entrance exam before becoming eligible for a licence.

Florencio's license is also issued by the province's regulatory agency for real estate in the province, British Columbia Financial Services Authority (BCFSA). It's the BCFSA that determines whether a licence is issued, suspended or revoked. Licenses must be renewed every two years and real estate licensees must complete specific training requirements in order to renew their license.

In addition to the ongoing requirements of the BCFSA, realtors like Florencio are required to complete additional training through a Professional Development Program to maintain their membership with the Victoria Real Estate Board.

Roles of Real Estate Professionals

A **representative**, salesperson or real estate agent is the most common type of real estate professional who performs all real estate duties while working under the supervision of a licensed broker.

An **associate broker** is licensed to trade real estate under the supervision of a licensed broker, has the same responsibilities as a representative and the skills to operate a real estate brokerage. A representative with a minimum of two years of real estate experience can choose to become an associate broker by obtaining an advanced level of real estate education and training on the operation of a real estate brokerage.

A **managing broker** is authorized to operate or manage a brokerage. He or she is authorized to make management decisions and is given management responsibilities within a brokerage. Each brokerage is required to have a designated licensed managing broker at all times.

A **broker** is responsible for the supervision of the brokerage, its staff and its representatives. He or she is responsible to ensure the business is run competently in accordance with the *Real Estate Services Act* and the *Real Estate Development Marketing Act*. A broker may also choose to trade in real estate with the same abilities as a representative.

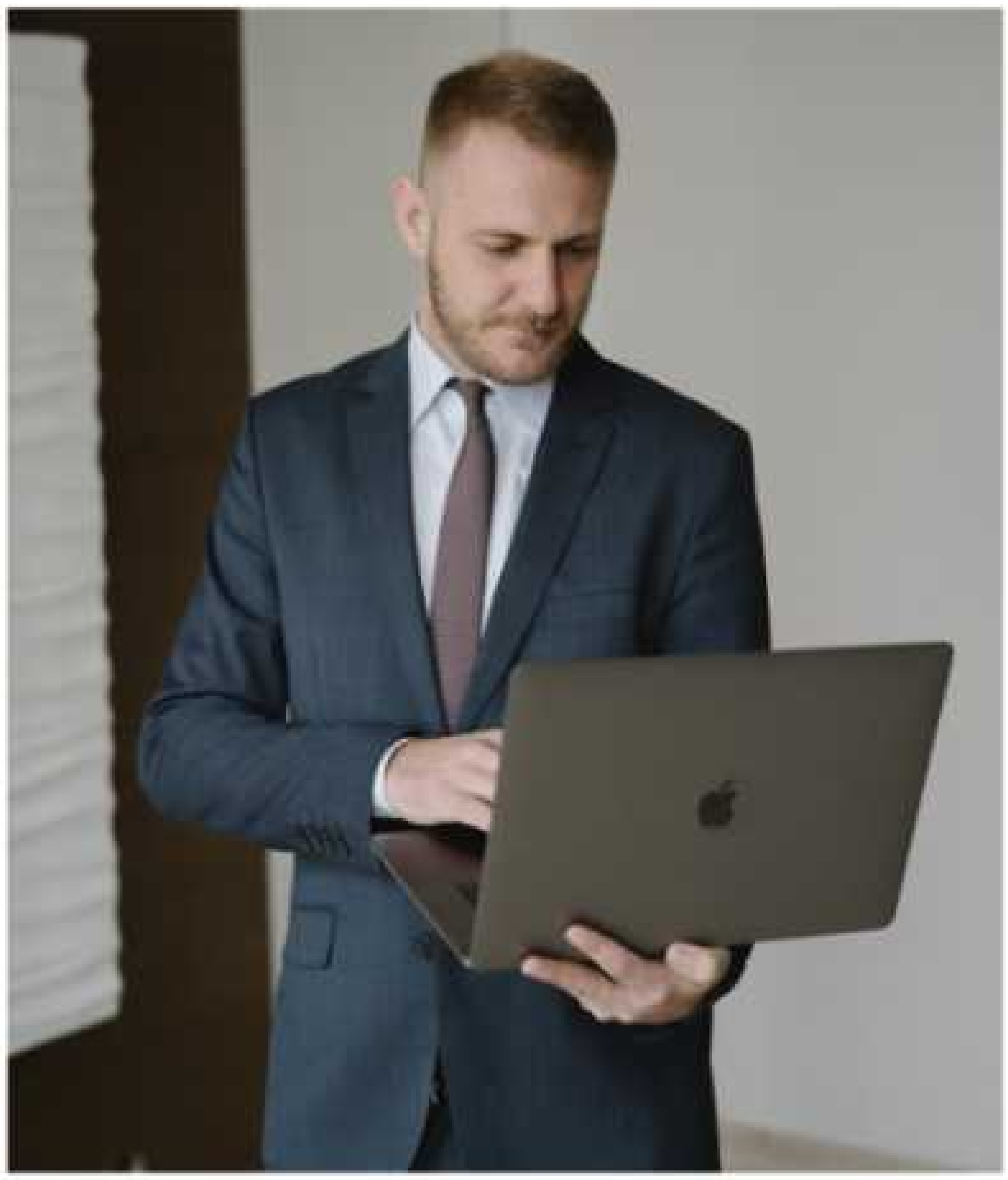
A **brokerage** is authorized to trade in real estate on behalf of another individual. The brokerage engages real estate representatives to perform listing/selling functions under the supervision of the managing broker. There are three types of brokerages: sole proprietorship, partnership and corporation, and brokerages may have branch offices. Brokerages offer different business models to attract real estate professionals including different training, support, branding and fees.

Types of Agency Relationships

In every transaction there is a buyer and a seller, or in the case of a lease, a lessor and a lessee. A real estate licensee may act as an agent for either party or in specific circumstances, for both parties.

Before you start working with Florencio, he will explain a document called *Working With a REALTOR®*, which outlines different ways to work with a real estate representative. Once you have agreed upon the preferred type of relationship, you will both acknowledge this by signing the document.

The most common way to work together is in an **Agency** Relationship. This is where you can expect undivided loyalty from your realtor, Florencio, who is obligated to keep your confidence, obey all lawful instructions, to exercise reasonable skill and care when performing all assigned duties, and account for all money and property placed in his care.



Should a situation arise when unrepresented sellers would like your agent to represent them, your relationship with your Realtor can become a **Limited Dual Agency** Relationship. Due to the conflict of interest that arises from dual agency, the *Real Estate Services Act* restricted dual agency in BC, except in the underserved communities where there are no other realtors who can represent both the buyers and sellers in the same transaction.

The other type of Realtor relationship is a **Customer** Relationship. This means the Realtor is not acting as your advocate. They must not give you real estate advice, recommend or suggest a price, nor disclose any confidential information. However, they do have an obligation to disclose material and latent defects of a property, to tell the truth about the property, and explain any contracts and forms that you sign. They are a source of information and a facilitator to execute the decisions you make.

An example is if you are buying your own home without the representation of a real estate agent. If you view a property, the seller's agent has a legal and ethical duty to provide you with honest, accurate answers, but cannot give you any real estate advice, recommend or suggest a price, inform you of his or her seller's top or bottom line or disclose any confidential information.

Florencio's Professional Obligations

Loyalty

Florencio, as a licensee, is bound by a strict obligation to promote and protect his client's best interest. He must fully inform you, as his client, of the services he is providing and disclose any factors that could negatively impact you. Simply put, he is obligated to be totally honest with you on anything that concerns your interest in the purchase of real estate.

Obligation to disclose

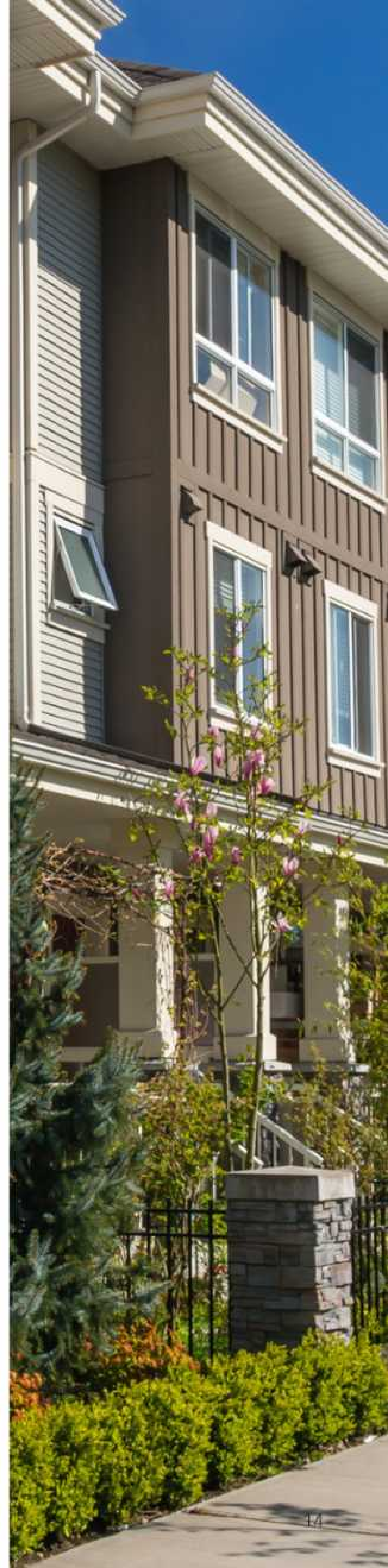
If your Realtor, Florencio, has a personal relationship with the other party or they are acting on their own behalf or have a personal interest in the property, they must inform you in writing before signing the *Contract of Purchase and Sale*. This includes being related to the other party and buying/selling for themselves, their colleagues or their ongoing clients. If he is expecting to receive any special compensation from a financial institution or a professional they are recommending, he must also notify you in writing and request your written approval.

Advising and informing objectively and accurately

Florencio is also responsible for disclosing accurate information to clients and customers and for verifying the accuracy of any information shared.

***Special Note:** If you are unrepresented buyer or seller in a real estate transaction (i.e., a non-client), Florencio is not bound by fiduciary duties as per the *Real Estate Services Act*. Like all realtors, he does not owe unrepresented parties duties of loyalty, disclosure, or confidentiality.

03
CHOOSING A PROPERTY



choosing a property

Whether you're searching for a home, a piece of land, or a retail or commercial space, Florencio is here to guide you every step of the way. Start by making a list of must-have features and prioritizing what matters most. While most property purchases require some level of compromise, Florencio's expertise will help you navigate your options, refine your search, and find the right property that meets your needs. With his commitment to your goals, he'll work his best to turn your real estate vision into reality.

Community

Is there a particular area you'd like to be in? What facilities are nearby including community centres, malls, recreation and schools? Are there any future developments that you should consider? Do you prefer outdoor recreational activities such as hiking, fishing, or paddling, or do you prefer a busy, action-packed hub with shops, restaurants and nightlife? Share your preferences to Florencio and he'll be happy to look into those with you!

Neighbourhood considerations

After deciding between an urban, suburban or rural environment, another consideration is the type of community you are seeking. What is the neighbourhood like? What types of people live here? Are their lifestyles compatible with yours? How are property values in this area? Are you looking for an area that is expected to grow significantly or offer more job opportunities in the near future? Do you want to see the latest crime statistics or learn about the municipality's capacity to respond to service requests such as requests for snow removal?

Transportation

How close are you to the nearest public transit? How quickly can you or others drive to work, friends and family if needed? How accessible will the property be to future clientele or other commercial infrastructure?

Choosing a home

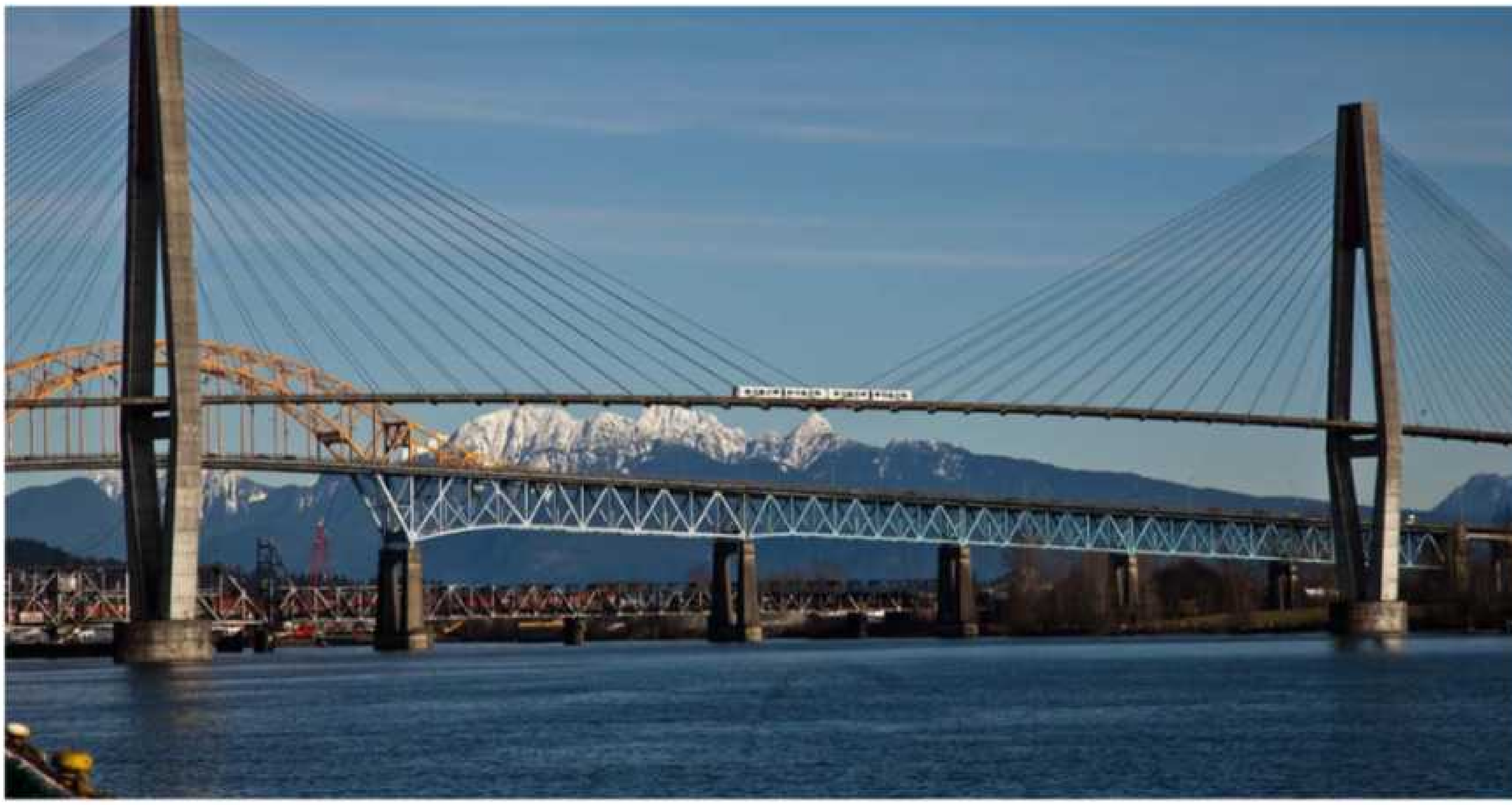
Owning a home can mean a wide variety of things to different people. Typically your income level will determine the housing type most appropriate for you. Do you have a preference for style, size, and character? What type of layout do you require? Are there any special features that are important to you such as a bathtub, a fireplace, a finished basement, energy efficient appliances, or a fenced yard for your dog? Would the home be able to accommodate future life changes such as a growing family or elderly family members moving in with you?

It can be helpful to evaluate prospective homes against a prepared list of your desired interior and exterior amenities in order to make a rational comparison.

Types of homes

Single family detached home

A detached home does not share common walls with another residential structure and has its own front, back and side areas.



Duplex

A duplex includes two separate dwellings that are attached by a common wall (semi-detached) or located above one another. Duplex dwellings may also be subject to monthly maintenance fees for common assets.

Manufactured home

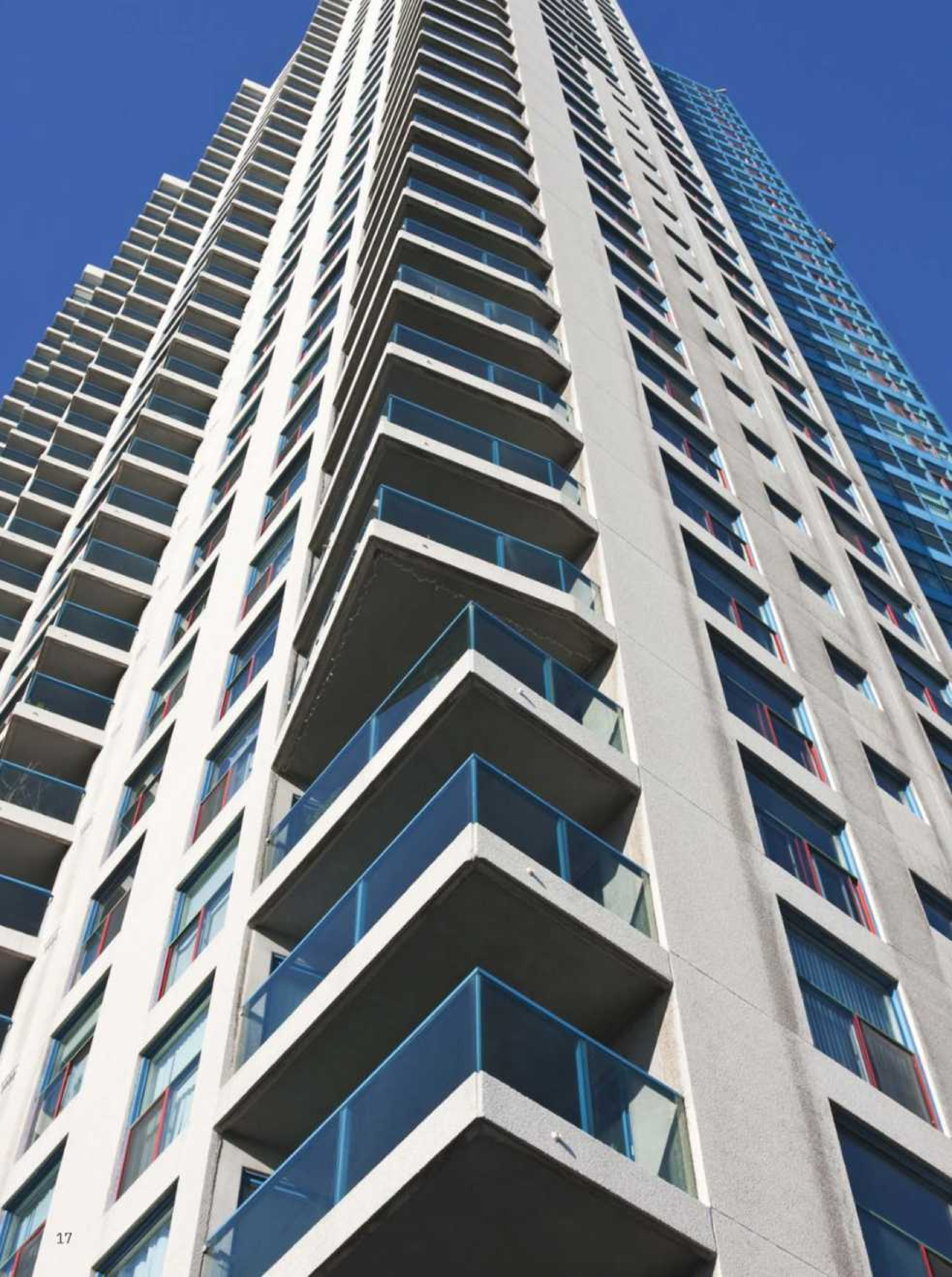
A manufactured home is a factory-built residential structure that may be movable from one location to another. It is usually kept in a rented space in a manufactured home park.

Apartment

An apartment is a single building that contains multiple dwellings usually joined by a common entrance and shared amenities like a parkade, elevator or hallway. Buildings can range from three storeys and upwards. Apartment owners are required to make monthly payments to maintain the building and shared features, known as condominium or strata fees. These fees are typically determined by the amount of space allocated to an owner and are clearly described in the property listing.

Townhouse

A townhouse is a group of dwellings that are joined together with common walls and usually have their own exterior entrance. Townhouse owners typically pay monthly maintenance or strata fees for the upkeep of common areas such as parking lots and landscaping. These fees are clearly described in the property listing.



Types of ownership

Freehold

Freehold, also known as fee simple, is the term typically referred to as ownership of a home. In this case, the owner is in full control over the land and buildings on it, subject to any rights of the Crown, local land-use bylaws and other restrictions.

Strata title

With strata title, an owner retains exclusive use and ownership of a specific housing unit and shared use of common areas like elevators, hallways, entertainment rooms and garages. This is used for apartments, townhouses and possibly duplexes.

Bare land strata

A bare land strata plan pertains to the land only and does not include the structures on the lot. In this instance, the strata corporation has no interest in the buildings on the land, so each individual owner is responsible for all maintenance, repair and insurance for his/her individual lot. However, there are often common properties and shared amenities that are maintained by monthly maintenance fees, such as clubhouses, street lamps, private roads and on-site services such as power, water and sewer.

Leasehold

This is when an owner purchases the rights to use a residential property for a long but limited period of time. Leaseholds are typically set for a period of 99 years, but only the remaining term is available for purchase. At the end of the leasehold, the property can be returned to the original owner, which is usually the municipality or the First Nations. The shorter the remaining time left, the less a buyer will be willing to pay.

Cooperative

This is where each owner owns a share in the cooperative association and each shareholder is assigned a particular unit for living. Housing co-ops typically have rules that must be followed and the owners work together to manage the co-op.

Choosing a commercial space

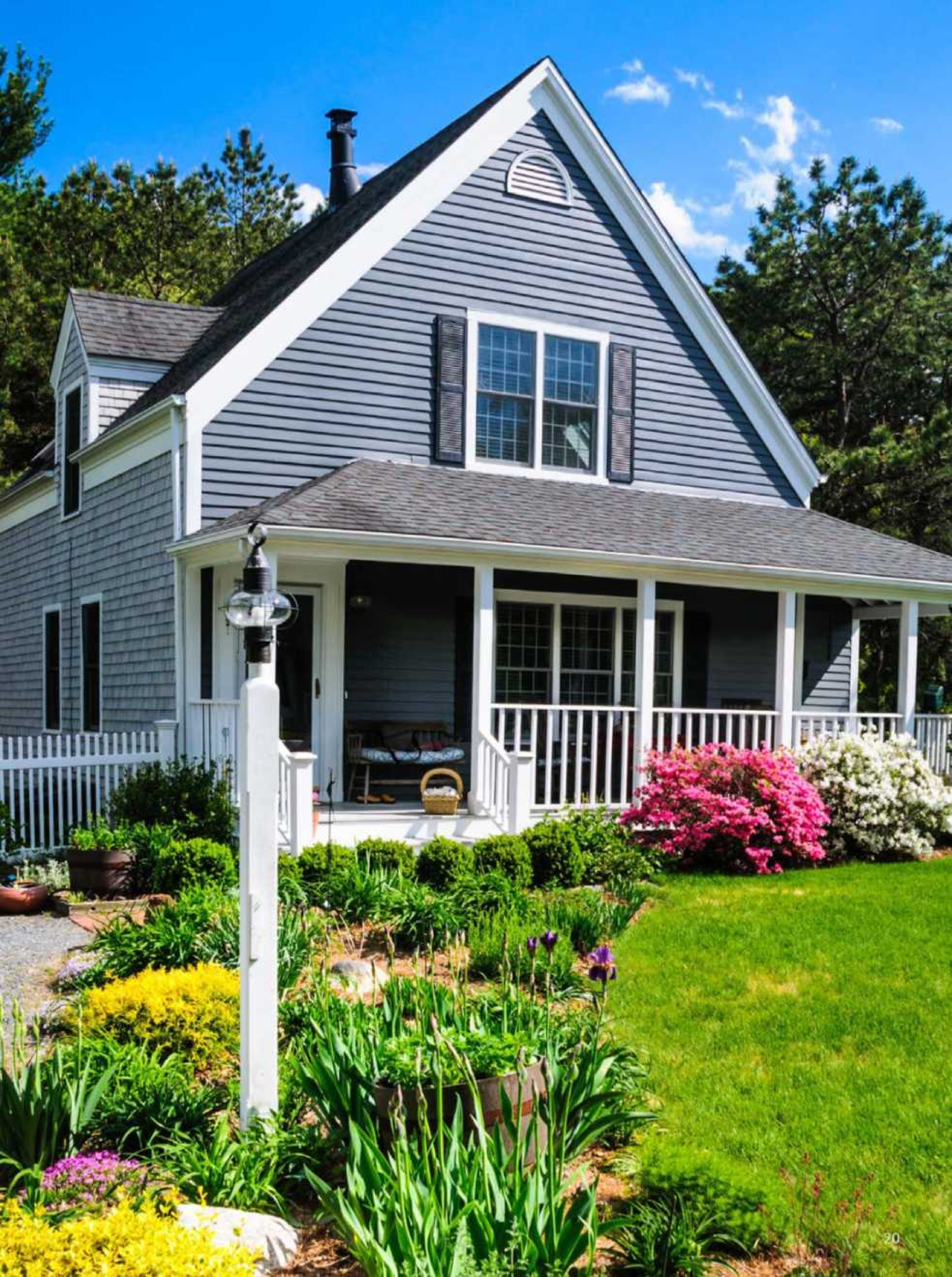
Is there a particular area where you would like to set up a business or lease space for a business? Is the location convenient for the type of customers you are expecting or your staff? Are there other businesses nearby? Are they compatible with your business or competitive? Is there parking for customers including those who require specialized access (e. g. ramps, disabled parking, an elevator)? Is the property easy to find? Are future developments likely to affect your use of the property?

Choosing land or recreational property

Many buyers are looking to their future when they purchase land or recreational property. Whether it's land for a future home or a second home for a weekend getaway, you may wish to review community plans, bylaws, covenants, public parks, utilities — anything which could impact how you are able to use your property now and in the future.

04

MAKING SENSE OF MONEY AND MORTGAGES



Making sense of money and mortgages

Shopping for real estate can be both exciting and nerve-wracking. Whether you are purchasing a home for yourself, a weekend cottage, an investment property or a commercial one, it is a very large investment. You will want to purchase something at a price where you are able to maintain a balance with your lifestyle and mortgage payments.

Your personal financial situation determines whether it's the right time to buy and how you're able to structure the payments and any loans needed to make it happen. Figure out your financial capacity. What can you comfortably afford?

There are many online mortgage calculators that can give you a rough idea of your maximum purchase price, but it's worth noting that these are only a guideline. To get a more precise picture, consult with your financial institution or a mortgage broker to get the most accurate information.

Down payments

A down payment is the money you have in your bank account to apply to the property purchase. Most lending institutions require that you put down between 5 to 10 per cent of the purchase price. If your property is under $1,000,000 and your down payment is less than 20 per cent of the purchase price, your mortgage needs to be insured by the Canadian Mortgage Housing Corporation (CMHC) and you will incur additional fees based on the purchase price. Mortgage insurance is designed to protect the lender that receives below 20 per cent of the total purchase price – this is considered a high ratio mortgage.

Home Buyer's Plan

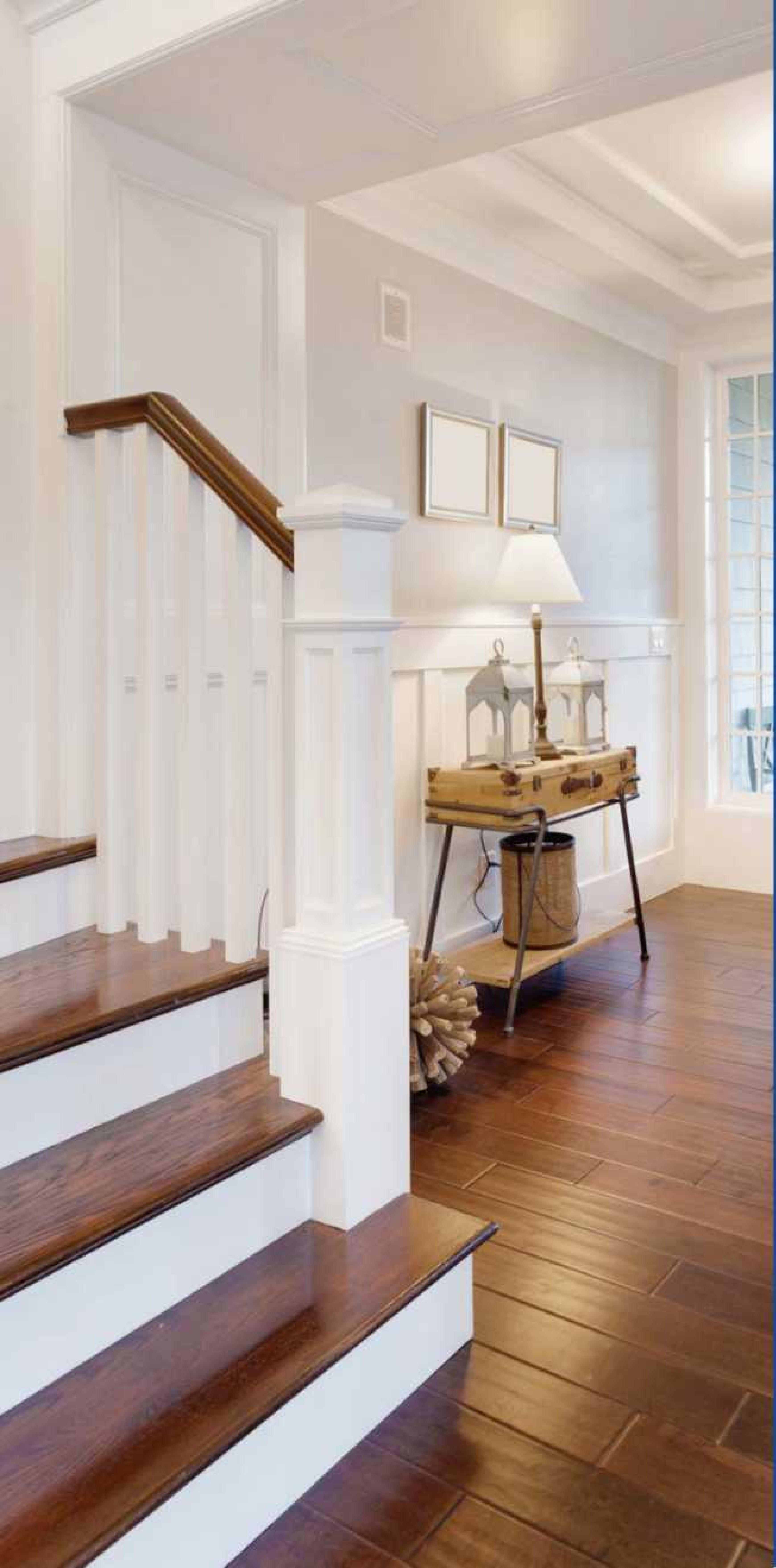
The Home Buyer's Plan allows each first-time home buyer to withdraw up to $25,000 from their Registered Retirement Savings Plan (RRSPs) to purchase a residential property without having to pay taxes at the time of withdrawal. The amount must be repaid over a period of 15 consecutive years.

Deposits

Sellers require a deposit, which is negotiable, and is typically 5 to 10 per cent of the purchase price in the offer. Deposits are made as certified cheques or bank drafts payable to your Realtor's brokerage and are held in the brokerage's trust account. Deposit funds count towards the total purchase price.

Deposits are usually due after the buyer has removed all subjects and the offer becomes unconditional. In some transactions, such as new construction properties, a deposit may be requested earlier in the process.

The deposit can only be released when the deal closes, the buyer and seller sign a release agreement where the deposit is to be paid, or a court decides what to do with the deposit. When a transaction terminates, the buyer and seller typically agree to end the transaction and sign a mutual release form. If the parties are unable to reach an agreement, the deposit is held in the brokerage trust account until a court order determines a resolution.



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Mortgages

Most people must finance the purchase of real estate by borrowing money from a bank, credit union or mortgage company. It's a good idea to discuss your financing needs with Florencio so they are fully aware of your situation. As well, Florencio can advise you on the mortgage process or recommend a mortgage broker who can find you the best interest rate and for the terms that suit your circumstances. You will need to contact your financial institution or mortgage broker directly to make any mortgage applications.

Mortgage loans

A mortgage is an agreement to borrow money from a lender, such as a financial institution or mortgage company, to purchase a property with specific terms and conditions. There are many different types of mortgages available from different lenders. It's smart to consult several to find out the different options available and to select the best mortgage for you.

If a buyer fails to meet their debt obligations with a mortgage loan, the lender may be entitled to claim the property as a means to pay off the balance owing on the mortgage.

Eligibility

In order to determine the loan amount a lender is prepared to offer, you will need to review your current living expenses including your debts (student loans, car loans, credit cards, etc.) and your current living costs (food, clothing, insurances, miscella- neous expenses, etc.). This will reveal the amount available for your monthly housing budget, which would include rental or mortgage payments, taxes and heating costs (plus strata fees if applicable).

As a rule, most lending institutions use two key debt-servicing ratios to determine if a homebuyer qualifies for a mortgage. The Gross Debt Service (GDS) ratio is the carrying costs of the home, including the mortgage payment and taxes and heating costs, relative to the homebuyer's income. The Total Debt Service (TDS) ratio is the carrying costs of the home and all other debt payments relative to the buyer's income.

Pre-approval

After carefully reviewing your financial situation and passing a credit check, lending institutions typically offer a formal mortgage pre-approval, a document which outlines the maximum amount of money you can borrow to purchase real estate.

Pre-approvals are usually valid for a specific time period. This is to assure the lender that your financial situation does not change during the pre-approval stage. It also offers you protection from interest rate increases while you are looking for something to buy.

In some cases, having a pre-approval can make your offer to a seller more attractive because it demonstrates that you are a serious buyer and you've take the time to ensure your financing is in order before you started to look for a property.

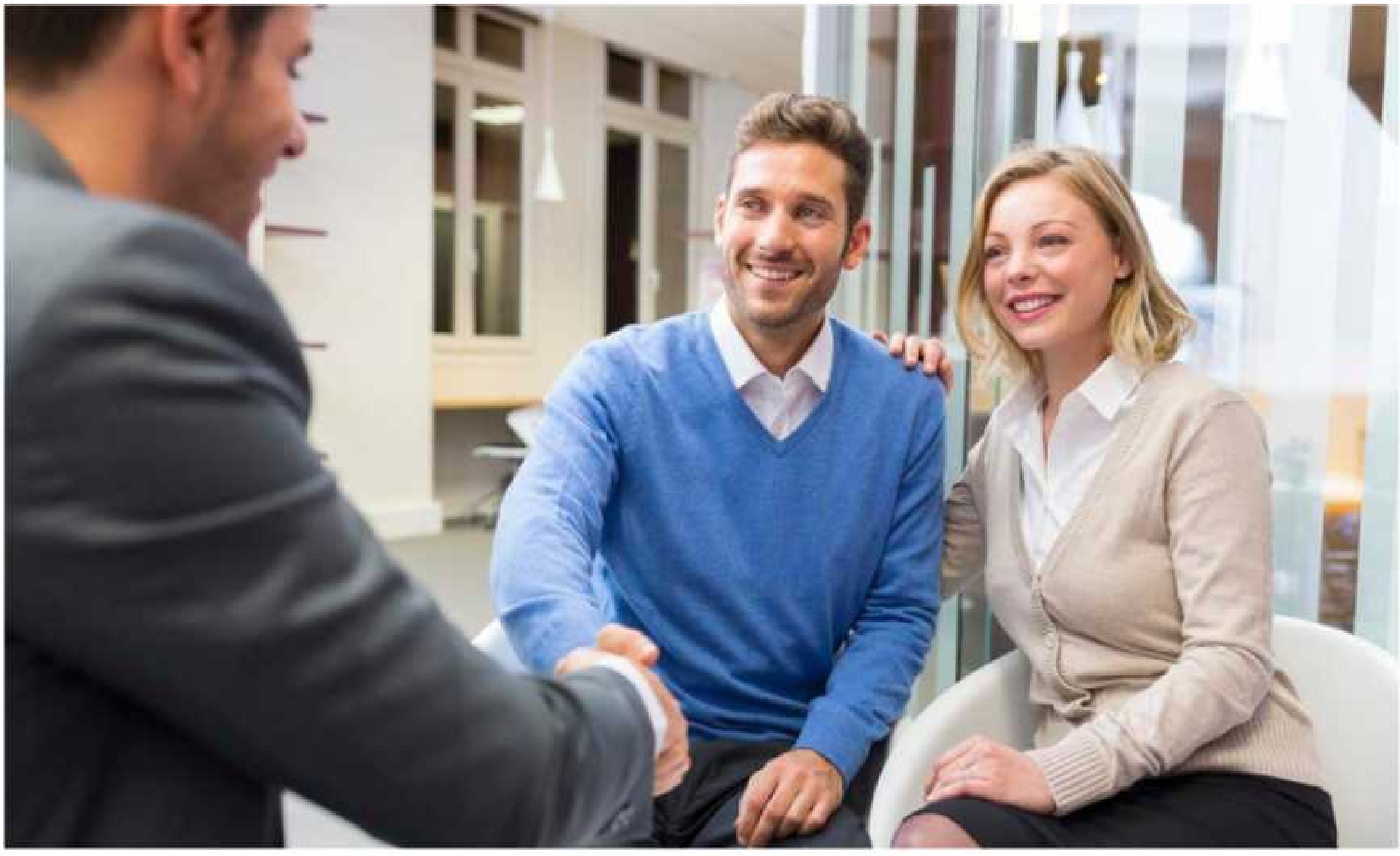
Mortgage term

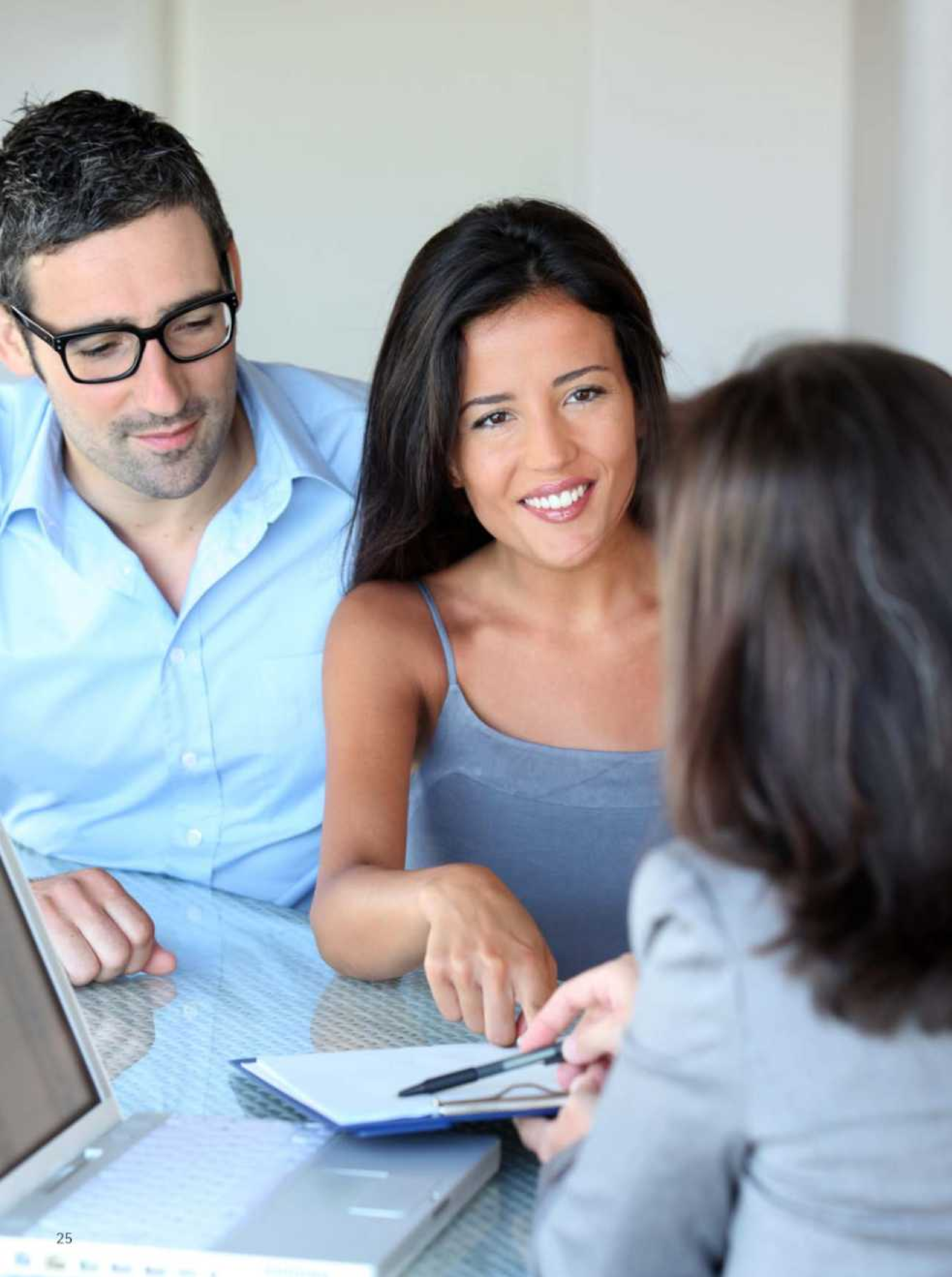
The term of your mortgage is the length of time you are committed to a mortgage rate, the lender and the associated conditions. Terms range from six months up to 10 years, although the most common is five years. At the end of the term, you are required to repay the unpaid balance or refinance the principal owing at the current interest rates.

If you are like most people, at the end of your term you will be refinancing the loan, which means your monthly payments could be higher or lower, depending on how much the lending market has changed from the day you first signed the mortgage. When considering what term is best for you, consider interest rate history and your tolerance for risk.

Mortgage penalties

It's worth noting that if you need or simply want to pay off your mortgage before the set term expires, you are likely to incur penalties. This is because by paying off your mortgage early, the lender won't earn as much interest from your loan as they would have over the full term, whether it began as a three, five, or 10 year term loan. Be prepared for that penalty, as it can amount to thousands of dollars. If you have questions about any of the details of your mortgage, you need to go over them with your lender until you fully understand them.





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Mortgage amortization period

This is the total time it will take to repay your entire mortgage. Most people cannot repay the entire amount in six months or even five years. Canadian amortization periods can extend up to 35 to 40 years depending on the lender, but CMHC-insured mortgages are limited to 25 years. Longer amortization periods reduce your monthly payments since you are repaying the borrowed money over a longer period of time. However they incur more interest since you are borrowing the money for a longer period of time.

Interest rates

Interest is the cost of borrowing money. Interest rates are competitive between various lenders, so you should shop around to get the best rate available at that time.

Fixed rate mortgages offer you a set interest rate so that you have consistent payments and they offer protection against interest rate hikes. Variable rate mortgages tend to offer lower than fixed interest rates, but usually vary somewhat over time, according to the markets.

Choosing a fixed or variable rate mortgage depends on your circumstances and your willingness to accept some degree of risk should your monthly mortgage payment go up due to a higher interest rate.

Mortgage payments

As a minimum, mortgage payments are paid monthly, although bi-monthly and even weekly payment options are often available. A portion of each payment you make will go toward the principal amount you borrowed and a portion toward the interest, which is the cost of borrowing.

Over time, the amount applied to the principal increases as you pay down your debt. Your financial institution or mortgage broker can help you understand exactly where your money goes and how much you will owe at the end of your mortgage term.

Mortgage flexibility

There's more to selecting a mortgage than the lowest interest rate. Prepayment privileges offer flexibility to make additional lump sum payments, double up payments or increase payment frequency without incurring penalties. It's important to understand the terms and conditions of your mortgage before signing it.

Mortgage approvals are a two-step process: first as a qualified buyer, then to confirm the property value is worth the mortgage value.

Understanding how much you can afford

There are a variety of unavoidable expenses that come with real estate purchases, which are also referred to as closing costs. It's important to set aside funds to complete the real estate transaction so that you are confident about the maximum purchase price you can afford. Your Realtor will discuss the closing costs you can expect in your specific situation.

As a general rule, you can follow this simple formula:

Your Savings

plus

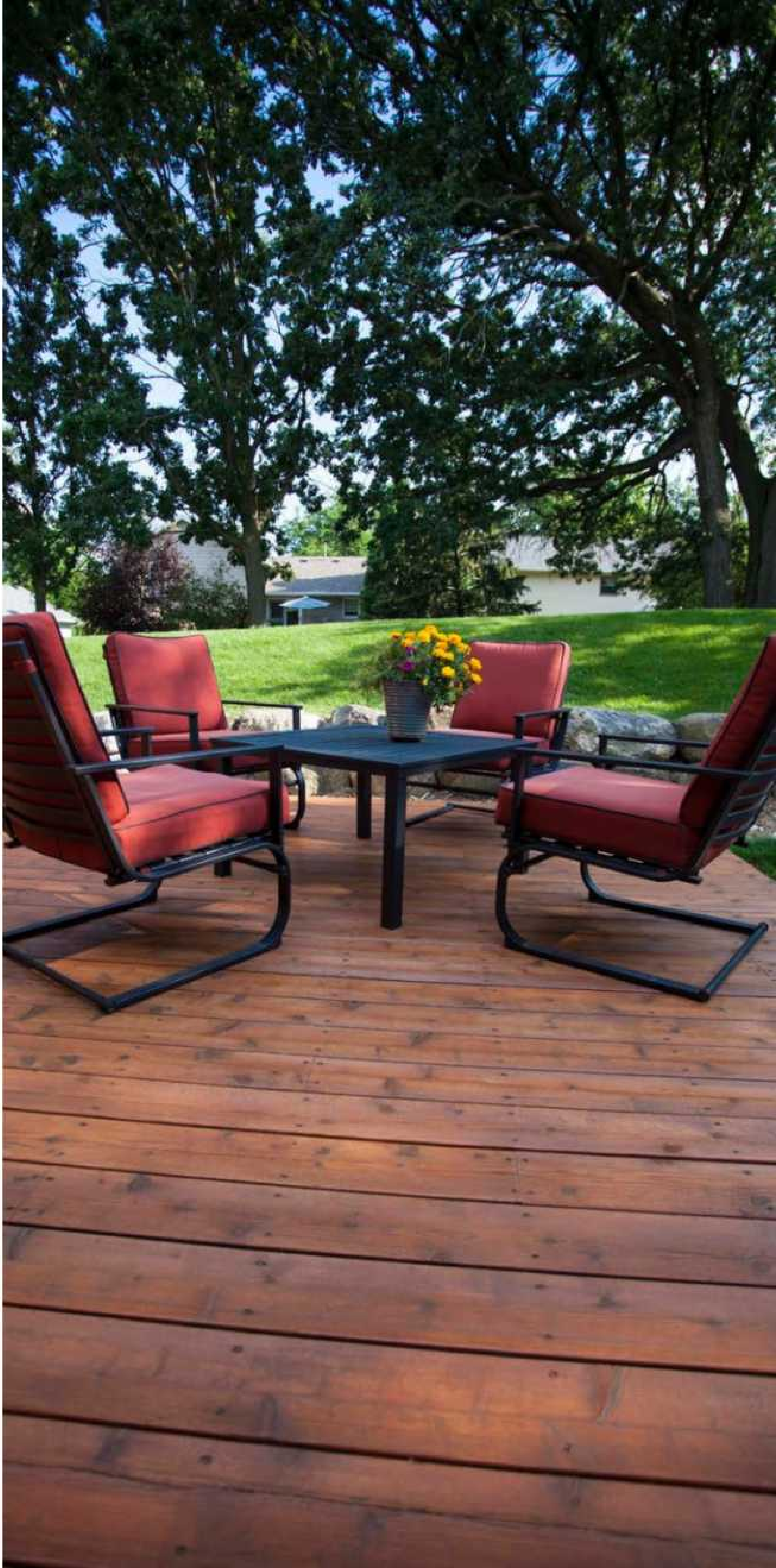
Pre-Approved Mortgage

subtract

Closing Costs

equals

What you can afford



Property inspection

It is very important to ensure the real estate you want to purchase is a sound investment. A property inspection by a qualified third-party professional building inspector is strongly advised. It's a comprehensive visual examination of a building's overall structure, major systems and components, any land, and potential risks and expenses that may arise in the future if you decide to purchase the property. During the offer process, it's common to insert a subject to inspection clause that gives you time to organize a property inspection and minimize your risk.

It is not wise to skip this step of your purchase. There is nothing to be gained in making a purchase and then finding out later that you will need a large amount of money to do repairs for property defects.

Appraisal fee

Some lending institutions require an appraisal of the property before approving a mortgage. In some cases, it may be your responsibility to cover the cost.

GST

When purchasing a newly constructed home, you may be subject to a Goods and Services Tax (GST).

Loan application

Some lending institutions charge a mortgage application fee, which can vary between institutions.

Municipal property tax

If the previous owners have already paid the annual property taxes, you are required to reimburse them for your portion of the taxes, effective from the closing date. This is typically arranged by a third-party legal professional such as a lawyer or notary.

Property transfer tax

The BC government imposes a Property Transfer Tax of one to three per cent, depending on the value of the property, which must be paid when a home is transferred to a new owner. Some buyers may be exempt. Your Realtor can advise you about this expense given your specific circumstances.

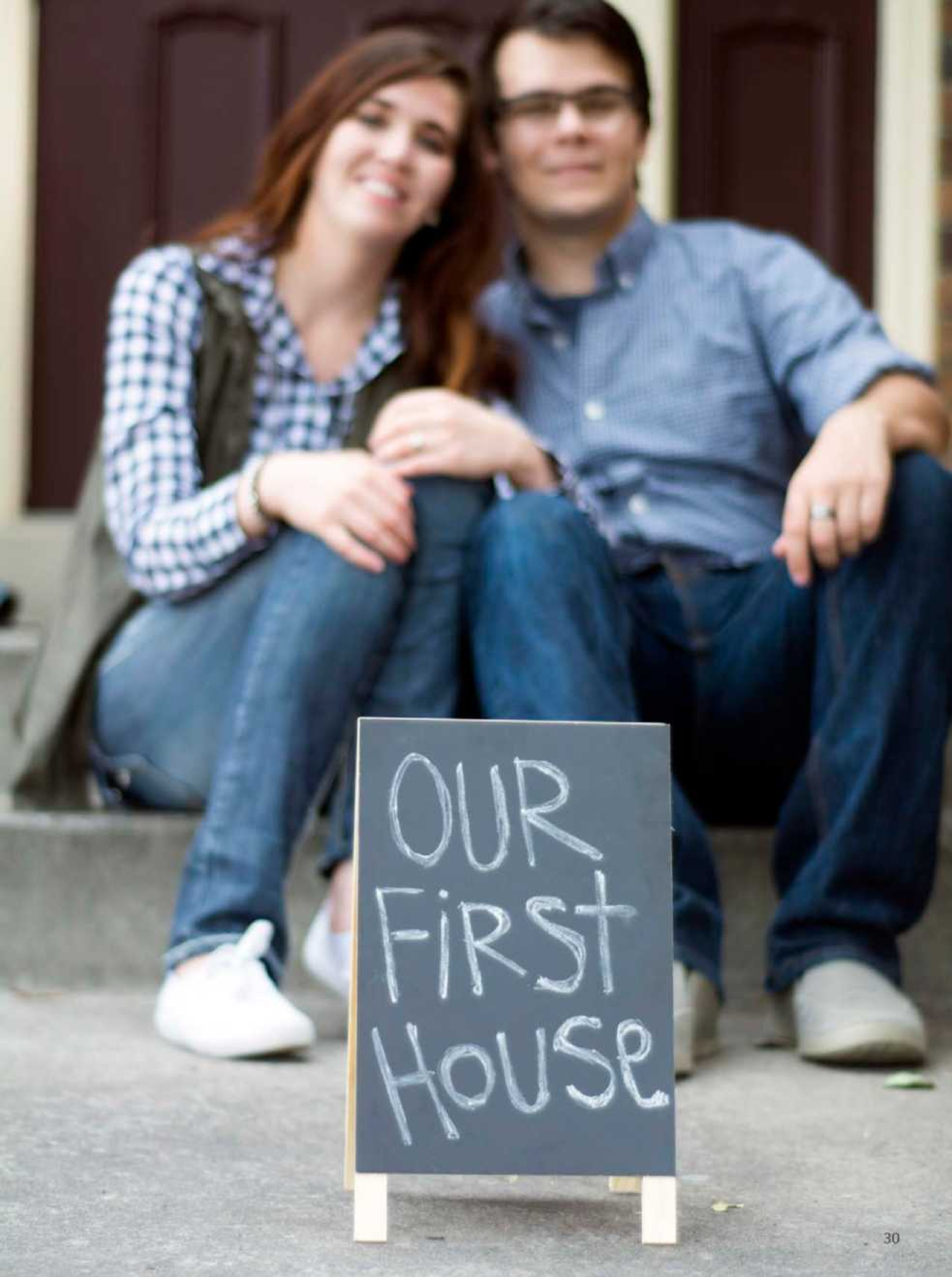
Additional tax for foreign buyers

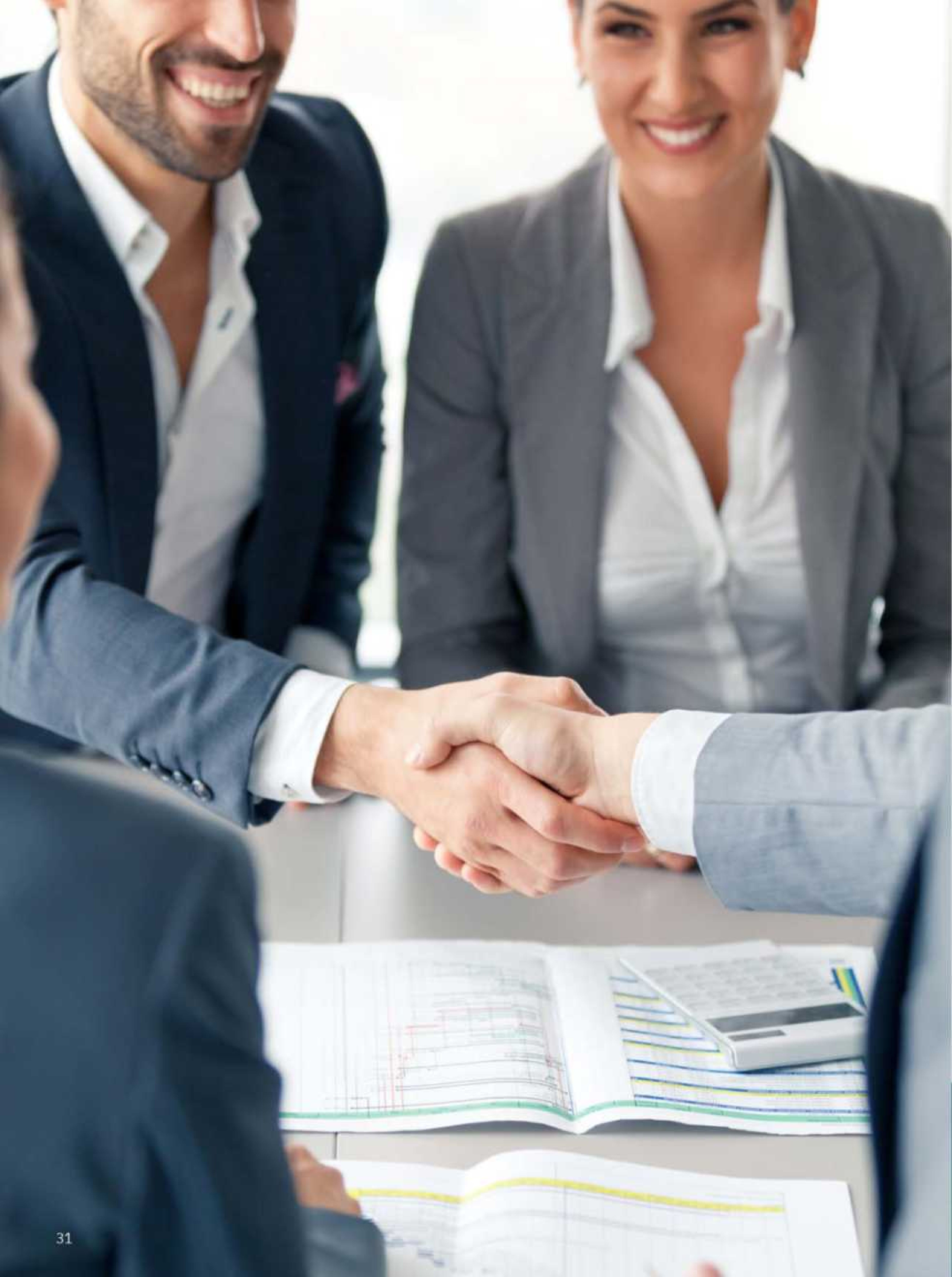
When the purchaser is not a Canadian citizen or permanent resident or is a foreign corporation, there is an additional Property Transfer Tax on residential property by as much as 15 per cent. If you are a foreign buyer, you need to discuss the tax that could be charged on your property purchase.

Legal fees

After obtaining an accepted offer, you will need to engage a lawyer or notary public to execute the real estate contract and transfer ownership. Fees vary, so shop around and ask people for references.

05
UNDERSTANDING BUYER AGREEMENTS


OUR
First
House



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Understanding buyer agreements

If you decide to use the services of a Realtor, you may be asked to sign an *Exclusive Buyer Agency Contract* or a *Buyer's Agreement*. These documents are legal contracts that define the professional relationship between you and the Realtor for a specific period of time. It includes the services rendered and how much the Realtor will be paid for their services.

Do you want unbiased analysis, expert advice, skilled negotiations, or guidance that will increase the likelihood of making a smart investment? If so, taking the time to clarify your needs and expectations with your Realtor in a written agreement is a necessary step.

All buyer agreements are exclusive, which means the buyer agrees to not use the services of another brokerage to purchase a property. This arrangement ensures the brokerage devotes their full attention to helping you find and successfully purchase the property you seek and guarantees they will receive compensation for their efforts.

A buyer agreement will include the name of your Realtor and their brokerage, as well as the full legal name(s) and address(es) of the buyer(s). If there is more than one buyer, a signature for each buyer is required on all documents. If one or more buyers are unable or unavailable to sign, a legal power of attorney must be obtained to authorize the other party to sign on his/her behalf.

Did you know that when you make a counter-offer, it's also a rejection of the original offer?

Fees and Commission

All commissions and fees are negotiable between you and your Realtor. It is important that you discuss compensation and it must be specified in the buyer agreement.

In most transactions, the buyer's Realtor is paid a commission by the seller and the amount is often based on the final purchase price. The seller's agreement indicates the amount and the portion of the commission to be shared between the seller's Realtor and the buyer's Realtor. Each Realtor typically shares a portion of their commissions with their brokerage.

When the buyer's agreement is signed and commissions are clearly identified in the contract, but the seller is offering less commission or none at all, you as the buyer could be held responsible for paying the difference. If you choose not to purchase a property, you are not responsible to pay any commission.

Commissions are typically paid on the day the real estate purchase is complete and is written in the *Contract of Purchase and Sale*. The commissions are paid out of the proceeds of the sale.

Fee-for-service charges are typically paid at the time of signing.

All commissions and fees are GST taxable.

Terms and terminations

Agreement term

The agreement must start on a specific day and terminate on a specific day. While there are no standard terms, the time it takes to find a property can vary depending on market conditions and a variety of other factors. Discuss your options with your Florencio.

Holdover clause

This clause protects the brokerage's commission for any property introduced while the buyer's agreement was active.

If a listing agreement expires and the seller sells the property to a buyer who was introduced to the property by the within a specified timeframe (e.g., 60 days after expiration), the agent and its brokerage may still receive a commission.

The 60-day period is typically referred to as the holdover period, but it does not apply if you hire another Realtor.

Cancellation of an agreement

A buyer's agreement is a legally binding document that is not easily cancelled. It's important that you understand and agree with all of the terms and conditions set out in the buyer agreement before signing.

Early cancellation may be possible in some cases, but it's best to discuss these with your Realtor before entering into the agreement.

The fine print

Remember that these are legal and binding contracts you are signing, so make sure you understand all of the terms and conditions included.

Ask questions if you don't understand the terminology which appears in the document and clarify it with the Realtor. Contracts can be altered to suit your needs if both parties agree and sign to those details.

Review the service expectations, commission rate and length of contract. Your agent will provide you with a copy of the contract for your records. If your Realtor states you can cancel the buyer agreement at any time, be sure that you get this stipulation in writing.

06
LEGAL AND ETHICAL OBLIGATIONS

Legal and ethical obligations

Obligations of the buyer

The buyer agreement requires the buyer to keep their agreement with the brokerage and the Realtor exclusively for the period of time agreed to. This means that you can't simply find another Realtor whom you like better, and walk away from your agreement.

Obligations of the brokerage and their designated Realtor

Your Realtor acts as your designated agent for their brokerage and has an obligation to act according to the buyer agreement in every detail. Most agreements include loyalty, competence, the duty to inform with accurate information, disclosure and conflicts of interest as standard clauses.

Disclosure of conflict of interest

If your Realtor was somehow related to the other party in the deal (a seller) or buying/selling for themselves, their colleagues or their ongoing clients, they would be obligated to inform you of this, in writing, before the *Contract of Purchase and Sale* is signed.

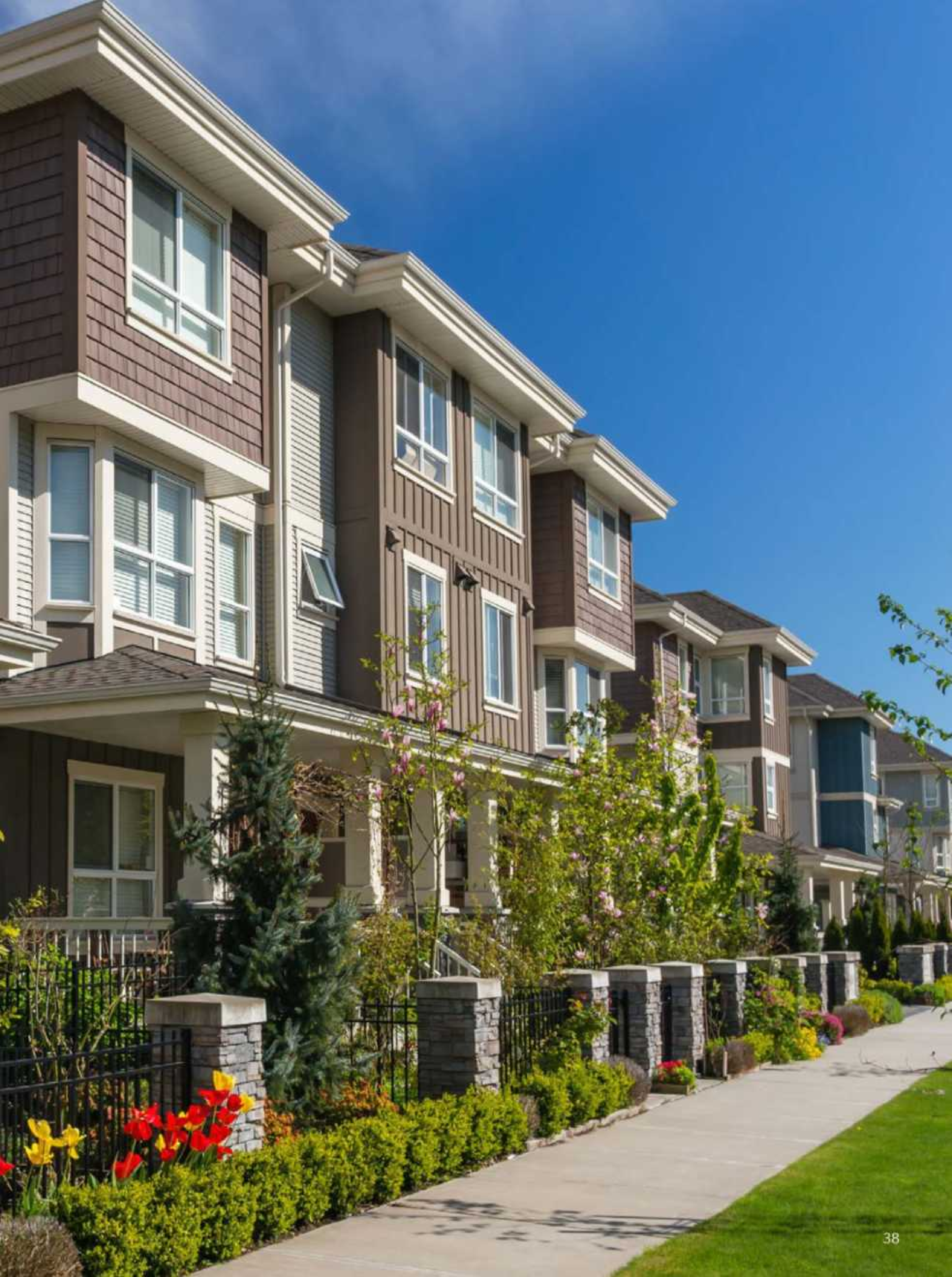
Further, if the Realtor is expecting to receive a monetary or other benefit from a business or professional that they recommend to you, they must notify you in writing, and request your written approval.

FINTRAC disclosure

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is Canada's financial intelligence agency. They report to the federal Minister of Finance. FINTRAC's mandate is to detect, prevent and deter illegal transactions such as money laundering. Under federal law, if asked, Realtors are required to identify their clients, verify money sources and report suspicious activities such as transferring large sums of cash over $10,000 (CA).

"Subject to" clauses
are designed to protect buyers.

07
MAKING AN OFFER



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Making an offer

Florencio will guide you on the best way to work together throughout the search process once he has a solid understanding of what you are looking for. A good place to start your search is REALTOR.ca where you can begin looking at properties for sale from the convenience of your own home. There are also free Android and iOS apps you can download onto your smart phone to access the site. Florencio will organize showings for properties that interest you based on neighbourhood and price. It can be invaluable to provide feedback to Florencio after showings to help them to refine the search parameters.

Working with Florencio has a few key advantages. Throughout the search process, Florencio will alert you to new listings that meet your criteria as soon as they become available on the MLS®. He can narrow down the search criteria even further for maximum efficiency. Through his extensive networks, Florencio may attend Realtor-only showings in some cases before the public has access and sometimes learn about listings that are about to appear on the market.

Just like shopping for a new car or any other important purchase, you need to do your homework. In this case, by checking out homes that interest you, you will gain a better understanding of exactly what you like and don't like so that when you find the one, you'll know it and have someone to help you act on it.

Understanding the offer to purchase

Once you have found a home you would like to purchase, Florencio will prepare a *Contract of Purchase and Sale*, which is how a written offer is presented. It is a legal document issued by a buyer containing the terms and conditions desired to purchase a property.

There is no legal requirement to hire a real estate agent, but in BC, most people prefer the services of a professional.

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Contract of Purchase and Sale

A standard *Contract of Purchase and Sale* includes all of the important details about the transaction. The offer is much more than just the price you're willing to pay. Your Realtor will take the time to review each item in the contract and explain what each one of them means so there are no surprises.

Standard elements include:

- the date of the offer
- full legal names and addresses of the buyer and seller
- full legal description of the home
- the amount of the deposit
- the sale price
- the date for the completion of the sale
- the date for the possession of the new home
- the list of conditions that must be fulfilled (also called subject clauses)
- the list of inclusions (i.e. fridge, stove, washer, drapes)
- the date and time when the offer expires
- the signature of the buyer and his/her occupation

Completion date

This is the date when money changes hands and the title is transferred to the buyer's name. Completion happens before the new owner takes possession of the property in order to provide sufficient time to process the transaction.

Possession date

This is the date the buyer can take possession of the property. When negotiating this date, consider if there are any relevant time frames affecting your choice, such as the date when you must vacate your current property. Your Realtor will be able to help you align the dates for a smooth transition between relinquishing your old property and moving to the new one.

Typical Subjects & Conditions in Offers

Offers usually contain standard subject clauses that must be fulfilled before the sale can proceed. For instance, let's say you are very interested in purchasing an apartment. You agree to buy it, subject to the following: you secure financing, collect a down payment, review all of the relevant strata documents, hire a building inspector — and ensure you have done your due diligence to learn about the property. At that point the intention to purchase would no longer be subject to those conditions.

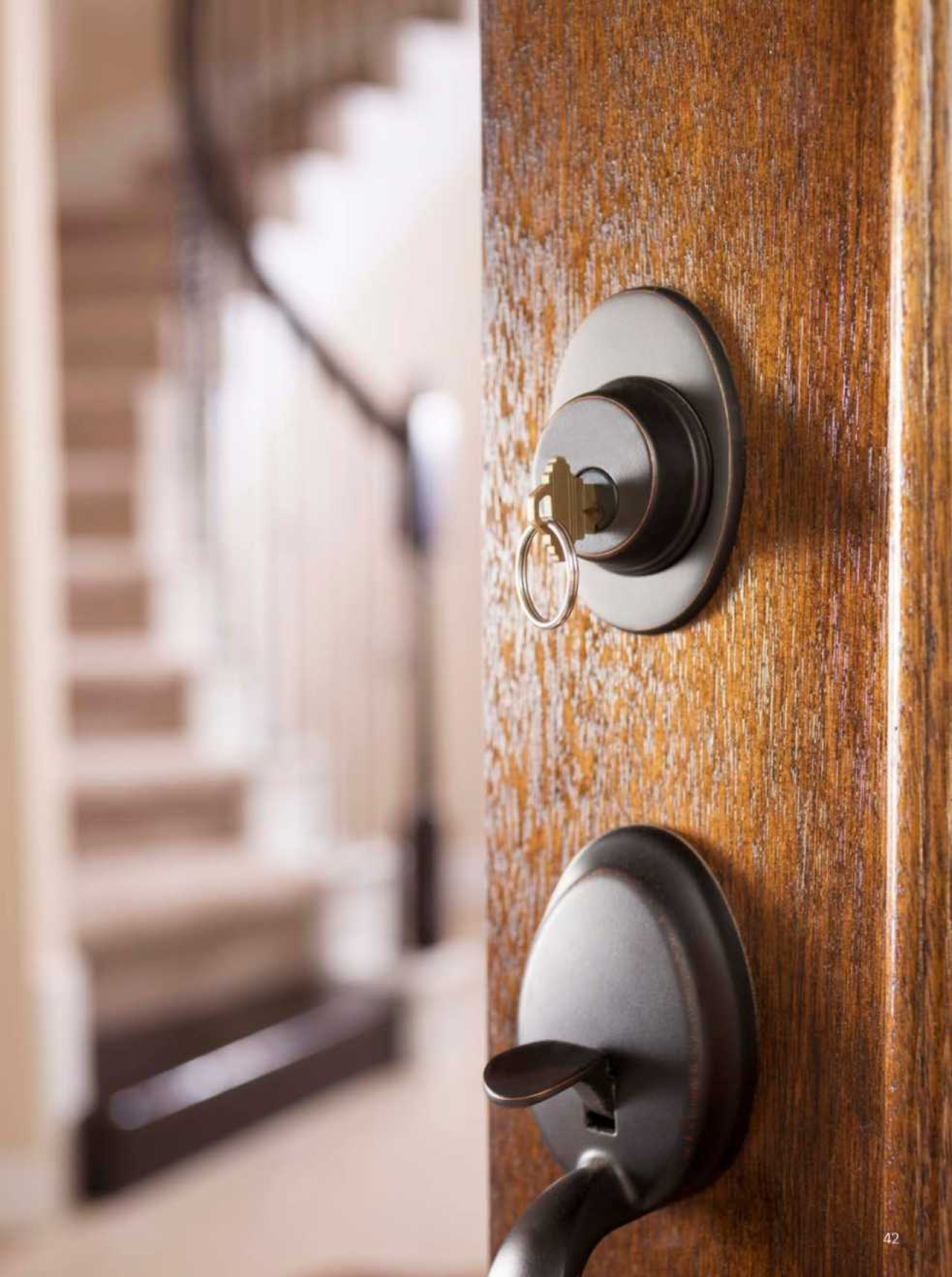
It's important to note that when writing an offer that contains subjects, it's important to fulfill the conditions on or before the specified time. Should an issue arise with your ability to fulfill a particular subject, options include extending the subject removal date or voiding the contract. If one of the conditions cannot be met after every reasonable effort to do so has been made, the contract ends and there is no legal obligation to complete the sale.

Every subject is negotiable and must be agreed upon by both parties before an accepted offer is signed.

Prior to the date that a particular subject expires, the buyer must sign a form that confirms the subject has been removed. After all subjects are removed, the offer is considered firm and legally binding.

Financing

Buyers need unconditional financing in order to proceed with a property purchase. A financing clause protects the buyer and gives the lender sufficient time to guarantee approval for the necessary mortgage amount or to transition the pre-approval to an unconditional mortgage. In order to limit the lender's risks, the financial institution is obligated to confirm the value of the property with the sale price.



Property Disclosure Statement

The seller is legally obligated to disclose any known material or latent defects about the property that could be harmful to the buyer or affect their intended use of the property, and which cannot be discerned through a reasonable inspection of the property. Potential issues may include hidden mould, asbestos, unauthorized renovations, moisture problems, drug production-related usage and heritage site designations.

A *Property Disclosure Statement* can assist with this disclosure. Sellers are not legally required to provide this document but may choose to include it as part of the listing process. The *Property Disclosure Statement* is a good starting point for you to begin your due diligence research.

While sellers can be held liable for damages if they conceal such problems, the *Property Disclosure Statement* is not a warranty on the property. It cannot and should not replace a property inspection.

Inspection

Many buyers choose to hire a property inspector to evaluate the condition of a property and to identify any possible issues that may arise in the future and haven't been disclosed. Home inspections typically cover electrical, roofing, plumbing, HVAC, foundation and septic systems. The inspection clause must be completed by a certain date specified in the offer.

If any areas of concern are identified, you may choose to proceed as is, void the offer, or negotiate the terms of repair with the seller. The seller may choose to terminate the agreement rather than repair or reduce the price. That's why in a hot market, some buyers choose to proceed as-is, and pay for the repairs themselves when they become the owner.

Strata documents

In the sale of an apartment or townhome that involves a strata corporation, strata records must be made available to potential buyers. Buyers will often choose to review the last two years of strata minutes and financial records to gain a better understanding of the building history, and engineering and depreciation reports to learn of any potential issues. There is a specific date by which these minutes must be reviewed.

Handling an offer

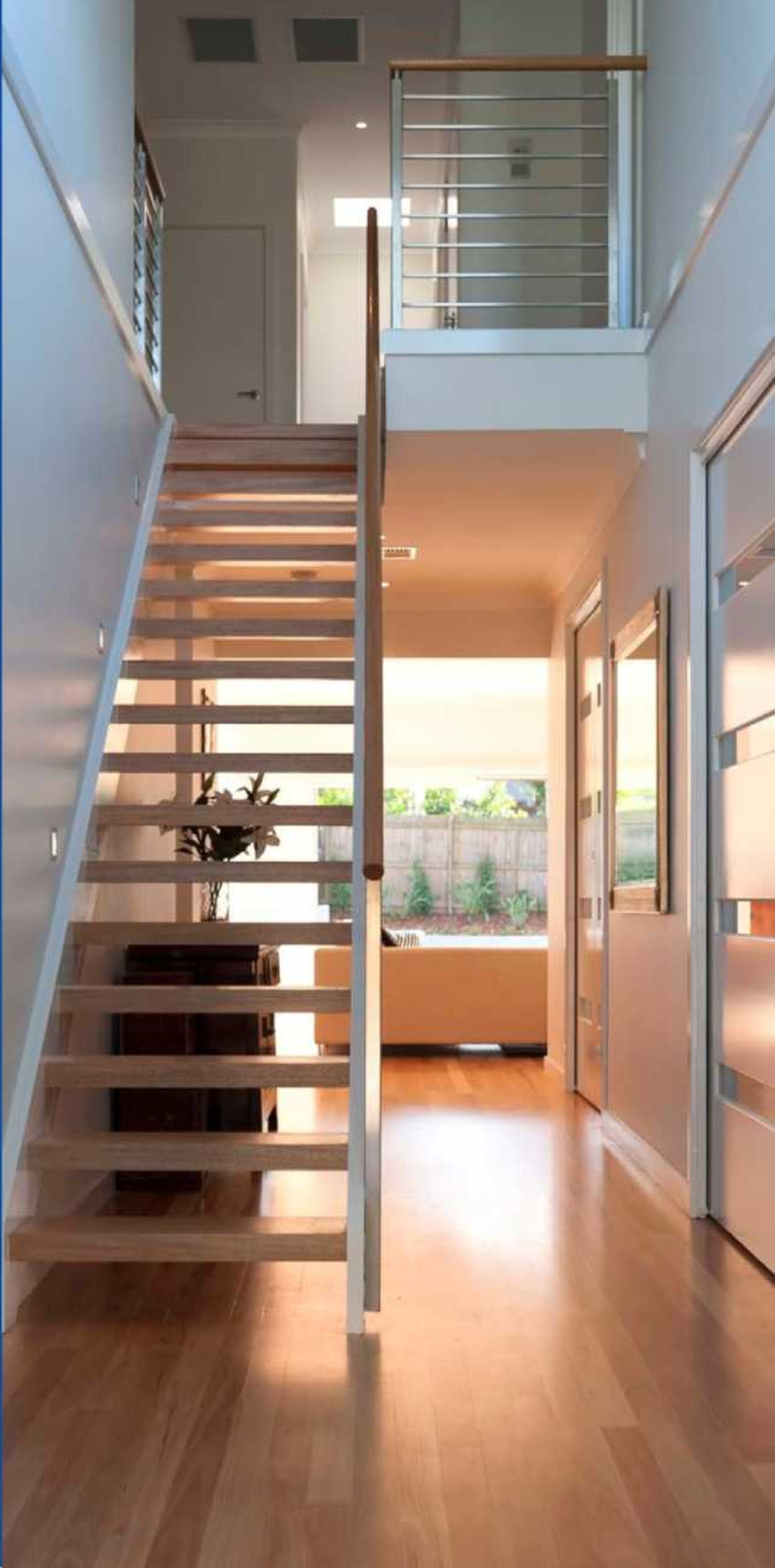
When you make an offer to purchase property, there are several possible outcomes.

Accepting the offer

If the seller would like to accept your offer, he or she will sign the *Contract of Purchase and Sale*. It then becomes a legally binding contract, which means both you and the seller are bound to execute the contract and perform your obligations, which are enforceable by law.

Rejecting the offer

A seller may choose to simply reject an offer without making a counter offer. This does not prevent you from making additional revised offers to make your offer more attractive.



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Counter offers

If the seller makes any changes to the original offer, it's called a counter offer. A counter offer is a rejection of the initial offer as written, but an indication that the seller would be agreeable to a new offer if specific changes or additions were made and accepted.

There is no limit on the number of counter offers that can be proposed. During negotiations there may be several rounds of counter offers as each party gets closer to a final offer that will satisfy both parties.

Each counter offer cancels the previous one and so it must be specific and comprehensive. Your Realtor will manage the document exchange during the offer process to ensure that nothing is dropped from one version to the next.

Like any negotiation, there is an element of risk when making a counter offer because the other party is free to change their mind or walk away, and you may not able to return to the original offer.

When an offer or counter offer is received, both parties must respect the expiry date and time on the offer because after that time the entire offer is null and void.

It's important to note that a buyer or seller should not proceed with other offers before the specified response period has ended for any current offer they have made. They must first issue a proper revocation notice, ultimately in writing. Florencio can assist you in the revocation process, which must be issued before the offer is accepted.

Accepting a counter offer

Once both parties are happy with the terms outlined in the counter offer, it is signed and dated by all sellers and all buyers. It's important to respect the expiry time and date after which the offer becomes null and void. Once an offer expires, a new offer must be created.

Signing the offer

It can be easy to get caught up in the excitement of an almost accepted offer. To avoid any errors, carefully double check dates, numbers and the list of inclusions and exclusions.

Remember it's your responsibility to read and clearly understand everything in an offer before placing your signature to it. Once you sign it, it's a legally binding contract. Ask Florencio as many questions as necessary to ensure everything is clear to you before taking this final step.

Multiple offers

Sometimes there are several buyers attempting to purchase a property at the same time. This is known as a multiple offer situation. Regardless of the order of arrival, Realtors are obligated to promptly present all offers for a property until the seller has an accepted offer and all subjects are removed. Even if you are in the midst of your sixth counter offer and close to signing an accepted offer, the seller's Realtor must present any offers that arrive to the seller.

Ultimately, it's up to the seller to select the best offer, usually based on price, the number of conditions, closing dates, and amount of the deposit. Your Realtor can advise you on the best strategy for success.

Once an offer is accepted, any other offers that arrive can be back-up offers that could be activated if the original offer were to become void.

Completing the Offer

In order to complete the offer, there are a few things you'll need to do:

Pay the deposit as specified in the offer. This amount is held in trust and counts towards your total payment

Organize a property inspection and fulfill any other clauses set out in the contract by the specified time period

Finalize your mortgage by sending a copy of the purchase contract to your lender so that your pre-approval can be converted to an unconditional mortgage approval and tied to the specific property you're going to purchase.

Purchase home owner's insurance effective on the completion date.

Engage a lawyer or notary public to execute the contract including completing title searches, preparing transfer documents and adjustments and organizing money transfers.

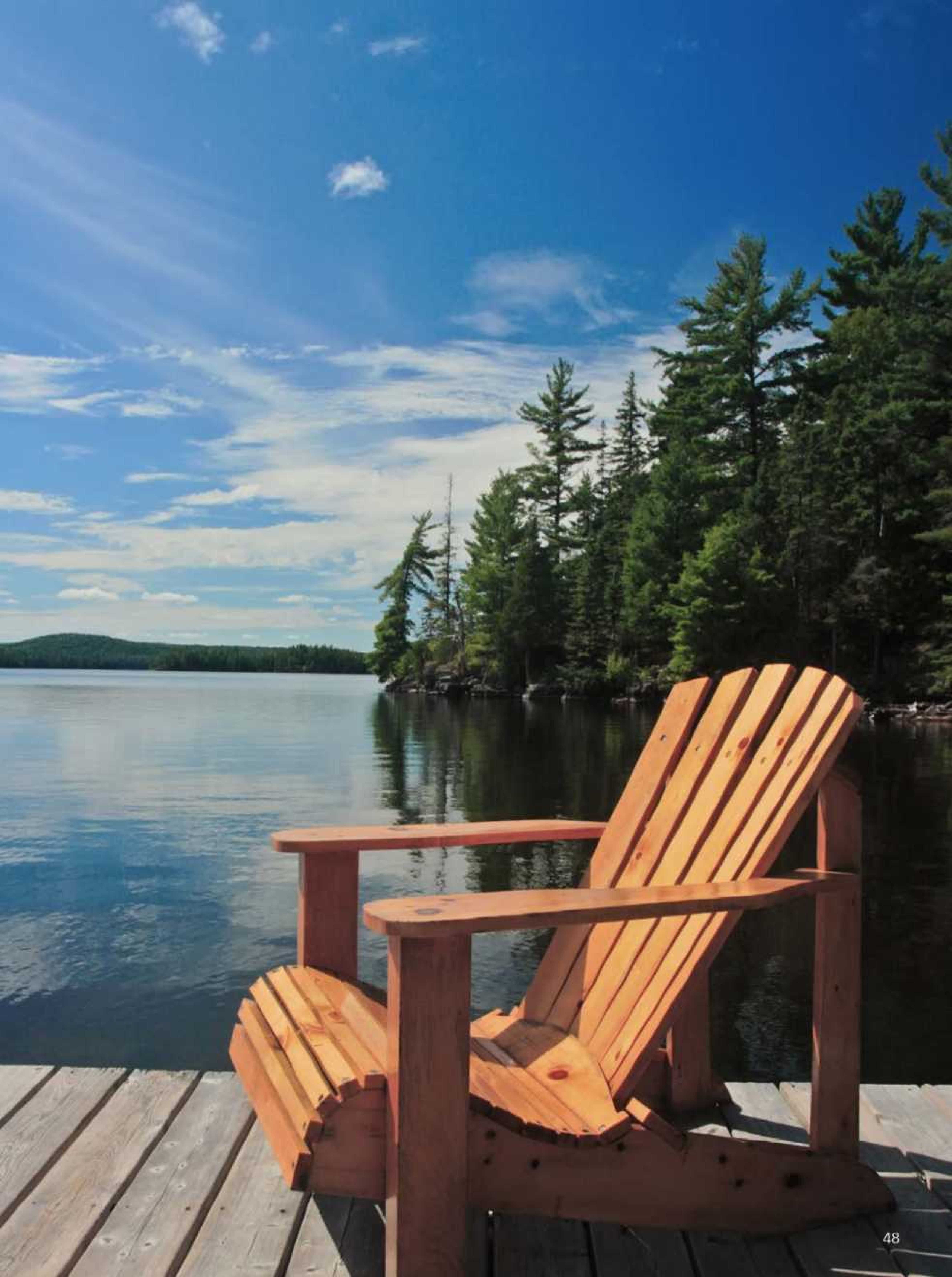
Legal services

Realtors prepare, negotiate and finalize property sale agreements. In BC, notaries and lawyers handle the conveyancing and the agreements at the time of closing.

Typical duties include verifying identities, completing title searches, transferring title deeds and executing the sale contract. They also handle the exchange of monies including adjusting taxes, utilities and strata fees, paying out mortgages, penalties and taxes, and collecting and distributing funds appropriately between the buyer, seller, brokerage and legal services provider.

It's advisable to give your selected lawyer or notary sufficient time to prepare the paperwork and execute the transaction. Standard timing is around one month, but quicker time frames can be arranged in certain cases.

Closing costs typically fall between 1.5% and 4% of the total purchase price.



08

THE FINAL STEPS

The final steps

Congratulations, there are only a few more tasks to take care of.

Final payments

You will need to pay the balance owing, including down payment, legal fees, property transfer tax and any other adjustments to your lawyer or notary.

Completion day

On the day you officially own your property, there are a few things that will happen:

Your lender provides the mortgage money to your lawyer or notary

Your lawyer/notary pays the seller and registers the property in your name with the Land Title and Survey Authority of BC

Possession day

This is the day you are finally able to enjoy your new property whether it is a move in ready home, a new renovation project, a weekend cottage or a commercial property to locate a business.

You'll obtain the keys to your property including any interior doors, lockboxes or outer buildings. Discuss with Florencio any other activities, which may include a walk-through inspection of your property with him. You can now begin the move-in process.

09
ENSURING YOUR SATISFACTION

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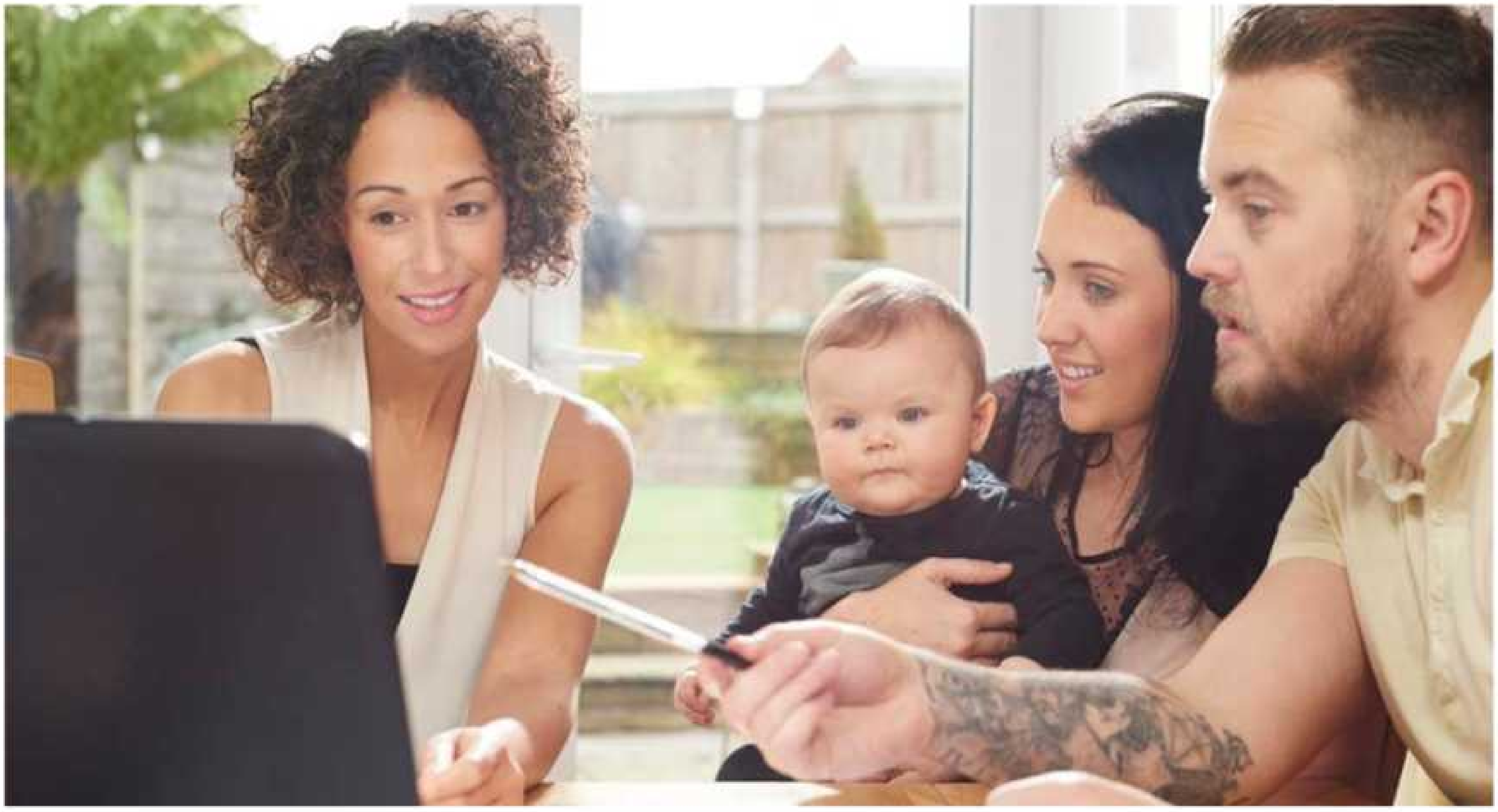

Ensuring your satisfaction

Thousands of properties in BC are bought and sold every month without issue. But sometimes problems do occur.

Concerns with your Realtor or brokerage

If you have a problem, the first step is to discuss the issue with your Realtor. Be honest and respectful in explaining the specific ways you are unsatisfied with their service. In many cases, issues arise due to a miscommunication or misunderstanding.

If you are not satisfied with the outcome of that conversation, the next step is to discuss the matter with the managing broker at the Realtor's brokerage. If you cannot agree to a resolution while talking to the managing broker, you have several options available to resolve the issue.

Errors and omissions insurance

Realtors have professional liability insurance known as errors and omissions insurance to offer financial protection arising from real estate mistakes or oversights. It also ensures that consumers who incur a loss because of the negligence of a licensee will be compensated. If you have questions about this topic, contact the Real Estate Errors and Omissions Insurance Corporation at: reception@reeoic.com.

Compensation fund

Under the *Real Estate Services Act*, all licensees participate in the Compensation Fund, which provides public protection where monies entrusted to a real estate professional have been misappropriated, intentionally not paid or accounted for, or obtained by fraudulent activities.

In the event of a claim, the Real Estate Compensation Fund Corporation determines whether there is a compensable loss and can authorize a payout of funds to a claimant. For more information, please visit the Real Estate Council of BC's website (www. recbc.ca) or email: info@recbc.ca

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YOUR REALTOR IS THE KEY TO YOUR SUCCESS

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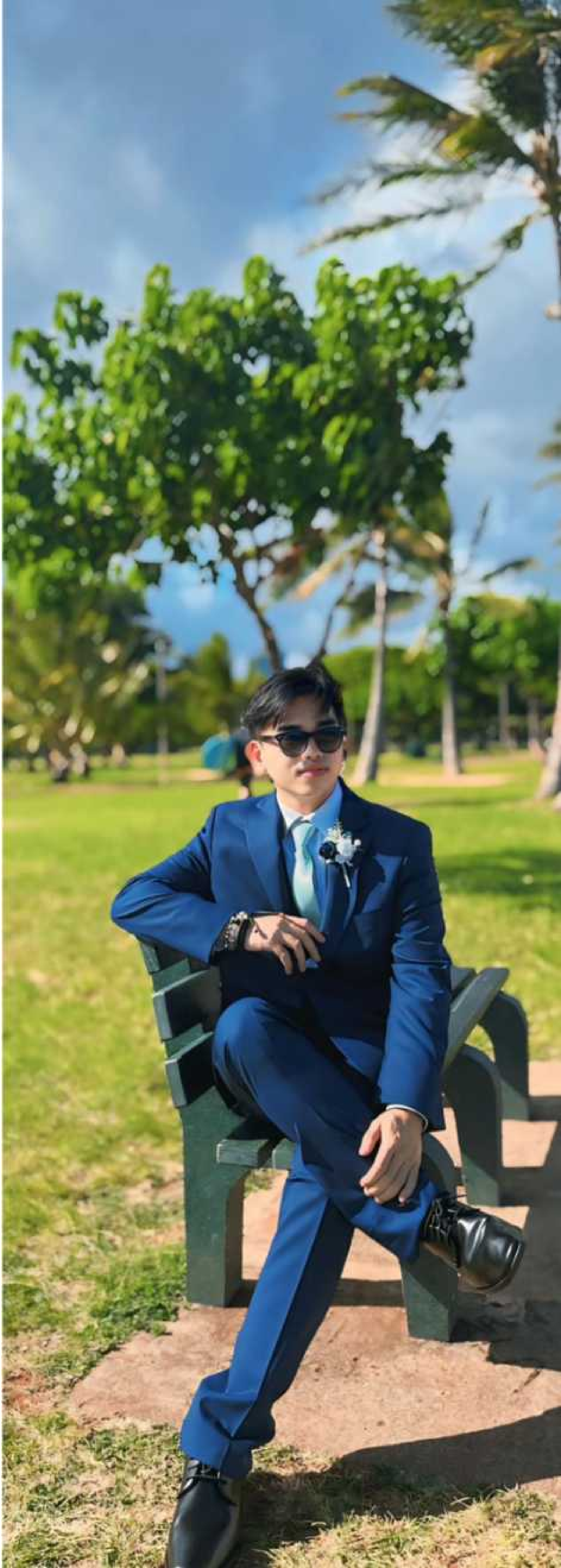
YOUR REALTOR IS THE KEY TO YOUR SUCCESS

Buying or investing in real estate is a significant decision, and having the right guidance makes all the difference. Florencio is an asset in your real estate journey, offering specialized knowledge, expert negotiation skills, and a deep understanding of the legal paperwork involved. Whether you're a first-time buyer or a seasoned investor, navigating the complexities of real estate alone can be overwhelming—and costly mistakes can be easily made without the right expertise.

For many, purchasing a property is one of the biggest financial transactions of their lives, often tied to strong emotions when finding a family home. That's why working with a dedicated professional like Florencio is a smart move. He provides valuable advice, market insights, and the confidence you need to make informed decisions.

With Florencio by your side, the buying process becomes smooth and enjoyable. He not only helps you find the right property but also works to secure the best possible price while minimizing risks. Before making one of the biggest investment decisions of your life, trust Florencio, a dedicated Victoria Realtor who puts your best interests first.

Florencio Mende jr.
REALTOR® - Real broker ltd.



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