



Buying an Investment Property

This checklist gives you a summary of each step when purchasing an investment property in Toronto.

STEP 1: - HOW MUCH CAN YOU AFFORD?

- Calculate how much money you have saved for a down payment. Investors are required 20% for a down payment
- Calculate how much your closing costs will be (lawyer fees, land transfer taxes, etc.)
- Calculate how large a mortgage payment and condo fee your rental income can afford each month
- Calculate the other monthly costs you will be responsible for as an investor (maintenance and repairs, property insurance, taxes, tenant selection fee, property manager fee etc.)
- Get pre-approved for a mortgage so you know how much condo you can afford
- Hire a lawyer to look after your legal interests and review any contracts
- Request my Investment Property Calculator, which helps investors calculator their monthly expenses minus their monthly income

STEP 2: - INVESTMENT PROPERTY CRITERIA

- Decide what kind of investment property you want (condo, townhouse, semi-detached, freehold)
- Choose the right neighbourhood(s), since you will be leasing the property, you need to ensure the property is located in a neighbourhood with a low vacancy rate and attracts professional tenants
- Consider which features are important to potential tenants (size, number of bedrooms/bathrooms, outdoor space, parking, renovated, etc.)

STEP 3: - THE SEARCH BEGINS

- Realtor.ca is a good place to start, but as your real estate agent, I will send you custom listings that match your criteria
- Select properties to view with your real estate agent, check out the neighbourhood, building amenities, parking, etc. as your real estate agent I will also provide you with comparables for rental income within that neighbourhood so you know exactly how much rent you will be collecting every month

STEP 4: - MAKING AN OFFER & PROVIDE DEPOSIT

- Submit an offer to purchase (a deposit cheque in the amount of 5% to 10% of the purchase price is usually required at this time).
- Once offer is accepted, deliver the offer to the lawyer for review
- Deliver the offer to your bank/mortgage broker for final mortgage approval
- Arrange home inspection/home appraisal (if required)

STEP 5: - MEETING THE CONDITIONS & CLOSING THE DEAL

- Request a copy of the status certificate (for Condo's) and provide it to your lawyer
- Waive any conditions (status certificate, finance approval, home inspection)
- Make arrangements to get property insurance
- Discuss final closing costs and arrangements with lawyer
- Deliver funds to lawyer prior to closing (usually 2 days before closing)
- Schedule a pre-closing inspection (with your real estate agent)

Preparing Your Investment Property

CHECKLIST:

- Register with the on-site property management company, inform them that your property will be leased
- Use a property management company to tenant and manage your investment property. Check out my company, Property Management Toronto, www.propertymanagementto.com