

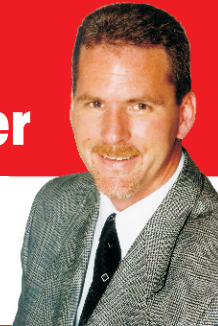
# Real Estate Monthly



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## Exploring Your Mortgage Options

**W**ith so many new mortgage features being introduced in the Canadian marketplace, the choices for the consumer are immense. Perhaps the most anxiety-ridden part of house hunting is figuring out how much you can afford.

The formula used to be simple. For decades, the thinking was that your monthly mortgage payment, including taxes and insurance, should not exceed 28 percent of your gross pay and that all your loans, mortgage included, should not exceed 36 percent.

Today, lenders rarely use this cookie-cutter method. Some focus more on how much of a person's monthly income goes toward paying off debt. Some do not use ratios at all. Borrowers should play it safe, however, and stick to the old formula, even if it means scaling back expectations.

Do not assume that you should take all the money that a lender is willing to loan you. Instead, assess your financial situation, make a budget and, decide how much you can afford each month.

Here are some of the mortgage

options currently available.

### Fixed Rate v. Variable Rate Mortgages

With a fixed rate mortgage, the interest rate stays the same throughout the term of the loan, providing a measure of stability that some prefer. A variable rate mortgage can allow the borrower to take advantage of low rates, as it typically has an interest rate that is calculated on an ongoing basis at the Bank of Canada prime lending rate minus a set percentage.

### An Open or Closed Mortgage?

Open mortgages allow the borrower to pre-pay, renew or refinance at any time before maturity without penalties. A "closed" mortgage, on the other hand, usually allows for a set percentage of the principal to be

prepaid without penalty. A "closed" mortgage may also be renegotiated or refinanced in most cases with the payment of a penalty which varies from lender to lender.

### High-Ratio Mortgages

While a conventional mortgage is a loan for up to 80 percent of the purchase price of a property, a high-ratio mortgage allows you to borrow up to 95–100 percent of the purchase price. This type of mortgage must be insured.

These options are just a starting point – call today to find out which mortgage best meets *your* individual needs and objectives.



### Focus on Ottawa Home Sales

Home sales growth in Ottawa slowed in November, with the number of residential units sold last month rising by 1.7 percent year-over-year to 889 units. The increase follows a 4.6 percent jump in sales in October.

"This brings the total number of homes sold by Ottawa Real Estate Board members to 13,995 as of November 30, solidly trouncing 2006's record of 13,783 in just 11 months," said the Board's president. "With just under 3,400 properties on the market at the end of November, inventory is down from the same time last year – we're certainly not seeing the backlog of properties that some markets in the U.S. are experiencing, and there are still many homes for buyers to choose from."

**Call today for real estate advice and information!**

## All About Home Inspections

**H**ouse sales without an inspection report are rare these days. Yet, just 25 years ago, it was rare that anyone even bothered to have one. Two factors conspired to create a market for house inspections: the discovery that 1970s-era aluminum wiring could be problematic without installation of copper tails, and the banning of urea-formaldehyde foam insulation.

Buyers wanted an expert to warn them of electrical and insulation problems. Good real estate agents recognized the need. It was a consumer-driven trend.

The movement gained momentum faster in the United States, so when Ontario inspectors decided to establish standards, they borrowed from the American Society of Home Inspectors. Ontario leads the country in inspection standards and, in recent years, the Canadian Association of Home and Property Inspectors was formed to implement national standards.

As a buyer, you rely on the house inspector to help you determine whether to fork out the money for the biggest, most expensive purchase of your life.

Once you put down your money, the house is yours, along with repair bills, renovations and general upkeep. You want the best information possible to help you decide whether you're doing the right thing.

As the Canada Mortgage and Housing Corp. puts it, inspectors look at a home as a system, at how one component of the house affects the operation or lifespan of another.

Outside, the inspector will ascertain how old the roof is, whether eaves and downspouts are operating and whether drainage is adequate.

Inside, the CMHC says, the inspector checks electrical, heating, air conditioning, ventilation, plumbing, insulation, floors, ceiling and wall finishes, windows and doors.

A good inspector welcomes a tag-along buyer. He wants the buyer to be well-informed, and he encourages questions. Sometimes, a buyer will ask about something the inspector might not have even noticed.

Depending on the type and size of the home to be inspected, costs range from about \$300 to \$400. Then, there's a long list of things that inspectors don't check for. It'll cost you extra to have inspections for such specifics as radon gas, mould and well water quality.

The inspector won't tell a buyer what to do: he or she is there to point out the cold, hard facts. The decision to purchase or not is purely the buyer's.

Yet, a home inspection can make or break a real estate deal. And they've broken many.

### Hiring An Inspector

**Word of mouth:** Real estate agents or friends can offer prospective names. Check Web sites and telephone pages.

**Experience:** Ask how long the inspector has been in business and how many inspections he/she has completed.

**Qualifications:** Ask about schools attended and courses taken. Find out as much as you can about your inspector's background, whether in engineering, construction or building trades.

**Proof:** Ask to see evidence of an inspector's membership in the provincial association.

**References:** Make sure your inspector comes with references, then check them for conflicts. Inspectors' professional code of conduct prevents them from being associated with a construction or house-related trade. They can provide you with their opinion about required work, but always get independent quotes before getting it done.

**Fees:** Does the inspector solicit, receive or give referral fees? If so, find someone else.

**Night owls:** The CMHC advises against nighttime inspections, as some outside defects could remain undetected.

**The report:** Following the inspection, the inspector should give you a verbal report, then provide a detailed written report within 24 hours. Topics include exterior components such as roofs, flashing, gutters, chimneys, downspouts, wall surfaces, foundations and grading; interior items include electrical, heating, air conditioning, ventilation, plumbing, insulation, flooring, ceiling and wall finishes, windows and doors.

