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LIFETIME MEMBER



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Home Renovations with a Great Return on Investment

Home renovations can truly revamp a living space and make your home more enjoyable to live in and if you're thinking of resale, can actually add value to your home and give you a great return on investment!

Let's start with the bigger budget renos:

Let's get cooking! It's agreed upon by most that a kitchen remodel is the number one room to renovate in your home – especially when it comes down to adding a little extra value. By adding some new (neutral) cabinets, a coat of paint, and some stainless steel appliances, the value of your property is bound to certainly increase.

Add a little modern flair to your bathroom. Second to your kitchen, updated bathrooms will certainly appeal to potential homebuyers (and visitors). Let's face it no one wants to walk into a dingy or dated bathroom. Start with the main level bathroom or your ensuite for the biggest impact.

Say goodbye to carpeting! Speaking of outdated, let's dive into carpeting. In short, carpeting gets stained (especially with kids and pets, right?); needless to say, carpeting becomes rather difficult to keep up with in terms of keeping it

clean. However, by replacing those floors with something like hardwood, laminate or vinyl, you'll be adding substantial value to your home (not to mention crafting a little modern charm to attract home buyers in the market).

Here are a few tips to add value to your home without spending a whole lot of time and/or money.

Introducing three small words: paint, doors and trim. Adding a coat of paint to a room (and to your trim) can actually go a long way in terms of brightening a living space. And in that same breath, updating main doors throughout your home can really modernize your living quarters (don't forget hinges and handles!), adding some worthy return on investment when selling.

Do it yourself. Since the invention of YouTube and Pinterest, DIY projects have never been easier! While you should always hire a professional for things like electrical and plumbing work, there's a how-to video on almost every home improvement project! Learn how to tile a backsplash, install a floor and everything in between, if you're not afraid of a little hard work, not having to pay for labour can save you significant cash!

By putting in a little time renovating your home, you're sure to get back a little investment in return with each project you take on. In fact, sometimes such renovations (as listed above) can have a return value of 5-6 x what they cost. Now, that's something to write home about! Time to dig up those tools and pull out those drawing boards. Happy renovating!



HALLOWEEN HAS NOT SCARED AWAY HOME BUYERS

Members of the Ottawa Real Estate Board (OREB) sold 1,383 residential properties in October 2018 compared with 1,237 in October 2017, an increase of 11.8%.

"October's sales are truly indicative of the fast-paced market we have experienced for much of 2018," states OREB's President. "In some pockets of the city, listings are not lingering on the market. Year-to-date average Days on Market (DOMs) are down 14% from 45 to 39 days for residential homes and 24% from 68 to 51 days for condominiums."

"However, lack of supply continues to be a major driving factor in Ottawa's real estate market," he adds. "If we look back to 2015 and 2016, our current active inventory is less than half of what we had then, and it's not improving. Compared to last year, condo inventory is down 34.5% while residential inventory is 17.5% lower than October 2017."

"Ottawa's reputation as one of the most affordable cities in the country endures with residential average prices up approximately 6% year over year, yet continuing to come in under \$450,000. While average prices for condos remain reasonable and steady in the \$270,000 range."

The average sale price of a residential-class property sold in October in the Ottawa area was \$449,005, an increase of 5.7 % over October 2017. The average sale price for a condominium-class property was \$271,350, a slight increase of 0.6 % from October 2017.

"Further, the number of apartment condo projects that have been approved by the City of Ottawa will maintain price stability for this category of housing going forward. This will offer opportunities particularly for renters who may be considering homeownership since the rental inventory is also down 32% from this time last year."

Call today for real estate advice and information!

REAL ESTATE NEWS

New CMHC Guidelines: Financing For Self-Employed

New guidelines released by the Canada Mortgage and Housing Corp. (CMHC) have now come into effect to assist self-employed borrowers in qualifying for mortgage financing.

Borrowers who have been self-employed for less than 24 months can now be considered through additional factors such as purchasing an existing business, predictable earnings, and even the type of training and education they have.

CMHC has also provided additional guidelines when it comes to collecting documentation to satisfy the income requirements of financing such as providing the Statement of Business Activities (T2125) and CRA's notice of assessment.

"Approximately 15% of the Canadian labour force is self-employed and may have difficulty accessing financing to buy a home, since their income sources may vary or be less predictable than those of employed borrowers.

In line with the National Housing Strategy commitment to address the housing needs of Canadians along the housing continuum, CMHC provides enhanced flexibility for satisfying income and employment requirements for all self-employed borrowers who dream of homeownership — at no additional cost."

Features

Self-employed borrowers with documentation to support their income have access to all existing 1 to 4 unit CMHC Mortgage Loan Insurance programs subject to the same criteria and insurance premiums as borrowers with more predictable income.

These guidelines for satisfying income and employment requirements for self-employed borrowers are offered by CMHC. However, implementation of CMHC guidelines may vary from lender to lender.

Program Specific Criteria

- Recommended minimum 24 months operating the business or in the same line of work (see Enhancements for recently self-employed section)
- Eligible borrowers include: Individuals who are Canadian citizens, permanent residents of Canada, or non-permanent residents who are legally authorized to work in Canada.
- Non-permanent residents (1 unit owner-occupied property and maximum LTV of 90%)
- Maximum one CMHC-insured property per borrower/co-borrower at any given time

Documents to support length of business operations

- Income tax returns supported by the NOA
- Business credit reports
- GST returns
- Active business account statement
- Financial statements accompanied by a Review Engagement Report signed by a practicing accountant
- Business license or articles of incorporation
- Audited financial statements

Documentation to support income

- NOA accompanied by T1 General (for verification purposes and to determine breakdown if borrower has several sources of income)
- Proof of Income (POI) (for verification purposes)
- Statement of Business (T2125)

Recognizing that self-employed borrowers may deduct expenses, income from self-employment in the case of sole proprietorships or partnerships may be grossed up by 15% or by using an "add back" approach of eligible deductions.

If the borrower has several sources of income the NOA should be accompanied by the T1 General to determine the source of income and if any of the income may be grossed up.

Enhancement for recently self-employed

For recently self-employed borrowers who have been operating their business for less than 24 months, or have been in the same line of work for less than 24 months, additional eligibility factors to support the decision to lend could include:

- Acquiring an established business
- Sufficient cash reserves
- Predictable earnings
- Previous training and education
- Borrower's demonstrated history of managing credit

Documentation to support income verification will depend on each borrower's unique situation and financial circumstances but include:

- Previous employment documentation based on type of income
- Recent account statements
- Business documentation
- Signed contracts

