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BATTLE OF THE SEXES: THE HOUSING BOOM EDITION

When Rae Whitton started house shopping with Dan Madge last year, she agreed to a variable mortgage rate after their broker explained rates were likely to remain low until spring, at which point they could lock into a fixed rate.

But when February came and signs indicated the economy was getting stronger, anxiety kicked in. Ms. Whitton e-mailed Mr. Madge newspaper articles warning of possible mortgage rate hikes, and worried about worst-case scenarios, remembering how her parents paid up to 18 percent on their mortgage.

"I was just freaking out. Not that I think it will ever be like that again, but what if this happens? What would we do?" she said. "You always think of the worst thing."

With mortgage rates set to climb in coming months from historic lows, the emotionally charged decision to lock into a predictable fixed rate mortgage or gamble on a variable rate that could change at any time is putting couples against each other as they try to plan their future.

Ms. Whitton was terrified that rocketing rates would price them out of their new home and pushed for the certainty of a fixed-rate. Mr. Madge wanted to take a chance that rates would be lower.

"I don't like the uncertainty of it," Ms. Whitton said. "I like knowing how much our payments are going to be every month."

The conflict is based on fear of the unknown, and the fear of losing a home if circumstances spiral out of control.

A study commissioned by the Bank of Montreal indicated that women were more likely to be overwhelmed when buying a home than men, at 44 percent versus 28 percent. Men were also more likely, 39 percent versus 26 percent, to take interest into account when deciding whether to buy.

"When it comes to a risky situation which usually involves some kind of uncertainty, women tend to perceive negative consequences to be more likely and more severe," says Li-Jun Ji, a psychology professor at Queen's University, who studies how decisions are made.

After debating for several months, Ms. Whitton and Mr. Madge locked into a three year fixed rate mortgage. And while Ms. Whitton said she knows more of their payment is now going to interest, she's not going to let it get to her.

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UNDERSTANDING HST

As announced in the 2009 Ontario Budget, the Provincial Sales Tax (PST) will be replaced with a more modern, value-added tax that will be combined with the federal Goods and Services Tax (GST) to create a Harmonized Sales Tax (HST) for Ontario, effective July 1, 2010. The provincial portion of the HST will be eight percent and the federal portion will be five percent, for a combined HST rate of 13 percent.



Why the HST

Ontario's comprehensive tax package, including the harmonized sales tax, will create jobs by making Ontario more competitive and provide personal tax relief. The world has changed. We've witnessed the biggest global economic downturn in 80 years. If we want Ontario to remain strong, we must change too. We need to be more competitive. We need to attract more investments and jobs. We need to protect those important services like health care and education we've worked so hard to build. Many economists and businesses agree that a single value-added tax, like the HST, is the most important thing we can do to strengthen Ontario's economy. We have a choice: we can refuse to fix what's broken, resign ourselves to the idea that Ontario will be less competitive, and watch our province move backward. Or we can move forward, embrace change and hold firm to the conviction that Ontario can emerge through this stronger than ever before.

Buying a Home

The HST will not apply to resale homes.

Enhanced New Housing Rebate: buyers of new homes will receive a rebate of up to \$24,000 regardless of the price of the new home. This rebate ensures that buyers of homes priced up to \$400,000 (about three-quarters of new homes built in Ontario) will, on average, pay no more or possibly even less tax than under the PST system.



New Rental Housing Rebate

New rental housing, including residential investment properties, will receive a similar rebate. This rebate will also support affordable rental housing in Ontario.

Transitional Rules

For some purchases of new homes that straddle the implementation date of July 1, 2010, the provincial portion of the HST will not apply, depending on when the written agreements of purchase and sale were entered into and when ownership or possession are transferred.

Courtesy of Tarasales.com

NEW RULES & THE MARKET

Tougher mortgage rules came into effect April 19, 2010, though experts say that the incoming changes have done little to cool a thriving national housing market.

Finance Minister Jim Flaherty announced that Ottawa was bringing in the new rules to ensure that new homebuyers would be able to afford their mortgages as interest rates rise in the coming months.

Flaherty said the government was acting to prevent a future housing bubble, though he said there was "no evidence" to suggest one was developing. At the time, he characterized the Canadian housing market as being "healthy and stable," with about two-thirds of Canadians owning their own homes.

Under the new rules, homeowners are now required to meet the standards of a five year, fixed rate loan even if they choose a variable rate mortgage or a shorter term arrangement.

Additionally, Ottawa put a limit on the amount of refinancing that homeowners can undertake, dropping the maximum to 90 percent of the value of their home, down from 95 percent under the previous rules.

For investors, under the new guidelines the government will now require a 20 percent down payment for non-owner-occupied properties.

Experts say that they haven't slowed down buyers since Flaherty announced the new changes and fixed mortgage rates jumped nearly three-quarters of a point in the interim.

The effect of making it harder for people to obtain mortgages, is that "creative financing will become increasingly popular." That could include loans from family, or the use of credit to make the 5 percent down payment that is necessary to obtain a mortgage.

Courtesy of The Canadian Press

THE FIVE ESSENTIALS OF HEALTHY HOUSING

It can be new or renovated, in downtown or suburbia. Wherever you find it, the Healthy House is characterized by five key elements.

1. Occupant Health

Healthy Housing promotes superior quality of indoor air, water and lighting.

2. Energy Efficiency

Homes account for about 20 percent of all energy used in Canada. Of this, about 67 percent is used for heating and cooling, 18 percent for lighting and appliances, and 15 percent for heating water. The Healthy House reduces energy use in all these areas, in all seasons. It minimizes heat loss in winter and gain in summer. It relies on efficient heating and ventilation systems, reduces the consumption of electricity and other fuels, encourages the use of renewable energy and the recovery of energy that would otherwise be lost. It also reduces the energy used in the manufacture of building materials and in house construction.



3. Resource Efficiency

The Healthy House makes efficient use of all our resources. It is also readily adaptable to changing needs. Efficient use is made of building materials, and recycling is encouraged. Durability of building components is essential. The Healthy House also conserves water and energy.

4. Environmental Responsibility

The principles that guide the construction and use of the Healthy House are the cornerstone of environmentally responsible housing. The Healthy House may use alternative water and wastewater systems, encourages site planning that reduces land requirements, minimizes waste generation and pollutant emissions, promotes resource-efficient landscaping and considers broader community planning issues such as transportation. It involves a new way of thinking about how homes and communities contribute to the health of the planet. Houses are becoming smaller and more space efficient with multi-use floor plans. While building lots are smaller, they are more creatively used.

5. Affordability

For the Healthy House to succeed in the marketplace, it must be good for the owner, the builder and future generations. Many features of the Healthy House make it affordable to own, and its design makes it easily adaptable to its occupants' changing needs.

Courtesy of CMHC

CONTINUED: BATTLE OF THE SEXES: THE HOUSING BOOM EDITION

(Article Continued from Front Page)

"I just try not to look at the statement," she said.

Variable rate mortgages can be had for about 1.75 percent right now, while a 5 year fixed rate can be had for about 4.5* percent. A homeowner can save thousands by choosing a variable rate, but their monthly payments will get higher every time interest rates increase.

"It's that kind of uncertainty women may be hardwired to avoid," said Lise Vesterlund, a professor at the University of Pittsburgh who has studied the role in gender plays in financial decisions.

"My own work has shown that women are less confident about their decisions," she said. "There are evolutionary reasons for that, and you can also argue there are circumstantial reasons as well."

She says "men are natural risk takers. After all, there was a time when they could reproduce indiscriminately and not worry about consequences, while the women had to be prudent and think about the future."

"That sense of risk is still fostered by parents today," she said. "With the majority of boys playing games that have measurable results while girls are offered activities that have no discernible conclusion."

"From an evolutionary stand point, men have always had more to gain by taking gambles," she said. "Women tend not to get the same kick out of taking risks part of the reason they like to lock in to something if they want to have more information about what their prospects will be like in the future."

Courtesy of The Globe & Mail

Frugal Summer Fun Ideas for Families

There are loads of different things that you can do with your kids that will keep all of you entertained without spending much money. Some great ideas include:

1. **Do a family reading challenge.** Make it a contest to see who can read the most books before the summer is over. Get your books for free from the library!
2. **Go hunting for bugs or birds.** You won't kill them, of course. But you can take pictures of them or keep a diary logging what you see. Lots of cool creatures come out during the summer months and your kids will love the excuse to go find them with you.
3. **Check out free days at local museums.** Many museums offer free admission days during the summer. It's a great way to get in out of the heat with your kids.
4. **Go to a U-pick farm.** Take the kids out to a farm for the day where you can pick fresh produce for cheap. Include the cost in your usual grocery budget so it's not an additional summer expense.
5. **Host a potluck at your place.** Summer is such a fun time to get together with groups for BBQ's and relaxing evenings. Make it a potluck so that it doesn't cost you too much.



Frugal Summer Fun Ideas for Couples

Summer isn't just a great time for family activities. It's also the perfect season for enjoying romance on the cheap. Some great ideas include:

1. **Go to an outdoor movie or play.** Almost every town has at least a few of these events during the summer. Take a blanket and cuddle up in the park for some free entertainment.
2. **Check out an art gallery opening.** Take your date to see some local art, drink free wine and converse about nothing together for a few hours.
3. **Have a water fight.** Sometimes it's fun to be childlike again with your partner. Get outside in your swimsuits with a hose or some cheap water balloons and have a silly fight together. What a way to cool off!
4. **Play music together.** If you're musically inclined then you can get out the instruments that you already own and spend your days making music. If you don't own instruments, you can always sing together. Making art together, reading to one another or writing poetry to each other are other creative options to consider.
5. **Get outdoors.** Hiking, picnicking and camping are all affordable ways to enjoy nature during the summer. Watching the sunset together or doing some nighttime stargazing are other options for people who want to snuggle up together this summer.

These are just a few of the activities that you can still do before the summer is over. Get creative and you'll find that you don't have to be bored and you don't have to spend money to have a good time.

Courtesy of FinancialHighway.com

Thinking of purchasing a rental property? Call us now for new mortgage rules you need to know!

