

Real Estate Journal

Your Monthly Home & Financing News

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DID YOU KNOW...

It seems these days that everyone is on Twitter – even the federal finance department. The department will begin tweeting when Jim Flaherty, Minister of

Dear ,

Welcome to the March issue of the *Real Estate Journal*, which is designed to help you make a more informed decision the next time you're buying or selling a property!

This month's edition offers tips on how to locate your ideal neighbourhood, as well as explains the new mortgage rules coming into force this April. Please feel free to ask questions or offer feedback regarding anything outlined below via phone or e-mail.

Thanks again for your continued support and referrals!

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Choosing the right neighbourhood for you

and your family is top priority among most homebuyers, even ahead of price! That's why it's essential to know where you want to live and what you're looking for in a neighbourhood before you even start shopping for a new home.

Following is a checklist of some important questions to help you determine what you're

- What do actual homeowners like/dislike about the neighbourhood? (Your potential neighbours will likely be open to answering some questions if you tell them you're researching neighbourhoods.)
- Does the neighbourhood have a friendly feel to it? What is the neighbourhood's crime rate?
- Are the homes and yards well maintained?
- How's traffic? Is it particularly heavy and, if so, when?
- What do the property taxes cost and how

Finance, rises in the House of Commons to deliver Budget 2010 on March 4th. Links to relevant portions of the budget will be tweeted in real time. You can follow at: www.twitter.com/financecanada Links to Finance news releases, advisories, major speeches, publications and reports will be posted for users who follow the Department.

MORTGAGE MATTERS

Now's the perfect time of year for a free mortgage check up with your mortgage professional or banker. With Spring on its way, interest rates at historic lows – with nowhere else to go but up – and the three new mortgage rules set to come into force on April 19th, now's the perfect time to revisit your mortgage and ensure it still meets your needs. Perhaps you've been thinking about refinancing to consolidate debt, purchase a rental or vacation property, or you simply want to take a vacation. Whatever your needs, having your situation re-evaluated by a professional will help determine what's right for you.

HOMEOWNER TIPS

Choosing the Right Windows:

Windows can be one of the most important components of any home. In addition to enhancing the style and beauty of a house, windows provide fresh air and

looking for in your ideal neighbourhood:

- Do you want to live in a city, town or in the countryside?
- Is the neighbourhood stable, improving or declining?
- Do sales in the area support the home's price?
- Do you want to be close to work, schools, shopping, transportation and recreation? Or, is proximity to friends and family more important?
- What kind of shopping options are available? Are there local boutiques, big box stores or a farmer's market?
- What about zoning and land uses? If the neighbourhood has mixed-land use that includes commercial, what is the trend and how could this affect your lifestyle and future sale?

are the municipal services?

- Is there is a bar or pub close by? If so, how noisy will it be in the evenings?
- What are the city's plans for the neighbourhood? Are there any improvements in the works? Are there any commercial or industrial developments, or group housing, approved or under review?

These are just some of the questions you'll need to answer in order to locate your ideal neighbourhood. As always, if you want additional feedback on specific neighbourhoods, your answers are just a phone call or e-mail away!



On February 16th, 2010, Federal Finance

Minister Jim Flaherty announced three changes to the mortgage insurance rules, which will come into effect on April 19th, 2010.

The good news is that most mortgage consumers will not be significantly impacted by the three latest changes. The intentions of the new rules are to curb speculation housing and encourage homeowners to use their homes as a savings tool, rather than borrowing home equity to pay down loans and credit cards.

Rule #1

Minimum down payment requirements for non-owner-occupied homes will increase to 20% from 5%, and the way that rental income is considered has been scaled back as well. This rule will have the most dramatic impact of all three changes, but

people to prepare for a likely rate hike over the next five years.

Considering the average difference between discounted three- and five-year fixed rates is only between 0.30% and 0.49%, this should truly not have a drastic impact on the average mortgage applicant – if, in fact, the new rules intend to have mortgage applicants qualify based upon discounted rates. It is still unclear if the upcoming alterations are meant to have Canadians approved based upon “posted” five-year rates, which would mean a difference of over 2%!

Rule #3

The maximum amount Canadians can withdraw when refinancing their mortgages will be reduced from 95% to 90% of the value of their homes.

This final change will likely have the most impact on those Canadians who have a current government-backed insured mortgage and would

ventilation, bring sunlight into interior spaces and keep harsh weather outside where it belongs. Thanks to technologies developed over the past few decades, new windows can also improve the energy efficiency of a home and significantly lower your monthly energy bills. But purchasing new windows can be a daunting task. So if you're in the market to replace or upgrade your windows [click here](#) to see tips to help you choose the right windows for your home from Canada Mortgage and Housing Corporation (CMHC).

only on real estate investors. Being required to put more money down and being able to use less potential rental income for qualifying purposes will displace many new real estate investors (who currently only make up around 4% of all mortgage consumers in Canada).

This change is intended to avoid any kind of future housing bubble in Canada by curbing speculation building. The recent economic downturn caused builders to stop building and many new homes sat vacant through the early stages of 2009. When rates started to drop and buyers began to gobble up property that had been on the market for some time, the supply/demand ratio started to lead to higher demand and higher prices.

Rule #2

All borrowers will have to meet qualification standards for a five-year fixed-rate mortgage even if they choose a mortgage with a lower interest rate and shorter term (such as one- or three-year terms).

Current standards for mortgage qualifying are typically based on a lender's three-year fixed rate (if you're opting for a variable rate, home equity line of credit, or one-, two- or three-year fixed-rate product, which typically carry a lower interest rate). This qualifying standard has, in the past, been sufficient to protect consumers from rates increasing over the term (at least on paper). Essentially, the government is forcing

like to take advantage of the equity in their home to do some debt consolidation in the future. In recent times, with rates at historical lows, it's been advantageous for consumers to roll their unsecured debt into their mortgage to decrease monthly payments – so much so that the government has sought an end to this trend of high loan-to-value mortgages.

This does not, however, stop consumers from overspending and taking on large amounts of credit card debt. In some cases, the ability to borrow the equity in one's home to pay off debt has saved people from bankruptcy and kept them in their homes. Hopefully this change doesn't backfire on the government's intentions.

Only time will tell if the government's measures to curb spiking house prices and encourage equity savings will be a positive change for Canadians.

Prior to this announcement, there was wide-spread speculation that the government was going to change current mortgage policies to include a minimum 10% down payment, an increase from the current 5%, and a reduction in amortization from a maximum of 35 to 30 years. Luckily for first-time homebuyers in Canada, these rumours have not proven true.

About



RE/MAX was established in 1973 by two 20-something real estate agents from Denver, Colorado, who decided to develop a new real estate concept. They created RE/MAX – an acronym for “real estate maximums”. The company’s system encourages quality real estate salespeople to realize and develop their outstanding business potential.

On its 5th birthday, RE/MAX boasted 1,000 sales associates and launched its first widely recognized trademark – the RE/MAX Hot Air Balloon. And still to this day the Hot Air Balloon trademark is well known all over the world.

In 1979, two Canadians – Frank Polzler and Walter Schneider – launched RE/MAX Ontario-Atlantic Canada.

Today, the RE/MAX franchise network is the most recognized global real estate system operating in more than 60 countries. RE/MAX sales associates lead the industry in professional designations, experience and production while providing real estate services in residential, commercial, referral, relocation and asset management.

The RE/MAX website – www.remax.ca – offers helpful information through both a Buyer's and a Seller's Guide.

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