So you want to buy a home?

Yasha Pushak
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THE HOUSING MARKET - VANCOUVER

NOTE: From 1977 - 1984 condominium averages were not separated into attached & apartment.
The Housing Market - Kelowna

“Average house prices in Kelowna left many people dumbfounded last year [2017]”
The Housing Market - Kelowna

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How much can you afford?

- Savings (Down Payment)
- Income (Maximum Debt Ratio)
- Debt (e.g., Student Loans)
- Interest Rate
- Amortization Period

Putting it all together...

Mortgage Affordability Calculators
Affordability

Gross Annual Household Income: $50,000
Down Payment: $47,000
Amortization Period: 25 years
Product: 3.340% - 5 Year Clos

Based on these values, you can afford:
Monthly payment: $975.00
Mortgage amount: $198,629.97
Mortgage default insurance: $5,410.15
Net mortgage amount: $193,219.82
Purchase price: $240,219.82

EXPENSES:
Monthly Debt Payments: $100
Annual Property Taxes: $2,500
Monthly Condominium Fees: $200
Monthly Heating Costs: $50

Next step? Compare mortgage scenarios
Ready to go? Get pre-approved now

View graph  View report  Print results  Save/Share results
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Mortgage Affordability Calculators
Getting A Mortgage (pre-approval)

● Stress Testing
  ○ Debt ratio 40-44%
  ○ max(InterestRate + 2%, 5%)
  ○ Minimum Down payment 5%
  ○ Credit Score

● How do I improve my credit score?
  ○ Borrow more money! (responsibly)
  ○ Minimum 2-3 “Trade Lines”
    ■ Credit cards, student loans, mortgages, etc.
  ○ Letter of good standing from landlord
  ○ One year history of bill payments
Getting A Mortgage (Pre-Approval)

- **Down Payment**
  - Bank statements
    - Name
    - Account number
    - 30 day history

- **Income**
  - Paystubs
  - Letter of good standing
  - Notice of assessment

- **Final result**
  - Maximum purchase price
  - Guaranteed interest rate
  - Three months until expiry
What if I can’t afford my dream home?

- Wait
  - Save for a down payment
  - Improve your credit score
  - Get a raise
- But I want it now!
  - Rental Income (40%)
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- But I want it now!
  - Rental Income (40%)
  - Find a co-signer
- Those don’t work for me!
  - Leave Vancouver
  - Win the Lottery
Realtors 101

Do I need a realtor?
   No
   ... But you should get one

Do realtors cost money?
   No
   ... Unless you are the seller

Can I trust my realtor?
   Hopefully...
# Making an Offer

- Do I need Pre-Approval?  
  No

- How much do I offer?  
  Depends on the Market

- They didn’t accept!
  - Did they counter?  
    - Yes  
      Haggle!
    - No  
      Better luck next time!
Congratulations!

You have an accepted offer!

... with subjects.

- What are subjects?
  - Financing
  - Inspection
  - Document revision
  - Title
  - Measurement
  - Create your own! (or don’t)

Deadline: Subject removal date
Getting A Mortgage (Approval)

It has subjects too!

- **Strata documents**
  - AGM minutes
  - Form B
- **Accepted offer**
  - Addendums (if any)
- **Accredited Accountant**
- **Appraisal** $100–$500
- **Land Survey** $1,000–$2,000
Choosing a Mortgage

- Amortization Period
- Term Length
- Variable or fixed?
- Closed or open?
- Bank, credit union or independent broker?
- Mortgage Insurance?
- Life Insurance?
Inspectors 101

● Should I trust my realtor?
  ○ At your own risk
● Arranging an inspection
  ○ Book inspector first
● How much do they cost?
  ○ $350-$600
Whew... Subjects Removed!

Is the house mine yet?

Not yet.

What’s left?

- Deposit ~$35,000
- Legal Fees $500–$1,000
- Completion date
- Adjustment date
What are all those fees again?

- Property Transfer Tax
  - 0.5% on first $200,000
  - 2% on amount between $200,000 and $2,000,000
  - 3% on amount above $2,000,000
- HST (new homes)
- Legal Fees $500–$1,000
- Inspection $350–$600
- Appraisal $100–$500
- Land Survey $1,000–$2,000
- Mortgage Insurance 2%–3% (down payments under 20%)
- Life Insurance
- Moving Costs
Can I get help with those?

- **First Time Home Buyer Tax Exemptions**
  - Purchase price under $500,000 -> Full exemption
  - Purchase price under $550,000 -> Partial exemption

- **First Time Home Buyer Down Payment**
  - Helps you “borrow your down payment”
  - Match up to $37,500
  - Interest free for 5 years
  - Payment free for 5 years
Happy Hunting!

And good luck...