



REAL ESTATE NEWS



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NEED A MORTGAGE ON A COTTAGE? HERE'S WHAT LENDERS LOOK FOR...

Whether you call it a cottage, a cabin or a camp, when the temperature begins to rise, the dreams of sitting on the dock at a place of your own start this time of year.

But if you don't have the cash on hand to buy one outright, you'll have to borrow the money. And while the basic process of applying for and qualifying for a mortgage are the same, lenders will look at many more variables when assessing a property before lending money to buy a cottage.

Barry Gollom, vice-president of mortgages and lending at Canadian Imperial Bank of Commerce, says while your strength as a borrower is important, banks will also take a close look at the property being acquired when determining how much they are willing to lend.

"Lenders will look at the location, proximity to a major market, sometimes is it on a big lake, is it on a small lake, access to the property, year-around is best, paved roads is a plus," Gollom said.

"Lenders will want to ensure that there's a safe and consistent water source as this can sometimes materially impact the marketability and value of the cottage."

A broker with Mortgage Brokers Ottawa states most lenders want a cottage to be a four-season property if they are going to loan you money, but he says some will finance three-season cabins. "It is difficult to get financing if you can only access the cottage by water. The property has to be marketable."

If you aren't putting down at least 20 per cent, you'll need mortgage default insurance just like an ordinary home purchase.

However, CMHC changed its rules last year so that it would no longer insure mortgages on

second homes. That means you'll have to go with a private mortgage insurance company which can provide the necessary coverage if your lender requires it due to the size of your down payment.

Insurers may also have limits on the amount they will cover for a vacation property, depending on its characteristics.

Depending on your situation, you could also consider refinancing your home or using a home equity line of credit if you have paid off enough of it to use it to borrow the cash you need.

Gollom says it is not uncommon for buyers to use a combination of financing through their home and the vacation property to make the purchase.

However, if you only made a small down payment on your home when you bought it and haven't owned it for very long, you may not have the room you need to finance your new purchase.

Joe Walsh, a mortgage broker with Bedrock Financial Group in Toronto, says no matter how you choose to finance your purchase, for the lender it is about whether you can repay the debt.

"You need to have a lot of room in your income to be able to service the additional, what \$200,000, \$300,000?" he said.

Gollom said it's important to make sure the decision to buy a cottage fits within your overall financial plan.

"It is a decision that really does require very thoughtful planning," he said. "It is so important to understand the broader implications of the purchase of a vacation property as it relates to your other goals."



THE OTTAWA RESALE MARKET REMAINS STEADY AND STRONG IN MAY

Members of the Ottawa Real Estate Board (OREB) sold 1,926 residential properties in May 2015 compared with 1,789 in May 2014, an increase of 7.7 percent. There were 1,570 home sales in April 2015.

"The Ottawa housing market continued its strong performance in May, making it the best May for unit sales on record since 2009," said OREB's President. "Units sold are up 357 since April, increasing in both the residential and condominium property class."

May's sales included 342 in the condominium property class, and 1,584 in the residential property class. The condominium property class includes any property, regardless of style (i.e. detached, semi-detached, apartment, stacked etc.), which is registered as a condominium. The residential property class includes all other residential properties.

"The average cumulative days on market remains consistent at 72 days, compared to 74 last month," said OREB's President. "Properties are moving consistently and inventory remains plentiful; labelling the Ottawa market as a Buyers' market and allowing for average sale prices to remain very stable", he added.

The average sale price of a residential-class property sold in May in the Ottawa area was \$411,791, an increase of 2.6 percent over May 2014. The average sale price for a condominium-class property was \$266,940, a decrease of 4.9 percent over May 2014.

The hottest segments of our market for May were sales between \$300,000 to \$400,000, followed by the \$200,000 to \$300,000 range and then the \$400,000 to \$500,000 range," said OREB's President. "Two -storey residential properties sold surpassed 1,000 units this month, continuing to have the highest concentration of buyers in Ottawa.

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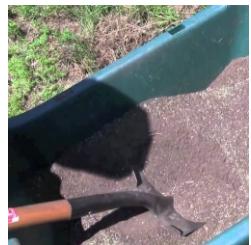
HOW TO OVER SEED YOUR LAWN: 7 EASY STEPS



1. GATHER YOUR TOOLS

Before you begin to over seed your lawn, it's important that you have the right tools for the task. Luckily, you probably already have everything you need on your garage. If not, these things can be found easily in your local hardware store.

Here's what you need to begin: a leaf rake, a wheelbarrow, a shovel, a bag of lawn seed, and a bag of black garden soil.



2. CREATE YOUR SOIL-SEED BLEND

With your tools at the ready, it's time to start shoveling the garden soil into your wheelbarrow. You want to achieve a forty to one ratio of garden soil to lawn seed. That's about forty shovels-full of garden soil to one shovel of lawn seed. Or, if that's a little more than your wheelbarrow can handle, start with twenty shovels-full of garden soil to half a shovel of lawn seed.



3. MIX IT UP

It's important to mix your garden soil and lawn seed thoroughly and evenly to help ensure that your lawn seed retains moisture. To really get a good mix, we'd suggest making a groove in your garden soil in the wheelbarrow, and pouring your grass seed in. Then mix it up until it's equally distributed throughout the soil.



4. GRAB YOUR RAKE

Before you put your soil-seed blend onto your grass, you're going to want to grab your rake and use it to remove any debris or organic matter from the area that you'd like to over seed. This helps to ensure good seed to soil contact – and a fuller, more beautiful lawn!



5. START THE SEEDING

With a clean working area and a uniform mixture of garden soil and lawn seed, you're ready to start the process of over seeding. Start in one corner of your lawn, and systematically begin to uniformly spread the mixture from one side to the other using your shovel. Try and distribute your garden soil and lawn seed combination as evenly as possible.



6. RAKING: ROUND 2

With the mixture on your lawn, it's time to get the rake out again to really ensure that you've got the garden soil and lawn seed distributed as evenly as possible across your grass. Work from one side to the other, this time finishing by making rows with your rake just as you would in a garden. This step helps to promote good seed to soil contact, which is vital for successful over seeding.



7. WATER YOUR LAWN

With the over seeding complete, you'll just need to ensure that your lawn stays consistently moist for approximately 10 – 14 days. That doesn't mean that you need to leave your sprinkler on for hours. Simply turning it on for 5-10 minutes in the morning before you leave for work, or in the evening after you get home should be all you need to achieve a fuller, greener lawn!



Over seeding your lawn is an easy way for you to get rid of patchy spots, and restore your grass to its original fullness. Follow these simple steps to over seed your lawn and get your property looking its best this spring.