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Brokerage

THE MARKET PLACE

If you read our last newsletter, you may remember reading how drastic the declines were in October and November sales. Both number of units and dollar volume were down 23% on average. While in December the trend changed again to see only a 3-½ percent decline versus monthly sales the previous year. That was good news for property owners and investors alike, but not as good news as early 2006. In January and February sales numbers were up across the board with increases seen in number of units sold and total monthly dollar volume and price per unit sold, all this lead to the best first quarter ever in total dollar volume of sales. Other interesting figures of note were new housing starts (helped by the weather), which were up 6% in the first quarter with urban starts leading the way, being up 14%. This was the largest annually adjusted increase since 1990 in January alone. January of is that good news?? Sales also remained strong through April, May & June however, at the half point in the year to date sales; the number of units sold was down by 6% and the total dollar volume year to date off by 3%. If you look close that is also partially good news – once again an increase on the price per unit.

In General

With the fortune of continuing strong sales also comes a little bad news in that interest rates have risen almost ¾ % from December to June in 2006 with the best rates available to the best covenants for residential mortgages presently around 5.4% for a five-year term.

While on the topic of financing where it comes to negotiate your mortgage don't forget our mortgage calculator @ www.therealestatefinder.ca hear you can compare payment amounts and amortizations to save thousands off your mortgage in future years. Try it!! Simply go to www.therealestatefinder.ca click on MORTGAGE CALCULATOR. Here you will find some boxes to be filled in. The first box represents the sale price or existing value (assumed) of the property you are going to mortgage, say \$200,000. The next box represents how much down you are paying or the equity in your home (value – mortgage amount), say \$50,000. Box 3 represents the length of mortgage or amortization period. This is the total number of years it would take to pay the full amount of your mortgage, say the standard 25. This of course is not to be confused with the “Term” of the mortgage, which is the period for which the mortgage (lender) will hold your mortgage at present terms and rates of interest.

Also that which needs to become part of the equation is the interest rate – say 6.45 percent posted rate. Always make sure the show monthly amortization box is activated, then press calculate.

We now know that our payment is \$1000.19 per month for a \$150,000 mortgage based on 25 year amortization. Scroll down to see the breakdown in interest and principal on a monthly basis as well as yearly totals. Check the remaining balance after year 10. Now return to this mortgage calculator, click the top of the page to start over. Using the same values for house value and down payment (or purchase price & equity) lets presume that you or your mortgage broker can negotiate for you, today's best rate of 5.21% and because of the lower interest rate you can afford to pay as an amortization of 20 instead of 25 years, and calculate.

You will note the payment being within \$2.00 prime but the nice surprises comes at the end of years 10 (now you owe \$22,000 less than with the first example) and 20 you've just eliminated 5 years (60 payments) of \$1000.19 per month (don't need a computer for that one) by being a good negotiator and using the amortization on your side. This of course presuming rates stay the constant, however the same rules always apply. Try different amortizations to see how much you can save by paying just a little more each month.. I can't figure out why they didn't show us this in high school.

Household Maintenance

In our last newsletter we spoke of wet basements and I must admit I missed a cause.

In recent years all new homes or those substantially renovated have to have back-flow preventors installed on all exterior hose bibs. You will not pass final inspection without them. These little government brain child's are installed on your outside water tap to prevent water from an attached hose finding its way back into the municipal water system. I hope your water meter spins backwards when this happens. They also prevent water from draining out of your hose bib when you shut it off. Therefore water is trapped in between operations of the hose bib, not a bad thing from May to October. However, leave these on supposed self-draining bibs in modern day plumbing and they will freeze in January, usually burst part way in the wall. Unfortunately the problem is not discovered until the next time operation of the hose bib takes place. This is often in the first spring watering of flowers while your outside, and the water is running inside down the basement wall onto the floor, which you decided last year should be hardwood. Of course the sun and plants both required a little extra attention that day.

This has resulted in tens of thousands of dollars in damage although you generally didn't hear about it because most are a little ashamed to admit the proper fall maintenance was not performed. I joined one time maintenance program. If you do get stuck with back flow prevention, make sure it's at the service coming into your house.

Did you know the Township of Clearview is in the process of bringing forth a new comprehensive zoning by-law? And if you have any property in the Township, it is my advice that you check the zone applied to your property and then check the uses, rules and regulations pertaining to that zone. Do this by going to www.clearviewtwp.on.ca , click on planning and development – new comprehensive zoning by-law and scroll down to map schedules. The zone standards are established above i.e. settlement area residential zones.

In Closing

Please forward any comments or questions you may have on these thoughts.