



## “Improved Housing Affordability” Means You Save Money!

If you’ve been thinking about buying a new home, you’ve probably read newspaper articles about how housing affordability is improving. But what does this really mean?

For most homebuyers, the “bottom line” is what they will have to pay, each month, to own their home. This is determined by two things: the price they pay for their home, and the interest cost of their mortgage.

Today, if you look at prices without considering mortgage interest, you could be missing a great home buying opportunity. Here’s why:

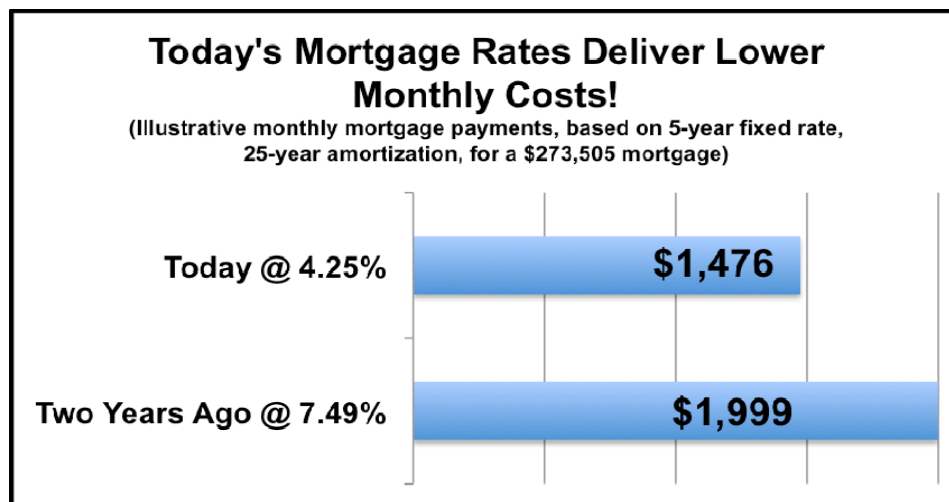
Just two years ago, at the end of 2007, the average posted interest rate for a five-year fixed-rate mortgage was 7.49%. Today (March 26/09) lenders are offering the same mortgage for just 4.25%.

What this means is your monthly mortgage payment today will be 26% less than in 2007!

Here’s an example. According to Canada Mortgage and Housing Corporation (CMHC), the average home price in Canada in 2009 is expected to be \$287,900. If you purchased a home for this price with a 5% down payment, you would require a mortgage of \$273,505.

At the 2007 five-year fixed rate of 7.49%, a mortgage for this amount, amortized over 25 years, would mean monthly payments of \$1,999.

At today’s low 4.25% rate, you would pay only \$1,476 for the same mortgage. That amounts to saving \$523 each month, or \$6,384 each year, or \$31,920 over the five-year term.





## **Good News for First-Time New Home Buyers**

If you are wondering about buying your first home, here's some good news. This is a great time to purchase a home, so take a first step and start exploring your opportunities now.

Mortgage rates are at historical lows, which means it costs much less to carry a mortgage. On a month-to-month basis, the cost of homeownership may compare very well to renting a home. Why help someone else pay off their mortgage when you can invest in your own financial security? Consult with a mortgage specialist and find out how best to achieve your goal of owning a home.

Visit new home sales centres and talk with builders and sales agents. The new home market offers a wide selection at highly competitive prices. From the quality of construction to state-of-the-art technology and the latest designs and products, there is tremendous value in today's new homes. Builders will explain all your options and assist you in creating the home that's just right for you and your budget.

Buying a brand new home has a lot of financial and lifestyle benefits for first-time buyers.

- First, you won't have costly home repairs or replacements anytime soon—this is a big advantage if you are on a tight budget for a few years.
- Save on energy costs. New homes are also more energy-efficient and come with many green options that make them easier on your pocketbook as well as easier on the environment.
- Enjoy new home comfort. Designed for modern life, a brand new home is easy to maintain and takes little upkeep. It's a great place to come home to after work, and for entertaining family and friends.
- Experience the joy and pride of ownership. There is no feeling like buying your first home.

Home buying just became a little more affordable with the federal government's income tax benefit of up to \$750 for first-time homebuyers for costs associated with a home purchase. And under the Home Buyers' Plan, first-time buyers can now withdraw up to \$25,000, or \$50,000 for a couple, tax-free, from their RRSPs for use in the purchase of a home, up from \$20,000.

When you add it all up, it makes a lot of sense to investigate homeownership now.

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*New Home Feature*

Conversely, if you decide to pay what you would have in 2007 – \$1,999 per month – you can fully pay-off your mortgage about nine years sooner. This would save you more than \$150,000 in total interest charges.

Mortgage lenders offer a number of other mortgage options, some of which can save you even more each month.

That's what "improved housing affordability" means – today you can own a home for less money each month.

So why is right now the right time to buy? According to CMHC, "(Mortgage) rates are expected to remain low in a historical context, but climb higher later this year and in 2010". So there is a good chance that the great mortgage deals being offered today won't last.

If you want to own a home, and get monthly payments that are 26% less than two years ago, take a look at a new home today.

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## **The Right Time to Buy a Home**

Buying a new home is always a big decision that takes a lot of thought, no matter what the housing market is like. It is a significant commitment, both financially and personally, and you want to make sure you are making the right move.

Today's housing market offers exceptional value and affordability. The combination of highly competitive new home prices and historically low mortgage rates means greatly reduced monthly mortgage costs.

But these conditions won't last forever. As housing markets come into balance and economic conditions begin to improve, the cost of homeownership will rise. So right now may be the right time for you to buy a new home. Consider these factors:

- **New home prices are very competitive.** The current housing market is seeing tight pricing by new home builders and great value for homebuyers. New home quality, the latest technology, better energy efficiency and more features, at very competitive prices—this is an excellent time to invest in a new home.
- **Homebuyers have a lot of choice right now.** From condo apartments to townhouses to single-family homes, from suburban communities to urban infill, the marketplace offers a wide selection of homes, in many styles and price ranges, and available within reasonable timeframes. The time to get the best homes and locations is now.
- **Mortgage rates are exceptionally favourable.** The cost of borrowing money for a home purchase is the lowest it's been for a very long time. Mortgage interest rates have fallen by more than 25% over the last two years, and this can mean much lower monthly costs for you. Now is the right time to talk with your financial institution or a mortgage specialist.
- **The marketplace is less rushed.** A slower housing market is a better marketplace for homebuyers. If you value being able to make important choices at your own pace, the time to buy is now.
- **A sound investment for the long term.** Housing is a solid investment that performs well over time. If you want to enjoy the financial security of homeownership, the time is right—start laying the foundation now.
- **First-time homebuyer initiatives.** Beginning this year, there is a little extra financial help available for some buyers. First-time homebuyers may be eligible for a federal tax benefit of up to \$750 for costs associated with the purchase of a home. Further, under the Home Buyers' Plan, you can now withdraw up to \$25,000 from your RRSPs tax-free, or \$50,000 for a couple.

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Take a first step towards homeownership. Visit the new home builders in your community and find out what's available. Contact a mortgage specialist to get pre-qualified for a mortgage—it doesn't cost anything and doesn't obligate you to accept the loan they offer you. Now you are well prepared and ready to buy a new home anytime you decide the time is right for you.

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