



REAL ESTATE LAW

New CHMC Rules Explained



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Since 2008, the Canada Mortgage and Housing Corporation (CMHC) has implemented several rules in an effort to curb the overheating housing market and protect the Canadian economy. These measures include:

- Reducing the maximum amortization period to 25 years from 40 years

- Limiting the availability of mortgage default insurance to homes under \$1 million

- Increasing the minimum downpayment to 5%

Even with these changes, the real estate market, especially in Toronto and Vancouver, continues to be overheated. As a result, on February 15, 2016, the CMHC has added a new rule which applies to homes with a purchase price of over \$500,000.

For homes under \$500,000, purchasers can still have a minimum down payment of 5%. However, for homes over \$500,000, the minimum down payment has changed to 5% on the first \$500,000 and 10% on all amounts above \$500,000. This means for a home with a purchase

price of \$750,000, purchasers will require:

- 5% of \$500,000 = \$25,000

- 10% of \$250,000 = \$25,000

- Total down payment = \$50,000

For purchasers looking to purchase an income property, any non-owner occupied residence will require a minimum of a 20% down payment.

This new rule applies to all mortgage applications entered into on or after February 15, 2016. If the purchaser has a mortgage pre-approval from before February 15, 2016, the new rule will not apply, so long as the mortgage is set up by July 1, 2016.

While these rules are again an effort to curb the overheating housing markets, they likely won't affect a large number of home buyers. Established homeowners have already built up equity in their home to use as a down payment on their next home. Those down-sizing are already looking for smaller properties, likely

under \$500,000. Those who will be affected most will be first time homebuyers trying to enter the housing market without the assets available for the increased down payment. In markets such as

Toronto and Vancouver, first-time home buyers will have to wait longer before entering the housing market, move further from the city center or purchase a smaller property.

The new rules will not solve

the over-heated housing markets, but they are another step taken by the government to ensure that Canada continues to have a healthy housing market and our economy is protected from a crash.

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Your essential home project toolkit

Embarking on a home improvement project is a fun and rewarding way to spend spare time. With a myriad of ideas available in books and on the Internet, ideas abound for quick makeovers that yield dramatic results and useful solutions.

"With the right supplies and a few good tools, you can tackle small improvement projects with confidence and ease," says Mark Wolle a broker-owner with Royal LePage Wolle Realty in Kitchener, Ontario. Here are his recommendations for the tools most commonly used for small projects

around the home:

Claw hammer. Ensure you have this old standby for general assembly and demolition.

Nail sets. You'll need these in a variety of sizes to sink nailheads below the work surface, providing for a clean finish.

Coping saw. This saw has a very narrow blade stretched across a U-shaped frame. It's the tool of choice for making curved cuts to wood.

Tape measure. You'll find it useful to have both a 12-ft. and a 25-ft. tape measure on hand.

Cordless drill/driver. This portable power tool makes light work of drilling holes and driving screws.

Levels. A 4 foot bubble level is best used on large surfaces – the smaller torpedo level works nicely in confined spaces.

Combination square. This square is used to position hardware, such as hinges on doors, and to check right and 45-degree angles.

Carpenter's pencil. The pencil's flat design keeps it from rolling off surfaces and it is used for marking and laying out hardware.

Utility knife and putty

knife. A utility knife will handle most cutting and trimming jobs. You'll need a putty knife for filling holes and patching.

Miter box. This tool is used with a handsaw to cut accurate 45-degree and 90-degree angles. The miter box is most often used for cutting trim and molding to length.

Screwdrivers. Your toolkit should include different sizes in both Phillips and Robertson. Or, you can consider at four-in-one screwdriver that holds four bits—two standard and two Phillips, which should meet most jobs.



Safety gear: Eye and ear protection; dust mask or respirator; knee pads; work gloves; work boots; and, a good first aid kit.

For best results, look for quality in the tools you select

and invest in a tool bag or carry-all to keep your essentials well organized and easily accessible.

More information is available at royallepage.ca.

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