

Real estate agents tell you the price affordable for you

The days when you could buy real estate with little or nothing down are gone for most people.

Purchasers willing to pay big prices for rental property may still get away with a small down payment.

Homeowners who rely on bank or trust company financing, though, have to measure up the lender's standards.

With a quick calculation, real estate agents can tell you roughly how much mortgage money you can raise. They can also tell you how much you can afford to pay for a home.

People in southern Ontario may find the results discouraging.

Before you begin house-hunting, it may be a good idea to get a rough idea of what you can afford.

NASTY SURPRISES

This way, you will avoid nasty surprises when it comes time to raise financing.

The first test lenders apply is the gross debt service ratio.

At 11 per cent, a family with an income of \$35,000 could afford a mortgage of about \$80,000.

Banks and trust companies also like you to put at least a quarter of the purchase price. Private lenders may be satisfied with 20 per cent.

If you have \$20,000 to \$30,000 saved and an income of \$35,000 you can pay \$100,000 to \$110,000 for a house.

There are other useful calculations you can make, some of them more stringent.

Royal Trust, for example, uses the following measures.

MULTIPLY

Add up all your annual income and multiply by 2.5 to determine how much you should pay for a house.

By this measure, you could pay only \$87,500 for a home if your income was \$35,000. Subtracting a 25 per cent down payment, or about 21,500, would leave you with a mortgage of \$66,000.

To find how much of a mortgage you can afford, take your total monthly income, about \$2,915 in this case, and multiply it by 30 per cent. The result is \$875 a month. This measure includes property taxes.

Assuming property taxes are \$75 a month, you would be left with \$800 for mortgage payments. This would buy you a mortgage of about \$60,000 at 11 per cent, amortized over 20 years.

If you found a home for \$87,500, you would be well within the lender's comfort zone. You may be able to set your sights on a more expensive home.

You can do this two ways. You can arrange a second mortgage privately; or pay a big premium to the lender for a government-guaranteed high ratio mortgage - one that allows you to borrow more than 75 per cent of the purchase price.

Usually, the second mortgage will prove to be the less expensive alternative, particularly if it is held by the vendor.



Your Business

By
DIANNE MALLEY
Business Analyst

The rules vary from one lender to another. Usually, your mortgage payments should not be more than 28 per cent of your total family income.

A family with an income of \$35,000 can afford to pay about \$820 a month for mortgage principal and interest.

Lenders tend to measure you under the three-year mortgage rate, now 11 per cent, even though you may choose a shorter term.

Home renovation ideas highlight Oct. 15 show

The leading Fall show for the consumer in search of home renovation ideas and services will be held in Toronto at the Automotive Building, Exhibition Place, October 15th to 18th.

The Toronto Home Improvement Show (formerly the Do-It-Yourself Show) was recently acquired by Southex Exhibitions from Ontario Marketing Productions Limited. Southex, a division of Southam Communications, is Canada's leading producer and manager of trade and consumer shows, operating more than 60 shows in Canada and the United States. The Toronto Home Improvement Show, tailored to serve the rapidly growing housing upgrade market, is destined to become the Fall counterpart to the highly acclaimed National Home Show, held each Spring in Toronto.

Visitors to the Toronto Home Improvement Show

will view the latest professional and do-it-yourself renovation products and services, displayed by approximately 200 exhibitors in more than 450 booths. Interior decoration products and services will also be featured, along with garden and interior planting products. For those Fall and Winter projects, the visitor to this year's Show will pick up a multitude of ideas for projects to fill the days until Spring. In addition, a number of special Show features are currently in the development stage. These include a kitchen/bathroom display, a painting/decorating feature and a do-it-yourself seminar/workshop area, to name just a few.

Admission to the Show is \$5 for adults, \$3 for seniors and \$3 for children eight to fourteen years of age. Children under eight are admitted free, when accompanied by an adult.

Early summer market different from spring

"During June 1987 residential sales in the Brampton Real Estate Board's jurisdiction has 'cooled its heels,'" said the President Ivan Oliveira.

"The extraordinary number of purchasers who have taken advantage and a half is settling down resulting in a higher and more normal listing inventory."

Mr. Oliveira explained that, "Historically, there is an increase in the number of listed properties in the spring market because sellers prefer to plan their move before the start of a new school year. We have also seen a healthier increase in listing activity as purchasers of new homes, with long closing dates, now realize time is approaching where they must now sell."

He also made the observation that although interest rates have moved slightly upward over the last couple of months, the public is still enjoying rates that are significantly lower than what has been available for a number of years.

Mr. Oliveira advises that "The local real estate market is still active but not at such a

furious pace. Properties that are priced at fair market value should sell and of course those with inflated asking prices may have to be adjusted. Buyers now have the opportunity of having more time and being more selective, which they didn't have only a few weeks ago."

The most recent statistics from the Brampton Real Estate Board MLS system, for the first half of June show that the number of new listings is already levelling off. Over 1,300 new listings were processed through the board's MLS system in April, while only 1,200 were received in May and the activity now indicates that less than 900 will be put on the market during the month of June.

Mr. Oliveira said, "I believe that market conditions will reflect an adjustment in prices that will benefit both the vendor and the purchaser."

The Brampton Real Estate Board is an association of over 1,100 real estate practitioners in Brampton, Georgetown, Bolton, Malton and the surrounding area.

Back a Fighter
with
Easter Seals

Canada Trust Realtor

27A MAIN ST. SOUTH
GEORGETOWN 877-9500

TORONTO LINE
453-2900



JOHN EDGAR
877-9915

ILA SWITZER
877-3133
REG COOPER
877-9458

**YOU'LL BE
GLAD YOU
CALLED
US FIRST!**



EXCELLENT BUY

It's a beauty!! 3 bedroom bungalow in excellent condition, eat-in kitchen, living room and dining room, broadloom & hardwood floors, finished rec room, super lot, all fenced, two sheds, all alum. eaves, soffits, etc. For full details call JOHN A. EDGAR at 877-9500 or 453-2900. CT47



IN MOORE PARK

Close to schools and shopping, walking distance to downtown. 3 bedroom split, living room, dining room, eat-in kitchen, large rec room with woodburning stove, hardwood under broadloom, pool, fully insulated double garage with woodburning stove and work bench, extra large lot. A must to see. For full details call JOHN A. EDGAR at 877-9500 or 453-2900. CT49



JUST REDUCED

3 bedroom Tudor style raised bungalow comes with central air, large eat-in kitchen, sliding doors to backyard, 2 car garage, paved drive. A pleasure to show. Now at \$155,900. Call Ila Switzer at 877-9500 or 453-2900 for full details. CT51



2 BEDROOM CONDOMINIUM ONLY \$62,900

With upgraded broadloom, large kitchen, walk to downtown. Why pay rent when you can have your own apartment? For full details call Ila Switzer at 877-9500 or 453-2900 CT54



HI COMMUTERS

Just 10 minutes to Kitchener, 4 bedroom home, large eat-in kitchen, lots of cupboards, finished rec room with fireplace, 2-4 pc. bathroom and powder room, attached garage, over 2000 square feet. Give Ila Switzer a call at 877-9500 or 453-2900. Priced at \$129,900. CT52



A VERY SPECIAL HOME

A touch of class, a finished loft, many built-ins, a hobby shop, skylights, 3 baths, private broad yard backs onto open area. This very inviting home is sure to please those wishing uniqueness. Listed at \$178,900. Call 877-9500 or 453-2900 for full details. CT48



MOBILE HOME

2 bedroom, living room, kitchen, full 4 piece bath, fridge & stove, air-tight stove, outside porch 8'x10'. Trailer is 45'x10'. Priced to sell. (Trailer has to be moved from its present location). For full details call John A. Edgar at 877-9500 or 453-2900. CT43