

Should you buy house? Yes, if you're renting

You and your partner have been happily renting, but you wonder whether you're throwing your money away. Is it time to take the plunge and buy a house?

"When interest rates are low, the cost of renting versus buying a home is not that different," says Chartered Accountant Colleen Gibb, a partner with Gibb Widdis in Ancaster.

"The main difference is that once rent is paid, you have nothing to show for it. When you buy a house, you are investing your money in something that you hope will appreciate in value and create equity that will be returned to you when you sell it."

Contrary to popular belief, there is no 'right time' to buy. "As long as you have the financial resources to cover the down payment and enough income to sustain the carrying costs, you are in a position to buy," explains Chartered Accountant Henry Goldbach, a partner with Horwath Orenstein LLP in Toronto. "You should prepare an annual income and expenses budget and ensure you can afford the extra costs."

Typically, your down payment will be between five and 25 per cent of the purchase price. The general guideline used by most mortgage lenders is no more than one-third of your income should be spent on occupancy costs.

Many homebuyers don't consider the hidden costs of home ownership. When you own instead of rent, you are responsible for all repairs and maintenance, so be sure to have a home inspection prior to finalizing the purchase.

"At the time of the actual purchase, the major cost is land-transfer tax, which is paid at the time of closing along with other adjustments, such as realty taxes and utilities," adds Gibb. "You must also factor in legal fees and disbursements paid by your lawyer, such as title search fees. As well, you should plan for moving costs, deposits and set-up charges for utilities and telephone, and for additional purchases such as window coverings."

You may face a tricky financial balancing act, deciding between paying down your mortgage, saving for retirement, saving for your children's education, and other financial goals.

"Your decisions will depend on your circumstances at the time," advises Goldbach. "You have to compare the cost of the mortgage interest to what



you could do with the money if you invested it in your Registered Retirement Savings Plan (RRSP), or in your children's education fund. You should also factor in the tax savings when you put money into an RRSP."

At some point, you may decide to upgrade to another house. "Non-financial considerations such as an increase in the size of the family or a job relocation, are often more important when it comes to upgrading," says Goldbach. "If you decide to buy a more expensive house, be sure you can afford it."

Gibb adds that others may decide to upgrade because their house has appreciated in value and they can relocate to a less expensive neighbourhood, buy a bigger house and not face a significant increase in their costs. "The price of a home depends a great deal on location," she explains.

If you do sell, keep in mind that capital gains on the sale of your principal residence are tax-free.

"This can make the after-tax return on your home much greater (depending on how much your house has appreciated in value) than if you invested the same amount in the market," says Gibb.

"A Chartered Accountant can help work out the financial considerations, the feasibility of buying a house and your budget," says Goldbach. "A CA can also advise on tax considerations, such as whether it's possible to make your mortgage interest tax deductible."

—By The Institute of Chartered Accountants of Ontario



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Erin: 90 ac farm (barn, pool, garage)

90 Acres




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hardwood trees & ever flowing stream at the rear. Trails to a high ridge with panoramic views. Pine plank floors. New greenhouse kitchen with ceramic floor, overlooking i/g pool. Excellent well. Inground pool & cabana. Bank barn in excellent condition (recent floor & electrical). New 4 car garage/shop. Near Ballinafad. 8 min to Georgetown. \$899,000




Inglewood, Caledon: 5bdrm, 1.5 acre



Exquisite Alba Stone brick, 5 bdrm, 4+washrm, 4 car gar on 1.5 acre with municipal water & nat gas! Granite, hrdwd & ceramic floors. Grand foyer with granite floor & finely crafted solid

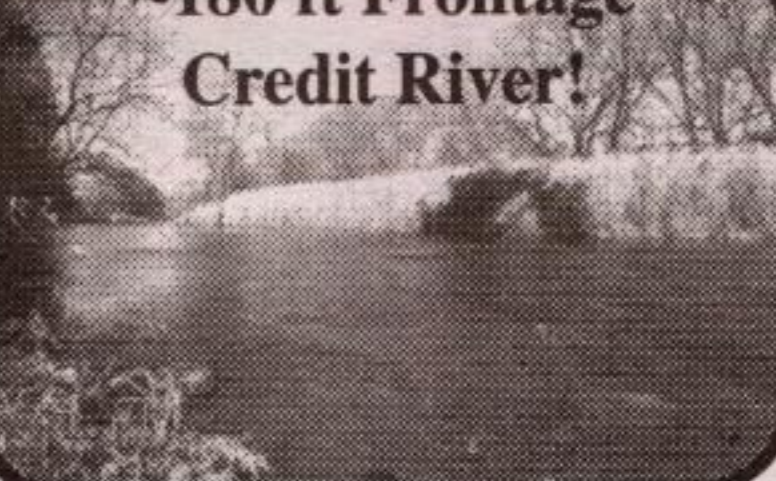
oak staircase w open risers & twin balconies spanning 3 floors. Open concept LR, raised piano conservatory & DR. Kitchen with large breakfast area o/l solarium & Family rm with coffered ceiling, wall of windows & gas FP. Huge MBR w opulent ensuite & w/o. Low "E" vinyl windows. 1000+ft TREX deck with spa. Gorgeous landscaping. Fab views. 20 min to airport.



5 min to GO

Glen Williams: 9 Confederation St.

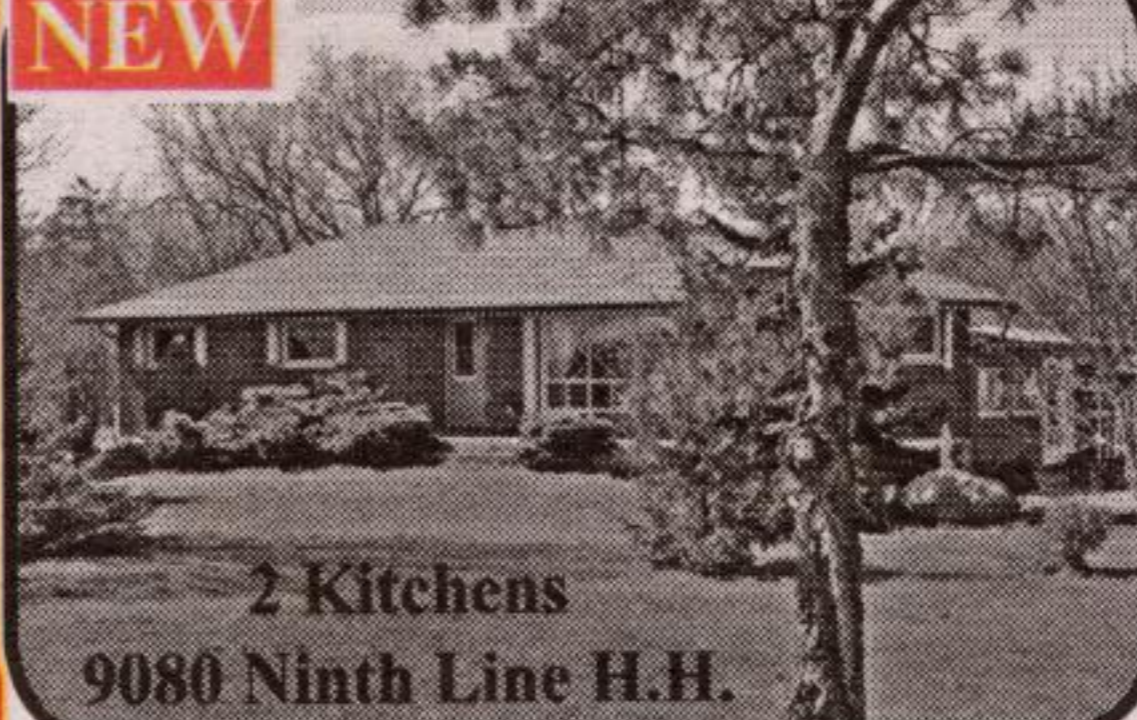
~180 ft Frontage Credit River!



Spectacular 3bdrm, 3 washroom, 3 car garage on gorgeous 5.45 ac parcel with ~180ft frontage on the Credit River! Inviting foyer. Den. LR (natural gas FP) o/l stocked pond with island!

The DR o/looks the Credit River! New kit with oak cabinets, breakfast bar & greenhouse eating area o/l the Credit! Large MBR with whirltub & w/o to private deck o/l the Credit River! Large family rm with FP, picture windows & w/o to yard & river! Unique & rare property. Perfect for lovers of natural areas & wild life. Mun water & cable available.

NEW




2 Kitchens
9080 Ninth Line H.H.

Halton Hills: 4 bdrm, 2 car gar, 5+ Ac.

Landscaped 5 ac w pond! S of Georgetown! 5 min to Hwys 401, 407 & Miss. 4 bdrm, 2WR, all brick. Lovingly maintained & improved. All vinyl clad windows. Oak hrdwd fls. Beautifully fin lower level w huge fam rm w brick FP w insert, sitting rm & 2nd kit. L shaped sun rm. Double det garage, carport, driveshed, rabbit barn & inground pool.

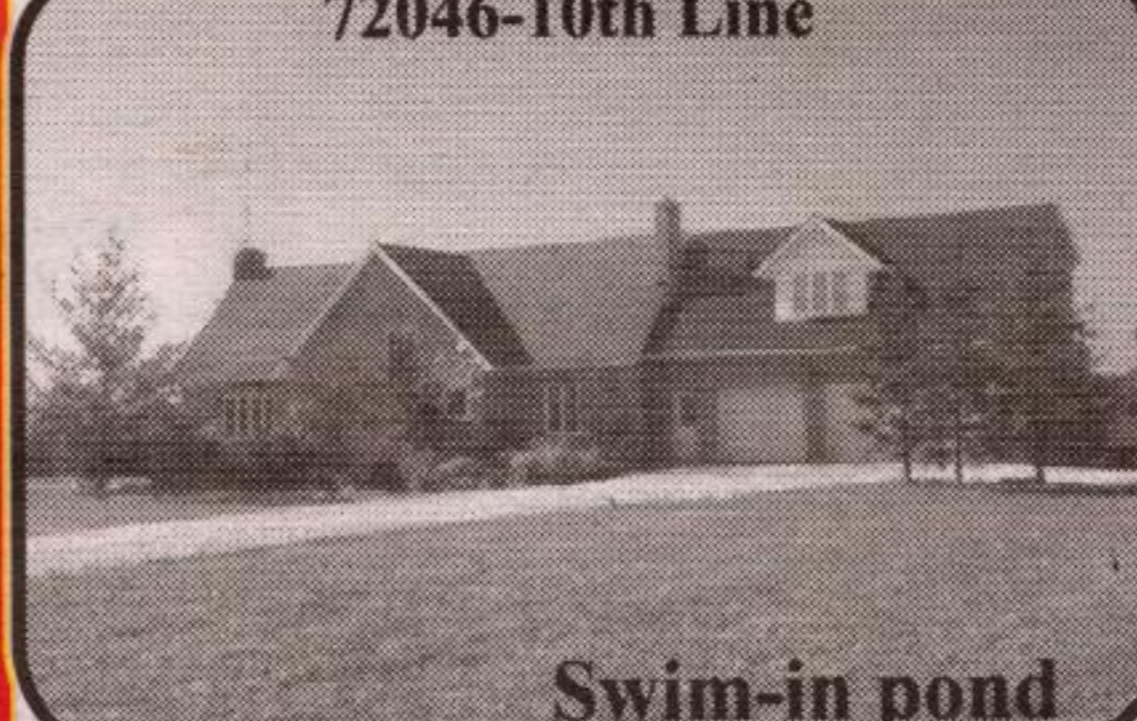
NEW



274,900

Georgetown: 3 bdrm, 2WR, on large pie shaped lot o/l treed park. Hardwd floors. Many new vinyl windows. Fam rm with pine wainscotting, gas FP, b/i cabinets. CAC & CVAC. Fenced yd. Cedar deck.

72046-10th Line




Swim-in pond

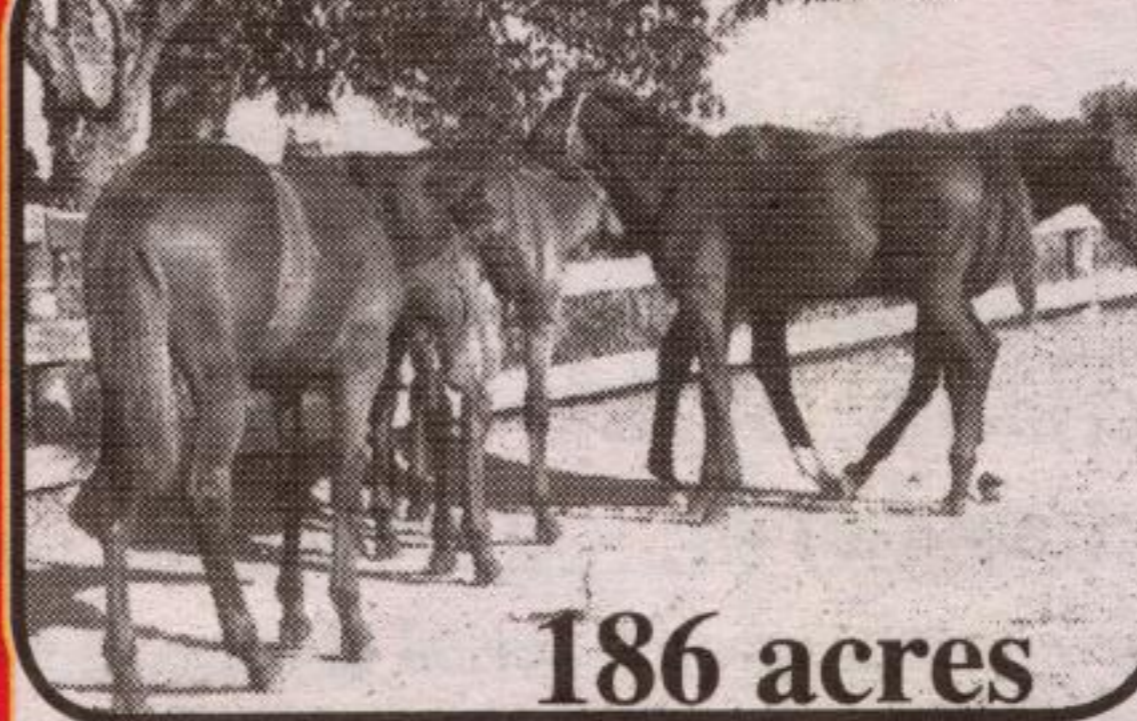
East Garafraxa: 5bdrms, 50 acres

Fabulous rock/brick home on ~50 acres o/l pond & hills to W. Large foyer; high ceilings; huge Fam rm with FP & w/o to deck; LR(den) with FP & w/o; 5 bdrms (2 with ensuite); 5 WR (2 with whirltubs); library & 2 fin rec rms. 3 car gar & 2 bdrms built with insulated concrete forms & radiant heat. Black Walnut trees on 30 ac. Swim-in pond.

NEW



Brampton: Quiet ct. X-large fenced yd. Open concept kit, DR & LR. Parquet floors. Sep entrance to unregistered (not retrofitted) 3 bdrm apt. 2x4pc. Vinyl windows. Garage. No land lease. \$244,900



186 acres

Caledon: 19726 Mountainview Rd.

One of Caledon's finest race horse facilities with ~49 stalls, 4 large barns & an office/lab/breeding barn. 3 tracks (5/8 mi oval thoroughbred track inside standard bred track & 900 m straight track); 6 horse computerized walker/runner, oak & electrical fenced paddocks, 2 wells, 3bdrm home & 2 staff trailers. Fairly flat land. W of Airport Rd, S of 9.

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Acton: Com/res investment: 3 adjacent, fully leased, com zoned (C1 & C1(H)) (1 duplex, 2 semis & 1 detached) in Acton core at the corner of Hwy 25 & Knox St. 1/2 ac next to mall. \$624,900.

NEW



Separate shop/garage

Halton Hills: 7899 15 Side Rd

Gorgeous treed 26.75acres with 16 Mile Creek. ~5 min N of 401 off Hwy 25 at Speyside. Brick gated entrance. Lit driveway. Underground hydro. Concrete verandah. 4 bdrms, 3+WR, main lev Fam rm. Home renovated 4 yrs ago. Hi-eff FAP furnace. Shop garage: ~18.6ft x 32.35ft w insul double gar door. Excel well. ~1 ac fenced. ~8 min to Milton GO.

Zoned M1 Outside Storage



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Erin: 2 Hi-Tech indus facilities, 14,400 sq ft (~800 sq ft office), 1.37 ac. Crane rails for 3 ton. Infrared nat gas radiant heat. 16' clear. 7 drive-in doors. 3 WRs. 600 volts, 200 amps; 3 phase. Security.



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