

# RE/MAX

**Miltowne Realty Corp.**  
22 Ontario St. South 878-2365



CAROL BROOKS

Bus.  
878-2365  
Res.  
875-0067  
TOR.  
826-1030



ALAN BROOKS



**GREAT OPPORTUNITY**  
**\$190,000**

This 3 bedroom home requires your special talents to redecorate. Located on a large lot - close to town. Call Alan Brooks for details.



**FENWICK**

A perfect address for commuters to Oakville, Burlington, Hamilton. Quality, custom-built country home on one acre with separate three-car garage. Priced at \$359,900.

## Getting off the treadmill of debt

By CHERYL MONT, CGA

Imagine a tax-free investment with no risk and a guaranteed rate of return. It may sound too good to be true, but that's exactly what repaying your personal debt is. That rate of return could easily be greater than 25 per cent, equivalent to a 33 per cent to 45 per cent rate of return on a taxable investment - depending upon your tax bracket.

Repaying personal debt is an unequalled investment, and recognizing that fact is the most important step to getting off the treadmill of personal debt. Once you've taken the decision to take yourself out of the red you will then be able to face the next hurdle - listing your debts, determining interest rates, repayment terms, and calculating your assets, income and expenditures.

Writing down your financial position will provide you with a starting place from which to choose the various options for repaying your debt - liquidating your assets, consolidating your debt, reducing your expenditures and increasing your income.

If you are thinking about liquidating your assets and borrowing to consolidate your debts, the following factors should be considered: the after-tax rate of return on assets versus cost of the debt; market conditions; penal-

ties for early liquidation; refinancing costs; amortization period of loan and the type of loan (eg. personal line of credit, installment loan, or second mortgage).

If you don't own any assets, consolidating your debt may still be an option. Examine your life insurance policy to see if there is a cash value you can borrow against. Borrowing from family members can also be an attractive alternative as they may welcome the opportunity to earn a higher rate of return on their savings.

Reducing your expenditures may be the most painful option for repaying your personal debt, but it can be more easily achieved by creating a written spending plan. Remember to include annual irregular expenses such as insurance, as well as monthly expenditures. Your final option for getting off the personal debt treadmill is to increase your income, either through a part-time job or even a career change.

Personal debts can be a source of increased motivation. There are even some managers who feel that people in debt make the best salespeople. Of course, the best opportunity to increase your income will arise once you've successfully repaid your debt and are able to channel the money which once went to debt repayment into building your savings.

R  
E  
A  
L  
E  
S  
T  
A  
T  
E

## Renovation -- sometimes a 'little work' can become major structural changes

It's your dream home and at last, it's yours. Sure, it needs a little work, but so what?

Bring in the dumpster, grab a crowbar and let's get at it, right?

Wrong. Between the first stroke of the crowbar and the last coat of paint, many a dream home has turned into nightmare alley for innocent homebuyers who thought renovation meant "a little work."

Ask yourself: How much do you know about renovation anyway? And just when do you think you're going to find time to do it all? What if "a little work" turns unexpectedly into major structural changes?

Bob and Marg thought their century-old Victorian townhouse needed "a little work." Bob would tear out the false ceilings while Marg sanded down the floors. Then one day, Bob casually removed a piece of lumber which was leaning against the rear wall - and watched in horror as the wall came tumbling down.

At that point, Bob faced the facts. He had a major problem on his hands and perhaps others he hadn't even dreamed of yet. He hired a renovator.

With housing prices soaring, more and more people are choosing to renovate what they have. Torontonians spent almost \$4 billion on renovation last year.

But where do you find a renovator? And what exactly does he do?

A professional renovator is often a design/builder who can take your project from a gleam in your eye to finished product. And you won't find guys like him sitting on the tailgate of a truck.

First, ask friends and neighbours who have had similar renovations done recently. But don't just take their word for it: The Toronto Home Builders' Association has a list of firms specializing in renovation and redevelopments.

Always ask for references and then visit several completed projects. Aim for a good fit between project and renovator. In other words, don't hire a Victorian specialist to do your ultramodern European kitchen.

But you're still not ready to start. You need a budget, a clear plan of construction and a contract with your builder. The plans will come in handy later with the building inspector. A properly initialled set will also serve to settle any misunderstandings about the work needed.

For most straightforward renovations, a simple contract will do. The Toronto Home Builders' Association Renovation and Redevelopment Council is fine-tuning a new standard contract. It will be ready for use shortly.

Timing is everything. You can't just hire someone and get to work the next day. You must meet local zoning bylaws and acquire a building permit from your municipality. Your plans must also conform to the Ontario Building Code and will require a capable designer or architect.

Be prepared to wait. Although a straightforward building permit may be issued in as little as one day, a zoning change can take months.

Inspections will be performed throughout

construction - electrical, plumbing and heating, as well as structural inspections by the building inspector. On a large job, expect to see the health and fire departments too.

Still not convinced you need a renovator? Just ask the couple who thought they'd renovate their 19th-century house during the winter so they could live in the in-law's house while they were in Florida. But when the in-laws returned, only three rooms were even close to being habitable and none of them was a kitchen or bathroom.

That left four adults, two children and a dog crammed into a two-bedroom house. Finally, the wife said she'd had enough.

They were going to move that very weekend, ready or not. And they would have, too - if they hadn't locked the keys to both house and truck inside the truck with the motor running on a Saturday afternoon when there was no one to help.

For further information on renovation, phone the Toronto Home Builders' Association Housing Information Line 391-HOME.

## Understanding house prices

What determines house prices?

For many, it's difficult to understand how a market can have prices unchanged for a year or more and then have prices rise 20 per cent overnight.

Like all commodities, the market operates on supply and demand. But, there are important differences. People buy housing as a necessity and also as an investment. These two factors are at work simultaneously.

First, consider the "necessity" aspect. People need a house to live in. In markets where people are moving in (over the last couple of years, 100,000 people per year have been moving to the Greater Toronto area), there suddenly becomes more buyers than sellers.

In order to balance the market, more new housing must be constructed. This takes time.

If a subdivision with serviced land isn't available, the process could take two years or longer. In the interim, prices move up dramatically as new people buy whatever is available.

Now, let's look at the investment factor.

When a capital gains tax was first introduced, house prices moved up. Why? There was no tax on the sale of a principal residence - the only asset exempted. When the stock market crashed last October, where did a lot of personal investment money go? To real estate (houses) and real estate values increased again.

Where do mortgage rates fit in?

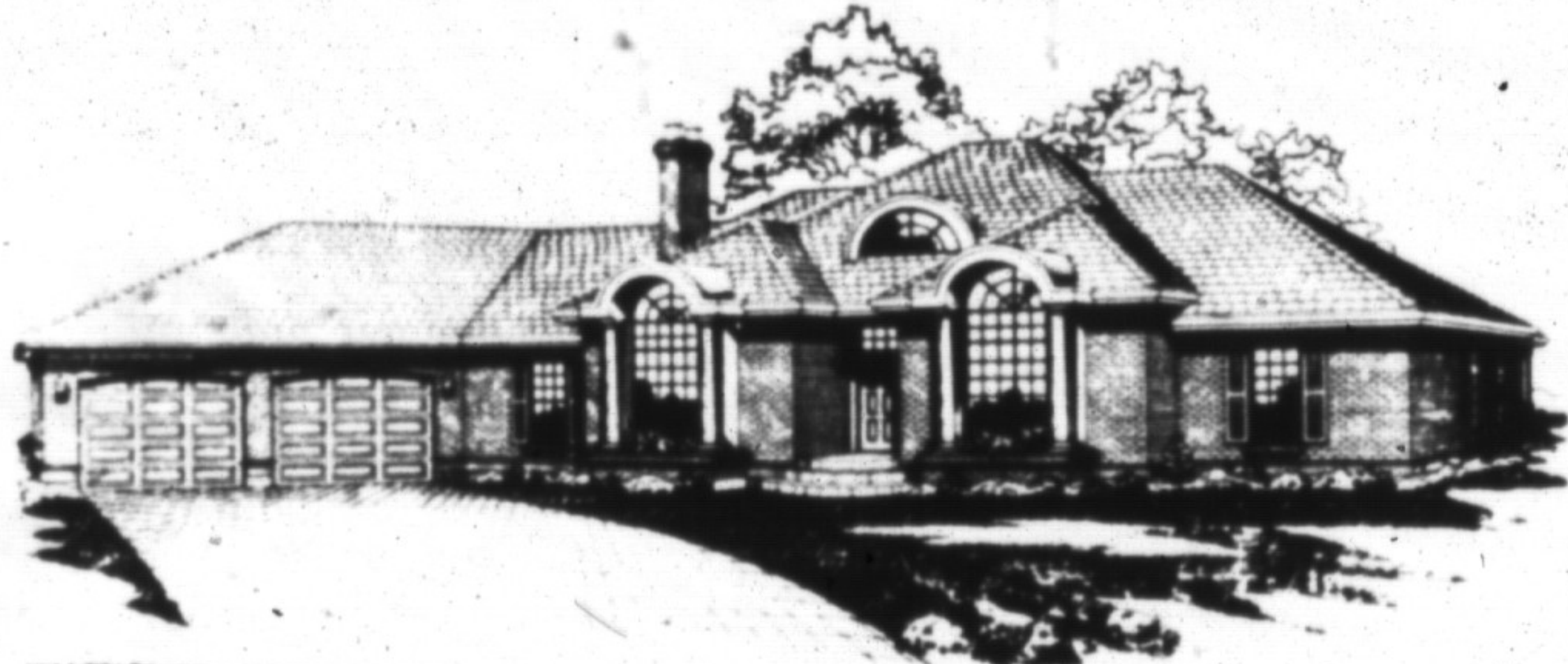
They influence demand - first in terms of what people can afford and secondly, making an investment less attractive. By themselves, mortgage rates should go in the opposite direction to house prices.

But, demand could rise in spite of this, because more people are moving into an area or because family incomes are rising faster and they can afford to make bigger mortgage payments.

## CHRISTIE & WOODS REAL ESTATE LTD.

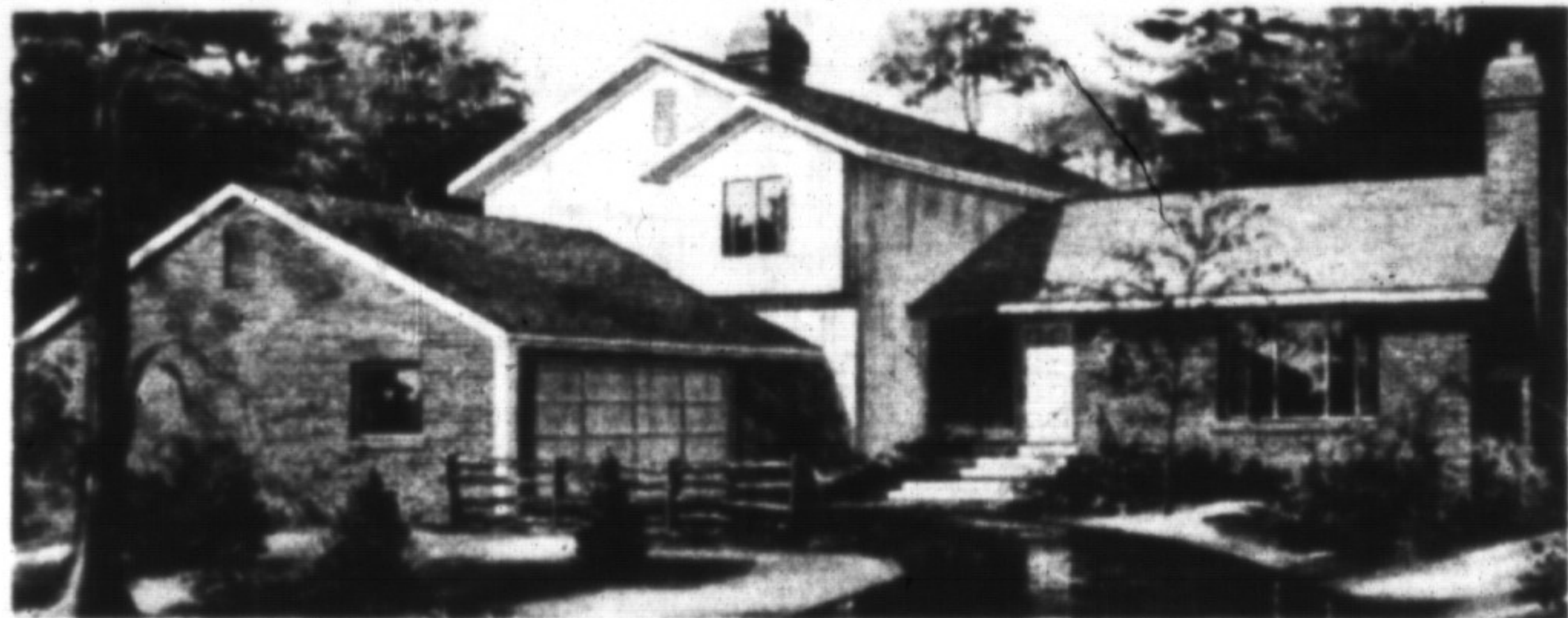
189 MAIN ST., MILTON 878-2095

### NEW HOMES TO BE BUILT



**3000 SQ. FT. BUNGALOW ON 2 ACRES**

This is truly a bungalow you can boast about four bedrooms, sunken living room shares see-through fireplace with dining room. A den which adjoins to master bedroom can be used as nursery or study, coffered and barrel vaulted ceilings, large kitchen and lots of extras. Call Tim Nevins to view the stunning floor plans.



**COUNTRY HOME, BUT IN TOWN**

This home is approximately 2000 sq. ft. To be built on a treed lot in town. The kitchen is brightly lit by a bay window with breakfast bar. Dining room has greenhouse windows, 3 bedrooms, 2.5 baths, family room, laundry room, fireplace, large garage and a whole lot more. Call Tim Nevins to discuss your new home plans.

**CALL TIM NEVINS**