

# VERICO ZANDERS & Associates Mortgage Brokers Inc.

## VERICO @ Home

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## NEW MORTGAGE RULES TAKE EFFECT

Federal mortgage rules announced two months ago by Finance Minister Jim Flaherty took effect on Monday, April 19, 2010.

### Under the new rules, the federal government will:

- Require all homeowners meet the borrowing standards for a five-year fixed-rate loan even if they choose variable or shorter-term loans. This initiative will help Canadians prepare for higher interest rates in the future.
- Lower the maximum Canadians can withdraw when refinancing their mortgages to 90 per cent from 95 per cent of the value of their home. This will help ensure home ownership is a more effective way to save.
- Require a minimum 20 per cent down payment to qualify for CMHC insurance for non-owner-occupied properties acquired as an investment - a move aimed at cooling real estate speculation.

Flaherty did not change the rules affecting the five per cent minimum down payment or the 35-year maximum amortization period for a mortgage.

### Impact of the new mortgage rules

Borrowers will need to contact their mortgage broker to find out their qualifying amount based on a five year rate.

The rule doesn't apply to customers who want a five-year fixed-rate mortgage. As a result, those customers face a less stringent test, since they need only prove that they can afford the rate they are actually signing up for.

The 20-per-cent minimum down payment rule for non-occupied properties is less likely to make a significant dent in real estate activity as there are no rules as to where those funds can come from. There is nothing in the rules that would prevent homeowners from withdrawing equity from their primary residences to meet the 20 per cent threshold on a second investment property, for example.

If you are looking to purchase a home, contact our office for more information regarding the new mortgage rules.

*(Source: The Canadian Press)*



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## GST/HST NEW HOUSING REBATE

From July 1, 2010, new home sales in Ontario and BC will be subject to the new Harmonized Sales Tax (HST).

In Ontario, the existing 8% Provincial Sales Tax (PST) and 5% federal Goods and Services Tax (GST) will be combined to create the 13% HST.

In BC, the existing 7% Provincial Sales Tax (PST) and 5% federal Goods and Services Tax (GST) will be combined to create the 12% HST. However, there are government cost-savings initiatives that have been put in place to help home buyers, home owners and investors such as the GST/HST New Housing Rebate.

The GST/HST New Housing Rebate program provides a rebate on part of the GST or the federal part of the HST paid on the construction or purchase of most newly constructed or substantially renovated houses used as a primary place of residence.

If you purchase a home after July 1, 2010, you may qualify for the GST/HST New Housing Rebate.

### GST/HST New Housing Rebate

The New Housing Rebate allows you to recover a part of the GST/HST that you paid on the purchase price or cost of building a new, or substantially renovated house.

### What type of housing qualifies?

These types of housing qualify for the rebate:

- A house that you built, substantially renovated or on which you built a major addition on land that you own or lease (you can do the work yourself or hire someone to do it);
- A new mobile home (this includes a modular home) or a new floating home that you brought from a builder (this includes a vendor);
- A new or substantially renovated house (including a condominium unit) that you brought from a builder (building and land);
- A new or substantially renovated house that you bought where you lease the land from the builder under the same agreement to buy the house and the lease is for 20 years or more, or gives you the option to buy the land;
- A share of capital stock in a co-operative housing corporation (co-op) that you bought; or
- A non-residential property that you converted into your house



Whether you're a first-time home buyer, a home owner planning to trade up, or you've decided to stay put, make sure you know about savings programs that benefit you.

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For more information regarding the GST/HST New Housing Rebate, contact the Canada Revenue Agency (CRA) or visit their website at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/tbts/nwhsng-eng.html>

*(Source: Service Canada)*

## Designing a Water Efficient Garden

You can create a lush, colourful garden that requires little maintenance or water by applying the seven principles of xeriscaping – an approach to designing landscapes so that their water requirements correspond to local climatic conditions. While these are sound principals for any garden, they are particularly useful if you live in a region with low rainfall or that experiences water shortages.

### 1. Design for your site and your needs

Sketch your lot including property lines, buildings, driveways and features that will remain. Add trees, shrub and flower beds, lawn areas, patios, decks, etc. Consider the specific conditions of your yard, taking into account that water requirements will differ in shady versus sunny spots, and slopes versus flat areas or depressions. Moisture availability for your plants will also differ according to your soil type. Sandy soils drain water whereas clay soils hold water.

### 2. Group plants with similar water needs to make watering more efficient

Shrubs and perennials should be grouped together in mulched beds. Trees should also be clustered in mulched beds rather than isolating individual specimens in lawn areas. This will help to reduce moisture loss and competition.

### 3. Amend the soil

First, find out what type of soil you have and improve its water retention capabilities accordingly, for example, by adding compost or other organic materials.

### 4. Size your lawn area to meet your practical needs for play and traffic

Avoid many small or narrow lawn areas in favour of consolidated lawn, to make them easier and more efficient to water. For primarily visual areas, consider water-efficient ground covers, perennials or shrubs. For foot-traffic routes or narrow spots, such as side yards, a permeable inert surface such as wood chips or natural stone requires no water.

### 5. Choose plants that are well suited to your climate and site conditions

Consult your local garden centre to find plant lists. Know your site including its soil types. In shady areas, use shade-tolerant species or consider a woodland shade garden. In sunny spots, use drought tolerant, sun-loving species or consider a wildflower meadow. Drought tolerant species should be used on rapidly draining slopes (avoid turf grass), but you can consider moisture-loving plants in depressions or low spots.

### 6. Use mulch

### 7. Use an efficient irrigation system and appropriate maintenance



**Did You Know?** Xeriscaping is an approach to designing landscapes so that their water requirements correspond to local climatic conditions.

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*(Source: cmch.ca)*