

REAL ESTATE NEWS



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THE PROS AND CONS OF USING THE RRSP'S HOME BUYERS' PLAN



You're considered a first-time home buyer if neither you nor your spouse owned a home during the four calendar years prior to the year of withdrawal, and up to 30 days before the withdrawal.

Loan repayment under the Home Buyers' Plan begins in the second year following the year of the withdrawal. You have up to 15 years to repay the full amount of the loan, and the minimum payment each year is one-fifteenth of the loan value.

Coming up with a down payment can be a challenge for first-time home buyers. The average price for a home in Ottawa reached \$362,837 in May 2012, meaning would-be home buyers need a minimum of \$18,000 for a down payment.

One option to consider is the Home Buyers' Plan, which allows you to withdraw up to \$25,000 tax free from your RRSP to put towards your first home. It can be beneficial to use the Home Buyers' Plan to top-up your down payment to 20 per cent and avoid paying CMHC fees.

While the Home Buyers' Plan can help get you into the real estate market sooner, you should be aware of the possible downsides of missing a repayment and using your RRSP savings before retirement.

Using the Home Buyers' Plan

If you are buying a home jointly with your spouse, you can both withdraw up to \$25,000 from each of your RRSP accounts.

If you don't make a full payment in a calendar year, the unpaid amount will be fully taxed as income in your hands.

It's important to note that if you make an RRSP contribution, you can't make a withdrawal under the Home Buyers' Plan within 90 days of that contribution or your ability to claim a deduction for the contribution may be restricted.

The Home Buyers' Plan is a good option for first-time home buyers who have already invested in RRSPs and don't have much savings outside of their retirement account. Just keep in mind that borrowing from your RRSP means you'll miss out on up to 15 years of tax-sheltered growth.

For more information on the Home Buyers' Plan, visit the CRA website.

By Robb Engen

JUNE SALES INDICATE CONSISTENCY IN THE OTTAWA MARKET

Members of the Ottawa Real Estate Board (OREB) sold 1,660 residential properties in June 2012 compared with 1,719 in June 2011, an decrease of 3.4 percent. There were 1,896 sales in May 2012.

"Although there is a slight decrease in the number of residential properties sold this June, compared to June 2011, it seems to be the norm throughout the years said OREB's President. "For the past 10 years, with the exception of June 2011, sales have consistently and marginally decreased from May to June. This shows stability in the market, and also represents a continued steady market", he added.

The average sale price of residential properties, including condominiums, sold in June in the Ottawa area was \$352,800 a slight decrease of 0.1 percent over June 2011. The average sale price for a condominium-class property was \$278,447, an increase of 0.8 percent over June 2011. The average sale price of a residential-class property was \$373,756, a slight decrease of 0.4 percent over May 2011.

GROW YOUR OWN GARDEN'S APPEAL WITH A SPLENDID SHED

Plan Ahead for Your Shed

Garden sheds are no longer just a dumping place for tools and flower pots. They have become a focal point of the garden itself. These days a shed can help beautify your garden, become an attractive place to relax, and bring a little “backyard appeal” to your home.

So whether you plan to add a shed or upgrade your present one, here are some steps to assist you: When considering where to place a new shed, there are three criteria: location, location, location. Make sure it's not going to block plants from the sun, it isn't in a spot that collects a lot of water, it's not intruding on any high traffic areas of the yard, and it's situated in an area that maximizes privacy.



The size of your shed will be based on what you'll use it for. Are you going to use it to store large items like a ride-on mower or swimming pool pump? If so, ensure your shed is adequately sized, with double doors and ramp for easy access. Check with your municipality to ensure that the size and position of your shed meets all regulations.

Shed the Drab, Go for Fab

Even the most ordinary garden shed can be transformed with a little paint and simple decor. No matter what your shed is made of, get a rustic look by painting it in a muted earth tone, and adding barn door hinges. If quaint and cozy is more your cup of tea, paint the shed in a light colour, complemented with darker shutters and window boxes. Go bold for the door with a dramatic colour like red or violet.

Create a fancier, Victorian style shed with an octagonal window or arched glass insert in the door and complete the look with a little gingerbread trim. Or, let your garden shed reflect your hobbies, such as sailing or fishing, with Cape Cod colours complemented with hanging fishing nets, oars, or lobster traps.

Accessorize

The final touches to your shed should make it more appealing to look at, and relax by. Create a stone pathway to the front door of your shed and spray-paint an old chair to sit out front. For comfort, include a bench with cushions or a rocking chair when you want to sit in your garden and enjoy a good book.

Bring out your personality with artwork, both inside and out, that stamps the shed as uniquely yours. Top it off with a metal rooster or weathervane, and it'll be like a little home away from home.

A garden shed adds charm and character to your outdoor space, a good reflection on you!

