REAL ESTATE NEWS

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What happens to your credit rating when you miss a mortgage payment?

Your mortgage payment doesn't always show up on your credit report, but if you are late on multiple payments, it could affect the interest rate you're offered from the bank when your mortgage comes up for renewal again.

If you miss three consecutive payments or more in a row, it will lead to foreclosure proceedings, which is when the bank or lender starts the process of legally taking ownership of your property due to the lack of payments. Banks or lenders don't want to own your home, but if the lender isn't getting paid, it will try and sell the property in order to reduce its losses. Foreclosure shows up under the public record portion of your credit report.

You may assume that bankruptcy is the worst thing you can do for your credit; however, if you are applying for mortgage financing, going through a foreclosure is the absolute worst thing you can do for your credit. Bad credit can be rebuilt fairly quickly, but very few lenders will look at providing financing for you if you have a previous foreclosure showing up on your credit report, regardless how strong your current credit is.

If you find yourself in a situation where you may not be able to make your mortgage payments, contact your mortgage lender or mortgage agent to find out what can be done. The same thing is true with any creditor.

If you don't think you'll be able to make a payment to any one of your creditors, it is a good rule of thumb to contact them to see if something can be worked out, especially if you contact them before the due date. I've never seen the attitude of pretending it will all go away actually work for anyone.

I understand that despite your best efforts, an emergency may come up, preventing you from being able to make a payment. However, the banks still feel that it is your responsibility to keep track of your accounts and pay your bills on time. Get your head around this rule and you will have a great foundation to always have amazing credit.

Excerpted with permission from The Nine Rules of Credit: What Everyone Needs to Know by Richard Moxley, Published by Self-Counsel Press.

Typical summer resale market in Ottawa

Members of the Ottawa Real Estate Board (OREB) sold 1,436 residential properties in July 2015 compared with 1,440 in July 2014, a decrease of 0.3 percent. There were 1,657 home sales in June 2015. The five-year average for July sales is 1,380.

"Last July was the second best on record, and this July was only four units short of that record, coming in well above the five-year average," said OREB's President. "Overall, the Ottawa resale market has been performing quite well with no major fluctuations in units sold and average sale price."

June's sales included 271 in the condominium property class, and 1,165 in the residential property class. The condominium property class includes any property, regardless of style (i.e. detached, semi-detached, apartment, stacked etc.), which is registered as a condominium. The residential property class includes all other residential properties.

"We are seeing a slight increase in condominium sales this month – a positive change," said OREB's President. "The average cumulative days on market increased slightly to 78 days, compared to 74 last month. Inventory levels remain high, meaning we continue to be in a Buyer's market", he added.

The average sale price of a residential-class property sold in July in the Ottawa area was $394,889, an increase of 4.5 percent over July 2014. The average sale price for a condominium-class property was $255,102, a decrease of 2.6 percent over July 2014.

"The $300,000 to $400,000 price range continues to have the highest concentration of properties sold, followed by the $200,000 to $300,000 range and then the $400,000 to $500,000 range," said OREB's President. "Two-storey residential properties continue to have the highest concentration of buyers in Ottawa.

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Labour Market Boosts Canadian Real Estate in the Second Quarter

Royal LePage reports that 2015 is shaping up to be a record year; urges Bank of Canada move cautiously on further interest rate cuts

Against the backdrop of mixed economic signals at home and abroad, Canada's real estate market remained healthy in the second quarter of 2015, with solid national average price appreciation across housing segments. Furthermore, the combination of high sales volumes and vigorous price appreciation in Canada's largest cities has put the national residential real estate market on track for a record year in terms of total sales. With most Canadian real estate markets across the country advancing modestly, and some rapidly, Royal LePage advises that a further interest rate cut by the Bank of Canada could over-stimulate markets such as greater Toronto and Vancouver.

According to the Royal LePage House Price Survey and Market Survey Forecast recently released, the average price of a home in Canada rose between 3.9 per cent and 7.5 per cent year-over-year in the second quarter. The detached bungalow segment had the highest national increase, rising 7.5 per cent year-over-year to $436,938, while standard two-storey homes appreciated 6.8 per cent to $471,002. During the same period, the average price of a condominium rose 3.9 per cent to $268,583. Looking ahead, Royal LePage forecasts that the average price of a home in Canada will increase 6.1 per cent for the full year when compared to 2014.

"The robust national average home price increases that we have seen in the second quarter are heavily influenced by activity levels in Toronto and Vancouver," said Phil Soper, president and chief executive officer, Royal LePage. "The housing industry in both cities boasts a foundation of prosperous labour markets driving demand for housing that is in limited supply – above average price increases aren't going away any time soon. Looking to Canada as a whole, 2015 is shaping up to be a record year for housing, despite the cloud of economic uncertainty caused by low oil prices and twitchy global economies."

"Sales in residential real estate are firmly tied to consumer confidence," said Soper. "This confidence is driven in large part by employment status and prospects. You can see this clearly in the Toronto-Hamilton region where positive full-time jobs trends, supported by the low interest rate environment, are encouraging home purchases in record numbers. We believe an additional interest rate cut, which has been discussed with increasing frequency in recent weeks, would be inappropriate policy at this time."

"While the oil shock has been a troublesome drag on our economy this year, it seems premature to ring the recession alarm bells now, injecting further monetary stimulus," continued Soper. "The country's all-important real estate market simply does not need a rate cut. I worry that stoking this engine further could move us from a perfectly manageable major market expansion into a more difficult correction, as price levels decouple from more household incomes."

Threats to the health of Canada's real estate market in the remaining months of the year include the continued drag from oil price declines and the risk of sharper regional home price corrections if oil fell further; further delay in anticipated export benefits from the lower Canadian dollar; a return to calamity in Europe if the tentative sovereign debt deal with Greece comes apart; and the potential for a brewing capital markets crisis in China.

"A recession now, if we have technically reached that point, appears to be more of a stiff breeze to the hurricane we battled at the end of the last decade. Further, it would seem prudent for Governor Poloz to hold some dry powder in reserve, should one of the seemingly endless geopolitical crisis situations broadside us," concluded Soper.

Average house prices in Ottawa saw modest growth in the second quarter. Standard two-storey homes increased 2.3 per cent year-over-year to $411,350, while detached bungalows increased 1.9 per cent to $409,167. The average price of a standard condominium in the city remained flat at $257,467. By year's end, Royal LePage forecasts that the average price for a home in the nation's capital will increase 2.7 per cent over 2014.