

Rodney Harvey

Subject:

Your September 2023 Real Estate Update



A banner for Rodney Harvey's real estate services. On the left is a portrait of Rodney Harvey, a middle-aged man with grey hair, wearing a dark suit, light blue shirt, and patterned tie. To the right of the portrait is a modern living room with a white sofa and a wooden wall. Overlaid on the living room image is the text "Helping You Build Wealth Through Real Estate" in a white, sans-serif font. Below the living room image is a dark grey bar containing the phone number "905-447-8864" and social media icons for Facebook, LinkedIn, and YouTube.

Rodney Harvey

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Dear Valued Client,

Can you imagine a financial advisor getting you into an investment — say, a mutual fund — and telling you not to ask about it, or even check on its performance, for the next five years? You would likely balk at such a suggestion and insist that you'd be able to review your investment at least once a year, or even more frequently.

Now, I'm not a financial advisor, I'm a real estate broker. Yet, the same principles apply when owning a home. You don't want to have five years go by — or even one year — without checking in on your "investment" and seeing how it's doing for you.

Indeed, it's important to regularly ask questions like:

- *"Is our home still meeting our needs?"*
- *"What is the current market value of our property?"*
- *"Does our property and neighbourhood still fit well with the lifestyle we want?"*
- *"What kind of new home do we qualify for?"*

Getting answers to those questions is crucial to managing what may be your most valuable investment: your home.

How often should you do this? I recommend a review once a year.

And, the good news is, you don't need to go through this process on your own. I can help. When it's time to review your property investment, give me a call. I can give you the answers and advice you need using the latest market data and information.

Kindest Regards,

Rodney Harvey

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When a Buyer Makes an Offer, What Happens Next?

Imagine you're selling your home and an offer from a buyer comes in. You're excited. Your home might soon be sold!



What happens next?

Typically, we will review the offer together. There will likely be several things about the offer that need to be carefully considered. The most common are:

- The offer price.
- Evidence the buyer is financially able to purchase the property.
- Conditions on the offer, if any.

If the offer price is far less than you anticipated, there might be an opportunity to counter-offer at a higher price. This is part of the art of negotiation, which is an important step in selling your home successfully.

The buyer's ability to afford your property is also important. Ideally, you'll want to see a Pre-Arranged Mortgage Certificate from the buyer's lender, or some other evidence that there

won't be any financial problems closing the transaction. The amount of the deposit is also key.

Finally, you'll want to look at conditions. The most popular condition requires that your property pass a home inspection, but there may be others. Obviously, an offer with no conditions is ideal.

Home Maintenance Tips for the Fall Season

Getting your home in shape for cooler months isn't rocket science. Set aside some time now to complete these simple tasks so you can rest easy, knowing you're prepared.



1 of 15. Three easy winterization steps for your lawn mower.

Before your mower hibernates for the winter, take a few minutes to prevent spring time troubles.

- Moisture inside an unused engine leads to corrosion. 'Fogging' the engine—spraying an oily mist into each cylinder—prevents this. All you have to do is remove the spark plugs and blast in some aerosol fogging spray (sold at auto parts stores). Then reinstall the spark plugs.
- Storing a battery that isn't fully charged can lead to permanent damage, especially in cold weather. Connect the battery to a battery charger and charge it until you get a reading of 12.7 volts.
- Stored gas will slowly gum up the whole fuel system, and the repairs can be expensive. So add a stabilizer such as MotoMaster Fuel Stabilizer to the gas tank before winter. (Adding stabilizer to your gas can year-round is also a good idea.) But remember that stabilizers aren't effective in gas that contains ethanol. If you don't know whether the gas contains ethanol, run the engine until the tank is empty.

Another tip: Cover the air intake and exhaust openings with plastic wrap or aluminum foil to keep critters from homesteading in your engine over winter. [Click here](#) to read the remainder of my article

Real Estate Agents Commission Rebates Can Be Taxable to Clients

There are nearly 40,000 real estate agents in Toronto; that is one agent for every 140 Torontonians! In order to stand out from their competitors and attract potential buyers, some agents offer so-called commission rebates (a.k.a. “kickbacks”).



This is how it works: an agent tells potential buyers that if they hire her, she will redirect a portion (ex. 20%) of her commission to be paid to the buyers. If the buyers purchase a house for \$1 million, the agent receives \$25,000 + HST commission from the vendors, and then pays 20%, or \$5,000, to her clients. To sweeten the deal even further, some agents advise clients that the rebates are always non-taxable.

Here is the problem. Such advice is only correct if your buyers purchase the property for personal use. If they purchase an investment or a “flip” property, there are tax consequences

Rebate is not taxable for personal use buyers

Under the Income Tax Act (Canada), only “income from a source” such as business, property or employment, is taxable. Windfalls, gifts or lottery winnings are generally not taxable because they don’t originate from “a source” as specified in the Act.

As you’re buying your family home or a cottage, you’re not engaged in earning income from business or property. Therefore, the rebate you receive is not what we tax lawyers call “income from a source.” Just like that gift basket you received from your agent on closing, it’s not taxable. [Click here](#) for the rest of the article

The Commercial Mortgage

If you are reading this, you may be considering acquiring a commercial property, for example, a commercial or industrial condo, an office building, a manufacturing/warehouse facility, apartment building, shopping centre, strip mall



etc., and this generally involves the negotiation of a commercial mortgage.

While most of you may have had experience with residential mortgages, commercial mortgages come with their own set of rules and headaches. This paper explores a few of the considerations inherent in the procurement of commercial mortgage financing.

Case-by-case basis

The principal challenge in securing a commercial mortgage is meeting the requirements of the commercial lender at a given point in time. Commercial mortgage applications are typically more involved than residential ones and are open to considerable subjective analysis on the part of lenders. This is because the assessed value of the underlying security – the real estate – is given mainly by market forces occurring where the property is situated. Hence, location, timing of the current economic cycle, use, rental income and expenses or owner occupancy are key factors considered by lending institutions before advancing a loan.

Loan-to-value ratio

As you can guess, commercial investment properties are viewed conservatively by lenders and require significantly more equity than may be required in the residential scenario.

Loan-to-value (LTV) is the percentage calculation of the loan amount divided by the purchase price. If you know the LTV requirements of a particular lender, you can calculate the loan amount by multiplying the purchase price by the LTV percentage. Note, however, that the purchase price must be buttressed by an independent property appraisal. If the appraisal amount shows a value less than the purchase price, lenders will typically use the lower number determining the loan value. [Click here](#) if you wish to read the full article

Notable, Quotable, Quotes!



“Tell me and I forget. Teach me and I remember. Involve me and I learn.”

Benjamin Franklin

“Your passion is waiting for your courage to catch up.”

Isabelle Lafèche

“One of the hardest things in life to learn is which bridge to cross and which bridge to burn.”

David Russell

Not intended to solicit buyers or sellers currently under contract.
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