



The Canadian Dream

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO SUN

July 31, 2009

It's hard to believe that we are already nearing the busy fall period in the Greater Toronto Area's resale housing market. In fact, due to current weather patterns, this season could go on record as the summer that wasn't. It's important to recognize though, that with every persistent cloud comes a silver lining.

Some cottagers who normally make the trek North every Friday have tailored their plans according to the weather this year and in doing so, they may have also re-evaluated their need for a recreation property. That's good news if you're thinking of buying a vacation home.

There are however, a number of factors to consider if you're planning to own a cottage or chalet. Fortunately, financing may be easier than you think. Most financial institutions' mortgage approval criteria remain consistent for both primary and secondary residences. You may for example, be able to finance 95 per cent of your purchase by qualifying for an insured loan. As well, if your primary residence is worth more than your outstanding mortgage, you may be able to leverage some of that equity to buy a recreation property. Making a purchase with family and friends is also an option but in this case, it's important to undertake a usage schedule and succession planning in advance. While some buyers regard the property as a vacation getaway, others might see it as an investment with rental potential. Be sure that your goals are established at the outset, particularly if it's a joint venture

Bear in mind that since your objectives may change, factors that affect resale value should always be considered. Driving distance is one such factor, as is accessibility. Getting there by water or an unsafe back-road could be less desirable and in the latter case, it's important to explore potential costs associated with maintaining the road. Identify your proximity to the nearest town and marina, whether the property has access to hydro and telephone lines, and whether you're within mobile phone reach. Learning about garbage disposal and emergency services is also essential.

In fact, many of the basics that we take for granted have to be considered. Learn whether the property has a septic system and if so, whether it is far enough away from tree roots to prevent blockage. If there is a well, be sure it is on higher ground than the septic system and if you'll be using lake water, be clear on treatment processes. Your mortgage provider may require a potability test to ensure the water quality is safe.

Consider the property's physical aspects too, taking into consideration changing water levels and the potential for erosion, and whether you prefer sun exposure or a wooded lot. If you're planning to buy a waterfront property, investigate whether it's a sandy beach or a rock bottom and be sure to obtain a copy of the survey to determine whether others have access to your land. Look into zoning as well, to be clear on the types of land and water uses permitted and to consider the effect of potential development in the future.

While you're considering the long-term scenario, remember to set aside funds for upkeep to ensure the physical structure retains its value. You'll also need to plan for property tax, insurance and utility costs.

Although there are a number of factors to consider, flocking to recreation properties is a Canadian tradition because of the breathtaking scenery our country has to offer. With proper planning and consulting a local REALTOR®, you can own a piece of the Canadian dream and enjoy a healthy return on investment in the long-term. For more information on the home buying process visit www.TorontoRealEstateBoard.com

Tom Lebour is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area.