

If you are considering a home that needs renovations, there are mortgages designed for fixer-uppers

So the house you've set your sights on is something of a diamond-in-the-rough. There are lots of great reasons to buy a home that doesn't show perfectly. Maybe your budget is tight or you just love rescuing older homes. If you have an eye for well-chosen renovations, and perhaps want to exchange some of your home improvement talents for home equity... then a classic "fixer upper" or "handyman's special" can be a terrific way to build equity in your home. For those homebuyers who are good at it, the rewards of improving a neglected home can be more financially rewarding than their day job.

Maybe the house of your dreams costs \$350,000 but you feel it needs \$30,000 to \$40,000 in immediate improvements. You figure the finished home will be worth at least \$425,000: a great investment. But where does the financing come from to get started on the work?

Good news. Now there are mortgage options that reward homebuyers willing to get involved in a fixer-upper by rolling renovation costs into the mortgage.

These "purchase plus improvements" mortgages cover the purchase price of the home, plus any renovations that would increase the value of the property. Better still, these mortgages are available on a 35-year amortization. No waiting to afford piecemeal improvements; you get an immediate lift in the liveability and value of the property. And right now, you can secure this type of mortgage at today's low, low rates – and roll it all into one mortgage payment. The lender likes it, too; you're adding value, and the mortgage is secured against an improved property!

You don't have to be a new homebuyer to take advantage of this handy financing option. For current homeowners with their own "value-add" wish list for home improvements, there is also a "refinance with improvements" option.

What are homeowners improving? Often, a coat of paint and a fresh new wood floor can do wonders for improving a home's value. Kitchen and bathroom renos are always popular, of course. And finishing basements and adding decks are also common improvements that add to the value and the enjoyment of a property.

In some cases, you'll need to have a realistic assessment of what's required – including written quotes for the renovations you're considering. An appraisal may be done which considers the increased value of the home with the renovations completed. Renovation funds may be held separately until improvements are complete – and are then used to cover those costs. A qualified mortgage planner can provide you with more details on how these innovative mortgages work.

Smart homebuyers have been leveraging their home equity with improvements for years. It's great that lenders have responded by rewarding those homeowners with smart financing options. To learn more, find yourself an independent mortgage planner. These accredited experts have access to over 50 different lending institutions. They can shop for the best rates, and they're also the ones to give you an overview of "purchase plus improvement" and other innovative options. Their advice is free (oac), and there is no obligation. It's a great place to start!

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