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## REAL ESTATE NEWS

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TOP 2% IN CANADA, 2021

LIFETIME AWARD OF EXCELLENCE

# Which Mortgage Is Right For You?

In the complex landscape of real estate financing, selecting the right mortgage type is a pivotal decision that can significantly impact a homeowner's financial journey. As individuals start on the path to homeownership, they are confronted with a plethora of mortgage options, each with its unique features and considerations. This article aims to simplify the diverse array of mortgage types available, giving clarity on the distinctive characteristics of conventional mortgages, high ratio mortgages, open mortgages, fixed-rate mortgages, and variable rate/adjustable rate mortgages. By exploring the nuances of these financial instruments, prospective homebuyers can make informed choices tailored to their specific needs and financial goals.

### Conventional Mortgage

A conventional mortgage is one where the down payment is equal to 20% or more of the property's value/purchase price. A low-ratio mortgage does not normally require mortgage loan insurance.

### High Ratio Mortgage

A high ratio mortgage is one where the borrower is contributing less than 20% of the value/purchase price of the property as the down payment. High ratio mortgages must be insured through Canada Mortgage and Housing Corporation (CMHC), Sagen or Canada Guaranty, the three mortgage insurance companies in Canada.

### Open Mortgage

An open mortgage allows the mortgagor to prepay all or part of the principal amount at any time without penalty. Open mortgages usually have shorter terms of six months or one year, but can include some variable rate/longer terms as well. Interest rates on open mortgages are typically higher than on closed mortgages with similar terms.

### Fixed Rate Mortgage

A fixed rate mortgage is one where the interest rate is determined and locked in for the term of the mortgage. Lenders often offer different prepayment options allowing for quicker repayment of the mortgage and for partial or full repayment of the mortgage.

### Variable Rate/Adjustable Rate Mortgage

A variable rate or adjustable rate mortgage is one where the interest rate can increase or decrease during the term. The interest rate varies with changes in prime lending rates. How changes in the interest rate affect your payments will depend on whether your payments are fixed or adjustable.

With there being many different types of mortgages, it really depends on your specific situation. Depending on things like: income, future income, house price, other debts, down payment etc... Different mortgages may be more suitable for you than others. The best way to find out which is right for you, is to talk to your mortgage broker or agent, however, it is good for you to know what the different types are and what they mean.



Not intended to solicit properties currently listed for sale.

## OTTAWA'S MLS® MARKET THAWED IN JANUARY BUT SALES STILL SLOW

Members of the Ottawa Real Estate Board (OREB) sold 629 residential properties in January 2024. This was an increase of 16.5% from January 2023.

"Ottawa's market activity is seeing positive gains over last year but it's still a relatively quiet market even by pre-pandemic standards," says OREB's President. "Ottawa needs more suitable and affordable homes to address the housing crisis, and we need to increase density to meet population demands. We can't restore and grow upon the market activity Ottawa saw five and ten years ago without more houses for people to buy. OREB recommends direct solutions for meaningful policy change, including streamlining the process at the Ontario Land Tribunal, eliminating exclusionary zoning, and permitting four units on residential lots. To meet the aggressive housing targets, we need to close the labour gap with investments in colleges and trade schools. We don't need any more reactionary and distracting policy, like the federal government's extension of the foreign buyers ban"

The overall MLS® HPI composite benchmark price was \$621,600 in January 2024, a gain of 3.2% from January 2023.

The benchmark price for single-family homes was \$703,500, up 3.7% on a year-over-year basis in January.

By comparison, the benchmark price for a townhouse/row unit was \$462,200, down 2.1% compared to a year earlier.

The benchmark apartment price was \$418,500, up 3.7% from year-ago levels.

The average price of homes sold in January 2024 was \$631,722, increasing 1.8% from January 2023.

Call today for real estate advice and information!

# Is damage caused by my dog covered by my home insurance?



Pets provide a lot of benefits to their owners. But owning a pet comes with a lot of responsibility. In addition to the care and time you need to give to an animal, there's also a civil liability that comes with adoption.

## Is my dog covered under my home insurance?

When you adopt a dog or if you already own a dog and you sign up for a new home insurance policy, the first thing to do is to inform your insurer. That way, you'll be protected if your pooch happens to cause some damage.

Nearly 50 percent of animals are not declared by owners, even though it's mandatory. Not informing your insurance company that an animal is living under your roof could have serious consequences. You could be denied a claim and some insurers could even refuse to insure you.

Generally speaking, your pets are covered under your home insurance. Your insurer may be reluctant to insure certain breeds of dogs, though, so discuss it with your insurance agent. When you tell your insurance company that you own a pet, you'll need to choose a home insurance policy that suits your needs, one that covers your home (to cover your property) and your liability (to cover damage to others, for example).

One thing animals have in common is that they're unpredictable. Even if you've done your best to train your dog impeccably, you can never be sure that an accident or damage won't happen. It's a risk to you, to your property, to others and therefore to your insurer.

## Am I responsible for damage caused by my dog?

You're responsible for the animal you own. This responsibility includes property damage, but also injury to others. In addition, according to Éducaloi, a person who is looking after an animal may also be considered responsible for the animal. For example, if your friend looks after your dog while you're on vacation and during that time your pet tears up your new sofa, your friend could also be responsible. Or, if you look after your neighbour's dog and it attacks another dog while you're out walking, you could also be held responsible since you were looking after it at the time the incident occurred.

## What happens if your dog attacks someone?

As mentioned above, you're responsible for your dog and its actions. So if your dog bites your visitor's ankle or attacks the neighbour's dog, they have the right to sue you. You may have to pay compensation to the person who was bitten or to the owner of the attacked dog. If you have reported your dog to your insurance company and they have agreed to cover it, your liability insurance should provide coverage for this type of claim.

If your dog causes damage, contact your insurance agent to file a claim.

## Tips for preventing damage

Although your pet's behaviour is unpredictable, it's still possible to reduce the associated risks. If your dog requires special precautions, don't hesitate to apply them.

First, keep your dog on a leash when you leave your home. It's now mandatory to have dogs on a leash at all times when on public property. If your dog tends to be aggressive, put a muzzle on it and be sure to warn people who approach it.

It's best to have a fenced yard, so your dog can expend energy and learn better behaviour. You'll also prevent your dog from running away or making unannounced visits to a neighbour's yard.

Indoors, avoid leaving things lying around. If your pet tends to chew and nibble, put away your shoes and spray chair legs and furniture corners with a repellent solution.

Keep your pet in a cage, at least initially. For the pet's safety and for the sake of your furniture, this can prevent a lot of damage.

Think about training courses if your pet's behaviour is hard to manage. Dogs can meet other dogs and humans to socialize there and learn to listen to you.

Lack of mental and physical stimulation is often what causes bad behaviour in dogs. Make time for daily exercise and regular mental stimulation. You'll be surprised at how quickly your pet's behaviour improves.

Pets require a lot of care, time and attention. We know how much your pets mean to you. Owning a dog is a long-term commitment, so it's best to be fully aware of all the responsibility it entails.

Presented by iA Auto and home insurance

