

How much home could your rent buy?

Buying a home is a big financial step, and it's hard to know when you're really ready to buy. No wonder that many Canadian renters are still sitting on the white picket fence when it comes to home ownership.

The exciting news is that it could be time to make your move. There are a few reasons why. To begin, it's pretty simple math: if you can afford to rent, chances are that you can afford to buy your own home. Your monthly mortgage payments may be similar to your rent! That monthly rent cheque doesn't need to be money out the window; it could be money that's building you equity in your very own home.

Let's take a look at how rent and mortgage payments might compare. If you're paying \$1250 in rent each month, for example, you could be carrying a mortgage of \$189,061. If you're paying \$1500, that's potentially a mortgage of \$238,080. Forging over \$1750 each month? You could be paying off a mortgage of \$297,098!

How are the mortgage payments so affordable? Firstly, right now you're benefiting from historically low mortgage rates. Secondly, you now have access to longer-amortization mortgages that lower your monthly mortgage payment. (The examples above were based on that combination: a 5.3% rate and 35-year amortization, 5% flex down-payment and 3.30% insurance premium, property taxes and heat of \$285 per month). Many first-time buyers opt for the longer 35-year amortization mortgage to start, but then down the road, when cash flow and incomes increase, they know they can ramp up their payments to pay off their mortgages faster!

Think you can't buy a house because you haven't saved up a downpayment? You can buy a home with 5% down and use some of the flexible options to obtain the

downpayment, for example from gifts, through borrowing, or cash back incentives. Mortgage insurers and innovative lenders believe that Canadians benefit from homeownership – and they're helping to make it more accessible. Even if you've had past credit problems, new credit repair mortgages can help transition you to a brighter future. That's more good news for renters!

One more hurdle that some renters worry about is showing enough income to qualify for a mortgage. If you're self-employed, for example, there are mortgage options available that don't require you to verify your income. If you have a good credit history and reliable income-earning capacity, then you may qualify for a no-income verification mortgage loan.

Still sitting on the fence? Think about this: every time you sign a rental or lease agreement, you are signing a long-lasting contract that has no profit potential whatever – at least, not for you. When you sign a mortgage loan agreement, not only do you sign onto homeownership, but you also sign up for a great equity-making opportunity too.

Buying a home makes both financial and emotional sense. There are the intangible pleasures that homeownership offers: increased freedom, privacy, and a sense of community, for example. Then there are the more tangible rewards: for decades, Canadian homeowners have been able to leverage their property purchase into a large financial return. You're at a moment of real opportunity right now: this may be the perfect time for you to get on the right side of that picket fence!

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