



HELLO SUMMER!!!

Thinking of Buying or Selling, Now is the Time!



Spring/Summer Update

Hi everyone! It's been a minute since I have had a chance to reach out to you through my newsletter. As many of you are aware, we had a tremendous spring market this year. Conditions were perfect with lower inventory numbers and interest rates that were still amazingly low. Covid protocols had weakened and there was a sense that in the coming weeks/months interest rates would start to climb. This led to people locking in rate holds with their mortgage professionals and making sure they found a place prior to those rates expiring (typically a 90-day period). The rush was on!

I have been selling for 14 years in Edmonton (arrived just after the boom markets of 2006/07) and this was easily the hottest market I have been a part of. Buyers were lined up in front of homes awaiting their chances to tour a property. Multiple offers on many homes were almost expected! Listings would go up on a Friday and you would be told that all offers will be presented on the Monday to ensure everyone had a chance to view it. If you wrote an offer on a home that did not go into multiple offers, it was as if the buyers had won a mini lottery. One great example of the market occurred when I listed a beautiful home in Carter Crest. I had the home listed at \$774,900. A price I felt was fair in a more balanced market scenario, and the seller did not want to be too aggressive, so away we went. It took literally minutes after loading the listing onto the database for us to get the first showing and it just exploded from there. After only 36 hours we had to cut the activity and offers off as I had received 9 offers! Ultimately the home sold that evening for \$853,000...\$78,000 above the asking price! Incredible!

I believe it was late April when the Feds decided to make the first interest rate hike of 2022. I instructed my clients that this was a "warning shot" and would not have too much of an impact on things. Typically, it is the consecutive hikes that start to slow things down. Well, within a few weeks the 2nd rate hike happened, and you could almost feel the extreme urgency in the market leave at the same time.

As I write this today, we have seen 3 total rate hikes within about a 2.5-3 month span, and are expected a FOURTH one this week (rumoured to be 0.75%). Although those hikes sting, things are not doom and gloom as one might think. In June we still moved nearly 2600 units which is a HUGE month by any standard. There is a portion of the market who has calmed on things for sure and may wait this out a bit. However, there is now a large portion of buyers who NEED to buy and are expediting this to avoid the impact of future rate hikes, so action remains solid. Inventory numbers have climbed, but when compared against our sales numbers, we only have approximately 3 months of inventory on the market (Months of inventory = June sales/Inventory at end of June). This is still deemed to be a seller's market, but in fairness we are approaching balanced conditions. By comparison when things were busy in spring, I recall running the same numbers and we were approaching 1.5 months of inventory!

I hope this update finds everyone doing well and maybe even already enjoying some well-deserved summer vacation! We are still right in the middle of baseball season for my kids, and we will finally be able to try and enjoy some summer relaxation after the Provincial Championships on August long weekend!

Take care of yourselves and stay safe! - Michael



WHAT YOU'LL FIND INSIDE:

- **THE FINE PRINT: TITLE INSURANCE**
- **QUALIFYING FOR A MORTGAGE - THE STRESS TEST**
- **MORTGAGE MONITOR**
- **HOME EVALUATIONS**
- **HOME MAINTENANCE TIPS**
- **SIMPLE SUMMER RECIPE**



The Fine Print

Courtesy of Jeffrey M. Chow, Barrister and Solicitor,
Chiu & Company, Barristers and Solicitors

TOPIC: Title Insurance

Over the past few years, title insurance coverage for purchasers and lenders of properties in Alberta has been on the rise.

Title insurance is a means of protecting purchasers and lenders from many issues, most commonly- municipal non-compliance issues, encroachment of structures onto neighbouring property, and title fraud and forgery.

In Alberta, the standard residential contract requires a Seller of house to provide a Real Property Report showing the location of property lines and structures within the property. Evidence of municipal compliance of the RPR is also usually required. Title insurance is sometimes offered by a Seller as a substitute to the RPR with the Seller bearing the cost of the title insurance premium. Premium for title insurance is usually in the range of \$225.00 to \$300.00.

When title insurance is purchased for the Purchaser, the Purchaser is entitled to the coverage provided for as long as they own the Property. If the Purchaser finds out that there is an issue of municipal non-compliance issues, encroachment of a structures onto neighbouring property, or title fraud or forgery, the Purchaser can submit a claim to the title insurance company for reimbursement of their actual loss.

Some lenders have a mandatory requirement of title insurance coverage regardless of whether it is required in the contract. It is also not a bad idea to get title insurance coverage for your house even if it is not required by the lender as it gives extra protection to you if any of the issues were not discovered at the closing of your purchase.



Qualifying for a Mortgage - The Stress Test

Courtesy of Mine Coates, Mortgage Consultant,
The Mortgage Minds Inc.

WHAT IS A STRESS TEST:

- Simply put, you must qualify at a HIGHER rate than your ACTUAL mortgage rate to confirm that you should still be able to afford your mortgage payments even if rates move up by the time your mortgage renewal comes up and it's time to lock into a new rate/payment
- When applying for a mortgage, the rule is that you must be able to debt service your new mortgage payment at either the Benchmark Rate OR your Contract Rate + 2%, whichever is greater

WHAT IS THE BENCHMARK RATE:

- The Benchmark Rate is the average of the 5 year posted fixed rates across the Big 6 Banks
- Currently, the Benchmark Rate is 5.25%

SOMETHING TO CONSIDER:

- **For the first time ever, because fixed rates have risen so high, you now qualify for a HIGHER maximum purchase price when applying for a variable rate mortgage than a fixed rate mortgage!**
- For fixed rate mortgages, you'll be qualifying based on Contract Rate + 2% or 6.49% and up
- For variable rate mortgages, you'll be qualifying at a "Stress Test" rate of 5.75% and up
- With a \$90,000 annual household income, excellent credit, and no debts, that could mean the difference between qualifying for a home priced at about \$405,000 VS \$380,000 (ie. no condo fees and minimum down payment for each scenario)

Even if you were previously pre-approved, your maximum purchase price may have decreased because qualifying rates have changed as interest rates have increased. It's always best to know your budget BEFORE going shopping so make sure to stay in touch with your Mortgage Broker. Nothing's worse than winning in a tough multiple offer situation and then losing out because you can't qualify for financing.



Mortgage Monitor

Courtesy of Mine Coates, Mortgage Consultant,
The Mortgage Minds Inc., Verico

Rate Update:

1 Year Fixed	4.09%*
2 Year Fixed	4.49%*
3 Year Fixed	4.59%*
4 Year Fixed	4.69%*
5 Year Fixed	4.49%*
7 Year Fixed	5.44%*
10 Year Fixed	5.49%*
5 Year Variable	3.75%*

Qualifying Rate 5.25% or Contract Rate +2%

*OAC. Rates subject to change without notice & lower PROMO rates may be available.

**Rates quoted are available on insured applications. Uninsured rates may be different.

It's not how big the
HOUSE is. It's how happy
the **HOME** is.

Home Evaluations

Curious what your home might be worth in today's market? Contact me today for your FREE, NO OBLIGATION home evaluation!



Home Maintenance Tips

We have received so much rain this summer, here are some tips to protect your home from summer storms:

1. Make sure your gutters and downspouts are clear and draining properly.
2. Check that your sump pump is working properly.
3. Inspect your roof for any weak spots in the shingles (which could cause leaks!).
4. Make sure you understand your home insurance coverage in case the unexpected happens.



Simple Summer Recipe: Fruit Salad w/ Peach Pie Filling

INGREDIENTS:

- 1 (21-ounce) can peach pie filling
- 1 (20-ounce) can pineapple chunks or tidbits, drained
- 1 (15-ounce) can mandarin oranges, drained
- 1 (16-ounce) frozen or fresh strawberries, hulled
- 3 kiwis
- 2 bananas

DIRECTIONS:

1. Slice the peaches, strawberries, kiwi, and bananas to desired sizes.
2. Toss the peaches, pineapple, oranges, strawberries, kiwi, and bananas gently in a large bowl. Enjoy!



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