

A BETTER WAY TO

HOME Ownership

SPRING/SUMMER 2020



BEHIND THE LISTINGS

What you really need to know to buy your dream home

Reassurance in Tough Times

The Virtual World of Home Buying

The Higher Your Credit Score, the Better



Keeping perspective in these times.

While we're excited to share our latest Homebuyer's Guide with you, we're also aware that we are living through unprecedented times.

It's not just the housing industry that's been affected, everyone across the entire country is going through a difficult set of circumstances.

So how can we help you navigate through your first home purchase?

In this guide, we'll share some fundamentals that should always be on your checklist such as pre-planning, navigating your credit score and general tips on what to look for when buying a property. However, we'll also help you understand how virtual tours work and what to look for as they are an essential part of the current social-distancing landscape.

While the effect of the pandemic is certainly unprecedented, the real estate market in Canada has been remarkably resilient, and we believe owning a home remains a strong investment in the long run.

Whatever path you choose towards your first home, either now or in the future, we hope that it's an informed, fun, and educational one.

Wishing you health and safety,

A handwritten signature in black ink that reads "Debbie".

Debbie McPherson
SVP, Sales and Marketing
Genworth Canada

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A BETTER WAY TO
HOME
Ownership
Spring/Summer 2020

2020 Homeownership & Financial Fitness Study

Prior to COVID-19, Canadians and Canadian homeowners were showing their strongest financial fitness to date. Social isolation, job loss, remote work and other sacrifices resulted in a decline on Canadians' financial fitness overall, but by less than it certainly would have been without federal government programs and mortgage deferrals. Getting Canadians back to work and reinforcing homebuyer confidence will be the critical next steps.

Respondent Profile

Gender



51%

Female

49%

Male

Birthplace



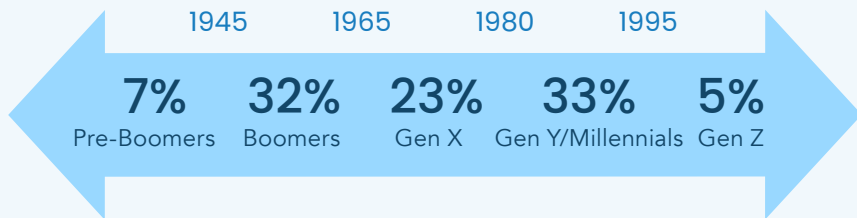
80%

Canadian

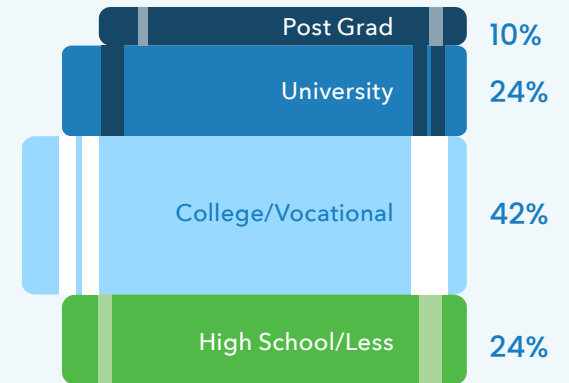
20%

Another Country

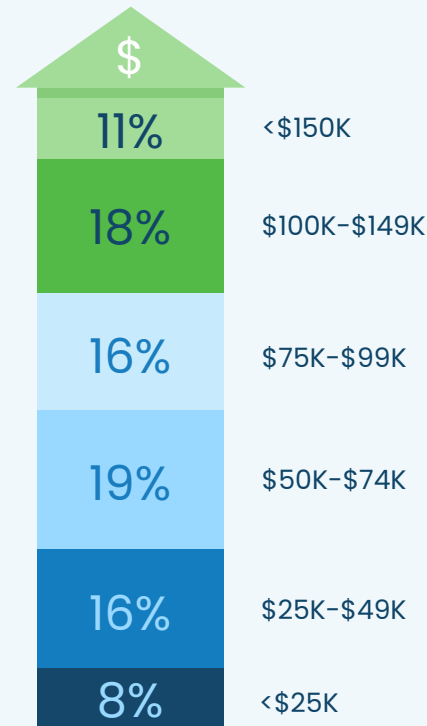
Generations



Education



Household Income



Marital Status

- 59% Married/Common Law
- 30% Single
- 8% Separated/Divorced
- 3% Widowed



Employment

- 52% Full-time
- 11% Part-time
- 4% Unemployed
- 5% At home
- 5% Student
- 23% Retired



HOUSE TOURS

The Virtual World of Home Buying

Home buyers may be concerned about how to maintain social distancing while looking for a home. Realtors across the country have embraced technology more than ever by reaching out to customers with virtual open houses.

Tom Storey, a sales representative with Royal LePage, says that he's used virtual tours for the past five years. "People bought secondary properties through virtual tours or floor plans—like new construction condos—but now people are buying their primary residence potentially only seeing it virtually."



He says that the ideal virtual tour should make you want to pull yourself through the property. "The tour should have 360-degree capability and some have virtual reality options. It's the dollhouse effect where you feel like you're in the space."

Nasma Ali, founder of One Group, says a great virtual tour allows buyers to navigate through it by clicking various parts of the screen. "It is more of a 3D rendering, video or image of the house or condo that has basically taken a snapshot of every corner and room of the space, all floors, and allows you to flow through the property by clicking where you want the camera to move to next," she says. "Some also come with a floor plan that shows you where in the house or condo you are. And some very advanced ones feature measurements where you can even measure walls."

If you're looking to buy a primary home during this time, and are shopping via virtual tour, Storey and Ali suggest the following tips:

Treat it like an open house

Ali says that buyers should take the time and walk through the space as they would on a regular physical visit. "That means starting from the front door, click on every direction to view the entire 360 degrees of the space." It includes all the exits, bathrooms and laundry.

Don't hesitate to ask for more

If you're serious about the space, ask for more photos or videos of the home. Storey says he's worked with the listing agent to have the sellers take serious buyers on a tour via Zoom so they can ask questions or take a closer look at rooms. Ali says extra photos could even include Google street view. "That's in case there are any deal breakers there. maybe there is an auto repair shop right next door, or a school in front. Or it backs onto train tracks. Are the buyers OK with that?"

Make an offer, but with caveats

Storey says that he's seen offers on properties that are conditional on an in-person viewing at a safer time. "Clauses considering COVID-19 are also appearing in offers."

You can definitely find a home during this period of social distancing. It's about leveraging technology to see the home, not being afraid to ask for more information and to have a smart contract that acknowledges that we're in a unique position. Storey doesn't think virtual tours will become the norm but says it's the best option we have for now. 🏠





OWNERSHIP

Ready to Make Your Dreams of Homeownership a Reality?

You've been thinking about it for months, even years, but the anticipation of buying your first home can cause some anxiety.

It may be the biggest purchase you make in your life, so you want to know if you're actually ready. Here are some signs that you're ready to become a homeowner.

You're financially stable

Being a homeowner is expensive, and having a stable income is key to qualifying for—and maintaining—a home. If you've been working for a few years, you can talk to your financial advisor, or use a tool like an online mortgage calculator to help you understand the mortgage amount you qualify for and down payment based on your income.



You're ready to commit to a large sum of money

The average cost of a home in Canada is \$531,000, which is a significant sum of money. After working with your financial advisor, and talking to trusted family and friends, if you're ready to commit to that amount, then it may be time to buy a home.

You have a down payment

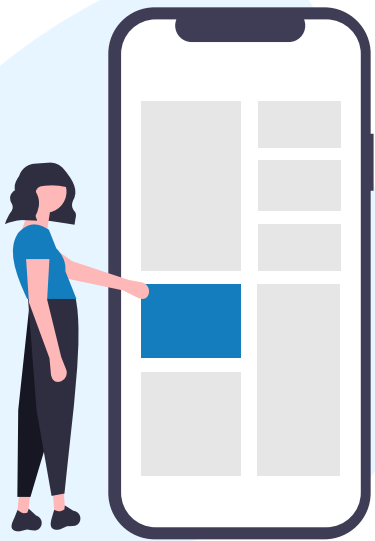
You've been saving and now have enough money for a down payment on a home that fits within your budget. If you've saved less than 20%, you'll be required to purchase mortgage default insurance, which protects the lender if there is a default on the mortgage.

Part of owning a home means the fun stuff, it also means being responsible for all of the maintenance and upkeep.

You have your team

You've been working with a financial advisor, and you've found a realtor, a broker and a lawyer you like. They're here to support you as you begin your house hunt. ▶





You keep an eye on mortgage rates

If you cheered when the Bank of Canada lowered the interest rate in March 2020, you're ready to buy. The lower the interest rate, the lower the mortgage rate—which is good for home buyers.

You can't help look at real estate listings in your favourite areas

Do you have emails of listings in your favourite neighbourhoods arriving to your inbox as soon as a new home is listed? Do you check the listings every week, or even daily? Do you take frequent drives or walk through the desired neighbourhood?

You're ready to do home maintenance

Part of owning a home means the fun stuff, like selecting paint colours, or putting in a new floor. But it also means being responsible for all the maintenance and upkeep (or contributing to the maintenance fees if you're buying a condo). So, if the idea of cleaning the gutters, or mowing the lawn is starting to appeal, you might be ready to buy.

You've got multiple home-related Pinterest boards

When you scroll through your saved Pinterest boards, you see a definite theme for kitchens, bathroom and bedrooms. Maybe a white, modernist look for the bathroom and kitchen with cosy colours for the bedroom and living rooms?

When the perfect home is listed, you'll be ready to make an offer. Just make sure your finances are as ready as your emotions and your Pinterest boards. 🏠



FINANCES

The Higher Your Credit Score, The Better

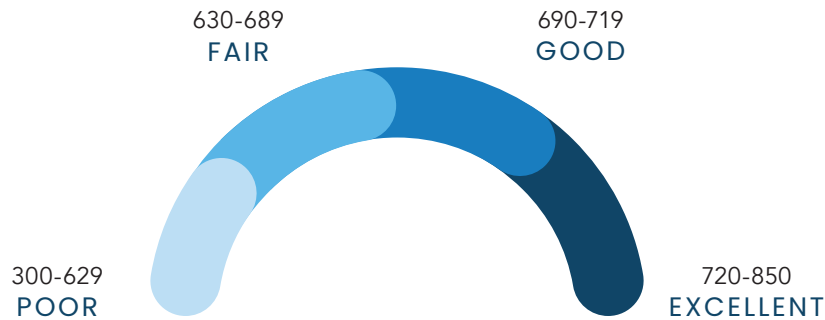
When you're thinking about buying a home, you've got a ton of questions, one of which is likely to be "Is my credit score good enough for me to buy a home?"

Let's look at the value of your credit score, and how it affects your creditworthiness to purchase. ▶

What is a credit score?

A credit score is a three-digit number given to an individual based on the analysis of their credit files and the likelihood they'll pay their bills on time. This number represents the person's creditworthiness and is based on a credit report from credit bureaus. A credit score ranges from 300–850. **The higher the number, the better your credit.**

Credit score ratings



Source: Financial Consumer Agency of Canada

The advantages of having a good credit score

Lenders look at your credit score as one of the several pieces of information to determine the creditworthiness of a potential home buyer. A higher score indicates that you've established a consistent payment history and can manage the amount of credit you're using very well. If you've got a good credit score, that means the credit agency is predicting the likelihood that you're paying your bills on time and regularly.



How to improve your credit score

There are a variety of ways to improve or build your credit score if you are new to Canada, recently graduated or have challenged credit before you apply for or renew your mortgage:

- Always pay your bills on time, even if it's a minimum payment
- Use less than 35% of your available credit
- Limit the number of credit applications to only what you absolutely need, the fewer the better
- Don't close unused but paid-off credit cards
- Have a different mix of credit products such as a card and a car loan



Remember that your credit score is something that can be improved before you start looking for a home.

Your credit score and your mortgage approval

Good credit along with a host of other factors is taken as part of the approval process of your application for a mortgage loan. It could also affect the interest rate offered to you and the terms of your mortgage. For example, if you have a high credit score, you could possibly get a lower interest rate or more flexible payment terms.


So what's a good credit score?

To get a mortgage approval from A-level lenders, you need a minimum credit score of 600. Some lenders will accept at the 540 level, but there will be higher interest because it's considered high risk. There are other options if you are credit challenged or have a lower credit score. One is to work with professionals in the mortgage industry such as a mortgage broker who can refer you to other options. However, with these lenders, expect to pay higher interest rates and potentially, additional fees.

Remember that your credit score is just one part of your mortgage application, and it's something that can be improved before you start looking for a home. As soon as you think you're ready to buy, request your credit history, take a good look at your number, and take immediate actions to get it as high as you can. The money saved will be worth it. 🏠

2020 Homeownership & Financial Fitness Study

Canadians' Behaviour



68% of Canadians own their own homes.

42% of those who intend to buy their first home in the next two years are more likely to say their financial situation improved.



35% of potential Canadian home buyers and sellers say that once restrictions are lifted they will return to the market immediately or within 3 months.



Homeowners are consistently and significantly in better financial shape than non-owners.

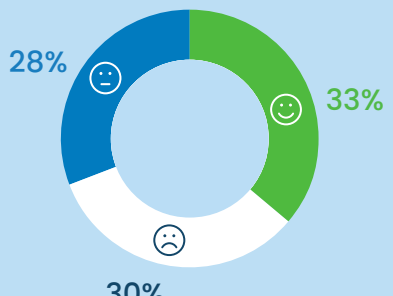
BEFORE THE COVID-19 OUTBREAK



38% of Canadians thought it was a good time, rather than a bad time (23%) to buy a home, with the balance saying it was neither a good nor bad time (34%).



MAY 2020 UPDATE
All respondents




Subsets within the overall thought:

- 42%** of Millennials think it's a good time.
- 47%** of Non-Owners think it's a good time.
- 40%** of Gen X think it's neither a good nor bad time.

Concerns about making ends meet month-to-month:

54% Renters	45% Millennials
56% New Canadians	46% First-Time Homebuyers
34% Homeowners	



MAY 2020 UPDATE

55% Renters	53% Millennials
63% New Canadians	64% First-Time Homebuyers
	36% Homeowners



BIDDING

Ready, Set... Win that Bidding War

You've toured through the house, either virtually or in-person, checked your financials, took advantage of the lower interest rates and your realtor has written up the offer.

You then find out that the house you love is also loved by other buyers, and they want it as much as you do.

Bidding wars are stressful because you want to win that home, and there's the added pressure to go beyond your set budget just so you can beat the other person. While we're not advocating blowing your budget and being house-poor, here are some tips that could help you attain the home of your dreams.



Make sure you're pre-approved

Bidding wars move fast and aggressively so you have to be financially ready. In addition to providing the best offer and with the fewest conditions, you should secure a pre-approval. While this doesn't guarantee you'll get the home, it can help.



Know your deposit limit

When there are multiple offers on a home, one way to stand out is to offer a substantial deposit to let the seller know you're serious. It provides security to the homeowners, so when putting an offer to purchase on a home, make sure you have the funds in hand for your bid.



Know the maximum you want to spend

The energy and stress of a bidding war, combined with the desire to win that home, could lead to impulsive spending. Especially if the seller signs back at just a few thousand dollars more than your offer. It's so tempting to just sign back—you're already spending so much, a few thousand more won't make a difference—but you shouldn't be spending more than 30% of your income paying your mortgage.

By getting a pre-approval, you know the maximum you can spend. Don't overlook other expenses, such as

closing costs, moving expenses, utility connections, parking permits, postal boxes, land surveys, inspections and legal fees.

Before you make an offer, sit down with your realtor and decide your absolute upper spending limit and don't go beyond that. You want to enjoy your home, not resent it for taking all your income.



Consider the conditions

Some experts suggest removing as many conditions as possible from your offer such as home inspections, or the request to see a condo's status certificate. This may make the offer more appealing, but that decision should be made based on as much information as you can get prior to the offer.

Bidding wars are a rollercoaster of emotions. But with a little planning, and having your financials in place, you can win—or at least walk away knowing that you've done your best. 🏠





MORTGAGE ASSISTANCE

Reassurance in Tough Times

Life happens, and if you're facing a life-altering situation like an illness or job loss, the last thing you want to worry about is defaulting on your mortgage.

Genworth Canada's Homeowner Assistance Program is designed to help homeowners who are experiencing temporary financial difficulties as the result of an unexpected life event, which may put their mortgage at risk.

Q: How can I qualify for HOAP?

If you have a Genworth-insured mortgage, you may be entitled to the benefits of the HOAP program. Reach out to your lender to get more information about the program, or call the HOAP hotline at **1-844-711-4627**.

Q: When should I consider HOAP?

If you're going through short-term financial hardship such as:

- Job loss or reduced income
- Illness
- Sudden injury
- Marital breakdown

Q: How can HOAP help?

The HOAP team will:

- Identify the problem
- Gather all the facts
- Investigate & analyze
- If you qualify, we will create and implement a plan

If you qualify for the program, one of the following may be possible:

- Lowering your mortgage payments
- Increasing your amortization period
- Mortgage restructuring
- Deferring payments
- Aiding with the sale of the property
- Partial payment arrangements



Q: How do I get started?

Contact your lender who will send a referral to our HOAP team, and someone from Genworth will get in touch with you.

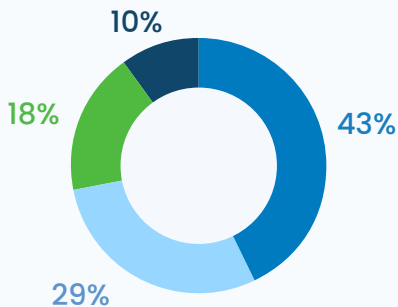
While we don't know what the future holds, we know that the Homeownership Assistance Program is here to support qualifying homeowners who are concerned about missing a mortgage payment. 🏠

2020 Homeownership & Financial Fitness Study

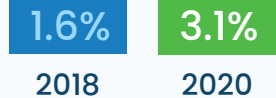
Homebuyers' Behaviour

43% of recent first-time buyers and

27% of future intenders are more likely to say their financial situation improved.



Among those planning to buy a home in the next 24 months, 18% plan to make a down payment of <10%, 29% plan to make a down payment of 10-19%, 43% plan to make a down payment of 20%+ and 10% aren't sure.



Homeowners who plan to sell their homes and buy another has **doubled from 1.6% in 2018 to 3.1% in 2020.**

Behaviour of Millennials



58% of Millennials, now squarely in the first-time homebuying years (25-40 years) own a home, most with a mortgage.

29% of Millennials are more likely to rent and 12% live where they don't pay rent (e.g. with parents).



24% or 39% of Millennials as of May 2020, who do not own a home yet are more likely to expect to buy their first home within the next 24 months.

Behaviour of New Canadians

49% of New Canadians who own a home bought in the past 24 months.

46% of New Canadians who own a home are more likely to plan to buy another within the next 24 months, now 34% as of May 2020.



Among those who don't already own, 34% plan to buy in the next 24 months.

BUDGETING

Why Planning Makes for *(Almost)* Perfect Renovations

You've done your research, saved your Pinterest boards and now it's time to plan your renovations. Let's look at four things to do before you demolish that wall.





Make a detailed project plan of the renovation

Before you even start calling contractors or designers, make an inventory of everything in your home that you want to change. This includes:

- Must-do changes or repairs
- Your wishlist if you had an unlimited budget



Build out that wish list

This is the fun part. This is the stage where you get to make that list of your dreams. This is where you get to learn about all the products out there and develop your style. It means gathering all your inspiration boards, visiting home shows and stores and even talking to your friend with the exquisitely designed home.



Set renovation goals

Consider how the renovations would solve current problems, like a lack of space or light, and improve your day-to-day life. This could mean a bigger space for you and your family, better flow, or better use of space.



Prioritizing the list

Once you've made your list, it's time to create a framework to help you prioritize your renovations. What absolutely needs to be done, like ripping out moldy old carpet, versus what could wait, like landscaping?



Figure out the budget

Once you have your list organized by priorities, you can start figuring out how much you'll need to spend, and how much you can afford. There's a lot of information out there to give you an idea of costs but working with a designer and a contractor will help you get a final number. **(Plus, they may know where to get good discounts on paint and fixtures!)**

When budgeting for a renovation, always expect the unexpected. Factor some breathing room into your budget just in case of emergencies.



Find your experts and interview them

The best way to find a designer and a contractor is via word of mouth. If you like a certain design style, like minimalism or ocean chic, ask for the name of the expert and talk to them. Even if you love everything they do, interview them for fit and ask for references. Other questions to ask:

- Do you like clients to be involved or to have a hands-off approach?
- Where do you find inspiration?
- What is the most challenging thing about designing a home?
- What do you prioritize in a budget?



Read all contracts

Don't swing that sledgehammer until contracts are signed. When creating a contract, it should include:

- A clear description of the projects
- The contractor's and subcontractor's name, address and contact information
- A clear description of the total cost, terms of payment, a payment schedule and the initial deposit
- A work schedule with start and end dates



Keep a reserve fund

It might be fun to spend your entire budget on renovations, but keep some money aside for maintenance and taxes after you do the renovation.

You may have to live with dust for a few weeks, but you'll revel in the satisfaction of a well-organized project when you relax into your newly designed home. 🏠





FINANCES

Renovations Can Make it Home, Sweet Home

Living in a construction zone can be stressful, which is why many new homeowners prefer to do renovations before moving in.

But, if you don't have enough money set aside for the renovations you want to make upon purchase, *Genworth Canada's Purchase Plus Improvements Program* (PPI) allows qualified homebuyers to combine their mortgage with a home improvement loan and pay it back in one monthly payment. All of this for a low down payment of as little as 5%.

How the PPI program works

You find a home that you like and want to purchase it. It does need some renovations, but all your savings have gone towards the down payment. With a PPI-qualifying mortgage, you can buy your home and do those renovations. All you need to do is put down a payment of 5% of the purchase costs plus 5% of your renovation costs.

So if your home costs \$400,000 and the renovations cost \$20,000, it would be 5% of \$400,000 (\$20,000) plus 5% of \$20,000 (\$1,000) for a down payment total of \$21,000.

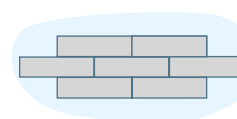
	COST	5% OF COST
HOME	\$400,000	\$20,000
RENOS	\$20,000	\$1,000
PPI DOWN PAYMENT =		\$21,000

Repaying the PPI loan

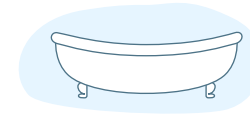
It's easy! The cost of the renovations is spread across your mortgage once the work is complete and folded into your monthly mortgage payments in a plan that is easy and affordable for you.

Best reno for your dollar

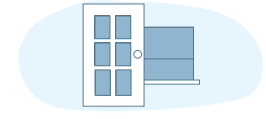
While we're not design experts, we know a little about adding value to a home. If you're considering renovations, we recommend the following upgrades to add value to your home.



FLOORING



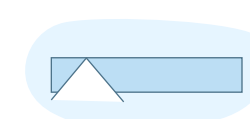
KITCHEN & BATH RENOVATION



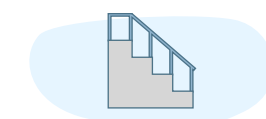
NEW WINDOWS & DOORS



ENERGY-EFFICIENT UPGRADES



ROOF REPLACEMENT



FINISHED BASEMENT

By tackling home renovations as soon as you buy your home, you can get the dusty work out of the way early, giving you time to relax in the home of your dreams. 🏠

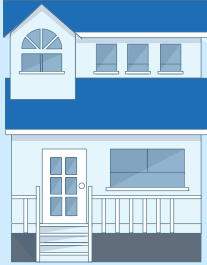
Walk-Through Before the Move-In Checklist



Buying a home means a lot of checklists. There's the checklist for your finances, for your move (and your movers), and your renovations. But there's one checklist that often gets overlooked: Your moving-in checklist.

This isn't about your furniture, this is the 'walk through before the move' checklist to ensure your home is ready when you are. Here's some of what to check off:





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VIRTUAL TIPS

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