



# ***Davis Realty News***

MAY 2005

## ***Investing Your Equity***

***As a homeowner in Greater Victoria you are likely holding a very valuable asset... your home equity!***

The real estate market in Victoria continues to be strong and the prices are rising steadily. In fact, the latest sales figures from the Victoria Real Estate Board show an average price for a single family dwelling in the Greater Victoria area of \$457,185 and a median price of \$399,900. What this really means to you as a homeowner is that the difference between what your present mortgage balance is and the market value of your home is, has increased substantially and therefore, so has your net worth.

***As a homeowner in Victoria, have you considered using your increased equity to expand your Real Estate investment portfolio or retirement fund?***

Using your equity now could give you a nice nest egg when you retire, a cash flow now and a valuable asset is added for your future security.

To put it simply, your money moves and grows *and* you stay put!

We have the expertise to advise you on the right kind of property to buy for your investment and we are always happy to refer you to a qualified Mortgage Broker at no cost to you. This will give you a complete picture of your possible options. We believe in the long term power of Real Estate investments to build your future fortune.

## ***Financing Options for Investing....***

**Thinking about purchasing a revenue property? Why not withdraw the equity from your residence and take out an Inter Alia Mortgage over both properties?** Inter Alia Mortgage. Also referred to as a Blanket Mortgage. The words "Inter Alia" are Latin for "Amongst other things". Therefore an Inter Alia Mortgage would cover more than one property. Typically it is a mortgage covering 2 or more properties. If you have a home with substantial equity you may want to leverage that equity to use as a down payment towards a revenue property. Withdrawing equity from your residence may be preferred over using existing investments as there may be capital gains considerations. By using an Inter Alia Mortgage and using the equity from your residence as a down payment, up to 100% of the mortgage interest on the revenue property can become tax deductible.

**Example** - You own a home worth \$400,000 with an outstanding mortgage balance of \$200,000 and want to purchase condominium as an investment property worth \$200,000. You have \$100,000 of accessible equity in your home based on a 75% loan-to-value which could be used towards the down payment on the new property, meaning that you would need to take out a \$100,000 mortgage on the new purchase. Rather than have individual mortgages on both properties you could instead register an Inter Alia Mortgage for a combined \$400,000 over both properties and the full \$200,000 of the new revenue property becomes tax deductible. Based on a 5% interest rate, the payment on a \$400,000 mortgage would be \$2326.42 monthly which may sound like a lot, but if the revenue property could be rented out for \$1200 per month then the net mortgage you would be paying would only be \$1126.42. By registering an Inter Alia Mortgage you would also save on legal fees as it would be less expensive as you would be registering one mortgage over two properties rather than registering two individual mortgages.

Information courtesy of: Troy Alexander of U\*Select Mortgage Service

***Every homeowners financial picture is different and we recommend that you discuss it with your lender or a Mortgage Broker. You may be pleasantly surprised by what you are able to accomplish with this approach. We would be pleased to refer you to a knowledgeable Mortgage Specialist.***

## **From Carolyn's Kitchen... Cottage Spinach Salad**



### **Salad**

- 2 Bunches of Spinach  
(clean well)
- 1 Head of Iceberg Lettuce  
(chopped)
- 1 lb. Crisp Cooked Bacon  
( crumbled)
- 2 Cups Cottage Cheese

### **Dressing**

- 1 Cup Oil
- 1/3 Cider Vinegar
- 1/4 Cup Sugar
- 1 1/2 Tsp. Dry Mustard
- 1 Tsp. Salt
- 1 Tbsp. Finely Minced Onion
- 1 1/2 Tbsp. Poppy Seeds

Prepare dressing first using all dressing ingredients plus 1 cup of the cottage cheese. Let stand while you prepare the greens. Place greens in a large bowl with the bacon and remaining cottage cheese. Pour dressing over all and toss. Let stand 10 minutes before serving. Yummy!

## **Jack's Famous Night Out....**

And last but not least... This month's winners of *Jack's Famous Night Out* is Christina Tatnall, she will enjoy a night out at the movies for 2 with treats! If you would like your name in the next draw, just call Jack to say hi! He likes talking to his clients.... or send us an email anytime to [jdavis@davisrealty.ca](mailto:jdavis@davisrealty.ca)



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