

The Church of St John the Evangelist, Ottawa  
150 Somerset Street West Condos  
Information Session Questions and Answers

Session Held at St John's on March 2, 2004

Speakers/Presenters

Chris Teron (Teron Inc) · Barbara Buote (Mortgage Intelligence)  
*Chris Teron presented first, followed by Barbara Buote*

### Building Questions/Answers (Teron)

Q- How big will be the unit's windows?

A- The "windows" will all be sliding glass doors - 6 feet wide by 6'-8" high. They will be 'French Balconies', meaning they will have handrails to prevent you from falling out, but there will be no room to step outside or place lawn furniture. Each window, both living room and bedroom, will have the same size windows so there will be a lot of light.

Q- What are the plans for the parking garage?

A- The first floor will be for St John's parishioners. The second level will be for condominium residents. There is some discussion of adding another level of parking but that is still under review.

Q- What will be the elevator access?

A- The parishioners can walk from the church's garage and go directly into the Church. Condo residents will take the elevator from the garage to their floor.

Q- Can you describe the floor unit plan?

A- With the exception of the first floor, each floor will have 12 one-bedroom units. 10 units will be approximately the same size and 2 units will have an extra 60 square feet. This extra space can be used for a study or storage.

Q- What are the things we need to consider when choosing a unit?

A- There are 3 main questions a potential purchaser needs to ask:

- 1 - do I want a 590 square foot unit or a 680 square foot unit
- 2 - do I want to face South or North
- 3 - what floor do I want to live on

Consider size of living space

Sunny exposure or view of downtown

Access to outside entrance or elevator

Q- Will the units have Air Conditioning?

A- Under review as follows:

- 1- the price of each unit may need to be adjusted
- 2- Teron is attempting to keep prices down
- 3- Will there be some units that have A/C and others not
- 4- Could cost up to \$2,000 additional per unit
- 5- Most people want A/C such as elderly
- 6- A/C helps with noise for outside (downtown)
- 7- A/C brings living comfort
- 8- Many types of A/C systems to be reviewed
- 9- It may be a matter of determining whether everyone pays or just some

Q- Will there be awnings over French balconies?

A- Under review

Q- What about the larger units behind the elevators?

A- The concrete walls around the elevators shaft will prevent most types of noise. The elevators will have special provisions to reduce noise from vibration.

Q- What about appliances?

A- There are 3 options to consider

- 1- own already, so bring your appliance with you
- 2- consider the package when purchasing on Day 1 and making the purchase of appliances part of the mortgage payment
- 3- consider purchasing after day 1

Note: there will be room for:

- a) Fridge
- b) Stove
- c) Dishwasher
- d) Microwave
- e) Stacked washer and dryer

Q- What about upgrades?

A- Again upgrades should be planned for Day 1 to be part of your purchase and mortgage. Residents will be given several packages of materials/colours (cabinets, flooring, etc) to choose from. Additional options to purchase may include

- package of appliances
- upgraded flooring (tile, hardwood, carpeting)
- hardwood - sound proofing needs to be installed during construction
- electric fireplace

Q- What do the monthly condo fees cover?

A- They cover

- 1- heat
- 2- water
- 3- maybe A/C
- 4- insurance of the finished unit (as is on Day 1)
- 5- property maintenance
- 6- property management

Note: Does not include electricity or other utilities such as phone, cable, or insurance of contents

Q- Are the condo fees the same for each unit?

A- No it varies due to the size of your unit. If your unit is larger you pay more. If you have parking you pay more.

Q- Are the stoves gas or electric?

A- Under review

Q- Can the owner remove the walls between bedroom and living room?

A- Yes and can be done at the time of construction as well

Q- Can the doors be pocket doors?

A- Under review

Q- Why did Teron start units at 590 square feet?

A- Two reasons

- 1- for handicap accessibility and allow for movement of wheelchairs
- 2- wanted to ensure that each space is very liveable (e.g. proper space for eating at kitchen table, normal furniture in bedroom, etc.)

Q- What about two units being connected into one unit?

A- Under review

Q- Is there any plans for 2 bedroom units?

A- Teron has had a few requests and will review

Q- Will the building be an "ADULTS ONLY" building?

A- No, currently the reservations have been made as follows:

½ of reservations to date (March 2/04) made by singles

1/3 for reservation to date (March 2/04) made by seniors

This appears to be an adult population thus far

Q- How will the units be heated?

A- Gas / Forced Air (not electric)

Q- Is there any consideration to make balconies bigger?

A- not at this time, under review

Q- What about security issues?

A- Under review. Areas to consider:

- video camera
- intercom systems

Q- The drawings seem to imply larger windows at the top, solid balconies, taller units?

A- No just how the drawing were displayed All unit façades are the same and all ceilings are eight feet

Q- The Lobby Doors look different and do not match price list?

A- Just one unit. St John's may have access to another room

Q- Where is the garage entrance?

A- It will be at the front of the building as per the site plan

Q- Will the units be sound proof?

A- Yes, solid concrete walls between units (which is good fire protection as well).

Q- How long do St John's parishioners have priority to reserve condo units at 150 Somerset Street West?

A- Until mid-March. Any interested parishioner should contact Teron Inc to reserve a condo unit.

Q- When is occupancy?

A- Anticipated by late Summer / Fall 2005

Q- Will the door handles be turn style or lever style?

A- Not designed yet.

Q- Will there be assistance bars in bathrooms?

A- Likely to be an option for purchase

Q- Will the railing on the 'French balconies' be large enough to place flower boxes?

A- Yes

Q- Will the units have overhead lighting fixtures?

A- Not designed yet.

Q- Is there enough room to place an electric fireplace in the spot where the TV is shown on the preliminary drawings?

A- Yes. They will be provided as an option.

Q- What are the estimated taxes per unit?

A- Approximately 1.5% of the purchase price (including parking) per year.

Q- Will pets be allowed?

A- Not determined yet.

Q- Will the building be non-smoking?

A- The corridors, lobby and garage will be non-smoking. Smoking inside each apartment is up to each resident.

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## Mortgage/Finance Questions/Answers (Buote)

1) What is the maximum percentage of the purchase price that I can finance on my:

A: rental condo - 85-90% (2 methods for this);

B: owner occupied: 95%- 100%;

2) Underground parking costs \$25,000 per space. Can I include this in the purchase price and finance it in the mortgage?

A- Yes

3) What is the maximum length of time I can finance my mortgage (referred to as "amortization")?

A- 25 years

4) How many years can I guarantee the rate of interest on my mortgage?

A- Terms are available from six months to ten years. Today's rates vary from 3.25% (1 yr. term); 4.6% 5 year term and 5.5% for a ten year term. These rates are for fully qualified purchasers and rates will vary for those that have no down payment and for rental properties (to be discussed at meeting);

To be clear, each situation is unique and therefore, pricing of the mortgage will vary from situation to situation.

5) How much money do I need to make in order to purchase a

A) rental condo

A- again, it depends on the income that will be generated by unit and the operating expenses. Also, it depends on the level of financing required. Approval on a case by case basis.

B) Owner occupied unit

A- generally speaking, 32% of your gross income is the maximum level and 40% of gross income must include minimum payment for all outside debts, mortgage payment, 1/2 of monthly condo fees plus monthly portion of property taxes. However, for self employed individuals that cannot prove true level of income via their Notice of Assessment from Revenue Canada, there are what is called : " Stated Income" mortgage products available. In today's world of financing, so long as you have an excellent credit rating, you probably can qualify for almost anything as a wide array of mortgage products are available. As a mortgage broker I deal with 28 lenders and therefore have access to many excellent sources f funds.

6) When can the Bank tell me what the interest rate will be guaranteed for my new mortgage when the condo is not going to be completed until 2005?

A- Depending on the lender, between 60 and 120 days prior to the final closing date.

7) Are there any charges to obtain a mortgage approval on my rental or owner occupied condo?

A- If the mortgage amount is 75% or less of the purchase price (referred to as a "conventional mortgage"), there is an appraisal fee of \$240 (as of today's date) that is a mandatory requirement of the bank and paid by the purchaser.

If the mortgage amount is over 75%, the mortgage is insured by CMHC (Canada Mortgage and Housing) or GE Capital (a private insurer). The insurance premium (which is bases on the level of financing required) is added to the mortgage (therefore at no physical cost to you). Your costs will be \$165.00 application fee to the insurer and 8% Ontario sales tax based on the insurance premium. These two amounts are deducted from the mortgage advance but it comes out of your pocket at closing. There are no bank or mortgage broker fees other than outlined above. Your lawyer will charge you a fee for the purchase of the condo that will include mortgage preparation costs and he will collect what is called "Land Transfer Tax" which is approx., 1% of the purchase price from you. This latter item is an Ontario Gov't fee.

8) If I have a mortgage and I sell my condo, are there any charges to pay off the mortgage? This is not a clear cut answer as there are many options here.

a) This mortgage can be transferred and the mortgage amount increased, if required, without penalty to a new property you may move to in the future, anywhere in Canada so long as both yourself and the property qualify;

b) A purchaser of your unit may "assume" your mortgage also eliminating a penalty (this may be attractive if interest rates remain low and they too can request an increase the size of the mortgage to fit there needs so long as they are qualified.

c) Lets say that you come into some money and want to be mortgage free. There will a penalty to pay the mortgage off in full. Firstly though, to minimize the penalty, you would give the bank your allowable prepayment privilege payment (ranges from 10-20% per year depending on the lender) and the penalty to pay off the remaining balance would be the greater of 3 months interest or interest rate differential (we can discuss later).

9) How does a rental condo affect my income taxes? What do I have to include as income and what can I deduct as expenses?

A- There is a worksheet specifically used when filing your income tax return in regards to rental properties. There you list rent and expenses for the mortgage interest portion only (not principal portion - your mortgage lender sends to you at the end of each year a mortgage statement breaking down all of your payments as to the amounts applied to principal and interest). As well, expense will include property taxes, utilities (where applicable), maintenance, management, tax preparation, bank charges to name but a few. Therefore, chances are that you will have a deduction against your return or a surplus of income/expenses depending on your individual situation. You may be subject to capital gains on your rental property when you sell.

10) What happens if I cannot get someone to rent my condo for a few months after closing and do I have to have the condo rented in advance to qualify for the mortgage?

A- So long as you have someone down the road, or the appraiser states their opinion as to the market rent that should be charged, you should be fine remembering of course, that you will be covering all expenses on your own.

Each and every situation is unique. Should your personal circumstances change from initial approval, your may have to be re-qualified (i.e a new credit report will be done prior to the interest rate being fixed to ensure your credit worthiness is intact) and if you income changes downwards, you may no longer qualify).