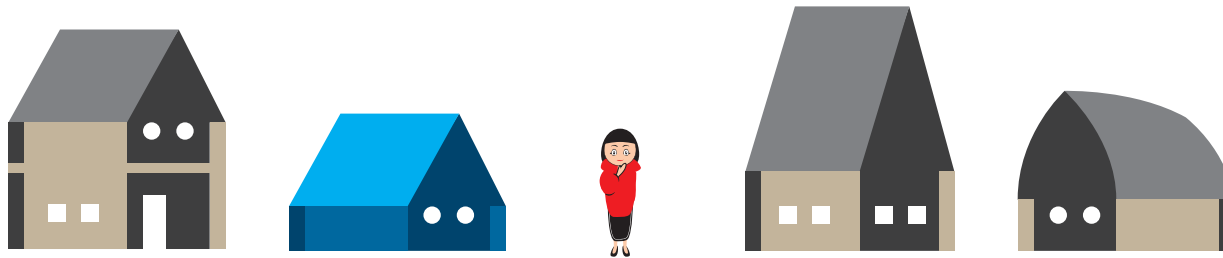




HOW to BUY a HOUSE in NUNAVUT

The Ultimate Guide for Future Nunavummiut Homeowners



WRITTEN and ILLUSTRATED by **THOR SIMONSEN**





This book is dedicated to Irene and all other Nunavummiut wanting to own their own house. I hope this book will help you get there!

Thank you to Atiilu Real Estate and Property Management and Lester Landau for their generous support of this publication!



LESTER LANDAU
Chartered Professional Accountants

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How to Buy a House in Nunavut:
The Ultimate Guide for Future Nunavummiut Homeowners

Written and Illustrated by Thor Simonsen © 2017 Thor Simonsen
For more information go to www.thorsimonsen.com

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DISCLAIMER 

Please note that this book is a personal description of my understanding of the process of successful home-ownership in Nunavut. I am not an accountant, banker, lawyer, or a real estate agent. For ensured financial management and real estate services, please consult with such professionals.

Also note that all numbers and percentages used in the book's examples may be inaccurate and over-simplified as they are meant for demonstration purposes only!





Foreword

I was delighted to be asked to write a short forward to Thor Simonsen's excellent guide to home ownership.

As someone who has owned homes in Mississauga, Saskatoon, Ottawa and Iqaluit, I can personally endorse the recommendations and conclusions in this guide.

Although the rewards can be great, owning a home in Nunavut can seem daunting at first. Thor does a great job of describing common obstacles and shows the reader how each one can be overcome.

Although every person's circumstances are unique, this guide is a great tool to understand the basics of home ownership and financial management.

The reader can build on the knowledge within this book, and share ideas and dreams with folks who have already been down this road – especially family, close friends, and other community members.

The more Nunavummiut own their own homes, the more our economy will grow as a whole, and the more we we'll all prosper. Home ownership is an important stepping stone for the future well-being of our territory.

Terry Forth,
February 2017

Terry Forth is a national board member of Habitat for Humanity Canada, as well as the Executive Director, Nunavut Economic Forum.



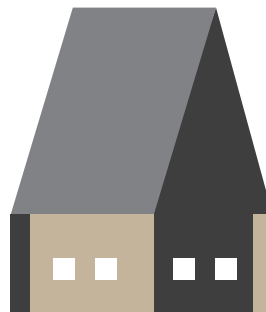




Table of Contents

Introduction

Chapter 1:

Getting Started

Why Buy a House?

Before You Buy

Understanding the Process

Chapter 2:

Understanding the Banking System

How Banks Make Money

How Banks Don't Lose Money

Chapter 3:

Understanding the Credit System

Credit Rating

How to Keep a Good Credit Rating

Think Long-Term

Chapter 4:

Finding the Right House

Type of House

Price

Inspection

Chapter 5:

Saving Up Money

Down Payment

Easy Ways to Save

Chapter 6:

Closing the Deal

Pre-Approval

Offer to Purchase

Hire a Lawyer

Get Insurance

Due Diligence

Moving In

Chapter 7:

Maintaining Your House

Building Maintenance

Hiring Professionals

Roofing

Heating & Plumbing

Electricity

Permafrost

Financial Maintenance

Taxes

Equity & Wealth

Conclusion

Managing Risk

Taking the Leap

Appendix

Contacts

Books

About the Author





HOW to BUY a HOUSE in NUNAVUT





Introduction

Buying a house is a great financial investment for Nunavummiut. With rising political influence, resource development, tourism, and trade, Canada's Arctic is a great place to invest – especially for locals.

Home ownership rates in Nunavut are extremely low compared to those in other parts of Canada. But with a minimum wage of \$13 dollars an hour – the highest in Canada – there's no monetary reason why Nunavummiut shouldn't own their own houses.

You don't need to have a fancy education or a lot of money; in fact, sometimes these things make people too cautious to buy a house, and they refuse to accept the "risks" involved (more on this later in the book).

Owning a house is very doable, but it does require a stable lifestyle, ambition, self-discipline, and time.

In this book, I hope to show you the steps necessary to quickly – and securely – buy a house in Nunavut, whether you're on minimum wage or a government salary.

Atii – let's get started!







Chapter 1: Getting Started

Why Buy a House?

There are many reasons to buy a house.

Some reasons may include:

- You and your family need a place to live
- You're tired of "throwing money away" on rent
- You want a nest-egg for retirement
- You want to invest your money wisely
- The list goes on...

Personally, I believe that real estate is the best investment possible. It will always have value, because people will always need shelter.

With a young population and booming economy, real estate in Nunavut will rise in value for a long time to come. And even if it doesn't, owning a house will always have value if someone is living there.

Owning a house is the fastest and easiest way for employed Nunavummiut to become financially independent.



Before You Buy

Before we go any further, please know that if you don't feel comfortable buying a house right now, there are other ways for you to learn the skills necessary to buy and maintain a house.

Consider Rent-to-Own

One popular method is called rent-to-own. In this scenario, you make an agreement with the person you're renting from now. Basically, you agree to pay your rent each month, plus an extra amount that will be saved up for a down payment to buy the house. After some time, you will have the option to buy the house.

Educate Yourself

This book has is meant to create an overview of what it's like to buy a house in Nunavut. But it doesn't have all the information, and you might need to read more books, talk to real estate

experts, or take a course. That being said, don't get discouraged. The bulk of information you need is in this book!

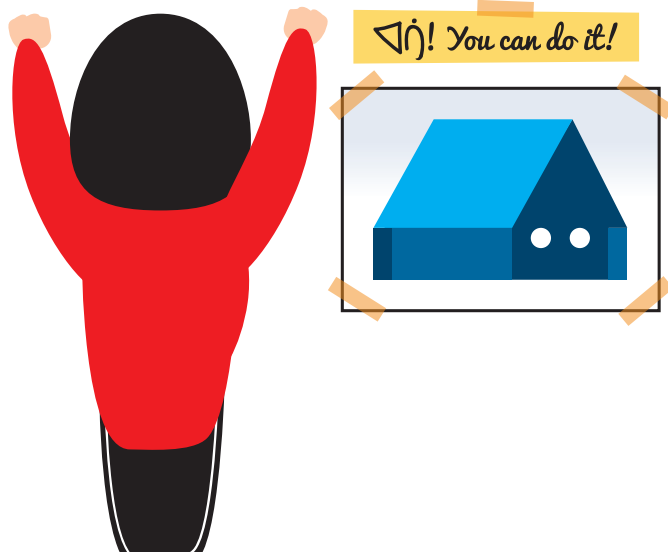
Understanding the Process

The wonderful truth is that buying a house is easy, but only if you know how. This book will show you how!

Once you understand how real estate works, you'll have the skills you need to buy a house. You'll also be in a better position to handle your money going forward – even if you don't end up buying a house.

Since it also requires time, money-knowledge, planning, and self-discipline, buying a house becomes much easier if you have a stable and secure lifestyle.





Mary understands the importance of visualization.

TRY THIS!

If you're sure that you want to buy a house, the first thing you need to do is fully commit to the idea.

Write down the kind of house you would like to buy:

(Include the colour, size, location – everything you want!)

Next, go and tell your friends, family, co-workers, everyone on Facebook – everyone!

Science says that if you tell other people, will make your goals much more likely to come true!





MARY'S STORY

Mary wants to buy a house in Iqaluit within the next five years. She is 23 years old, works as a receptionist for the Government of Nunavut (GN), and has a two-year old son with her boyfriend, Lucas. She enjoys going camping with her family and friends.

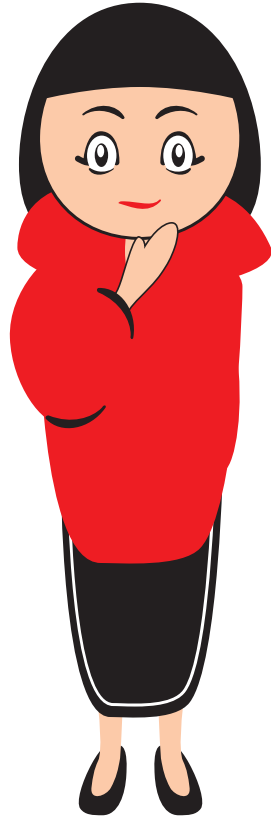
Mary has no money saved up, and she owes \$1,500 on her credit card. Her current rent is \$2,000 a month.

Mary is healthy and happy – she earns a good salary, pays her bills on time, doesn't smoke or drink, doesn't shop too much (except when she's in Ottawa) and doesn't eat out too often.

Mary always wanted to own a house. She thought about renting-to-own, but has decided that buying a house for her family is the best solution.

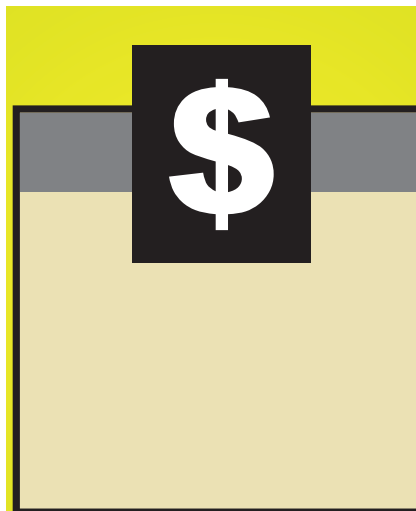
Apart from wanting to live in her own home, Mary also wants to begin saving up for her retirement. She knows that owning a house would make her more financially secure.

To get started on her dream of owning a house, Mary prints out a picture of a house she likes and hangs it up on her cubicle wall at work.



Mary is evaluating her situation.







Chapter 2: Understanding the Banking System

How Banks Make Money

Mortgages, Principal, and Interest

To buy a house, you'll probably need to get a mortgage, which is a loan from a bank that helps you pay for a house.

Instead of paying \$500,000 for a house by yourself, you pay 10% (\$50,000), and the bank lends you the rest (\$450,000).

You then pay the bank back the money you borrowed with monthly payments over the next 25-30 years.

The money you borrow from the bank is called the Principal. Each month (or every two weeks) you pay back part of the Principal to the bank.

Each time you make a payment, you also pay back a little bit extra – usually somewhere around 5%. This fee is called the Interest, and the percentage is called the Interest Rate.

This is how you pay the bank back for lending you money.

Before the principal is repaid, the amount of interest you'll have paid adds up to a lot of money. This is how the banks make money, and it's the reason they want to give you a mortgage



MARY'S STORY

Mary wants to buy a house for \$500,000. The bank gives her an interest rate of 5% over a 25-year mortgage.

This means that, every month, Mary will have to pay the bank \$1,500. For the first year, \$500 of that will be interest, and the remaining \$1,000 will go towards paying off the principal.

Over the 25-year mortgage, Mary will end up paying around \$700,000 in total – principal and interest combined. This means that the cost of the mortgage is actually \$200,000. That's a lot of money, but Mary knows that borrowing money is expensive, and in the end, it's still a good deal.

Mary could probably save money by making biweekly payments. However, for the sake of simple math, Mary plans to be paying once a month.

If Mary wants to sell the house someday, she can probably sell it for \$700,000 (depending on Iqaluit's housing market at that time) and break even. This means that she probably won't make or lose money.

However, if she hadn't bought the house and had continued to pay \$2,000/month in rent, she would have "wasted" \$600,000 on rent with no return at all!

If the price of houses goes up over the next 20-30 years and Mary decides to sell her house, then she can probably sell it for a lot more than she paid for it.

Please remember that these numbers and percentages are extremely over-simplified. For accurate numbers, go and speak with a banking professional.



Asking price of Mary's dream house

\$500,000

Mary's down payment (\$50,000)



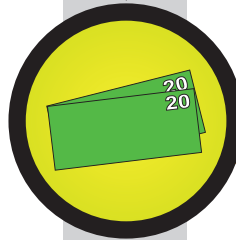
Mortgage from the bank (\$450,000)

The bank's interest rate

5%

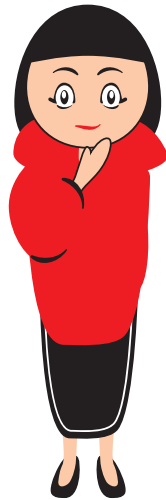
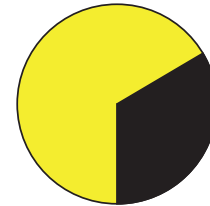
Mary's estimated monthly payments

\$1,500/month



● Principal – \$1,000

● Interest – \$500



Mary is crunching the numbers.



How Banks Don't Lose Money

Banks are in the business of lending money. They *want* to give you a mortgage because that is how they make money.

However, they will only give you a mortgage if they trust that you will pay back their money in full and on time.

The way they figure out if they can trust you is by looking at:

1. Income (what you do for a living and how much money you make)
2. Debt (how much money you owe)
3. Assets (things you own)
4. Credit Rating (how good you are at repaying money)

1. Income

The bank wants to know what you do for a living and how long you've been working in your field. They do this to determine if you are likely to continue making money in the future – specifically, they want to determine if you will make enough money to be able to pay your mortgage.

They'll check this by asking to see your tax statements, a few recent pay stubs from your job, or a letter from your boss.

Ideally, they want you to make as much money as possible, so the risk of you not paying your bill on time is small.

Each month, they want your mortgage bill to be less than 40% of your total paycheck. This percentage is called your Debt-to-Income ratio.





2. Debt

Do you have credit card bills, student or car loans, or any other kind of debt? Banks want to make sure you can pay them back, and they know that this can be very difficult if you have a lot of other people (or companies) that you have to pay back first. Having too much debt is bad if you're trying to get a mortgage.

3. Assets

The banks like it if you own expensive things like houses, businesses, stocks, and vehicles. These are called Assets.

The bank especially likes it if your assets produce money on their own; for example, if you earn rent from another property you own, dividends from stocks, or payouts from business investments.

The banks want to know that you have the option sell these things if you aren't able to pay your bills on time. They'll often ask you to sign a legal document that says you promise to do so if that becomes necessary. This is called Collateral.

4. Credit Rating

Even if you make a lot of money, the bank wants to make sure that you actually pay your bills on time. They do this by examining your Credit Rating, which I will explain in the next chapter.



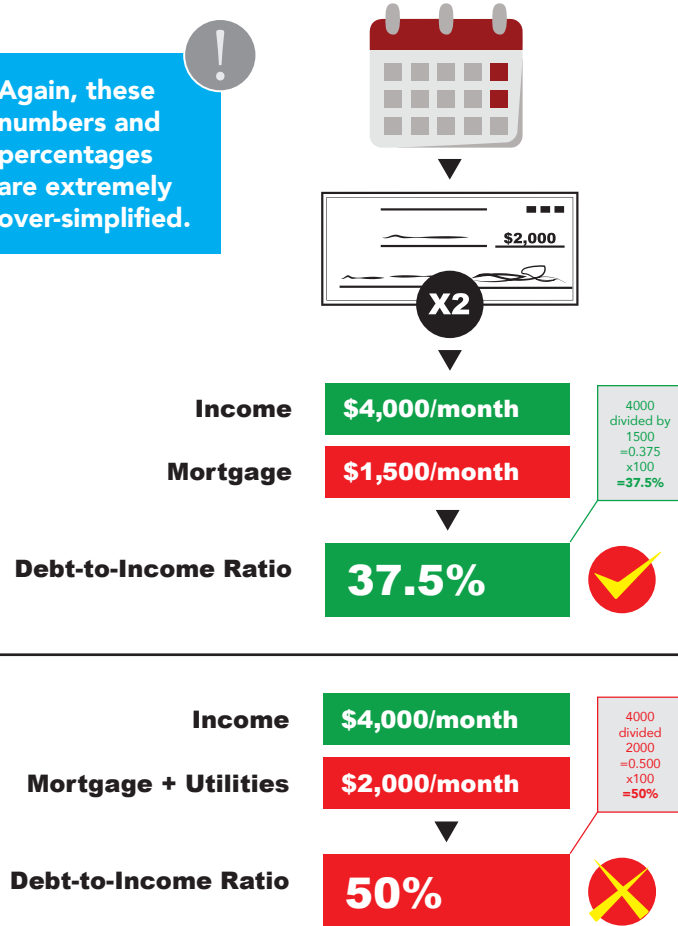
MARY'S STORY

The bank uses a variety of ways to determine if they will give Mary a mortgage, one of which is her debt-to-income ratio.

Every two weeks, Mary gets a paycheck for \$2,000. This means that she makes around \$4,000 per month. If her mortgage payment is \$1,500 per month, that means that she has a debt-to-income ratio of 37.5%. This would likely be acceptable to the bank.

However, since Mary also has to pay \$500 a month for utilities (heating, water, electricity, etc.), her monthly payment is \$2,000 in total. This brings your debt-to-income ratio to 50%. This is unacceptable for the bank.

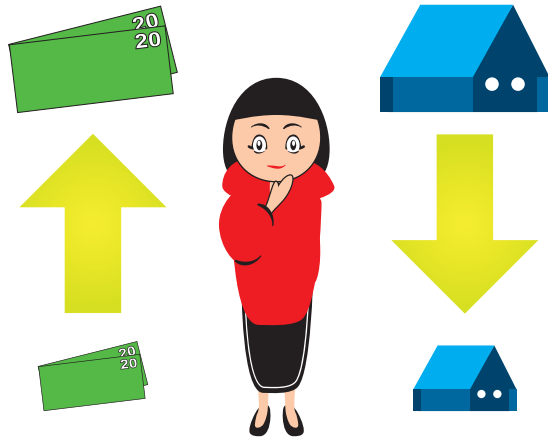
Again, these numbers and percentages are extremely over-simplified.





Knowing this, Mary has two ways to decrease her debt-to-income ratio:

1. Make more money by getting a higher-paying job, or
2. Lower her bills by buying a less expensive house.



Mary and her boyfriend own a boat and an ATV. Combined, the two vehicles are worth about \$30,000. This is good because the banks can use these assets as collateral.





TRY THIS!

To determine out your own debt-to-income ratio, first, figure out...

Next, write down...

Now divide **A** by **B**...

Now times **C** by 100...

A your total monthly expenses (groceries, bills, mortgage payment, etc.)

A = _____

B your total monthly income (sales, wages, salary, etc.)

B = _____

A _____ / (divided by) **B** _____ = **C** _____

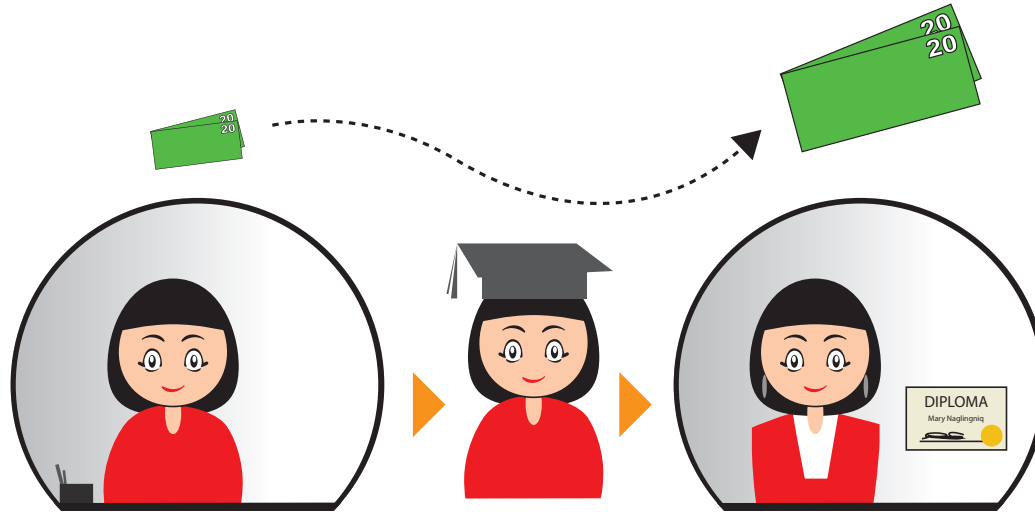
C _____ x (times) 100 = **D** _____

D is your **Debt-to-Income Ratio**.



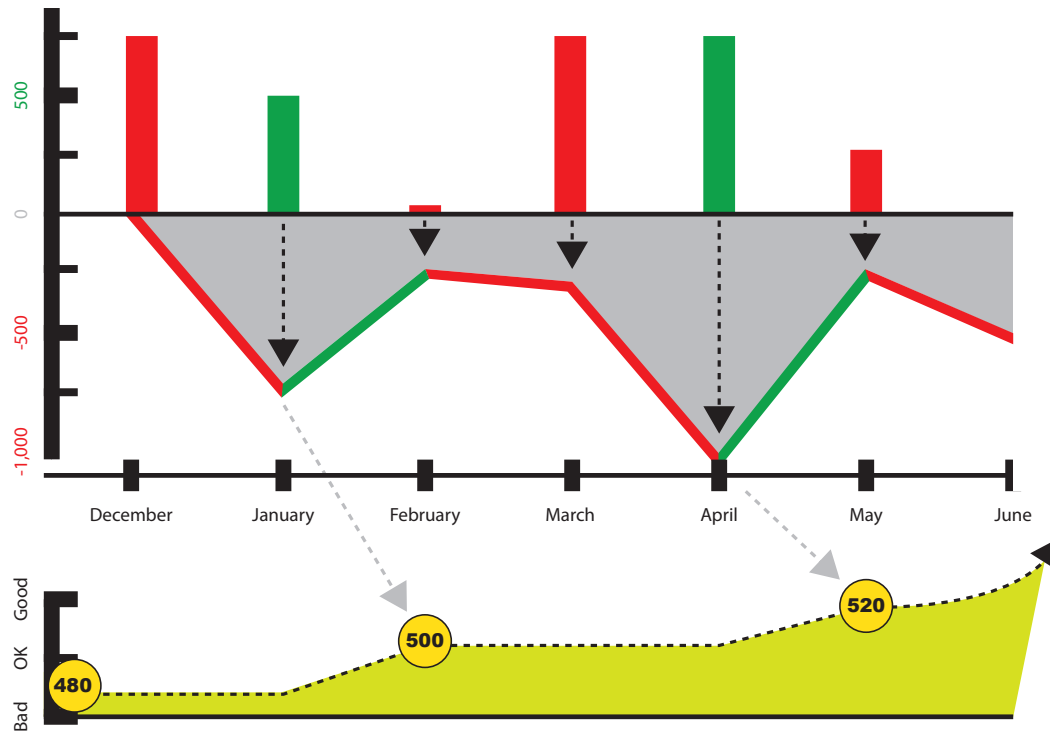
MARY'S STORY

Mary has worked as a receptionist the GN for the past two years. She has opportunities to take professional training at work and improve her skills. By doing this, Mary will be able to apply for a higher-paying job as an office administrator next year. The bank sees this and trusts that Mary will be able to pay her mortgage bills in the future.



Mary is working her way up the corporate ladder.







Chapter 3: Understanding the Credit System

Credit Rating

There's only one thing that banks care about more than making money, and that is not losing money. For this reason, they're extremely careful about who they lend money to. They have different ways of figuring out who is likely to pay them back and who isn't.

They look at how good you are at paying money back, and based on this, they give you a score – this is called your Credit Rating.

If you fail to repay your loans, they label you with a bad credit rating. And since all the banks and financial institutions talk to each other, a bad credit rating makes it a lot harder to borrow money anywhere in the world.

If you've messed up your credit rating, it will be much harder to buy a house. But, as we'll see, it doesn't make it impossible.



MARY'S STORY

Two years ago, Mary had a credit card. In the first year, she spent way too much money on food, clothing, and going out with her friends. She frequently forgot to make payments and the bank sent her many letters in the mail. Mary didn't know what to do and decided to ignore them.

Eventually, her credit card was maxed out. She owed the credit card company \$2,000. She got another letter from the credit card company, but since she didn't have the money to pay them, she brought the letter to her bank. The bank allowed her to borrow \$2,000, as long as she paid back a few hundred dollars every month.

Mary called the credit card company and closed her account. She threw the credit card away. Slowly, Mary brought the balance down to \$1,500. Fortunately, it wasn't too late, and Mary went from having bad credit to having good credit. By looking at her credit rating, banks now trust that Mary will pay back her loans on time.





How to Keep a Good Credit Rating

Building up good credit is simple, but it requires time and self-discipline.

The idea is straightforward: you borrow small amounts of money, and then pay it back. You then borrow bigger amounts of money, and pay that back. This consistency will show the banks that they can rely on you to pay their money back, which is their main concern.

The quickest way to build good credit is to get a credit card. But be warned: credit cards can be very dangerous! If you're late returning their money, they charge a fee of sometimes more than 25%. This means that if you borrow \$500 and don't make the minimum payments before the deadline, they can take more than \$100 in late charges each month.

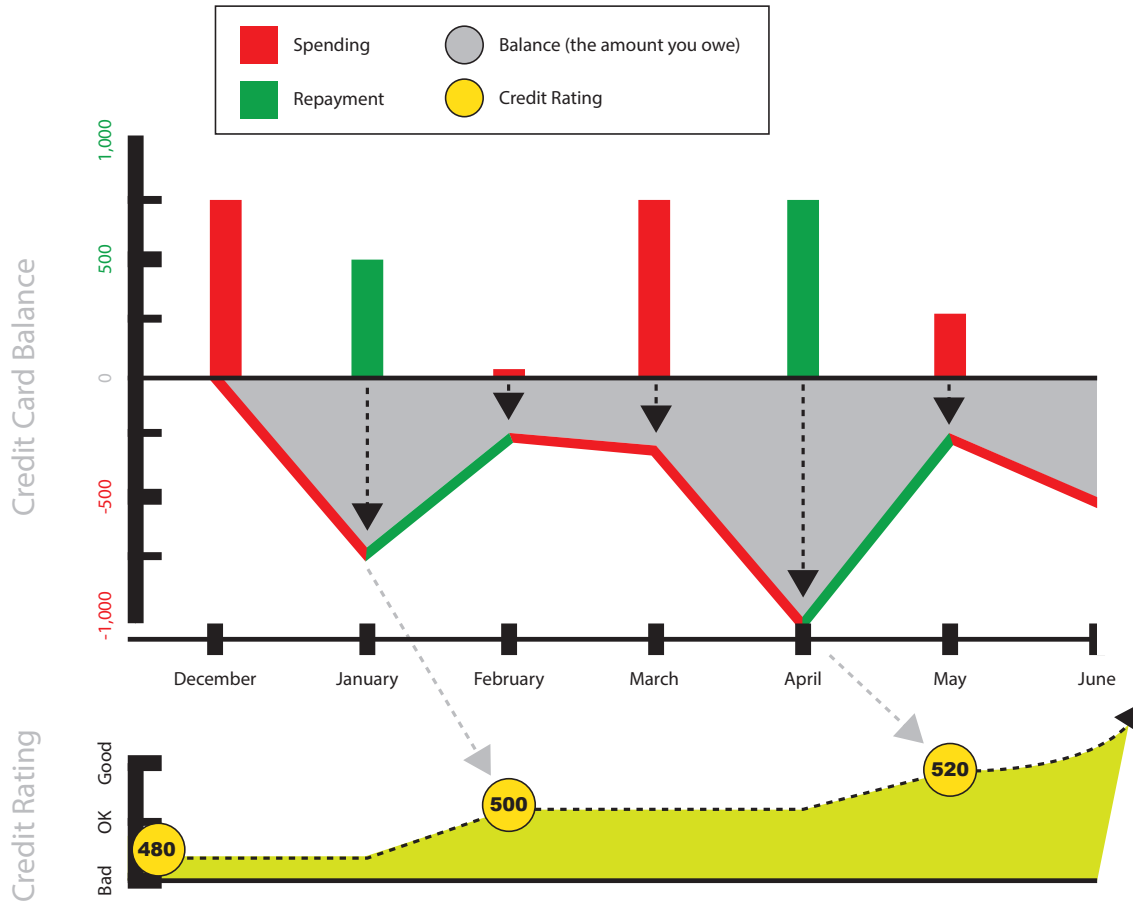
This can lead to a downward credit spiral, and leave you more and more in debt. Many people get trapped this way – some even have to declare bankruptcy!

The best way to defend yourself against getting more and more into debt is to be organized and disciplined in paying back your credit card.

Also remember that it's not essential to borrow large amounts of money – the bank just wants to see that you are reliable and consistent in paying back the money you owe them.

Remember, the banks want to be able to trust you enough to give you a mortgage – it's their business!





This complicated diagram shows how to build a good credit rating by using a credit card for your expenses.

Building good credit is complex and it can be a difficult idea to understand fully.

However, the basic method is very simple and straightforward.

All you need to do is borrow money and pay it back on time. Do this many times and your credit score will improve.

For more information on credit scores, check out www.borrowell.ca.





Think Long-Term

Once you've learned to manage paying off your credit card, let time do the work for you. The bank will begin to see how diligent you are, and they'll begin to lend you more and more money. Soon, they'll ask if you want to increase your credit limit.

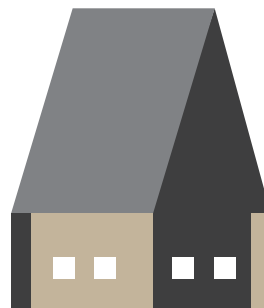
Building good credit takes time. If you've got bad credit, it can take as long as five to seven years to build your credit back up. But don't worry – time is on your side.

It's not going to happen overnight, so don't get trapped in the idea that you're going to win the lottery or that a big bingo prize will be enough. It doesn't work like that.

Besides, most people who win big prizes like that are back to the same bank balance they had before the win after a few years. Why? Because they don't have the financial skills they need to be able to keep their money.

It takes time to learn how to manage money and buy a house, so it's important that you think long-term.







Chapter 4: Finding the Right House

Type of House

While you're building up your credit and learning how to manage your finances, you can also begin looking for a house.

The kind of house you want depends a lot on your life situation:

- Do you live with your kids?
- Do you live your parents or grandparents?
- Do you want to rent out rooms?
- And so on...

No matter what kind of house you want, it is important that you find a house that has great value to you. For example, if you find a house that needs a new roof, it might cost less to buy. But if your partner is a carpenter, then you

could maybe fix the roof yourself and save money.

Or, let's say you have a busy lifestyle and don't have much time to deal with fixing things, paying bills, etc. Maybe you'd be better off with a condominium, where the only bill you pay (apart from the mortgage, of course) is the condo fee.

There are many different kinds of homes – houses, condos, duplexes, and more.

A great resource to use when looking for a house is a local real estate agent or someone who already owns one or more properties.



Price

Obviously, the lower the cost of your house the better. However, with the current high prices of houses in Nunavut (especially in Iqaluit) it might be hard to figure out how much a house is actually worth.

Look around your community and see what other houses are selling for.

Remember that the price you see is only the “Asking Price” – it’s what the seller wants. It’s totally okay to offer less. They are free to say no, and give you a counter-offer. Together, you can negotiate a fair price.

If you’re looking to make a profit off your house, it’s important that you buy a house for the lowest price possible. Trying to sell the house for more than you bought it for is called “speculation” and is a risky game.

Speculation is also damaging to the local economy, as it causes the housing prices to inflate, making it harder for people to buy.

My personal rule-of-thumb is: don’t be greedy, but shop around for a good deal.



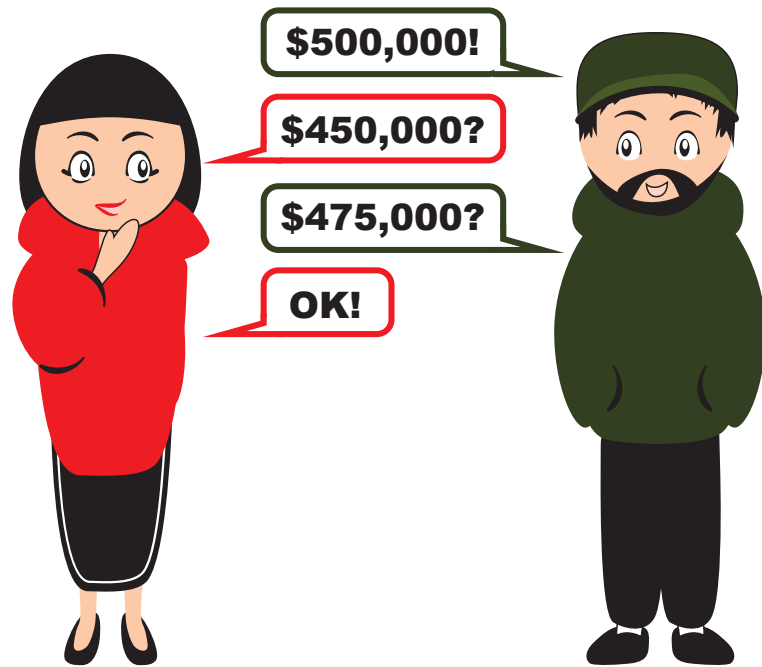


MARY'S STORY

Mary has found a house she likes in Happy Valley. The asking price is \$500,000 – the maximum price that Mary is able and willing to pay.

Instead of agreeing to the price right away, Mary asks the seller if the price is negotiable. The seller says yes – “but not by a lot.” Mary says she’s been studying the housing prices in the neighborhood, and is willing to make an offer of \$450,000.

The seller thinks this is too low, and makes a counteroffer of \$475,00. Mary agrees and they shake hands.



Mary negotiates a price with the seller.





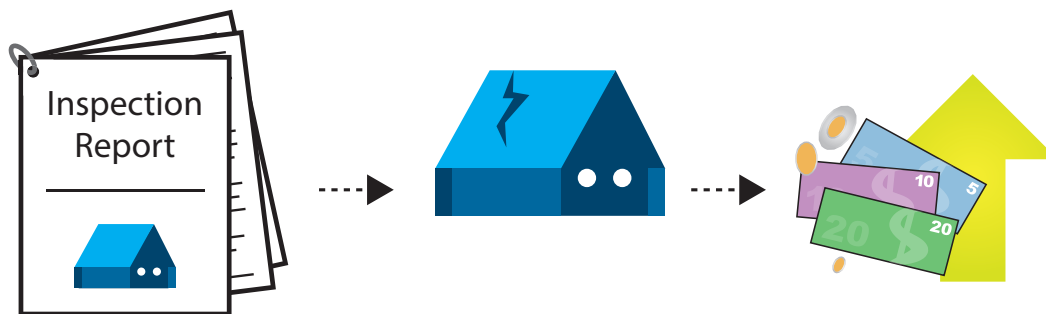
Inspection

It's important to have a proper inspection of your future home done by a professional. They will be able to see if there are any damages or potential repairs that could cost you money down the line.

An inspection typically costs around \$500-\$800. This is a big cost, but could save you

thousands of dollars in the future. Also, if the inspector finds problems with the house, you can negotiate a better price with the seller.

The inspection report is very important – you want to make sure that the house you're buying is in good repair.

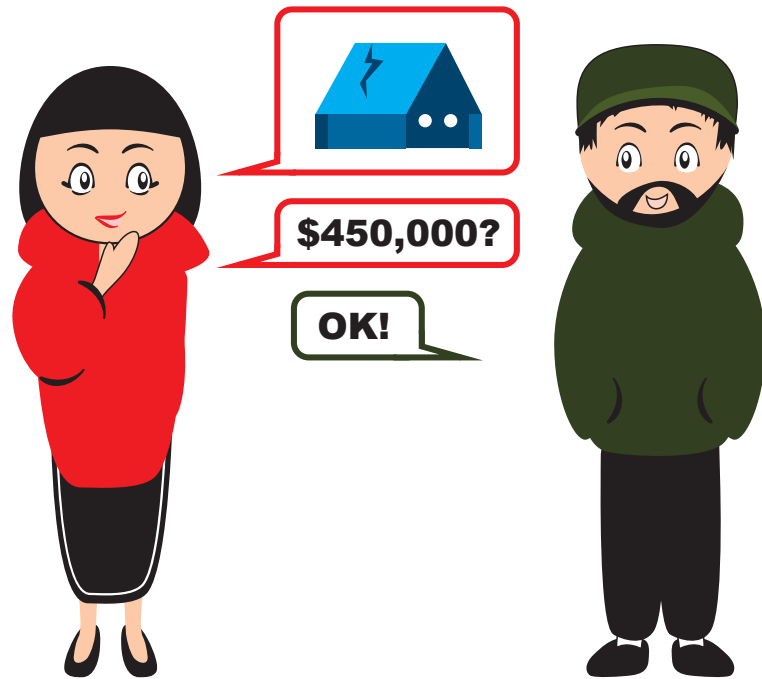




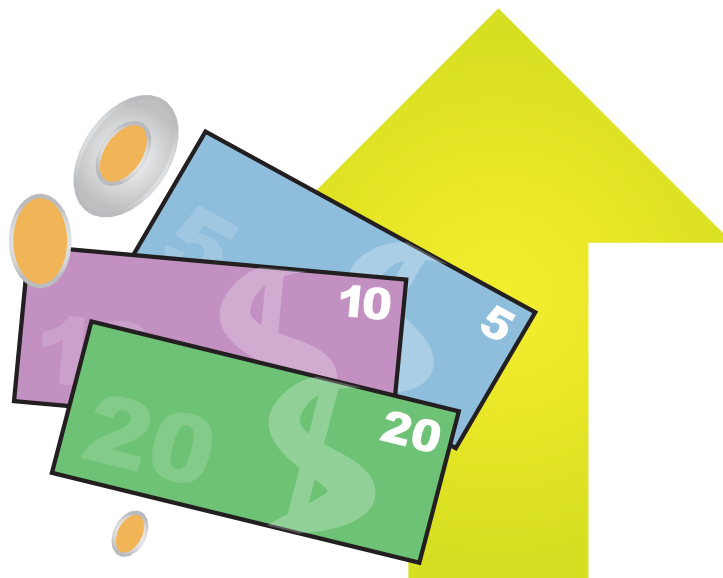
MARY'S STORY

The house that Mary has found seems great. To be on the safe side, though, she gets an inspector to take a look. The inspector finds that the roof needs repair.

Mary goes back to the seller and tells them what the inspector has found. She says the repairs might cost upwards of \$25,000, and that she'd like the price to be lowered to \$450,000. The seller doesn't have time to fix the roof before the sale, and agrees.



Mary re-negotiates the price of the house, based on the fact that the inspection report revealed a leaky roof.





Chapter 5: Saving Up Money

Down Payment

In order to buy the house, you'll need to have a down payment ready.

The minimum down payment in Canada is 5%, but Mary's bank wants her to put down 10% of the total cost of the house. In this example, Mary's house costs \$500,000, so her down payment would be \$50,000.

Apart from the down payment, Mary will also need to pay a lawyer to do the paperwork, administration fees, and for a few other things like licenses, titles, and so on. These fees usually amount to 5% of the down payment – an extra \$2,500.

All together, Mary's savings total goal is now \$52,500.

Easy Ways to Save

In order to save \$52,500 in five years, Mary needs to save \$10,500 every year. This means she needs to save \$875 every month, or \$403.8 every two-week paycheck.

I know that \$403.8 seems like a lot of money, but it's not a huge amount. In fact, there are methods of saving that makes it feel like you're making the same amount of money you were before.

The easiest way I know to save up for a down payment is by following these 4 simple steps:

1. Get you pay directly deposited into your bank account every payday
2. Ask the bank to set it up so that a part of



your pay (around 10%) goes directly into a savings account

3. Learn to live comfortably with the remainder of your money. (This last step might require a slight change in lifestyle. However, these changes can be very positive.)

Here are a few other ways I've used to reach savings goals:

- Creating (and following) a monthly budget
- Quitting expensive habits (unnecessary shopping, eating out, etc.)
- Quitting unhealthy habits (smoking cigarettes, drinking alcohol, etc.)

These changes alone can save you hundreds of dollars every week. There are also many other ways for you to save money. If you want to learn more about how to do it, I recommend a few extremely helpful books in the appendix.

Grants and Contributions

Down Payment Assistance

The Nunavut Housing Corporation (NHC) has a special program for first-time Nunavummiut home buyers called the Nunavut Down Payment Assistance program (NDAP).

The program assists in achieving homeownership through conventional financing means by providing financial assistance to ensure people have 10% percent of the total house costs to contribute as a down payment.

If you're eligible, the program gives you a forgivable "second mortgage" of 7.5% of the 10% you need for your down payment (for a maximum of \$30,000). This means that you only need to pay the remaining 2.5% of the down payment with your own money.





In order to get help from NDAP, you must meet very specific criteria. These include how much money you make, how many people will live in the house, the cost of the house, and so on.

NHC also has other grants that can help homeowners with things like repairs, oil tank replacements, and more.

Learn more about all the programs, and stay up-to-date on their policies, check out NHC's website at **www.nunavuthousing.ca**

Please note that all NHC programs are subject to change.

Government Housing Assistance

If you work for the Government of Nunavut (GN), you might be able to take advantage of their home ownership subsidy.

This program provides eligible employees who own homes a housing subsidy every month!

To learn more about these programs, check out the GN's website at **www.gov.nu.ca**







Chapter 6: Closing the Deal

Pre-Approval

Once you've established good credit, and the bank feels that you can repay your loans, you can ask them to pre-approve you for a mortgage.

You can shop around and get pre-approval from several different banks. This might be a good idea since banks are competing for your business. To keep costs down, you can look for the best rate and save money.

Once you're pre-approved, you're all set to buy a house!

Offer to Purchase

Once you've picked your house and agreed on a price, the next step is to sign an Offer to Purchase with the seller of the house. By signing this contract, both you and the seller officially agree on the price of the house, conditions of the sale, and the closing date.

Many people get their lawyer to prepare the contract – more information about lawyers on the next page.

The contract does not make the sale official, however, for the next few days after the contract is signed, only you have the right to buy the house from the seller. This gives you time to figure out the financing and get all your paperwork in order.



Hire a Lawyer

Hiring a lawyer is an important step if you're buying a house on your own.

Once you have a signed Offer to Purchase, make sure you get a lawyer to look at the contract. Even if you go through a real estate agent, it's always a good idea to have someone else look at any legal documents before signing.

Lawyers can be expensive (\$350 an hour is normal), but they can save you thousands of dollars if there are any problem in the contract that you didn't notice.

You hire a lawyer to make sure you're not making any legal mistakes. When dealing with houses, financial mistakes can be devastating. It's best to be safe.

Once the lawyer has reviewed your Offer to Purchase, he or she will be able to tell you what the next step is.

Buying a house involved a complicated process of holding money in various funds, transferring funds, signing contracts, and closing dates.

Get Insurance

Before you move in, it is important – and legally required – that you get some form of insurance on your home. There are many different types of insurance, each varying in cost and coverage.

Most banks offer home insurance, and there are also companies whose main business is insurance. You can shop around for the best rates.





Due Diligence

It may seem overwhelming to deal with all of these housing 'issues', but it is essential that you do your due diligence.

Don't rush it. Take your time, learn, ask questions, and make sure you understand as much as possible before moving ahead with any deal.

Moving In

Once all the paperwork has been signed, you will be given the keys to your place.

The bills for the heating, water, condo fees, and so on, will be transferred to your name and address.

You are free to move in on the date you and the seller have agreed on.

ALIANAIT!

You now officially own a house!







Chapter 7: Maintaining Your House

Building Maintenance

Once you own a house it is now 100% your responsibility. This can be scary, but don't worry, there are many things you can do to protect yourself!

Hiring Professionals

Over time, all houses will experience wear and tear – this is normal. To keep your house nice for yourself and future owners (if you ever decide to sell your house), it is important that you maintain it well.

Here is a list of the most common basic maintenance issues. If, like me, you don't have the skills or time to learn about house maintenance, it's important to hire someone who knows about house maintenance to do it

for you. Make sure that the person you hire is reliable and good at their job. Remember that since it is your house, *you* are responsible for it.

Roofing

If there is a hole in your roof, then the rain and snow will fall on you – not cool! If your roof is old, it may leak water into your home. This can, in time, lead to the wood rotting. This can lead to massive repairs being needed. The best way to protect your house is to hire a professional contractor to inspect your roof every few years.

Heating & Plumbing

Unlike many southern houses, oil, water, and sewage are usually stored in containers inside/outside houses in Nunavut. Because of this, it is extremely important to make sure these





containers are well-maintained. A problem with any of these can be extremely costly to repair.

A water spill can ruin the flooring or rooms below, oil spills can cost hundreds of thousands of dollars to clean, and sewage spills would smell bad and could create great health risks.

A plumber will be able to help maintain the oil, water, and sewage tanks.

Electricity

Electricity can be very confusing and dangerous. Electrocutions and fires often occur when people try to fix electrical systems by themselves. Again, I would leave this work to a professional electrician.

Permafrost

Permafrost is an ongoing issue that is very unique to Nunavut housing. The Government of Nunavut has created a guide on how to deal with this issue. It is available for free online at www.climatechangenunavut.ca

Financial Maintenance

After you've purchased your home, you will begin to receive bills.

These will include:

- Mortgage payments
- Municipal taxes
- Insurance
- Utilities
 - Heating
 - Electrical
 - Water
 - Snow removal



- Condo fees, if you live in a condo (these fees may include some of the utility bills)
- Etc.

If you don't pay these bills before the last due date (listed on the bill), you may be charged a late fee. If you continue to miss payments, it may hurt your credit rating – in worst case scenarios, legal action may be taken against you.

An easy way to stay on top of your bills is to plan for them. Mark your calendar for when you expect each bill to arrive, and then keep money set aside to pay the bill as soon as possible.

You can set up your bank account so that payments are made automatically. You can set this up at your bank or online.

Taxes

Owning a house can make filing your taxes a little bit more complicated, but not too much.

If you rent out rooms in your house, you have to declare the money as extra income. However, this also means that you can “write off” some of your housing expenses (ie. utilities) as business expenses.

Taxes can get very complicated very quickly. I would always recommend to hire an accountant to help you with your taxes.

Equity & Wealth

After a few months or years of paying all your bills on time – especially the mortgage payments to the bank – you will begin to “accrue equity” in your home. This means that you own more and more of the house.



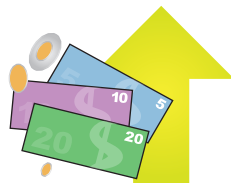


MARY'S STORY

Mary bought her house for \$450,000, and she has owned it for two years now. She has paid her bills on time every month, and her mortgage is now down to \$400,000.

In the same time period, the value of Mary's house has increased from \$500,000 to \$550,000. If Mary decided to sell the house today, she would be able to make a profit of \$150,000 – this is called her Equity.

Basically, Mary has “earned” \$150,000 in her two years of owning her home! That's not a bad investment!



In the future, Mary has dreams of buying another house – this time for her mom. She has begun saving up, and already has a down payment of \$5,000 saved up.

Because Mary has proved to the bank that she is financially responsible, the banks are much more likely to give her another mortgage.

Every time a mortgage bill is paid – either by herself, her mom, or whoever is living in one of Mary's houses – Mary's equity in that house goes up.

Within 10, 20, or 30 years – just in time for Mary's retirement – much of the mortgages will be paid off. If Mary decides to sell all her houses then, she might even be a millionaire!





Conclusion

Managing Risk

Buying a house in Nunavut is a wonderful thing.

Sure, it's a big step for many people, and the responsibility can be scary. But if you have the courage to buy a house, you, too, could reap the rewards that come with home ownership.

It's true that there are risks. However, if you've done your homework and you know what you're doing, there is really not much to be worried about.

Worst Case Scenario – Problems & Solutions

When I bought my house, I made a list of everything that could go wrong.

These problems included:

1. I could lose my job and not be able to pay my bills
2. The house could burn down
3. The water or oil tank could explode

After writing these down, I wrote down possible ways to avoid those things happening.

These solutions included:

1. Keep a reserve fund available, enough to pay my bills for a year
2. Get fire insurance and double check that my fire alarms are working
3. Get an inspection of of my water and oil tanks every year



TRY IT YOURSELF

Write down your 3 biggest “risks” to buying a house.

Next, write down possible solutions or ways to prevent these problems.

RISKS

1. _____
2. _____
3. _____

SOLUTIONS

1. _____
2. _____
3. _____





Taking the Leap

What are you waiting for?

There will always be a certain amount of risk in buying a house. Things may happen that are beyond your control, and no one can guarantee that you will succeed.

However, buying a house is a calculated risk. With sufficient planning, you can make sure that the risks are small and manageable.

With all the benefits that come with buying a house, I think the biggest risk you face is *not* buying a house!

If owning your own house is a dream of yours, then you owe it to yourself to try.

Too many people I know never gather the courage necessary to try home ownership. But you'll find that once you own a home, you can figure out the details along the way.

At the end of the day, buying a house comes down to having faith in yourself and your abilities.

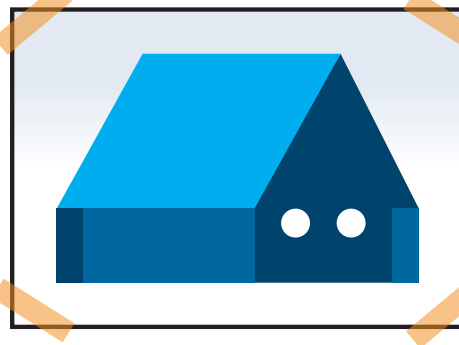
I believe 100% that you can do it, and I hope that you will try. And I hope you'll invite me over for tea when you do!

Always remember... (see next page)





ᐅᐅ! You can do it!





Appendix

Contacts (Iqaluit)

Real Estate Agents

Atiilu Real Estate & Property Management
Iglu Realty Inc.
Property Guys

www.atiilu.com
www.iglurealty.com
www.propertyguys.com

(867) 979-1343
(867) 222-0808
(867) 979-7059

Construction, Maintenance, Utilities

GC North Construction
NCC Development
Kudlik Construction
Narwhal Plumbing & Heating
South Baffin Holdings
C & K Services Ltd.
KRT Electrical
Qulliq Energy Corporation

www.gcnorth.com
www.nig.ca
www.kudlikconstruction.com
n/a
n/a
n/a
www.krtelectrical.ca
www.qec.nu.ca

(867) 979-1992
(867) 979-8900
(867) 979-1992
(867) 979-6350
(867) 979-6476
(867) 979-1992
(867) 979-2639
(866) 710-4200

Grants and Contributions

Nunavut Housing Corporation
Government of Nunavut

www.nunavuthousing.ca
www.gov.nu.ca

(867) 975-7200
(867) 975-5000

Accountants

Lester Landau, Chartered Accountants

www.lesterlandau.ca

(867) 979-6603

Lawyers

Robert Bailey Law Office
Anne Crawford, Nunavut Legal

www.iqaluitlaw.ca
www.nunavutlegal.com

(867) 975-3312
(867) 979-0678





Books

Title

Rich Dad Poor Dad
The Wealthy Barber (1 & 2)
The Richest Man in Babylon
Secrets of the Millionaire Mind
The Millionaire Next Door
The 4-Hour Workweek
Unshakeable

If you read all 8 of these books, there will be no way to stop you from buying a house – and probably becoming super financially wealthy in the process!

Author

Robert Kiyosaki
David Chilton
George Samuel Clason
T. Harv Eker
Thomas J. Stanley, William D. Danko
Tim Ferris
Tony Robbins

In any case, thank you for reading my book!
If you have any questions or need my help in any way, please send me an email at **thor@thorsimonsen.com**



About the Author

Thor Simonsen is a Danish-Canadian author, artist, designer, music producer, and media consultant.

Originally from the Faroe Islands, Simonsen spent his childhood and teenage years in Iqaluit, Nunavut, where he is currently based.

He holds a Bachelor of Arts from the Danish School of Media and Journalism in Copenhagen, Denmark.

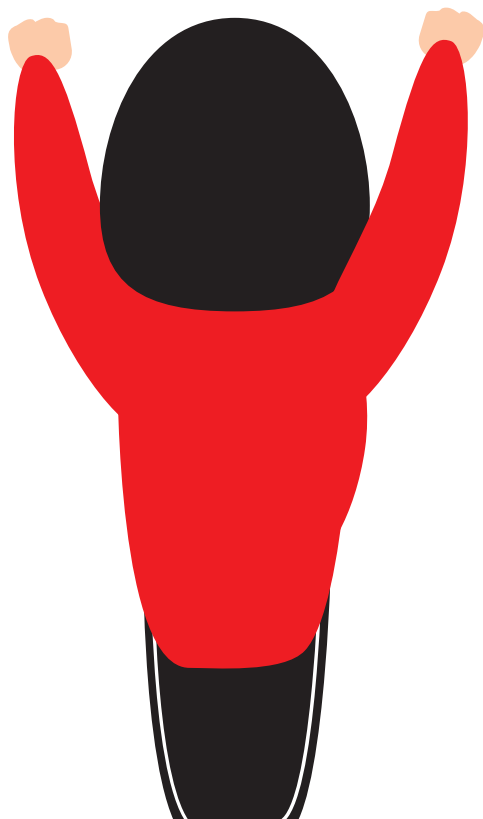
He has worked an array of occupations, including event organizer, personal trainer, ESL teacher, truck driver, performance coach, and entrepreneur.

Simonsen spends his time working hard, learning about life, reading books, and traveling the world.

Oh, and he owns a house.

For more information, please visit www.thorsimonsen.com





ᐅᑎ! You can do it!

