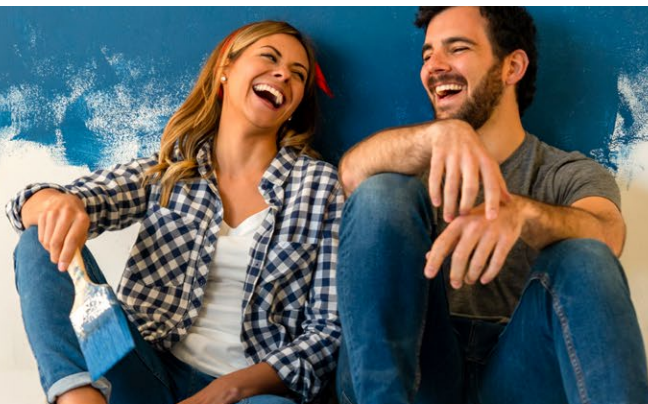


BMO Home Financing Insights: Home Renovations



For some homeowners, renovations are done to make their dream home a reality and for others, it's to maximize the value of their home before selling it in the future. To help you navigate your home renovations, below is insight into why homeowners renovate, tips on how you can get the most value out of your renovations and financing options to help you with your big plans.

Renovations can be done for multiple reasons, there are three main reasons why homeowners renovate¹:



Enhance aesthetic or recreational appeal (29%)



Safety and maintenance reasons (29%)



Increase value of home for future sale (16%)

Certain renovations consistently generate a high return on investment, resulting in an immediate increase in the value of a home.

According to the Appraisal Institute of Canada, four types of renovations have generated 50–100% returns on the dollars spent²:

Type of renovation	Return
Kitchen	75–100%
Bathrooms	75–100%
Repainting	50–75%
Decor	50–75%

Here are some tips before you get started on your home renovations.



Assess whether it's the right time for you to do home renovations. With the cost of living on the rise, 77% of Canadians are making lifestyle changes such as delaying large purchases³ (34%). Certain increases in renovation costs may be temporary and in this case, it may be worthwhile to wait before starting your home renovations.

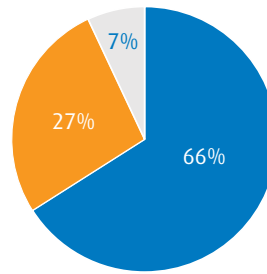


Define your budget and scope. Get quotes from contractors to help you determine realistic costs and timelines. To prepare for the unexpected, set aside approximately 15% of the total renovation cost.



Improve the efficiency of your home by going green. Certain renovations can make your home energy efficient, such as improved insulation or roof panels, high-efficiency water heaters, and solar panels. The Canada Greener Homes Initiative offers homeowners grants to make these energy efficient upgrades.

According to 2022 HomeStars – Reno Report⁴, here’s how homeowners are financing their projects.



- Have cash-on-hand to pay for the project
- Have to finance at least part of the project
- Have to finance the project in full

Whether you have a variable or fixed rate mortgage, with BMO, you can borrow additional funds to help finance your big plans⁵.



I want to renovate my home.

With refinancing, you can borrow additional funds to help finance your big plans. A blend refinance option allows homeowners in a competitively lower fixed rate mortgage to borrow additional funds at current mortgage rates without breaking their existing mortgage term or incurring prepayment charges⁶.

For illustrative purposes, below is an example of a blend refinance option for a 5-year BMO fixed rate mortgage.

Existing mortgage balance

\$150,000



Additional funds

\$50,000



NEW mortgage balance

\$200,000

2%

Existing interest rate

Remaining term: 4 years

5%

Interest rate

Term: 4 years

2.75%

Blended interest rate⁷

Term: 4 years



Did you know with a Home Equity Line of Credit, you can withdraw funds based on your needs.

The Home Equity Line of Credit is a secured line of credit that allows you to borrow up to 65% of your home’s equity⁸. Your home’s equity is the difference between its market value and how much you still owe on your home. For homeowners not looking to refinance their existing mortgage, this secured line of credit provides you with the flexibility to borrow additional funds for when you need it and you are only charged interest on the amount you borrow.

Continued



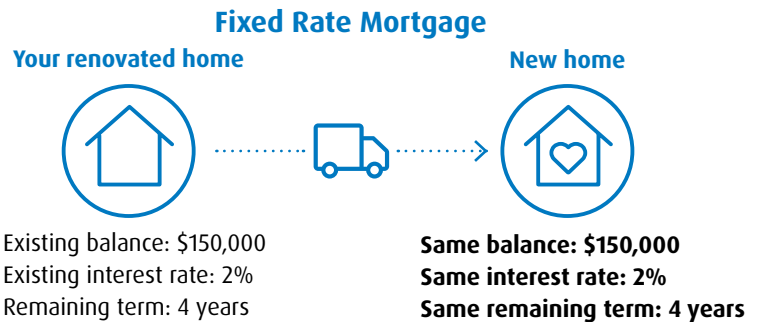
After my renovations, I am looking to move and sell my existing property.

A **portable mortgage** option lets homeowners in a fixed rate mortgage transfer their existing loan balance, interest rate and remaining term to a new property.

With BMO's simple portable mortgage option⁹, homeowners can:

- Maintain their existing rate and remaining term.
- Avoid incurring prepayment charges⁶.

For illustrative purposes, below is an example of BMO's simple portable mortgage option.



Let's connect

We understand that your financial needs can change over time. To learn how you can make your big plans a reality, speak with one of our experts:

 Call us at **1-877-225-5266**

 [Book a branch appointment](#)



¹ Source: Newswire 2021

² Source: Canadian Mortgages Inc. - Home Improvements and Your Best Return on Investment

³ Source: BMO Real Financial Progress Index

⁴ Source: 2022 HomeStars - Reno Report

⁵ Terms and conditions apply. Subject to meeting BMO's standard lending criteria. Appraisal and other fees may apply.

⁶ Subject to meeting BMO's standard lending criteria. Appraisal and other fees may apply.

⁷ This example is for illustrative purposes only. The Blended Interest Rate of 2.75% on the New Mortgage Balance (\$200,000) is based on the following assumptions: the Contracted Interest Rate of 2.00% on the Existing Mortgage Balance (\$150,000) is blended.

⁸ Applications and the amount you can borrow are subject to meeting BMO's usual credit criteria. The combined line of credit limit under any prior mortgage and a Homeowner line of credit cannot exceed 65% of the value of your property.

⁹ Allows homeowners to transfer the existing terms of their fixed rate closed mortgage or Homeowner ReadLine® fixed rate closed installment to a new mortgage of the same type.