

# The U.S. Real Estate Market & Home Insurance:

## What You Need to Know



### **Jason Christiansen**

General Manager Home Insurance  
Operations, Credible

### **Gabriel Brown**

Vice President of Corporate Services,  
Berkshire Hathaway Home Services

### **Brian Woods**

Licensed Real Estate Broker, Team  
Global Realty Partners

### **Aaron Seymour**

Senior Cross-Border Mortgage Advisor,  
RBC Bank



# Today's Facilitator



## **ALAIN FORGET**

*Head of Business Development*

Alain has been working for RBC for over 40 years, holding various business and sales leadership roles in Canada, the Caribbean and the U.S. He is passionate about helping Canadians purchase U.S. homes and works closely with consumers, real estate professionals and other strategic partners to provide education and opportunity to Canadian buyers in the U.S. Alain acts as spokesperson for the media and at real estate conferences as a subject matter expert. He is also a licensed real estate agent in Florida and holds a degree in Finance & Management.

# Register Questions

- Please use the *Chat* bar to submit your questions in writing during the live presentation
- To register a question over the phone at the end of our presentation:
  - Enter 1 followed by 4 on your phone
  - If your question has already been asked, you can unregister your question by dialing 1 followed by 3

*Note, this webinar is being recorded, and the presentation will be made available on our virtual advice event landing page.*



# Presenter



## **JASON CHRISTIANSEN**

*General Manager of Insurance Operations, Credible*

Jason Christiansen is the General Manager of Insurance Operations at Credible, a marketplace that allows you to compare financial products from multiple providers side-by-side.

**credible**



STRICTLY PRIVATE & CONFIDENTIAL

# Buying Home Insurance in the U.S.

[credible.com/rbc](https://credible.com/rbc)

**credible**



# Speaker Bio



**Jason Christiansen**  
GM Home Insurance Operations



## Simple Application

credibile

### Get Started

First Name

Last Name

Property address

Can't find the address? Enter it manually

Unit (Optional)

Zipcode

Email Address

Which type of policy are you looking for today?

## Accurate Quotes

credibile

**Mercury**  
\$88.50 /mo.  
BUY THIS PACKAGE  
Pay via Escrow/Mortgage, EFT, or Credit Card

### Detailed Policy Comparison

Coverage	Coverage Limit	Price /mo
Building/Dwelling	\$225,000	\$88.50
Other Structures	\$22,500	
Personal Property	\$112,500	
Loss of Use	\$67,500	
Liability	\$300,000	
Medical Payments	\$5,000	
<b>Add-ons</b>		
Personal Property Replacement Cost		Included
Water Backup Coverage	No coverage	
Dwelling - Extended Coverage	\$56,250	
Wind/Hail Damage		Included
Building/Dwelling Replacement Cost		Included
Mold Coverage	No	

## Online Checkout

credibile

Payment Method

Pay with my Mortgage (Escrow)

Credit Card

Loan Number

Mortgage Info (your mortgage company)

Select Bank/Lender Name

Optional questions

Loan Officer Contact

Contact Phone Number

Contact Email

Payment Plan (12 months)

Paid in Full

Escrow Billed: \$805.00

Effective Monthly Cost:


# Buying Home Insurance is a Pain in the U.S.



## YOUR OPTIONS



Direct search on **online lead generation** websites



**Single carrier** with whom you have existing relationship or has been recommended

## WHAT YOU GET



Phone Call & Email spam



Inaccurate Rates



Data sold to highest bidder



Low eligibility rate



Unlikely to get lowest rate



Offline experience



**No digital shopping options**



**No confidence in the rate offered**

# Challenges for Canadians

## No U.S Credit History

Most insurance carriers use credit as a primary rating factor

Carriers will return a “no hit” and assign a default score

Each carrier is different, and likely will require a phone call to underwriting to review your applications



## No U.S. Address

Credible Insurance online application accepts non-U.S. primary addresses

Most online forms will not allow you to input non-U.S. addresses for the primary address

**TIP:** put in the address of the property you are looking for insurance on, and then give the carrier a call

**Credible Insurance Makes it Easy for Canadians to Shop, Compare and Buy Home Insurance**



# Insurance is Not One Size Fits All

## 9 major factors that determine the cost of home insurance

- ✓ Roof shape and recent roof updates
- ✓ The home's age
- ✓ Your location
- ✓ The construction material
- ✓ Your credit score
- ✓ Frequency of claims
- ✓ The deductible
- ✓ Home security system
- ✓ Preventive maintenance



# How to Compare Home Insurance

## Coverage Limits

- Make sure the limits are high enough to cover the rebuild cost of the property
- This can sometimes differ significantly from the market value of the property

## Special Deductibles

- Double check the wind/hail and hurricane deductibles
- In coastal states, these often default to 2% of Coverage A
- Can be a significant price driver

## Roof Replacement

- Older roofs are often covered at “Actual Cash Value” rather than “Replacement Cost”
- If your roof gets damaged and you need a full replacement, the carrier may only cover pennies on the dollar

## Flood Insurance (earthquake)

- Flood is **NOT** covered in home insurance policies
- You will need to buy a separate flood policy if you want the coverage
- Earthquake coverage is also generally excluded

# Florida & Hurricanes

**Current estimates for Hurricane Ian damages are at \$53B to \$74B**

## Florida Insurance Market – Special Coverages

- Water Damage Coverage (Excluded, Limited)
- Screened Enclosures for Pool (Excluded by Default)
- Boat Docks – Coverage B
- Ordinance or Law
- Sinkholes
- Loss Assessment (Condos)
- Hurricane deductibles often 2% of Coverage A (rebuild value)

# The Easiest Way to Buy Insurance in the U.S.

## Simple Application

credible

Get Started

First Name

Last Name

Property address

Can't find the address? [Enter it manually](#)

Unit (Optional)

Zipcode

Email Address

Which type of policy are you looking for today?

Home  Auto

## Accurate Quotes

credible

Mercury  
\$88.50 /mo.  
BUY THIS PACKAGE  
Pay via Escrow/Mortgage, EFT, or Credit Card

Detailed Policy Comparison

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\$805.00

Effective Monthly Cost:



## Save Time & Money

Compare homeowners' insurance from 40+ carriers. Save up to \$1,000 per year



## Close on Time

Send your homeowners insurance policy directly to your mortgagee



## Streamlined Process

No phone call needed – check-out directly online with your credit card or mortgagee clause



## Personal Service

White glove service through licensed agents are available seven days a week



## Customized Options

Tailored homeowners' insurance quotes to meet needs and budget

# Presenter



## **GABRIEL BROWN**

*Vice President of Corporate Services, Berkshire Hathaway HomeServices, Arizona, California & Nevada*

Gabe has been in the real estate and relocation industry since 2007. Ten of those years were with BGRS as a client services manager, supporting clients within many private and government sectors.

As the VP of Corporate Services, Certified Relocation Professional, Gabe's focus is to build partnerships with brokers, relocation companies and other sources of business to ensure Berkshire Hathaway HomeServices AZ, CA and NV is the only choice when they have a relocation need.

### **Contact Information:**

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**BERKSHIRE  
HATHAWAY**  
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ARIZONA PROPERTIES  
CALIFORNIA PROPERTIES  
NEVADA PROPERTIES



# “Your Southwest Relocation and Real Estate Experts”



Berkshire Hathaway HomeServices Arizona, California and Nevada Properties has been serving the local community with real estate and relocation support for over 20 years. We have over 5,000 agents and 50 offices supporting all of our markets across three states. Our diverse and international experienced agents are excited for the opportunity to work with you.

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# “Your Southwest Relocation and Real Estate Experts”

“When our name goes on a real estate sign, it means something. It’s a promise of trust, integrity, stability, longevity and the highest standards of work. And we don’t take that promise lightly. That’s why you’ll see these values reflected in every office, every agent, every interaction. Berkshire Hathaway HomeServices is the name buyers and sellers trust.”

**Warren Buffett**

*Chairman and CEO Berkshire Hathaway Inc.*



**BERKSHIRE  
HATHAWAY**  
HOMESERVICES

ARIZONA PROPERTIES  
CALIFORNIA PROPERTIES  
NEVADA PROPERTIES

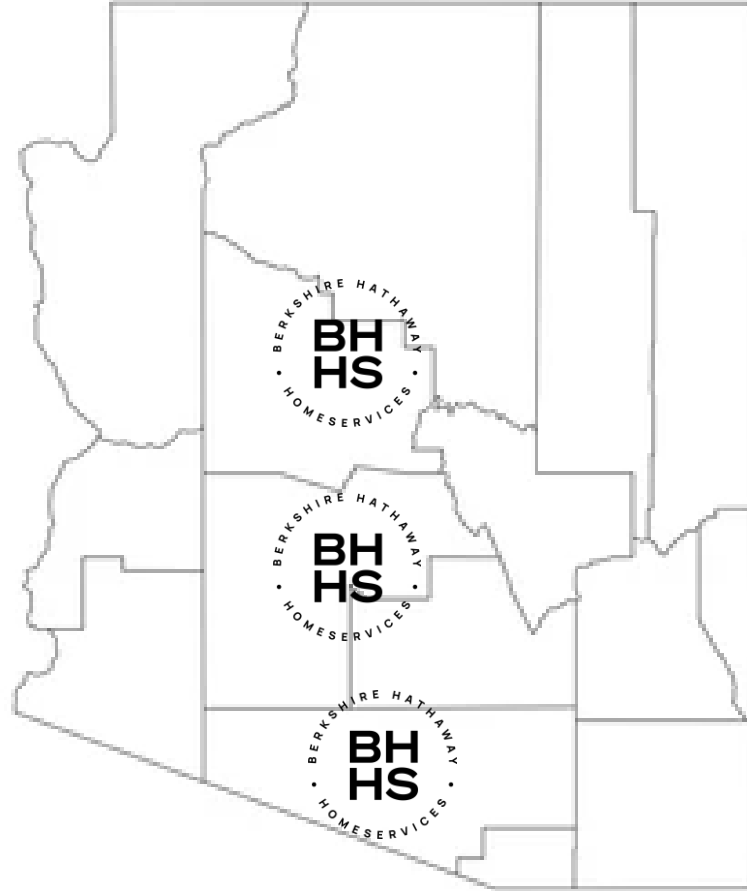
# Phoenix Market Update (Maricopa County)

## Days On Market

56 days +16% from last year

## Median Sales Price

\$556,110 +4% from last year



## Inventory Months of Supply

3.05 Months -10% from last year

## Median Rent Price

\$2,600 no change from last year



# Southern California Market Update (Orange, Riverside & San Diego Counties)

## Days On Market

Riverside: 44 days +76%

Orange: 31 days +72%

San Diego: 25 days +56%

## Median Sales Price

Riverside: \$562,000 -1.4%

Orange: \$990,000 +1.1%

San Diego: \$825,000 +3.1%

## Inventory Months of Supply

Riverside: 2.8 Months +47%

Orange: 1.9 Months +27%

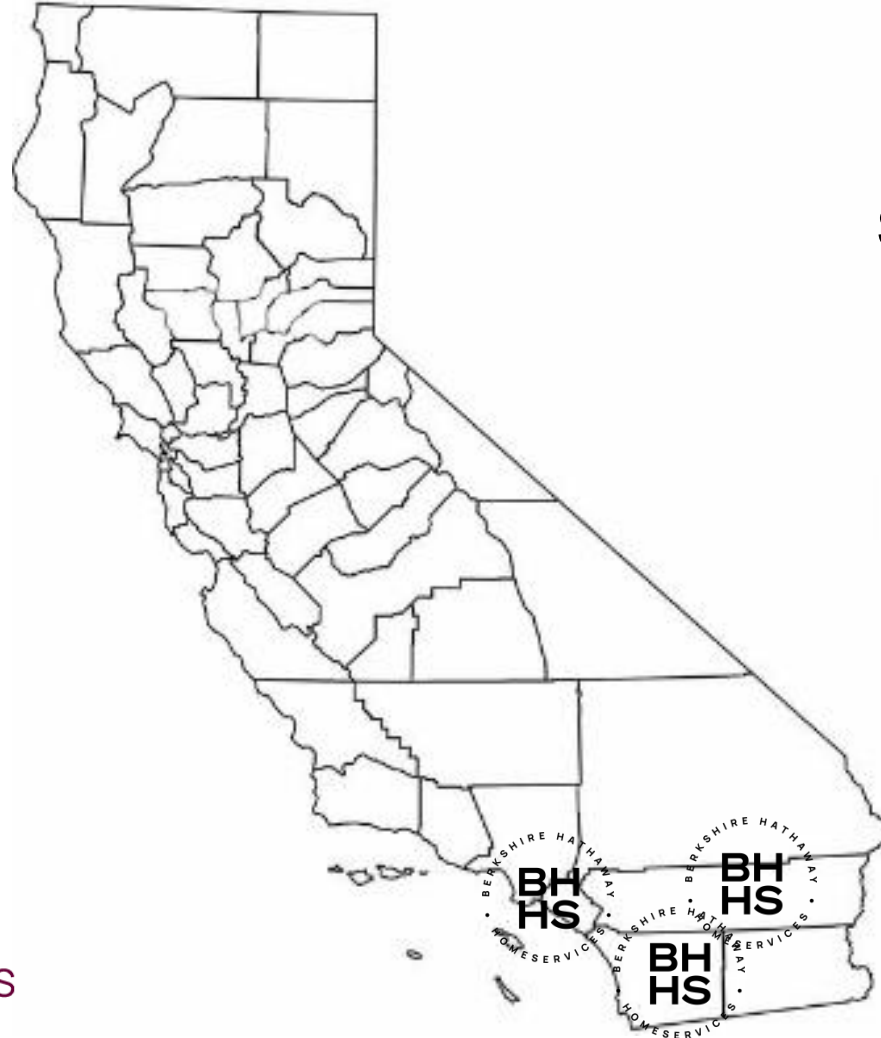
San Diego: 1.6 Months +23%

## Median Rent Price

Riverside: \$2,900 +0%

Orange: \$4,000 +1.3%

San Diego: \$3,895 +5.3%



# Important Things to Know

Important things to know when purchasing real estate in the U.S.:

- FIRPTA (Foreign Investment in Real Property Act)
- Title and Escrow
- Pre-qualification and Earnest Money
- Inspections and Appraisals
- Down Payment and access to US funds
- Homeowners Associations
- Building materials used on homes
- Termites and Pests



# Presenter



## **BRIAN WOODS**

*Licensed Real Estate Broker, Team Global Realty Partners*

- Broker of Team Global Realty Partners
- Based in South Florida
- Licensed Real Estate Broker in 12 states
- Instructor for the National Association of Realtors
- Certified International Property Specialist
- Global Real Estate Practitioner



# Top Foreign Buyers

- China (13% of foreign buyers, \$13.6B)
- Mexico (11% of foreign buyers, \$4.2B)
- Canada (10% of foreign buyers, \$6.6B)
- India (7% of foreign buyers, \$3.4B)
- Columbia (3% of foreign buyers, \$0.9B)

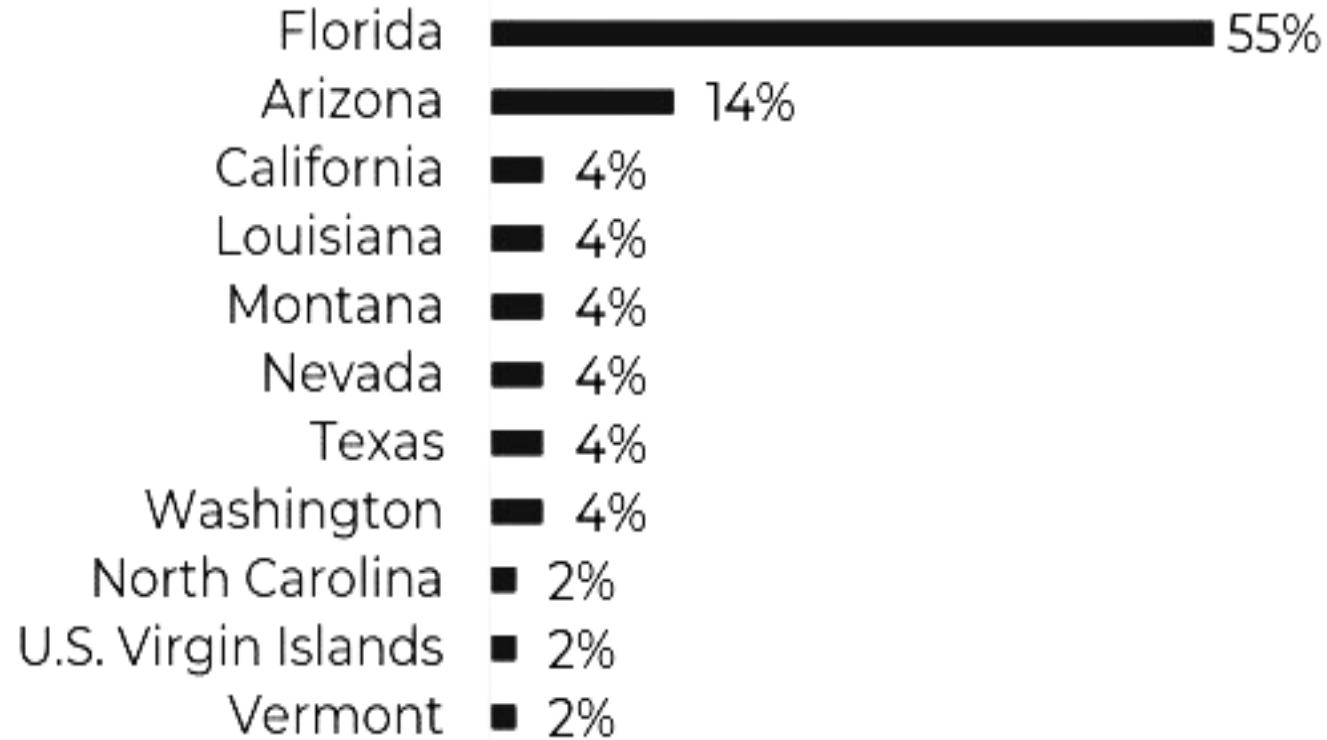


# Top Destinations

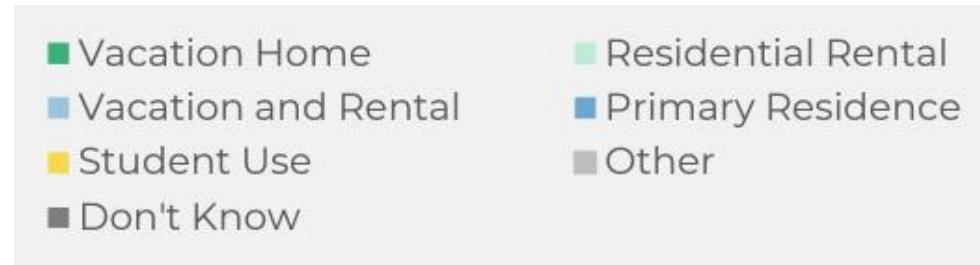
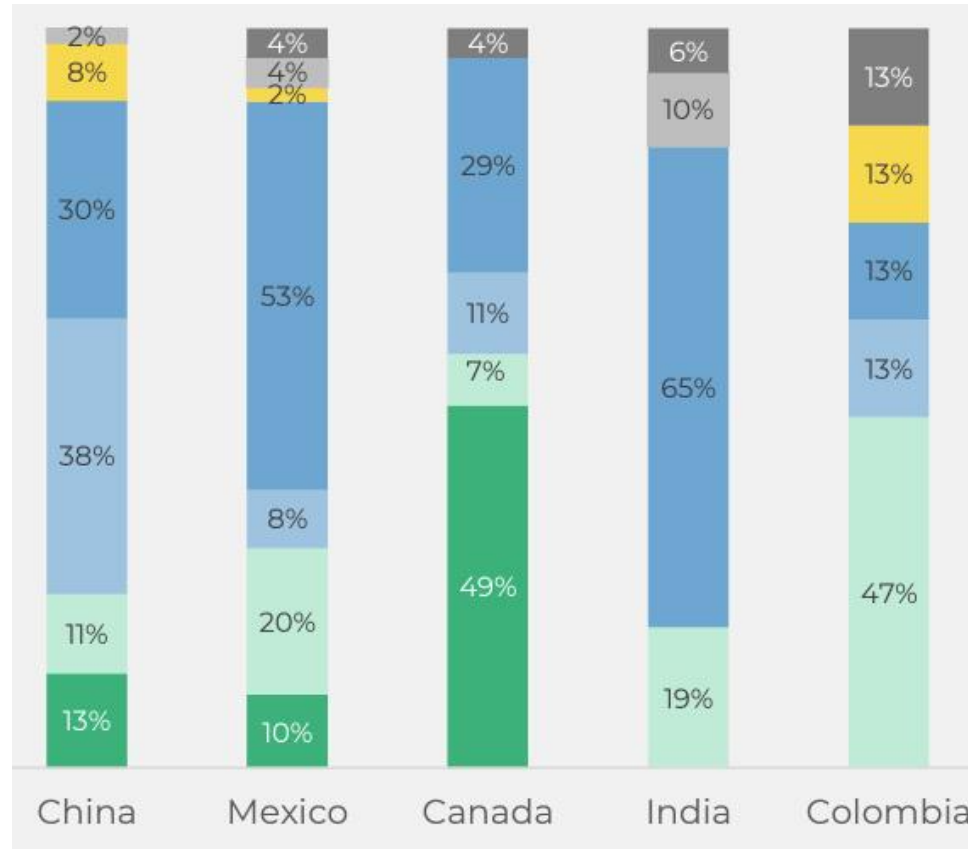


- Florida (23%)
- California (12%)
- Texas (12%)
- North Carolina (4%)
- Arizona (4%)

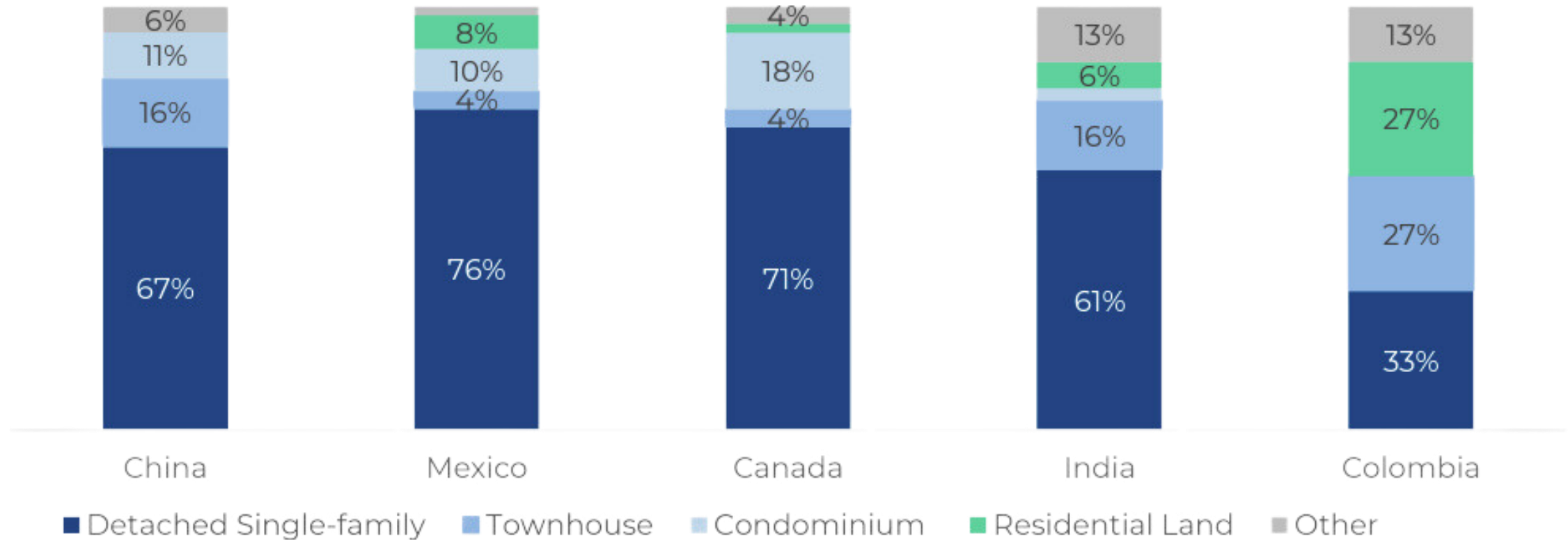
# Major Destinations of Foreign Buyers from Canada



# Intended Use Among Major Foreign Buyers



# Residential Property Purchases of Major Foreign Buyers

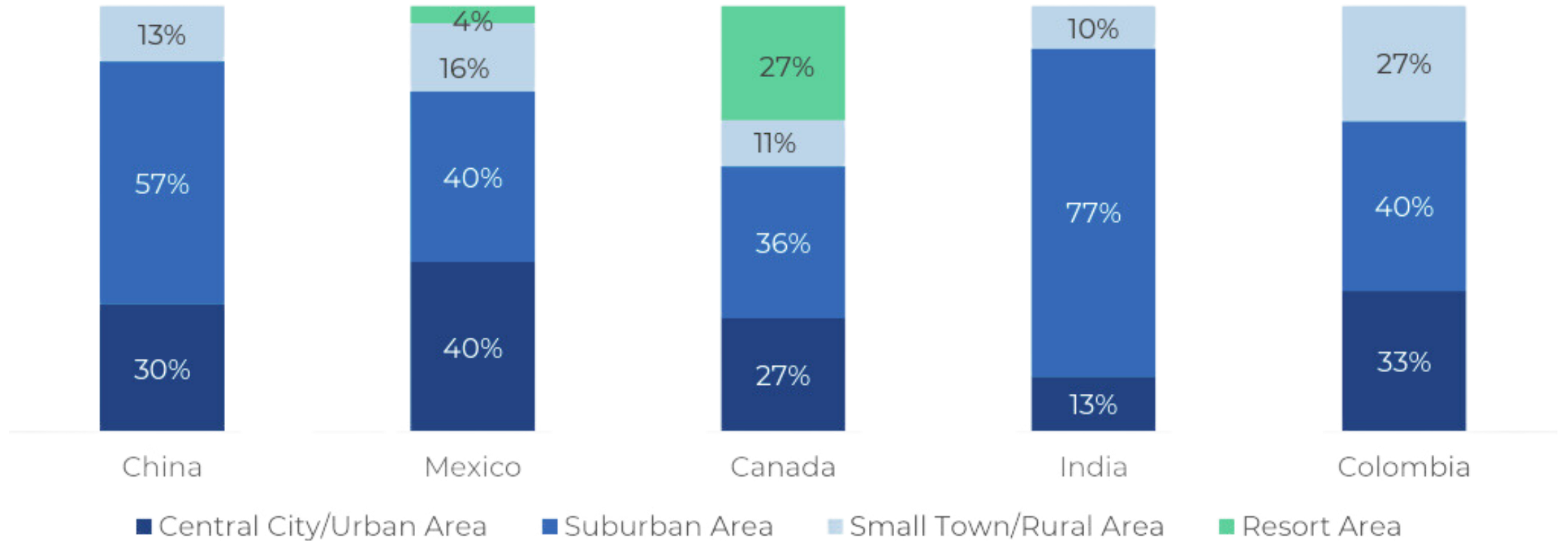


Source: NAR 2023 International Transactions in U.S. Residential Real Estate





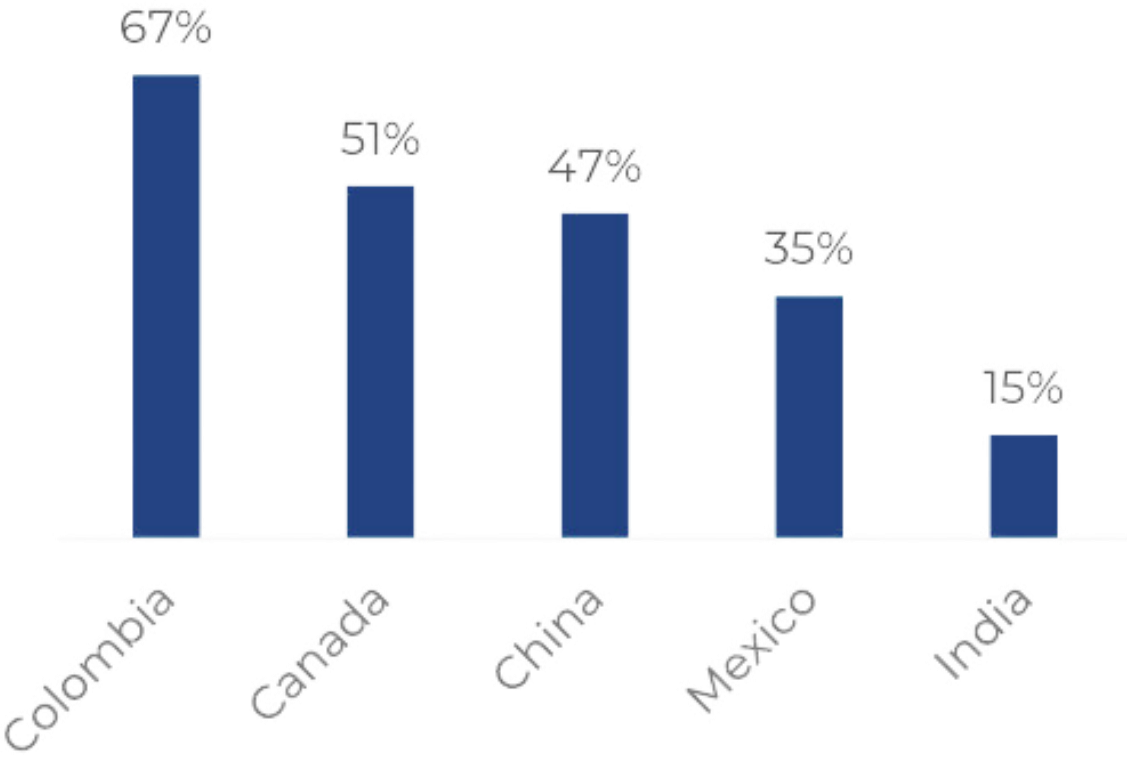
# Location Preference Among Major Foreign Buyers



Source: NAR 2023 International Transactions in U.S. Residential Real Estate



# All-Cash Purchases Among Top 5 Foreign Buyers

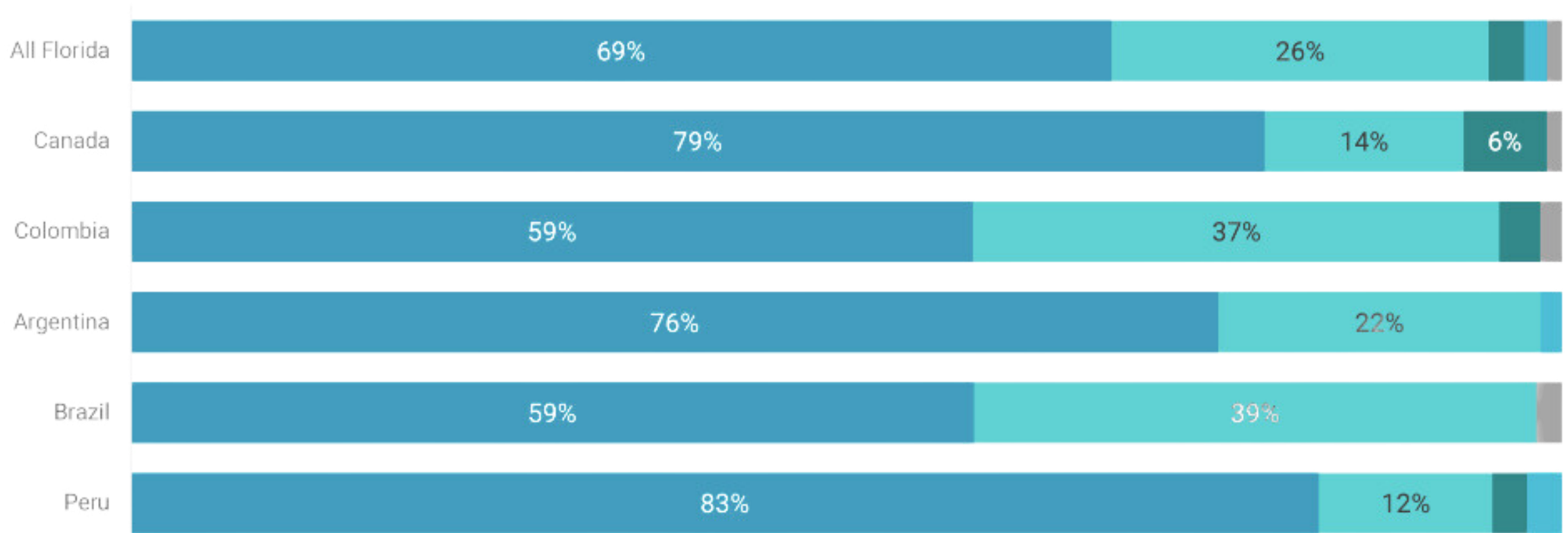


Source: Florida Realtors 2022 Profile of International Residential Transactions in Florida



# Financing Among Major Foreign Buyers

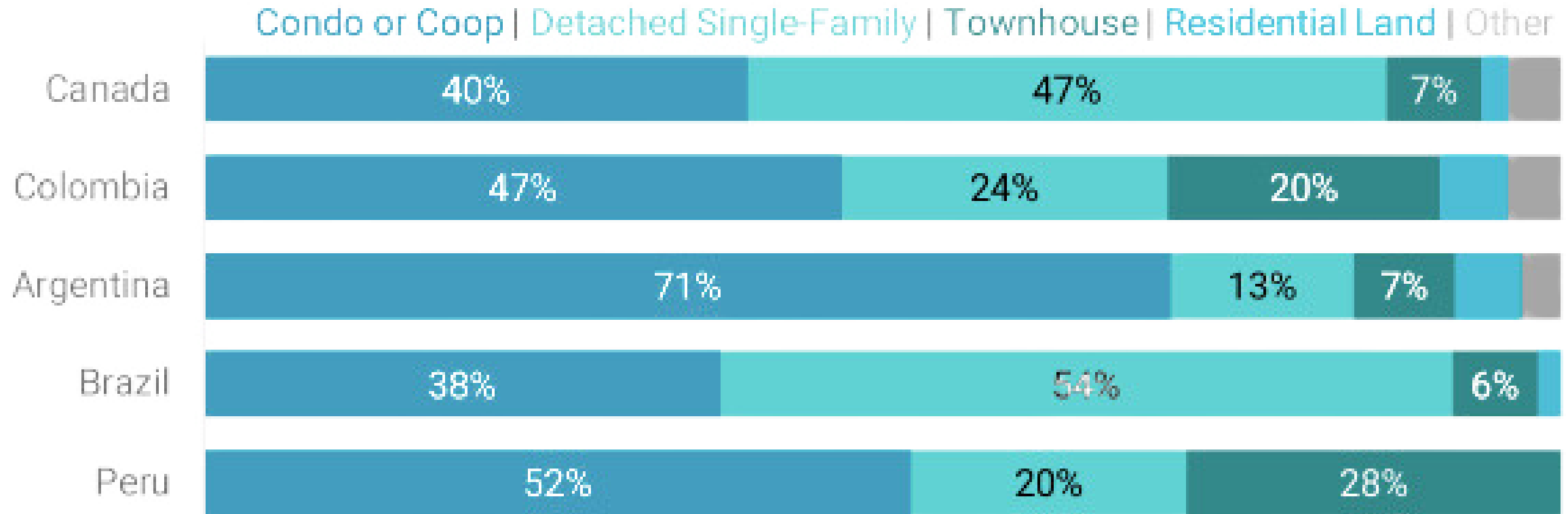
All Cash | U.S. Mortgage | Home Country Mortgage | Investors/Other | Don't Know



Source: Florida Realtors 2022 Profile of International Residential Transactions in Florida



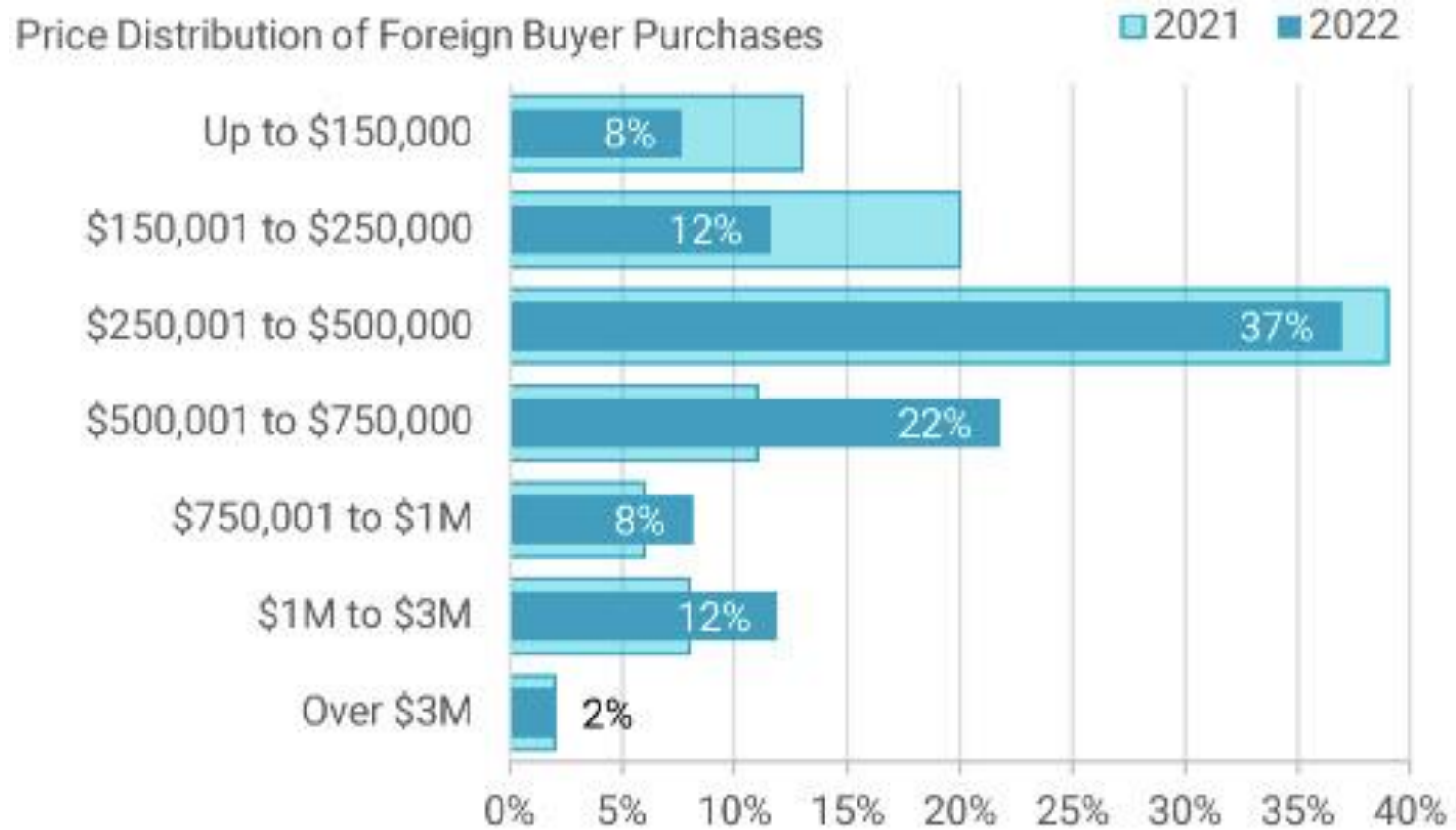
# Residential Property Purchases of Florida's Major Foreign Buyers



Source: Florida Realtors 2022 Profile of International Residential Transactions in Florida



# Purchases Shift to Higher Prices



Source: Florida Realtors 2022 Profile of International Residential Transactions in Florida



# Median Purchase Price Among Florida's Top 5 Foreign Buyer Countries



Source: Florida Realtors 2022 Profile of International Residential Transactions in Florida



# What Does 2024 Look Like?

- Home prices will continue to rise but at a slower pace
- The supply of homes for sale will increase
- Mortgage rates will decrease some
- The housing market will remain competitive



# Presenter



## **AARON SEYMOUR**

*Senior Cross-Border Mortgage Advisor, RBC Bank*

Aaron has been working in banking and financial services for 20 years in various roles. The past four years he's served as a senior cross-border mortgage advisor assisting Canadian borrowers in realizing their dreams of owning U.S. real estate. Aaron is passionate about assisting his clients and ensuring each transaction runs as smoothly as possible. Aaron earned a bachelor's degree in international business from the University of Tennessee and has had the opportunity to live in the U.S., Canada, France and Zimbabwe.



# According to the **National Association of Realtors International Study**<sup>§</sup>

From April 1, 2022-March 31, 2023, Canadians:

- Spent \$6.6B\* on U.S. real estate
  - Up from \$5.5B the previous year
- Accounted for 11,300 purchase transactions
  - Up from 8,500 the previous year
- Spent an average of \$779K
  - Up from \$485K the previous year

## **Top states for Canadian buyers:**

- 1. Florida (55%)**
- 2. Arizona (14%)**
- 3. California (4%)**



<sup>§</sup> National Association of Realtors 2023 Profile of International Transactions in U.S. Residential Real Estate.

\* All monetary amounts listed are calculated in USD currency.

# Why Canadians Should Finance Their U.S. Dream Home

<b>CASH VS. FINANCING FOR A \$500,000* U.S. HOME</b> (Example Savings <sup>†</sup> )	
<b>Cash</b>	<b>Financing</b>
<b>\$500,000</b> USD (Costs Using 2.5% on \$500k)	<b>\$112,500</b> USD (20% Down Payment + Closing Costs <sup>**</sup> )
<b>Cash Needed at Closing</b> <i>x 32% CAD to USD Foreign Exchange Rate</i>	
<b>\$660,000</b> CAD (\$160,000 CAD to USD)	<b>\$148,500</b> CAD (\$36,000 CAD to USD)
<b>\$124,000</b> CAD (One-time, Upfront Difference in Exchange Costs)	

\* All monetary amounts listed are calculated in USD currency.

† Illustrative example for information purposes only, assuming US\$1/C\$ .76. Foreign exchange rates are subject to change at a moment's notice.

\*\* 20% down payment of \$80,000 + approximately \$10,000 in closing costs.

# RBC U.S. HomePlus™ Advantage



- HomePlus™ Rewards<sup>1</sup>
- Cross-border legal and tax experts<sup>2</sup>
- Insurance available through marketplace
- Dedicated team of real estate professionals

# Benefits of an RBC Bank Mortgage<sup>3</sup>

## At RBC Bank, we:

- Use your Canadian credit history
- Provide financing in all 50 states
- Help you close your mortgage in the U.S. or Canada
- Don't charge bank – or lender – fees<sup>4</sup> on U.S. mortgages
  - You could save up to \$4,500 USD<sup>†</sup>



<sup>†</sup> Based on an average loan of \$450,000 USD.

# Mortgages<sup>3</sup> from RBC Bank

Key Characteristics	Primary or Secondary Home	Investment Property
Pre-approval	Yes	Yes
Down Payment Required	20%	25% or 40%
Property Types	Single family, condo, townhome	Single family, condo, townhome
Loan Terms	3, 5, 7, 10-year mortgage term <sup>5</sup>	3, 5, 7, 10-year mortgage term <sup>5</sup>
Renewals	Lock in for 3, 5, 7, or 10 years – at no cost	Lock in for 3, 5, 7, or 10 years – at no cost
Monthly Payment	Based on a 30-year term	Based on a 30-year term
Refinance	Yes	Yes
Foreign National Premium	None	None

# Finance Your U.S. Property in 3 Easy Steps

Step 1: Mortgage Application	Step 2: Conditional Approval	Step 3: Closing
<ul style="list-style-type: none"><li>▪ Get started with your online mortgage application</li><li>▪ Your Cross-Border Mortgage Advisor will help you lock your rate for 60 days</li><li>▪ You'll begin gathering and providing documentation</li></ul>	<ul style="list-style-type: none"><li>▪ Your application is submitted for review</li><li>▪ You'll receive a conditional approval letter – valid for 60 to 120 days</li></ul>	<ul style="list-style-type: none"><li>▪ Finalize documentation</li><li>▪ Your closing may take place in the U.S. or Canada depending on the location of your U.S. home</li><li>▪ May be able to send a Power of Attorney</li></ul>

**Mortgage loan processing in the U.S. – from applying through closing – typically takes **40-45 days****

# Additional Resources and **Getting Pre-Approved!**



- Takes only a few minutes to fill out the online application at **[rbcbank.com/preapproval](https://www.rbcbank.com/preapproval)**
- Call **1-866-283-5928** if you want to speak with a dedicated cross-border mortgage advisor
- Visit **[rbcbank.com/ushomes](https://www.rbcbank.com/ushomes)**
  - E-Guide at **[rbcbank.com/homebuying](https://www.rbcbank.com/homebuying)**

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# Additional 2023 Virtual Advice Events



- **Ask the Expert: Tax, Legal and Estate Considerations for Owning a U.S. Property**
  - *October 31, 2023, 1-2:30 p.m. ET*

Visit [rbcbank.com/VAE](https://www.rbcbank.com/VAE) for more details

# Disclaimers

This presentation offers general information only and is not intended as legal, financial or other professional advice. A professional advisor should be consulted for your specific situation. While information presented is intended to be factual and current, its accuracy is not guaranteed and it should not be considered a complete analysis of the subjects discussed. All expressions of opinion reflect the judgement of the presenter(s) as of the date of publication and are subject to change. No endorsement of any third parties or their advice, opinions, information, products or services is expressly given or implied by Royal Bank of Canada or its affiliates.



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1. RBC U.S. HomePlus™ Rewards is offered by RBC Bank with HomeStory Real Estate Services (HRES), a licensed real estate broker. HRES is not affiliated with RBC Bank and RBC Bank is not responsible for the program provided by HRES. To qualify for the RBC U.S. HomePlus™ Rewards, you must enrol in the program and use the assigned network real estate agent to complete the buy transaction. Your enrolment and reward eligibility is good for 18 months. If you do not purchase a home during that time, you must re-enroll to become eligible for the cash reward. For full details, please review [the program terms and conditions](#).
2. Consult your financial, tax, legal, and other professional advisors prior to applying for a U.S. mortgage.
3. Mortgages are subject to approval, including verification of acceptable income, credit worthiness and property valuations. Minimum and maximum property values and maximum loan-to-value ratios apply. Homeowner's insurance is required for all loans and lines of credit and flood insurance is required if the property is located in a Special Flood Hazard area. Escrows may be required on mortgages. There are closing costs associated with mortgage products.
4. Third party fees and fees related to other RBC Bank products or services may still apply. The \$4,500 USD savings is for illustrative purposes only and includes examples of fees that other financial institutions typically charge foreign homebuyers in the U.S., including:
  - Typical origination fee of 0.50% to 1% of the loan amount
  - Typical application fee of \$950 USD
  - Typical processing fee of \$950 USD
  - Typical commitment fee of \$500 USD
  - Typical underwriting fee of \$500 USD
  - Typical foreign national premium of 1% to 2% of the loan amount

# Disclaimers

5. 3-, 5-, 7- or 10-year term refers to the period of time the interest rate is set at the beginning of the loan period which is 30 years (360 months); after the initial fixed rate term, the interest rate will adjust every six (6) months. Example: 3-Year Adjustable Rate Mortgage (ARM) calculation assumes a \$250,000 loan amount, 5.625% interest rate, 6.506% APR, with 20% down payment, amortized over 360 months = \$1,439.14 monthly payment. Example: 5-Year ARM calculation assumes a \$250,000 loan amount, 5.750% interest rate, 6.399% APR, with 20% down payment, amortized over 360 months = \$1,458.93 monthly payment. Example: 7-Year ARM calculation assumes a \$250,000 loan amount, 5.875% interest rate, 6.345% APR, with 20% down payment, amortized over 360 months = \$1,478.84 monthly payment. Example: 10-Year ARM calculation assumes a \$250,000 loan amount, 6.000% interest rate, 6.220% APR, with 20% down payment, amortized over 360 months = \$1,498.88 monthly payment. Rates and payments are subject to increase after initial fixed period of loan. If the down payment is less than 20%, mortgage insurance may be needed on the loan. This could increase the monthly payment and the interest rate. Rates subject to increase after consummation.

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