

Home & MORTGAGE

Winter 2007



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Let a mortgage broker do the shopping for you

A first mortgage, renewals, or refinancing — a mortgage broker helps guide you through all of your mortgage needs.

With more mortgage options available all the time, a mortgage broker plays an important role in helping you to assess your choices and find the mortgage that's right for you.

Doing what they do best

Whether you're a first-time buyer, refinancing to fund a goal, or looking to renew, a mortgage broker does the legwork to ensure you get the best rates, terms, and options for your situation.

Mortgage brokers have quick access to a wide range of lenders and products, including broker-only lenders and smaller financial institutions which you may not know about.

As trained specialists, they are intimately familiar with the many mortgage terms and options available, and monitor daily rate changes.

The benefits are clear

Working with a mortgage broker is a smart decision for many reasons:

- **You'll save time.** With the broker doing the finance shopping for you, you can focus on finding the right home,

or start planning your other goals.

- **It's convenient.** A single phone call is all it takes to get the process started.

- **It's fast.** Because they have well-established connections, brokers can work more quickly than traditional lenders.

- **You may get a better deal.** A broker has access to many financing sources and is a skilled negotiator working on your behalf.

- **You'll be making an informed choice.** A broker will take the time to understand your situation and carefully explain your options and the terms and conditions of the mortgage you choose.

All the choice, one broker

When working with a broker, it's best to stick with one person. Since mortgage brokers do extensive comparison shopping, working with several can waste your time and energy and rarely yields a significant difference in results.

Developing a relationship with a mortgage broker means you'll have someone looking out for your best interests — now and during the life of your mortgage. ▲

INSIDE

2 Paying down your mortgage

3 Your winning home-buying team

3 How your RRSP can help buy a home

Assembling a winning home-buying team

If you're shopping for a home, or about to start, take some time to arrange for a first-rate home-buying team:

■ **Mortgage broker.** Start with professional input to help you determine how much you can afford to spend. You'll then also have someone working for you who will search for the best rates and mortgage options for your situation.

■ **Real estate agent.** Most homes are sold through realtors, who collect commissions that are normally paid by the seller, not by the buyer. Realtors vary widely in quality of service. Find one who understands what you want, will indicate whether your wish list is reasonable, and then has the patience to help you find what you're looking for. Your realtor is also a valuable source of help in finding a home inspector or lawyer.

If a deal involves two agents — one for the seller and one for the buyer — the commission is normally split. If one agent serves both sides, it's not, and the agent might reduce the fee to clinch a quick sale.



■ **Lawyer.** You will need a lawyer, preferably one who specializes in real estate. Don't wait to find one; deals can be completed very quickly in high-demand areas. Ask if your lawyer would like to review your purchase offer before it's presented. His or her wording might be more precise than the clauses found in most standard documents.

■ **Home inspector.** Offers on resale homes are normally made conditional on passing an inspection. Often, you'll have just two or three days to have the property inspected and either "firm up" your offer or withdraw it. You may want to line up an inspector ahead of time.

The inspector will check every major structural and mechanical system, except for appliances. The Canadian Association of Home & Property Inspectors is a voluntary national association with a code of ethics. If you're buying a brand-new home, you may want to consider hiring your own inspector to check the builder's work. 🏠



Your RRSP can help to buy a home

Almost half of the first-time buyers polled in a 2006 national survey used the RRSP Home Buyers' Plan (HBP). Here's a plain-language explanation of the basics.

How much you can withdraw. A qualifying home buyer can withdraw, tax-free, up to \$20,000 from his or her RRSP. That's \$40,000 for a couple — \$20,000 each.

Who can use it. You qualify only if you have not owned a home in the past five years (this stipulation is waived if the money is used to buy a more suitable home for a disabled person). The home must be intended for use as your principal residence.

Repayment. Repayments must be made annually over 15 years, beginning in the second year after the year of withdrawal. Missed repayments are taxed as income.

No quick withdrawals. You can access money only if it has been in the RRSP for at least 90 days. In other words, you can't make a contribution, claim the tax deduction, and then immediately make a withdrawal under the HBP.

The unseen cost. While withdrawals are tax- and interest-free, it's not free money. The cost is the RRSP growth sacrificed until the withdrawal is repaid. And because of the HBP repayments (which aren't tax-deductible), you may find it difficult to make your full yearly tax-deductible contribution.

Professional advice can help you build a sensible and realistic plan to help you buy a home. 🏠

Winter Almanac

It's all about the heat

For most homeowners, energy bills and environmental concerns are at their peak when temperatures outside are at extremes. However you heat your home this winter — do it efficiently and safely!

- 1 Have a heating system professional inspect your furnace and perform any necessary work.
- 2 Replace your furnace filter now and every two to three months.
- 3 Have chimneys and wood stoves cleaned.
- 4 Order your firewood. Don't stack it up against your home — this could be a fire hazard!
- 5 Test your fireplace flue for a tight seal when closed.
- 6 Invest in draft-proofing and insulation upgrades to reduce your home's heating load.
- 7 Consider replacing your old thermostats with programmable models. Establishing temperature settings could result in overall energy savings. 🏠



Get snow smart

In many urban centres, and rural towns too, it's the homeowner's responsibility to keep not only their walkway and driveway safely clear of snow and ice but also the sidewalk in front of their homes.

Here are some tips to get you through the season.

- Clear snow within 10 hours of a snowfall, before ice begins to form.
- Shovel every few hours during a heavy snowfall — it's easier to split the task into smaller jobs and new snow is lighter.
- Make a pile on the left side of your driveway (when looking at your home from the sidewalk) so that the snow plow doesn't push most of it back into your driveway.
- Try to push the snow rather than lifting it. If you do need to lift a shovelful — bend your knees, not your back!
- Invest in a sturdy but lightweight, ergonomically designed shovel. Spraying the blade with a silicone-based lubricant helps the snow slide off. 🏠



Is your home computer adequately insured?

You may think your home computer system is fully covered by your insurance, but it's wise to check. Your first step? Make sure that the value of your personal property and your computer hardware, software, and peripherals (such as a printer, modem, and scanner) doesn't exceed the limit of your contents coverage.



Also consider the following factors:

- If you're using your computer for a home-based business, your home policy may not offer enough coverage. If you have an exclusion clause in your policy stating, "...does not cover property pertaining to a business, profession, or occupation," you need additional insurance.
- Your insurance may not cover a unit, such as a laptop computer, used outside of your home if it gets lost, stolen, or damaged. You'll need a comprehensive policy instead.
- If your computer is being used for a home-based business, you need special coverage for breakdowns, data replacement, protection against loss of income, and extra expense. Review your coverage annually as you add to or update your system. 🏠

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