

mortgagematters™

Compliments of Rein Weber

TMG The Mortgage Group



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It's the possibility of having a dream come true that makes life interesting.

- Paulo Coelho

Rein



(Slight) SHORT-TERM PAIN, (Impressive) LONG-TERM GAIN!

Now that we've had a couple of months to digest the new mortgage loan change that was implemented in March 2011, which limited the maximum mortgage amortization period from 35 years to 30 years for government-backed insured mortgages, let's see exactly how it may affect your bottom line.

As an example, let's look at a \$300,000 mortgage, which would represent the approximate size of a mortgage loan needed for an average house in Canada, based on the national average home price.

From the chart below, you can see that a mortgage holder with a loan amortized over 35 years at an interest rate of five percent would pay \$1,504 per month. Reducing the amortization from 35 years to 30 years would mean increasing the monthly payment by \$97 a month. But look at the interest savings that accumulate for the homeowner after shaving five years off the amortization period — a whopping \$55,404!

MONTHLY PAYMENTS AND TOTAL INTEREST SAVINGS RESULTING FROM A REDUCTION IN THE AMORTIZATION PERIOD TO 30 YEARS FOR A MORTGAGE LOAN OF \$300,000

Interest Rate	35 - Year Amortization Monthly Payment	30 - Year Amortization Monthly Payment	Difference in Monthly Payment 30 - Year vs. 35 - Year Amortization	Interest Savings 30 - Year vs. 35 - Year Amortization
4 percent	\$1,322	\$1,427	\$105	\$41,850
5 percent	\$1,504	\$1,601	\$97	\$55,404
6 percent	\$1,696	\$1,784	\$88	\$69,809

Calculations reproduced from Department of Finance Canada website: <http://www.fin.gc.ca/n11/data/11-003 1-eng.asp>

Interested in finding out if changing the terms of your mortgage might result in significant savings for you and your family over the long-term? Call today for a no-obligation review of your current mortgage situation, and for more information on today's loan options.

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A PRIMER ON TRIM

You've just moved and your new décor lacks that finishing touch that makes it feel like home. Or you're selling your property and want to lend its interior some of that "wow" factor that snaps buyers to attention. Whatever your reasons, adding trim to your décor is a great way to give it a facelift.



Relatively inexpensive and easily installed, trim encompasses all those decorative elements that adorn walls and ceilings, from baseboard to panel molding. Available in a seemingly limitless number of different profiles, trim adds elegance and visual interest to any room, and trim can be used to draw attention to choice features. But lest you think trim merely serves aesthetic purposes, here are brief descriptions of the most popular types used in homes, as well as their functions:

BASEBOARD MOLDING. Probably the most commonly used type of trim, rooms just don't look complete without baseboard molding, which provides a finished look to that area where floors and walls meet. It serves to protect the bottom of your walls from damage done by things like vacuuming and moving furniture, and to conceal any gaps between the floor and wall.

CASING. This term refers to the trim found around doorways, archways and windows. As casing tends to be the most noticeable type of trim in a room, its impact on your décor can be significant, particularly if you choose something more ornate. Like baseboard molding, casing serves a practical purpose in that it hides gaps between the jamb and adjacent wall.

CHAIR-RAIL MOLDING. Originally intended to protect walls from damage done by chair backs, this type of molding is installed horizontally around a room's perimeter, three feet or so from the floor. More often serving as decoration now, chair-rail molding unifies a room's architectural elements and is often used as a dividing line, between painted and wallpapered sections of walls, for instance.

CROWN MOLDING. Applied where walls meet ceilings, crown molding has traditionally been used to soften the transition from one to the other. In today's interiors, they're increasingly being used for decorative purposes, such as capping features like cabinetry, shelving, and fireplaces; creating "tray" (recessed) ceilings; and defining different "zones" in an open-concept floor plan.

PANEL MOLDING. As decorative as trim gets, panel molding is used to create frames on walls and ceilings. Such frames can be used to dress the walls above and/or below a chair-rail divider (a look evocative of Colonial homes) or to emphasize accessories like large works of art or mirrors. On ceilings, panel molding is often used as a border around light fixtures.

SOME PARTING WORDS ON SELECTING TRIM:

Choose a style consistent with your home's style. For example, if your décor is contemporary, opt for trim that's simple and streamlined in design, rather than ornate. When it comes to trim size, scale is key — big rooms call for proportionately big moldings, while smaller rooms are complemented by smaller trim.

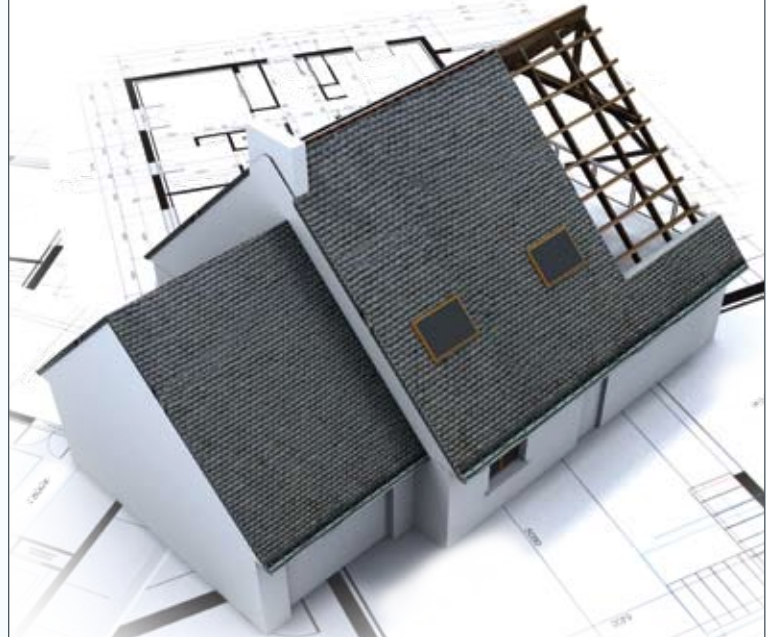
Risky Business

When considering selling their homes themselves, many homeowners focus so much on the potential rewards that they often overlook the risks. What are these risks? Well, by selling without professional representation:

- You risk inappropriately pricing your home. Without access to the knowledge needed to establish a home's market value, most FSBO (for sale by owner) sellers overprice their properties, and consequently their homes linger on the market longer than necessary, often selling for a song as a result. Or, they list for too little and end up selling their home for considerably less than it's worth.
- You risk a lack of exposure for your property. Exposing it to as many buyers (and real estate sales representatives) as possible is crucial to selling your home faster and for more money. Unfortunately, most homeowners don't have enough time to devote to marketing a property, nor do they have the advantage of exposure on the Multiple Listing Service®.
- You risk wasting your time on people who aren't serious about your home or who can't afford it. Real estate sales representatives are experts when it comes to distinguishing a looky-loo from a purchaser, and an unqualified buyer from a qualified one. For example, by not immediately recognizing the type of buyer, you may spend a lot of time with someone only to have the deal fall through before closing because they couldn't get financing.
- You risk finding yourself with a legal problem on your hands. The sale of a property is a complex transaction fraught with legalities surrounding things like contracts, home inspections, disclosure, title insurance, appraisals, and more. Unless you can recognize an issue for which you may need legal advice, you could end up in over your head.



The Perfect Fit



BUY TOO BIG A HOME AND YOU COULD STRUGGLE FINANCIALLY; BUY TOO SMALL A ONE AND YOU MIGHT HAVE TO MOVE (AGAIN) SOONER THAN YOU'D LIKE. SO HOW MUCH HOME DO YOU NEED? HERE'S SOME ADVICE ON HOW TO FIGURE THAT OUT.

To determine the space you need, start by assessing the space you have. Survey your current home – list each room's square footage, and its function(s). Are there rooms on your list you feel are too small for their purposes? Too big? Are there any you could do entirely without? Perhaps you don't need a living room *and* a family room. Or is there space you wish you had – another bathroom, perhaps?

As you think about your needs, also consider what they're likely to be in the near future, too. Will you be a host for guests more often? Less often? Will you need more or less room to pursue your hobbies? Will you be growing a home-based business, or folding one? Is your family growing in size or is your nest emptying? Will you be traveling more, be it for work or pleasure? It's the answers to these sorts of questions that'll help you determine whether you should be upsizing or downsizing.

Lastly, edit your belongings – get rid of anything you don't need and use regularly. Too often, people buy square footage they don't need just to house things they don't use. Without all that extra stuff around to cloud your judgment, you'll more accurately be able to see what size a space you really need.

Mortgage Questions? Let's Talk!

The mortgage market is constantly changing, so it's wise to keep yourself informed of the possible advantages available to you through today's many loan options.

Here are some common mortgage-related questions, and their answers, for your interest. Please call with any questions you may have!

Q: Doesn't it always make sense to choose the longest amortization period on a mortgage? After all, the monthly payments are lower!

A: It's true that your monthly mortgage payments would be lower with a longer amortization period, but, overall, you would end up paying more in interest over the life of your mortgage.

Of course, before deciding which new or renewal mortgage to go with, you need to determine what you can afford to pay every month. The last thing you want to do is stress yourself and your family out by overextending your budget, month after month.

Q: Can I get a mortgage to renovate my property or pay off credit cards?

A: Yes! Mortgages can be obtained for a variety of purposes, including home purchases, home renovations, or refinancing to pay off other high interest rate debt.

Q: What is a "Reverse Mortgage"?

A: A reverse mortgage is a type of home equity loan that allows you to convert some of the equity in your home into cash while you continue to retain home ownership. In essence, you are borrowing against the value of your home, and so instead of you paying a lender every month, the lender "pays" you an approved amount. The reverse mortgage becomes due, with interest, at the point you sell your house, reach the end of the pre-selected loan term or die.



Terminology Tip

Open Mortgage — A type of mortgage that offers borrowers the flexibility to pay off the balance of the loan before it matures, without incurring any pre-payment penalties. To find out the specifics of an open mortgage, and if it would be a good fit for you, consult your mortgage advisor.

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My commitment is to deliver the highest level of service to earn the deepest level of trust. I want you to be so satisfied with my services you feel compelled to refer your friends, family, neighbours and co-workers to me. Not by obligation, but because you truly believe they will benefit from my services.

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