

# Home & MORTGAGE

Winter 2012



## How to take advantage of continuing low interest rates

With interest rates expected to stay low through much of 2012 and possibly into early 2013, this could be an excellent opportunity for homebuyers. For many, the best way to take advantage of the low-interest-rate environment is not to think bigger (as in home), but smaller (as in mortgage).

**I**f you're buying a home... choose a home well within your financial comfort zone, keeping future rate hikes in mind. Consider a variable-rate mortgage — the rate will be lower than for a fixed-rate mortgage of the same term. If rates should rise later, you can usually lock in at a fixed rate without penalty if you wish.

**I**f you already have a home — and a mortgage... make as many mortgage pre-payments as you can, whether with a one-time anniversary payment or bumping up your regular payment any time you have extra cash. Reducing the principal in the early days of the mortgage nets the greatest savings over the long term. Most mortgages have a variety of prepayment options, so you

can choose the option that suits your saving style best.

**I**f your mortgage is coming up for renewal... keep your payments at the level they're at now, even if your rate at renewal is lower. After all, you already know you can afford what you're paying, and continuing to pay that amount will make you mortgage-free sooner. You may even be able to renew before the end of your mortgage term, without penalty, if your lender offers you an early renewal.

Be strategic about your decision. Talk to us about the best way for you to maximize the opportunities of the current low-interest-rate environment, given your personal situation. 🏠



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# A simple exercise to shape up for home-buying season

**Having a solid understanding of your financial position is a real plus when you start looking for a home. This simple exercise will get you in shape by tracking spending for one month.**

## Step 1: Get warmed up

First, decide how you're going to track your expenses. Some people use a tiny notebook or their mobile device to note each purchase and what it costs; others are scrupulous about collecting receipts; others pay for everything on a credit or debit card and check their monthly statement. Choose the system that works best for you and stick with it.

Remember to include smaller, everyday items like lattes, newspapers, or parking. Individually, these expenses are small,

but they can add up to a substantial amount over the course of a month. You may want to keep a daily log of expenses.

## Step 2: Spot spending patterns

Group your expenses into categories, such as rent, utilities, food, transportation and parking, insurance, loan payments, clothing, entertainment, gifts, travel, health/fitness, and charity. Then tally your total for the month.

If you bank online, check to see if you can download transactions directly to a spreadsheet or financial analysis software, or if your bank offers an online financial analysis tool.

## Step 3: Do the crunches

Now add on the estimated additional monthly costs of owning a home, such as property taxes, maintenance, and extra utility and insurance costs, to account for the difference between rent and mortgage.

Finally, look at how this total compares to your income. If there's a shortfall, look back to your categories to find areas where you could cut spending. As your mortgage brokers, we can help you understand how your current expenses, income, and future mortgage can add up to an affordable home.

We will review your financial picture to help you buy a home you can afford today, and tomorrow. 🏠



## Mortgage ABCs

Helping you be an educated homeowner

### ■ Gross household income

Total assured income from salary, wages, and commission, before deductions.

### ■ Interest rate differential

A penalty charged for breaking a closed-term mortgage before the end of the term; based on the difference between the original and current interest rates and length of time remaining in the term.

### ■ Principal residence

A home that is inhabited for the majority of the year and may be sold without incurring capital gains tax.

# Get the de-cluttering bug

**One of the most economical ways to give your home a makeover — whether you plan to sell or simply want to start the new year on the right foot — is by reducing clutter.**

De-cluttering is a smart investment. It costs virtually nothing, yet it can generate more buyer interest and potentially yield a higher price. Even if you're not selling, de-cluttering can reduce safety hazards, make it easier to clean and decorate, and give you a psychological lift.

## Ready, set...

Plan to tackle one room or area, setting aside enough time to complete the job. Establish a deadline: unfinished sorting compounds the problem.

Remove everything from the target zone except furniture. Think of this as your blank canvas, and envision how you want it to look and feel. With the clutter out of the way, you can give the area a through cleaning.

## ...sort!

Find four boxes and label them: Give/Sell, Garbage/Recycle, Repair, Relocate. Now go through everything, asking yourself:

1. Has this item outlived its purpose, or never achieved it? Place in the "Give/Sell" or "Garbage/Recycle" box.
2. Does this item belong in this room? If not, place in the "Relocate" box.
3. Is it broken or in need of altering? Place in the "Repair" or "Garbage/Recycle" box.
4. Do I need/love/want it? If "no," put it in the "Give Sell" or "Garbage/Recycle" box. If "yes," dust and place in the target area.

Get rid of things as soon as possible; don't let them lie around. Sell collectibles or valuable items online through eBay, Kijiji or Craigslist. Post a notice in your building, or sell through consignment shops. Or donate them to charity (many offer pick-up service). Check to see what types of goods the organization accepts first.



## Call in the big guns

De-cluttering is a challenge. Consider hiring a professional organizer if you're not making progress, or if the task feels too overwhelming.

Outside help can also be beneficial if you're strapped for time or face an imminent deadline, such as a move or preparing your home to sell. 🏠

# It's back!

The federal ecoENERGY Retrofit — Homes program is back, and it can save you a bundle — up to \$5,000. This time around, there are some key differences:

- You must register online at: <http://oee.nrcan.gc.ca/residential/personal/registration.cfm>.
- Obtain a pre-retrofit evaluation from a provider licensed by Natural Resources Canada before starting renovations.
- The rebate amount depends on the energy-saving improvements you make. For example, replacing an old, low-efficiency gas furnace with a high-efficiency model\* gets a rebate of \$790.
- Keep all receipts for work done or items purchased.
- Book a post-retrofit evaluation before **March 31, 2012**, and present your receipts. The auditor will submit your application.

Program funding is limited, so act quickly! 🏠

\*94.0% AFUE or higher with a brushless DC motor.

## Bright lights

**B.C. started phasing out the sale of inefficient incandescent light bulbs in 2011, and the rest of Canada is now following suit. So what are your alternatives for day-to-day household lighting?**

■ **Halogen bulbs.** Moderately priced; 40% more efficient than regular incandescent bulbs; last two to four times longer. Similar in colour to incandescent and good for task lighting, but generate high temperatures so must be handled with caution.

■ **Compact fluorescent lights (CFLs).** More expensive than incandescent lights; last longer; consume about 75% less energy. Many are not compatible with dimmer switches and all contain small amounts of mercury and require safe disposal. For a warmer hue, look for colour temperature of 2,700K.

■ **LEDs (light emitting diodes).** Highly efficient (convert about 80% of energy to light); last two to five times as long as CFLs; dimmable. Expensive, but expected to come down in price. Try different brands to find the light you like. 🏠



## Paint yourself into a beautiful corner!

**A fresh coat of paint is the most economical way to refresh any room in your home!**

### Trends

**Grey replaces perennial favourite beige.** Pure grey can look stark, so look for warm hues and accent with shots of colour — think yellow, aqua, or pink. Many paint manufacturers are teaming up with decorators and magazines — look for their custom-designed colour palettes.

### Tools

**Today's tools make even large jobs easier and faster.** Try pail-to-roller applicators. An adjustable aluminum pole makes ceilings easier, and with an attachable brush holder, you can even cut in high corners without a ladder. Mini rollers cover baseboards and doors quickly. Best investment: a good-quality, sure-edge brush for straight edges — or a roll of green tape.

### Tips

**Plan ahead for professional results.** Check the website of your paint store or favourite paint brand for paint calculators that tell you exactly how much you need to buy and room planners that help you visualize the colour options for your space. 🏠

## Budget blaster

**In-home entertainment can eat into a household budget. Save some money this winter while hunkering down at home.**

- 1. Analyze your viewing habits.** Watch only a few favourite TV shows and the news? Consider streaming episodes. Strictly a movie buff? Consider subscribing to a low-cost online movie service.
- 2. Review your account.** Check what's included in your TV package, especially if you've had it for a while, and make sure you're getting the programming you need. Ask your provider if you're eligible for new promos or packages. Bundle up for even better rates.
- 3. Check your Internet bandwidth capacity and speed.** You may need to upgrade if you increase streaming or downloading, or plan to watch on a TV rather than a computer. One hour of standard definition video translates to about one gigabyte; high def is around 1.6 gigabytes. Factor in the additional cost before you change your plan. 🏠



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