

Real Estate Journal

Your Monthly Home & Financing News

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DID YOU KNOW...

Only 23% of Canadians know their credit score, and just 26% knew their credit rating at the time they applied for a mortgage, reports a recent Equifax survey. A good credit score can be a major negotiating tool in getting lower interest rate mortgages from financial institutions. The study also found that 10% of Canadians surveyed say it's okay to inflate your income when applying for a mortgage. And 9% say they have lied on credit card or mortgage applications. The numbers came as a shock to Equifax officials, given that the July survey of 1,500 Canadians

Welcome to the September issue of the *Real Estate Journal*, which is designed to help you make a more informed decision the next time you're buying or selling a property!

This month's edition talks about why there's more to a mortgage than rate alone, as well as discusses ways to make your kitchen more accessible and adaptable. Please feel free to ask questions or offer feedback regarding anything outlined below via phone or email.

Thanks again for your continued support and referrals!

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How Important is Your Mortgage Rate?

Often times, borrowers are fixated on their mortgage rate because it's the one aspect of their home financing they know to ask about. But, it's important to look beyond mere rates into the bigger picture surrounding what's significant when it comes to your specific mortgage needs.

If we dollarize the difference between 2.99% and 3.04%, for instance, it works out to an additional \$2.66 in your monthly payment per \$100,000 of

a low fixed rate and aren't concerned with making lump-sum payments.

It's understandable why these products may seem appealing. After all, not everyone feels they have the extra cash to put down a huge lump-sum payment. And who needs a portable mortgage if you're not planning on moving any time soon?

But it's important to remember that a lot can change over the course of five years – or whatever term you choose for your mortgage. You could get transferred, find a bigger house, have babies,

was really aimed at gauging their concerns about protection of personal data. [Click here](#) for the full article in *The Star*.

MORTGAGE MATTERS

The trick to making a mortgage disappear faster is to minimize your total borrowing cost. And nothing dictates total borrowing cost more than the term you choose. Selecting the right term is even more important than finding the lowest rate. Choosing the wrong term can lock you into a punitive rate for years to come or, conversely, expose you to rising rates because you haven't locked in for long enough. "Term" refers to the length of a mortgage contract. The most common option is the five-year fixed term, chosen by well over half of Canadian borrowers. But popularity doesn't make a mortgage right for you. The ideal term will vary as interest rates and your financial circumstances change. Your mortgage broker or lender will be able to explain why you should opt for a particular term, given your current financial situation and your longer-term plans.

GOING GREEN

Make Recycling Second Nature:

Make recycling part of your daily routine. Recycle all packaging and consumer goods that you can. Aim to purchase items with minimal and recyclable packaging. For certain items with large amounts of packaging, ask retailers if they can recycle or re-use it. For electronics, facilities

your mortgage. Over the course of a five-year term, this culminates into just \$159.60 per \$100,000.

While "no-frills" mortgage products typically offer a lower – or more discounted – interest rate (like the 2.99% used in the example above), when compared with many other available products, the lower rate is really their only perk.

The biggest problem with looking at rate alone is that you may end up paying thousands of dollars in early payout penalties if you opt for a five-year fixed-rate mortgage, for instance, and then decide to move before the five years is up.

No-frills mortgage products won't let you take your mortgage with you if you purchase another property before your mortgage term is up – ie, portability is not an option with this product. Portability is an important option that could save you money over the long term if the home of your dreams is within your reach before your mortgage term is up and rates have risen, which they have a tendency to do over a five-year period.

This type of product is only plausible for those who have minimal plans to take advantage of benefits that will help pay off your mortgage faster – such as prepayment privileges including lump-sum payments.

Essentially, this product is only ideal for: first-time homebuyers who want fixed payments and have limited opportunities to make lump-sum payments during the first five years of their mortgage; and property investors who need

change careers, etc. Five years is a long time to be anchored to something.

Many people won't sign a cell phone contract for longer than two or three years that they can't get out of, so why would they then sign a mortgage for five years that they can't get out of?

The thing is, you can still obtain great mortgage savings without giving up the perks of traditional mortgages. For starters, many lenders are willing to offer significant discounts if you opt for a 30-day "quick close".

And there are many other ways to earn your own discounts. For instance, by switching to weekly or bi-weekly mortgage payments, or by obtaining a variable-rate mortgage but increasing your payments to match those of the going five-year fixed rate, you'll be ahead of the typical discount of a no-frills product before you know it – and you won't have to give up on options.

Banks don't give anything away for free – they're there to make money. That's why it's essential to discuss the full details surrounding the small print behind the low rates. It's also important to take into account your longer-term goals and ensure your mortgage meets your unique needs now and into the future.

As always, if you have any questions about buying or selling a property, your answers are just a phone call or email away!



As you grow older or welcome new people into your life, your needs and limitations can change. By designing a house that is both accessible and accommodating to people with a diverse range of ages and abilities, you can make

- To make your kitchen as efficient as possible, design it so that things that are often used together are located in close proximity to each other. For instance, store your dishes and glasses near the dishwasher, and keep your baking supplies close to a work surface.

exist that can dispose of electronics in an environmentally responsible manner. Locating a facility near you is just a Google away.

Use Energy Efficient Light Bulbs:

Compact fluorescent (CFL) bulbs use as little as ¼ the amount of electricity used by traditional incandescent bulbs, but create the same amount of light. Although CFL bulbs are slightly more expensive, they save money in the long run because of their low electricity use and longer life. Because they contain small amounts of mercury, used CFL bulbs should be recycled. Light emitting diodes (LEDs) are even more efficient than CFLs.

sure that everyone who comes to your home will feel safe and comfortable.

One of the most important rooms in an accessible house is the kitchen. To ensure your kitchen is safe, comfortable and easy for everyone to use, Canada Mortgage and Housing Corporation (CMHC) offers the following tips on how to design a kitchen that is accessible, functional and flexible for all your friends and family:

- First, take a look at your [floor plan](#), and ask yourself if the location of your kitchen makes sense. Is it near the primary entrance to the home? Close to the dining room? Where are appliances and workspaces located?
- Next, make sure your kitchen is large enough to allow everyone to move around and use all the appliances. Someone who uses a wheelchair or walker, for example, will generally need at least 1,500 x 1,500 mm (59 x 59 inches) of space to turn around comfortably, as well as about 750 x 1,200 mm (29.5 x 47 inches) of manoeuvring space in front of work areas. For people who use power wheelchairs or scooters, the minimum manoeuvring space should be at least 1,800 x 1,800 mm (71 x 71 inches).
- At every stage of your renovation or construction, be sure to put safety first. Avoid small mats or rugs, which could become tripping hazards for children or people with mobility issues. Put a notice board in the kitchen where you can post notes for other family members, especially if anyone in your house is dealing with memory loss. If this is the case, consider installing an [override switch](#) that must be activated before using an appliance or outlet in the kitchen.

- Make sure your kitchen has adequate lighting to allow people with vision loss to see more easily. To accommodate people of different heights and abilities, consider including features like storage options that are set at a variety of heights, hands-free or lever faucets, open shelving, cupboards that pull down or open a full 180 degrees, and perhaps a place to sit down or a workstation that is set at a different height.
- When buying new [appliances](#), floors or countertops, look for surface finishes that will be easier to clean and maintain over the long run. For example, glass cooktops tend to be easier to clean, and while stainless steel appliances may look nice, they can also show fingerprints and may require specialized cleaning products.
- If someone who is deaf or hearing impaired will be using your kitchen, select appliances and smoke alarms that give visual as well as audible signals. Plus, choose soft, absorbent surfaces such as cork flooring, which can help keep noise levels in the kitchen to a minimum.
- If there are children, people with Alzheimer's, people who are forgetful or people who have developmental disabilities in your home, give careful consideration to where and how you store your cleaning products, as well as any other potentially dangerous or toxic products and materials.

For a free copy of the "About Your House" fact sheet [Accessible Housing by Design: Kitchens](#) or for information on any of the other guides, fact sheets and check lists in CMHC's [Accessible Housing by Design](#) series, visit: www.cmhc.ca.

About

ROYAL LEPAGE

Royal LePage is Canada's oldest and largest Canadian owned real estate company. Founded in 1913 by Albert LePage when he was just 26 years old, Royal LePage is now Canada's largest real estate company with more than 14,000 agents in more than 600 locations across the country. And we firmly believe that you can only become the oldest and largest company by being the best.

Over the years, we've learned a lot about real estate – and how to provide the best possible service for our clients. Since the mid-1990s, Royal LePage has more than tripled the size of its sales force and almost doubled its market share.

Throughout our successes, we remain dedicated to helping you through the real estate process. Our commitment to innovation and customer service is as strong as ever.

We offer all of our REALTORS® – from those serving tiny communities to those in major urban centres – strong support from our national pool of knowledge, skill and technical expertise. We regularly invest time, money and resources to develop and provide the knowledge and tools they need to best market your home, including:

- Up-to-date information about local market conditions
- Quarterly housing reports
- Creative brochures and newspaper ads to showcase your home
- Ongoing negotiation, marketing and technical training

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