

# Real Estate Journal

Your Monthly Home & Financing News

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## The Hube Team

Royal LePage Grand Valley  
Realty  
Brokerage  
Independently Owned & Operated  
Phone: 519-621-2000  
Cell: 519-624-2000  
Fax: 519-621-4027  
[E-mail](#)  
[Website](#)

## DID YOU KNOW...

Whether you're home or away on vacation, a few simple precautions can make your home less attractive to burglars. These include: Ensuring your outdoor lighting illuminates all entrances to your home; Cutting back shrubbery discourages burglars from hiding near window and doors; Keeping windows and doors locked at all times; Making certain your garage door is closed and locked; Installing a peephole in your front door; Securing windows and sliding glass doors with auxiliary locks (special door pins, available at home improvement stores, can prevent your sliding doors from being lifted from their tracks during a burglary attempt); Installing deadbolt locks on all exterior doors; and Never

Welcome to the March 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 compares collateral and standard charge mortgages, as well as examines the benefits of setback thermostats. 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!

## In This Issue

1  
Collateral Versus  
Standard Charge  
Mortgages

2  
Setback  
Thermostats

3  
About  
Royal LePage



## Collateral Versus Standard Charge Mortgages

Since an increasing number of lenders are moving towards collateral charge mortgages these days, it has never been more important to understand the differences between a collateral and standard charge mortgage.

The primary difference is that a collateral charge mortgage registers the mortgage for more money than you require at closing. For instance, up to 125% of the value of the home at some banks or 100% through many credit unions, instead of the amount you need to close your transaction (as is

charges under a "straight switch" in order to earn your business. In addition, with a collateral charge, it could be difficult to obtain a second mortgage or a home equity line of credit (HELOC) unless your home significantly appreciates in value.

Lenders offering collateral charge mortgages promote the benefit that it makes it easier and more cost effective to tap into your equity for such things as debt consolidation, renovations or property investment. There's no need to visit a lawyer and pay legal fees – the money is available as your mortgage is paid down. Yet, if you read the fine print, you may still have to re-qualify at renewal.

A standard charge mortgage gives you the ability

hiding or storing keys or tools outside.

## MORTGAGE MATTERS

Now's the perfect time of year for a free mortgage checkup. With Spring on its way and interest rates still hovering near historic lows, it's an ideal time to revisit your mortgage and ensure it still meets your needs. Perhaps you've been thinking about refinancing to consolidate debt, purchasing a rental or vacation property, or you simply want to take a vacation. Whatever your needs, your mortgage agent or lender can evaluate your situation and help you determine what's right for you.

## HAPPY ST PATRICK'S DAY



## GOING GREEN

### *Insulate Your Home:*

By properly insulating your home, you can ensure that heat stays in or out depending on the season. You can do this by purchasing windows and window coverings that will block out or keep in warmth, and by sealing any existing cracks. In winter, reduce your thermostat by 2°C to enjoy energy savings and a cozy sweater. In summer, use fans to circulate air, and set air conditioners to make your home a comfortable temperature. Lowering the temperature on your water heater to between 55 and 60°C and insulating your pipes also makes a difference. Federal government programs such as the ecoENERGY initiative provide incentives for energy-saving home upgrades. Information about the ecoENERGY initiative can be

the case with a standard charge mortgage).

The major downside to a collateral mortgage becomes evident at your mortgage renewal date. For borrowers who want to keep their options open at maturity and have negotiating power with their lender, this isn't the best product feature because collateral charge mortgages are difficult to transfer from one lender to another.

In other words, if you want to change lenders in order to seek a better product or rate in the future, you have to start from the beginning and pay new legal fees, which range from \$500 to \$1,000. With a standard charge mortgage, in most cases, the new lender will cover the



## Setback Thermostats

**T**hermostats control heating and cooling appliances in houses. A setback thermostat gives the user the option of changing the temperature setting automatically at night and also during the workday when the occupants have left the house. A setback thermostat can help reduce overall household energy consumption.

A conventional thermostat simply regulates house heating at one temperature. For instance, in the winter, if you set the thermostat to 20°C (68°F), it will activate the heating system when the house temperature drops below 20°C and will shut the system off when the house air warms up past 20°C.

A setback thermostat contains an electronic clock. It can automatically turn down the temperature setting at night when you're asleep, or during the day when you're at work. It can also return the temperature to a more comfortable level before you wake up or arrive home from work. That way, you can have the energy savings of a lowered thermostat setting without the discomfort of having to wait for the house to heat up again.

The setback thermostat can also be used as a set-forward thermostat for an air conditioning

to move to another lender at renewal should you want to without incurring legal fees, and many borrowers find it more beneficial to keep their options open. If you need to borrow more with a standard charge mortgage, you have the option of a second mortgage or a HELOC, which also enables you to take money out as your mortgage is paid down.

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

## What's a normal house temperature?

CMHC randomly surveyed Canadian households. Thermostat settings in the winter tend to be quite closely grouped around 20°C – 21°C (68°F – 70°F). Summer temperatures range much more widely, depending upon whether the house has air conditioning.

## Where should I set the thermostat?

The more you reduce the thermostat setting, the greater the possibility for savings. Generally, a drop of 2°C (3.6°F) will lead to some savings and little risk. Some householders reduce temperatures 4°C – 6°C (7°F – 11°F). But, temperature differences this large create potential comfort and moisture problems.

## Does setting back the temperature save energy?

Yes. Research from the Canadian Centre for Housing Technology shows that winter setbacks for the houses tested would result in heating cost savings of 5-15%. The highest savings came with a setback of 6°C (11°F). See CMHC's [Research Highlight: Effects of Thermostat Setting on Energy Consumption](#).

found at

[www.nrcan.gc.ca/ecoaction](http://www.nrcan.gc.ca/ecoaction)

system. It can allow the house to heat up when it's unoccupied and return it to a comfortable temperature before occupants return from daytime activities.

Although this article deals with setback thermostats and forced-air heating systems generally, you can apply some of the advice to electric baseboards or to summer usage.

You can use a standard thermostat to set your house temperature lower during times when the house is unoccupied. This will lead to similar energy savings as with a setback thermostat, but without the convenience.

Savings for the summer were about the same, although simply raising the thermostat set point in the summer from 22°C (71°F) to 24°C (75°F) led to more significant savings than the set-forward strategy and also offered better indoor humidity control.

Note that these savings are for two airtight, well-insulated, unoccupied houses. The savings in your home may vary, but are likely to be in the same range.

To learn more about other sustainable technologies and practices that can improve the performance of your home as well as information on owning or buying a home, call Canada Mortgage and Housing

Corporation (CMHC) at 1-800-668-2642 or visit [www.cmhc.ca](http://www.cmhc.ca).

# About



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

This communication is not intended to cause or induce breach of an existing agency agreement.

#4 - 471 Hespeler Road Cambridge ON N1R6J2

\*\*Not intended to solicit Buyers/Sellers currently under contract.