



MORTGAGE POST

Mortgage Centre

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Budgeting for your home

Why Budget ?

Provided by Genworth Financial Canada

Budgeting is an important part of preparing yourself for the purchase of a home. Here's why:

Save for a down payment and up-front costs. If you stick to a budget, you can save the money needed for your down payment, and up-front costs-such as closing costs and emergency reserves-much sooner. Also, you'll be sure to save enough to cover the many expenses facing a new home owner, including moving, utility hook-ups, tools, maintenance supplies, window coverings, etc.

Strengthen your mortgage application. By establishing a regular savings pattern in a savings account, you make your loan application stronger and increase the chances of having your mortgage loan approved.

Budgeting is an important part of successful home ownership after you've moved in. Here's why:

You pay when it breaks. You won't have a landlord to call when problems arise. If your hot water heater fails, you need emergency funds set aside to repair or replace it. Replacing a hot water heater can cost \$500. A new roof could be more than \$2,000. A new furnace could cost \$3,000 or more. A new

heat pump or central air conditioning unit could cost more than \$1,200. Clearly, you must start saving now to be ready for these expenses in the years to come.

New types of bills. You may be paying for utilities such as heat and electricity for the first time. If you don't plan to have enough money to pay these bills when they are due, your service could be cut off.

Don't run out and buy that new bedroom furniture. Budgeting helps you avoid the temptation to make major purchases on credit. If you know exactly how much you have to work with each month, you'll be less likely to load yourself up with heavy debt payments that are tough to keep up with. If you must buy something on credit, shop around for the best loan terms. It's usually better to save for major purchases like bedroom suites and entertainment systems instead of charging them. You'll pay less, or you may decide that you'd rather use the savings for something else.

Watch your mail. As a new homeowner, you may receive several offers for new credit cards. This may seem like a great opportunity to buy new things for the

house or other items, but be careful. Keep in mind the financial responsibility of purchasing a home, and review your new homeowner's budget. With credit cards, it's easy to accumulate a large balance quickly. Most credit cards charge interest for any outstanding balance at the end of the billing period, and that can be expensive, too. If you need a credit card for emergencies, there are cards that require full payment at the end of each billing cycle. This eliminates the cost of interest payments, prevents you from buying something you can't really afford, and assures good credit standing without a credit balance.

Building a budget, step by step. Maybe you'd like to develop your own budget or improve the one you use now.



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Saving For a Down Payment

You can buy a house for as little as 5% down, but remember that the larger the down payment, the easier the other expenses will be to manage. We encourage you to calculate what you can afford to work out what's best for you. Once you're ready to put an offer on a property you'll need part of your down payment as a deposit, so remember to keep some funds easily available and accessible.

If you make a down payment of 20% or more, of the lending value, you may qualify for a conventional mortgage. If you are making a down payment of less than 20%, the mortgage must be insured. The insurance protects the lender against borrower default. Your lender will

arrange for mortgage default insurance.

Saving enough money to buy a home can seem overwhelming, but you may be able to get your down payment faster with a savings or investment plan.

1. Personal Bank Accounts

Open a bank account and set aside money specifically for your new home. Make a habit of paying into this account on a regular basis, just as you pay your monthly bills. Remember that you will need cash (or a certified cheque) for the down payment and the closing costs associated with buying a home.

2. Investments

As the money in your bank account grows, or if you already have money set aside, you may want to invest.

3. Using RRSPs towards your Downpayment

Registered Retirement Savings Plans are a good way to secure your financial future while enjoying tax benefits today. You may also be able to use your RRSP savings towards the purchase of a home. The current Home Buyers' Plan permits the first-time homebuyer to withdraw up to \$20,000 from RRSP to buy or build a home. The amount withdrawn is treated as a loan and must be repaid within a 15-year period, commencing in the third year after the withdrawal.

Mortgage rates drop to 11-month low

Canadian banks have begun to lower fixed mortgage rates to their lowest levels since last spring.

RBC Royal Bank announced Thursday that it would chop most of its mortgage rates by a fifth of a percentage point, effective Friday. TD Canada Trust, BMO Bank of Montreal, Scotiabank and CIBC followed later with similar cuts.

The posted rate for a five-year closed mortgage drops to 6.99 per cent. That's the first time the posted rate for the popular five-year term has been below seven per cent since last May.

The posted rates for a one-year closed mortgage falls to 6.95 per cent at some banks and 6.90 per cent at others.

Banks will generally chop at least one percentage point off their posted rates — especially for their longer-term fixed mortgages.

Other mortgage lenders, such as virtual banks and some credit unions, promise to beat the best rates offered by the major banks.

The Bank of Canada has cut its key overnight lending rate by a full percentage point since early December as it tries to keep the Canadian economy from following the U.S. into recession.

That's led to a similar one percentage point drop in variable rate mortgages and other floating rate loans tied to the banks' prime rate.

But fixed mortgage rates have been much slower to drop. Since the start of December, the posted five-year fixed mortgage rate has fallen by two-fifths of a percentage point, counting Thursday's rate drop.

Longer-term mortgage rates reflect the cost that banks pay to borrow money in the capital markets. Analysts say the global credit crunch — triggered by the U.S. subprime mortgage crisis — has made it more expensive for Canadian banks to access funds.

A further cut in the Bank of Canada's key lending rate is expected when the central bank makes its next scheduled announcement on April 22, so borrowers can look forward to a corresponding drop in their variable rate mortgages then.

Why You Should Use An Accredited Mortgage Professional (AMP)

The AMP designation created and managed by Canada's National Mortgage Industry Association -The Canadian Association of Accredited Mortgage Professionals (CAAMP).

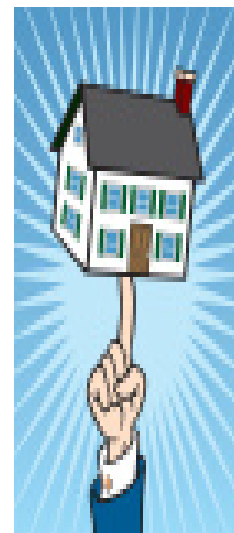
CAAMP is committed to setting the standards for best practices and industry values.

AMP designation sets the way for all Mortgage Professionals in providing the highest level of service and

care. AMP professionals demonstrates commitment through continuous education in the mortgage industry with up-to-date technologies, providing valuable information to educate their customers needs in mortgage products and solutions.

As a mortgage customer, you have the benefits of getting the best service with professional, reliable, and ethical practice from a broker.

You can feel confident knowing your broker, with AMP designation, is working to help you realize your goals of owning your home.



DAILY HEALTH TASK LIST

Just like brushing your teeth, healthy habits should be cultivated on a daily basis. The following is a guide to daily tasks:

- 1.** Activity should be a daily occurrence. Walk, run or jump for a minimum total of 20 minutes a day.
- 2.** Protect your skin. Sun block should be applied on face, neck, arms and hands even in the dead of winter. It protects against climatic toxins too. Moisturize skin daily.
- 3.** Eat fruits, vegetables, grains, low-fat dairy products and small amounts of protein. Avoid sweets and other processed foods.
- 4.** Meditate or spend a minimum of five minutes daily in quiet time.
- 5.** Find your spiritual self. Discover what inspires you, raises your level of consciousness, motivates you, and satisfies your soul.
- 6.** Exercise your brain. Read, study, solve problems, and learn new skills. As does the body, the brain atrophies with lack of use.
- 7.** Hug somebody.

COOKING CORNER

Cheesy Smashed Potatoes

Recipe courtesy Rachael Ray

2 to 2 1/4 pounds baby Yukon gold potatoes
1/4 cup sour cream
2 cups shredded Cheddar
3 tablespoons chives, chopped or snipped
Salt and black pepper

Cut potatoes in half and place in a pot. Cover with water and bring to a boil. Work on other dishes while you are waiting for the water to boil.

When water boils, add the potatoes and some salt, 2 big pinches, and boil for 10 minutes or until tender. Drain and return potatoes to the hot pot. Smash potatoes with masher and combine with sour cream and cheese. When cheese melts into potatoes, add chives and salt and pepper and re-smash. Taste the potatoes and adjust seasonings.

Stove-top Mac and Cheese

Recipe courtesy Alton Brown

1/2 pound elbow macaroni
4 tablespoons butter
2 eggs
6 ounces evaporated milk
1/2 teaspoon hot sauce
1 teaspoon kosher salt
Fresh black pepper
3/4 teaspoon dry mustard
10 ounces sharp cheddar, shredded

In a large pot of boiling, salted water cook the pasta to al dente and drain. Return to the pot and melt in the butter. Toss to coat.

Whisk together the eggs, milk, hot sauce, salt, pepper, and mustard. Stir into the pasta and add the cheese. Over low heat continue to stir for 3 minutes or until creamy.

REFER A FRIEND, FAMILY, CO-WORKER,

The Mortgage Post is a monthly newsletter for your enjoyment and information on latest mortgage tips and news, along with health tips and easy quick recipes.

IF YOU KNOW OF A FRIEND OR FAMILY MEMBER WHO WOULD LIKE TO KEEP UP WITH CURRENT MORTGAGE NEWS AND INFORMATION, PLEASE FILL OUT THE FORM AND FAX IT BACK TO : ALYSSA YANG AT MORTGAGE CENTRE. FAX #905-879-9969. OR EMAIL alyssa@alyssayang.com

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