

LIVING & LENDING

Your monthly key to smart living and lending



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M MORTGAGE ARCHITECTS

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Hello March!

As winter begins to loosen its grip, this March issue focuses on making informed mortgage decisions and preparing for seasonal transitions. We explore five essential questions to consider before choosing a mortgage type, debunk common misconceptions that might affect your financing choices, and provide practical tips to protect your home during spring thaw. Whether you're evaluating mortgage options, planning for the future, or safeguarding your property against winter's final acts, this issue offers valuable insights to guide your financial and homeownership journey.

5 Essential Questions to Ask Before Choosing Your Mortgage Type

Selecting the right mortgage isn't just about finding the lowest rate. Your personal circumstances, financial goals, and comfort level all play crucial roles in determining which mortgage type will serve you best. Here are five essential questions to help guide your decision.

A circular logo with the letters 'Q&A' in a stylized, black, serif font. The background of the logo is white and it is set against a blurred image of a living room interior.

What questions should I ask before choosing my mortgage type?

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1. How stable is my income?
2. What are my plans for the next 5 years?
3. How much financial flexibility do I need?
4. What's my risk tolerance?
5. What are my long-term financial goals?

1. How Stable Is Your Income?

Your income stability is a key factor in mortgage selection. Consider...

- Is your income consistent or variable?
- Are you self-employed or receiving commission-based pay?
- Do you expect any significant changes to your income in the near future?

Mortgage Options to Consider:

- **Fixed-Rate Mortgage:** Ideal for stable, predictable income. Your payments remain the same throughout your term, making budgeting easier.
- **Variable-Rate Mortgage:** Could be suitable if you can tolerate some payment fluctuation and want to potentially benefit from lower rates. Payments adjust based on changes in the prime rate according to your mortgage agreement.
- **Open Mortgage:** Beneficial for variable or seasonal income, as it allows flexible prepayment options when income is higher.

2. What Are Your Plans for the Next 5 Years?

Your short to medium-term plans significantly impact your mortgage choice...

- Are you planning to stay in the home long-term?
- Might you need to relocate for work?
- Are you expecting any major life changes?

Mortgage Options to Consider:

- **Portable Mortgage:** Essential if you might move during your term. Allows you to transfer your existing mortgage to a new property without penalty.
- **Shorter-Term Mortgage:** Beneficial if you're uncertain about future plans. Provides more flexibility to change your mortgage strategy in a few years.

3. How Much Financial Flexibility Do You Need?

Understanding your need for financial flexibility is crucial...

- Do you expect to receive bonuses or inheritances?
- Are you planning any major purchases?
- How important is the ability to make extra payments?

Mortgage Options to Consider:

- **Open Mortgage:** Allows you to make additional payments or pay off the mortgage completely without penalties.
- **Closed Mortgage with Prepayment Privileges:** Typically offers lower rates than open mortgages while still allowing some flexibility (often 10-20% annual prepayment).

- **HELOC (Home Equity Line of Credit):** Can be combined with your mortgage to provide flexible access to your home equity for unexpected expenses or investment opportunities.

4. What's Your Risk Tolerance?

Your comfort level with financial uncertainty matters...

- How would you feel about your payments changing?
- Does the idea of rate fluctuations cause anxiety?
- How would rate increases affect your budget?

Mortgage Options to Consider:

- **Fixed-Rate Mortgage:** Provides maximum payment stability and peace of mind throughout your term. Best suited for those who prefer predictable payments and want to avoid the stress of rate fluctuations.
- **Variable-Rate Mortgage:** Better suited for those who can comfortably manage payment fluctuations and understand the potential benefits and risks of rate changes.

5. What Are Your Long-Term Financial Goals?

Your broader financial picture should influence your mortgage choice...

- Are you prioritizing lowest possible payments?
- Is paying off your mortgage quickly important?
- How does your mortgage fit with retirement planning?

Mortgage Options to Consider:

- **Conventional Mortgage (20%+ Down Payment):** Eliminates the need for mortgage default insurance (CMHC/Sagen/Canada Guaranty), reducing your overall costs.
- **Accelerated Payment Mortgage:** Allows bi-weekly or weekly payments to pay off your mortgage faster.
- **Extended Amortization (30-year) Options:** Now available for insured mortgages (with down payments less than 20%) for qualified first-time homebuyers and new build purchases. This option can help reduce monthly payments, though it takes longer to build equity.

Making Your Best Decision...

The right mortgage balances your current financial situation with your future plans while providing the flexibility and security you need.

For the best mortgage experience:

- Partner with a qualified Mortgage Broker who has access to multiple lenders and can guide you through all available options
- Be open about your financial situation and future plans with your Broker
- Take time to understand all terms and conditions
- Consider both your immediate needs and long-term goals
- Remember that working with multiple mortgage professionals simultaneously can lead to confusion and potentially harm your application process

Your Mortgage Broker is your dedicated advocate in the home financing process, providing expert guidance and access to the best mortgage solutions for your unique situation.

Take Note

○ New 30-Year Amortization: Who Qualifies?

First-Time Homebuyers must meet ONE of these criteria:

- Never purchased a home before
- Haven't owned/occupied a principal residence in the last 4 years
- Recently experienced a breakdown of marriage/common-law relationship

OR

New Build Properties:

- Home has not been previously occupied
- Includes new condos with interim occupancy

Important Notes:

- Mortgage must be insured (down payment less than 20%)
- Property must be owner-occupied
- Standard mortgage insurance criteria still applies




*With useful tools and calculators to help you determine your affordability, monthly mortgage payments, closing costs and more, my app has everything you need at your fingertips. **Scan the QR Code to download the app or visit our website @ www.karenreimer.org***



Common Mortgage Myths: Separating Fact from Fiction

In the world of mortgages, misconceptions can lead to missed opportunities or unnecessary stress. Let's clear up some common mortgage myths to help you make more informed decisions about your home financing.

 **MYTH** Mortgage Default Insurance & Mortgage Life Insurance are the same thing

 **FACT** These two are completely different types of insurance serving different purposes


Mortgage Default Insurance (CMHC/Sagen/Canada Guaranty)

- Required by lenders for down payments less than 20%
- Protects the lender if you default on your mortgage
- Premium is typically added to your mortgage amount
- Not optional for high-ratio mortgages (less than 20% down)

Mortgage Life Insurance

- Optional coverage you can choose to purchase
- Pays off your mortgage if you pass away
- Protects your family, not the lender
- Can be obtained through various insurance providers
- Should be considered as part of your overall financial planning

 **MYTH** You Need a 20% Down Payment to Buy a Home

 **FACT** While 20% down eliminates the need for mortgage default insurance, you can purchase a home with as little as...

- 5% down for homes priced up to \$500,000
- 5% on the first \$500,000 and 10% on the remainder for homes between \$500,000 and \$999,999
- 20% for homes \$1 million and above

 **MYTH** The Lowest Interest Rate Is Always the Best Deal

 **FACT** While rate is important, other factors can significantly impact your total cost, such as the following...

- Prepayment privileges
- Penalty calculations for breaking the mortgage
- Portability options
- Fixed vs. variable considerations
- Term length implications

 **MYTH** You Can't Get a Mortgage if You're Self-Employed

 **FACT** Self-employed individuals can qualify for mortgages by providing the following...

- A track record of stable self-employment income
- Tax returns and financial statements
- Proof of good credit history
- Documents showing business stability

 **MYTH** Variable Rates Are Too Risky for Most People

 **FACT** Variable rates can be suitable depending on your situation; consider the following...

- Historical performance patterns
- Your financial stability
- Risk tolerance
- Future plans
- Market conditions

 **MYTH** Once You're Declined, You Can't Get Approved

 **FACT** A decline from one lender doesn't mean you can't get approved elsewhere because...

- Different lenders have different criteria
- Working with a mortgage professional can help match you with the right lender
- Addressing the reason for decline can improve future applications

MYTH You Can't Pay Off Your Mortgage Early

FACT Most mortgages offer prepayment privileges, such as...

- Annual lump sum payment options
- Payment increase options
- Terms vary by lender and mortgage type

Making Informed Decisions...

The key to successful mortgage financing is having a trusted advisor by your side. Here's how to proceed:

- Partner with a qualified Mortgage Broker who understands your unique situation
- Share your complete financial picture with your Broker
- Take time to review and understand all terms and conditions
- Consider both your current needs and future goals
- Don't hesitate to ask your Broker questions - they're there to help

Understanding these realities about mortgages can help you make better-informed decisions about your home financing. Remember, every borrower's situation is unique, and what works for one person may not work for another. Working exclusively with a qualified Mortgage Broker ensures you have a dedicated advocate who can access multiple lenders and find the best solution for your specific circumstances.



Why Choose a Mortgage Broker

Product Choice: Access to over 50 lenders vs. limited to one bank's products

Independence: Works for you (the client) vs. works for the bank

Ongoing Service: Annual reviews, refinancing options, and personalized advice vs. just annual statements

Spring Thaw: Protecting Your Home from Winter's Final Act

While March brings promises of warmer days ahead, Saskatchewan homeowners know better than to pack away their snow shovels just yet. This transitional period between winter and spring can pose unique challenges for your home, particularly your basement. Taking preventive action now can save you from costly water damage when the big thaw arrives.

Start with Your Snow Strategy

Where you pile your snow matters more than you might think. Those mountain-high snow banks against your house may seem harmless, but they're potential trouble once temperatures rise. Move snow at least six feet away from your foundation, paying special attention to window wells. This simple step creates a safety buffer between melting snow and your basement walls.

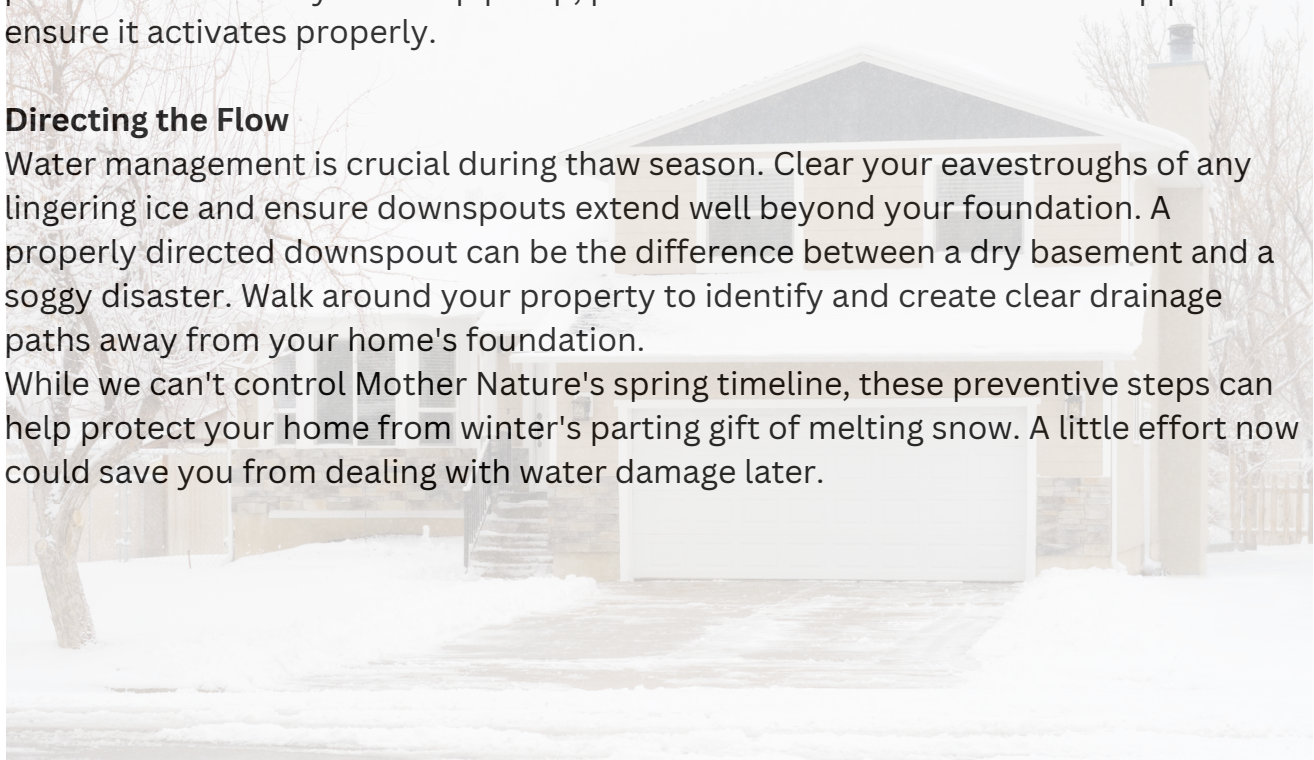
Basement Basics: Protect What Matters

Your basement is particularly vulnerable during spring thaw. Start by elevating stored items on shelves or plastic pallets – cardboard boxes directly on concrete floors are asking for trouble. Consider investing in waterproof storage containers for irreplaceable items like family photos or important documents. Now's also the perfect time to test your sump pump; pour a bucket of water into the sump pit and ensure it activates properly.

Directing the Flow

Water management is crucial during thaw season. Clear your eavestroughs of any lingering ice and ensure downspouts extend well beyond your foundation. A properly directed downspout can be the difference between a dry basement and a soggy disaster. Walk around your property to identify and create clear drainage paths away from your home's foundation.

While we can't control Mother Nature's spring timeline, these preventive steps can help protect your home from winter's parting gift of melting snow. A little effort now could save you from dealing with water damage later.



Beyond The Desk

A glimpse into our team's lives outside the office.

Before becoming an individually licensed Insurance Broker in 2005, Karen was a top-producing career agent with PennCorp. Her hard work, sacrifice, and determination earned her a few all-expense paid trips to parts of Europe. In May 2001, she and her husband left Canada for the first time, traveling to Ireland. While they didn't spot any leprechauns with pots of gold, they experienced 'one of Ireland's oldest tours' - a pony and trap journey through the stunning Gap of Dunloe, a narrow mountain pass known for its breathtaking scenery. These photos capture just a glimpse of the beauty they encountered that day. Karen still considers this trip one of her most memorable adventures.



“May your days be many and your troubles be few. May all God’s blessings descend upon you. May peace be within you, may your heart be strong. May you what you’re seeking wherever you roam.”

~Irish Blessing~

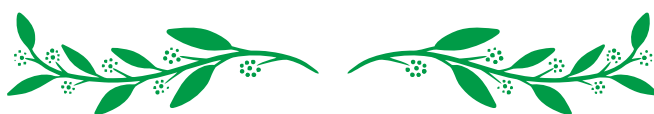


Your Voice Matters: Ask Karen or Share Your Story!

Do you have burning questions about mortgages, homeownership, or the real estate market? Or maybe you've had an experience with mortgage pre-approval that could help others on their journey? I want to hear from you!

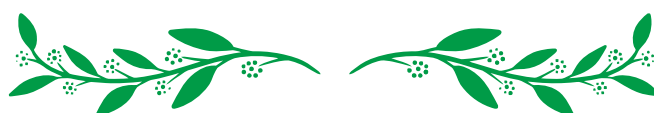
Submit Your Questions

Got a question you've been pondering? Text or email me and I might answer it in one of my upcoming live videos! Whether it's about the current market conditions, mortgage tips, or anything related to home buying, no question is too small.



Share Your Experience

Have you recently gone through the mortgage pre-approval process? Share your story with us! Your experience could provide valuable insights for others and might be featured in a future newsletter or video.



How to Participate

Head over to our website & use the contact form to send in your questions or stories. I can't wait to hear from you and continue the conversation!

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