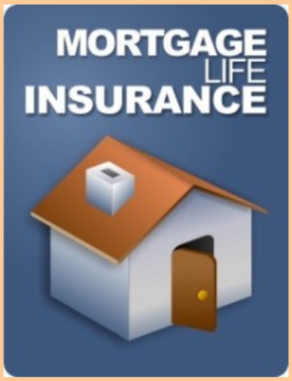
Gibbard Group Financial

Mortgage Update

APRIL 2016



Are you covered?

Mortgage Protection Plan provides life insurance benefits and total disability insurance benefits - all designed to ensure that your home will be secure if a bread-winner dies or becomes disabled and is unable to work.

To learn more about Mortgage Protection Plan and what they can do for you, please visit their website at:

www.mortgageprotectionplan.ca

To keep up to date on:

- Economic news important to *your* mortgage
- Get a heads up when interest rates are changing
- Current interest rates

Contact us today at:
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10 First-Time Homebuyer Mistakes

Are you gearing up to buy your first place? Arm yourself with these tips to get the most out of your purchase and avoid making 10 of the most costly mistakes that could put a hold on that sold sign.

1. **Not Knowing What You Can Afford**
   What the banks says you can afford and what you know you can afford or are comfortable with paying are not necessarily the same. If you don't already have a budget, make a list of all your monthly expenses (excluding rent). Subtract this total from your take-home pay and you'll know how much you can spend on your new home each month.
2. **Skipping Mortgage Qualification**
   What you think you can afford and what the bank is willing to lend you may not match up, so make sure to talk to your mortgage broker and get pre-approved for a loan before placing an offer on a home. Beware that even if you have been pre-approved for a mortgage, your loan can fall through at the last minute if you do something to alter your credit score, like finance a car purchase.
3. **Failing to Consider Additional Expenses**
   Once you're a homeowner, you'll have additional expenses on top of your monthly payment. You'll be responsible for paying property taxes, insuring your home against disasters and making any repairs the house needs. If you're purchasing a condo, you'll have to pay maintenance costs monthly regardless of whether anything needs fixing because you'll be part of a building strata.
4. **Being Too Picky**
   Go ahead and put everything you can think of on your new home wish list, but don't be so inflexible that you end up continuing to rent for significantly longer than you really want to. First-time homebuyers often have to compromise on something because their funds are limited.
5. **Lacking Vision**
   Even if you can't afford to replace the hideous wallpaper in the bathroom now, it might be worth it to live with the ugliness for a while in exchange for getting into a house you can afford. If the home meets your needs in terms of the big things that are difficult to change, such as location and size, don't let physical imperfections turn you away.
6. **Being Swept Away**
   Minor upgrades and cosmetic fixes are inexpensive tricks that are a seller's dream for playing on your emotions and eliciting a much higher price tag. If you're on a budget, look for homes whose full potential have yet to be realized. First-time homebuyers should always look for a house they can add value to, as this ensures a bump in equity to help you up the property ladder.
7. **Compromising on the Important Things**
   Don't get a two-bedroom home when you know you're planning to have kids and will want three bedrooms. Don't make a compromise that will be a major strain.
8. **Neglecting to Inspect**
   Before you close on the sale, you need to know what kind of shape the house is in. You don't want to get stuck with a money pit or with the headache of performing a lot of unexpected repairs.
9. **Not Choosing to Hire an Agent or Using the Seller's Agent**
   Once you're seriously shopping for a home, don't walk into an open house without having an agent. Agents are held to the ethical rule that they must act in both the seller and the buyer parties' best interests.
10. **Not Thinking About the Future**
    It's impossible to perfectly predict the future of your chosen neighborhood, but paying attention to the information that is available to you now can help you avoid unpleasant surprises down the road.

(Source: Globe & Mail)

What happens if the rates drop during the mortgage process?

Here at Gibbard Group Financial we take the extra steps to monitor the interest rates on a daily basis. If the rates drop prior to your completion date, we will automatically contact the lender and have them lower the rate for you. There is absolutely nothing to do on your end – we take care of everything for you!

We call it our

Personal RateWatch Program

Sounds simple right? You'd be surprised to know that most Banks and Brokers DON'T offer this service to their clients…a service that could save you thousands!

Just another reason why we make mortgages simple

Best Mortgage Rates

Term	Our Rates
1 year fixed	2.29%
2 year fixed	2.19%
3 year fixed	2.39%
4 year fixed	2.59%
5 year fixed	2.69%
5 year special**	2.54%
7 year fixed	3.44%
10 year fixed	3.84%
5 year variable	P - 0.30%
5 year special**	P – 0.35%

Rates subject to change without notice. OAC
**Special conditions apply

5 C's of CREDIT

An important part of credit or loan approval is evaluating the borrower's credit worthiness. The result of this analysis will determine what loan amount/credit limit and interest rate the applicant will be approved for. The better the applicant's credit history the better the loan terms.

The aspects of the applicant's credit history that are taken into consideration are referred to as the 5 C's of Credit.

Let's take a look at them individually:

Character – Character refers to the borrower's previous credit history. The underwriter reviews credit report entries to determine whether or not the borrower has acted responsibly in the past. They take a look at borrowing habits (i.e., installment loans, revolving credit, high credit limits, low credit limits, etc.) as well as payment patterns.

Capacity – Capacity refers to the borrower's ability to repay the mortgage. Employment information is reviewed for stability and earnings. Monthly expenses are also reviewed to determine if the borrower's income will support the new debt.

Capital – Capital refers to the funds the borrower has available to complete the deal. Assets such as bank accounts, 401k plans, stocks, bonds, and mutual funds are reviewed for availability. There may also be a requirement for the borrower to show that they will have reserves (money left over) after the loan closing.

Conditions – Conditions refer to the external factors that may positively or adversely impact the borrower's ability to repay the loan. Consideration is given to current income as well as future income earning potential. Economic conditions that may affect earnings are also reviewed.

Collateral – Collateral refers to the subject property. The subject property is analyzed to determine if it will serve as adequate collateral in the event of payment default. Any problems noted in an appraisal report must be addressed prior to the loan being approved.

Whether you're involved in a loan as the loan officer, processor or borrower, knowing the 5 C's will help you relate to the lenders process for making the decision to approve or deny an applicant.

Article compliments of Complete Mortgage Processing

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