



MORTGAGE *Update*

July 2013

In This Issue

New Mortgage Rules on the Way

TELUS Exclusive Offer

Choosing a mortgage

Ask us about Disneyland

We did it again!



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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Please follow us on:



New Mortgage Rules on the Way

CMHC has clarified new qualification/lending guidelines effective December 31, 2013, but we're seeing a lot of lenders already adopting the new policies now. Here's a quick break-down on the new policies we can all look forward to:

- 1) Variable Income (overtime, bonus, tip income) – must use the average of the last 2 years
- 2) Rental Income (off a secondary rental property – the PITH (principal, interest, taxes & heat) must be calculated using either:
 - a. Deducted from gross rent to establish net rental income
 - b. Include the PITH into the "other debt obligations" – meaning be added into the calculation of the TDS (total debt service ratio)
- 3) Guarantor Income – can only use Guarantor's income for qualification when the Guarantor occupies the home and is the spouse or common-law partner of the borrower.
- 4) Unsecured LOC & credit cards – Must use 3% of the outstanding balance when calculating the TDS (total debt service ratio) – no more interest only payments used for qualification!
- 5) Secured LOC – equivalent payment based on a 25 year amortization at either the contract rate or the Bank of Canada 5-year benchmark rate to be used in calculation of TDS (total debt service ratio)
- 6) Heating Costs – must use the actual heating records for qualification. If this isn't available, then the lender must use a reasonable amount.

I have partnered with TELUS and have access to this exclusive offer, not available to the general public! Let me know if you are interested:

Who wants a DEAL?

40% discount

on any NEW TELUS Optik TV and/or Internet package for one year!



Question: What is an interest adjustment date?

Answer: The interest adjustment date is a date from which interest is calculated when mortgage funds are advanced before a regular payment cycle. For example if a mortgage is advanced March 29th and regular monthly payments commence May 1st, there will be an interest adjustment for 3 extra days.

ASK US ABOUT DISNEYLAND

How would you like to win a trip for four to Disneyland? Simply refer your friends, family members or co-workers to Karen Gibbard's team and you will automatically be entered to win a trip for four to Disneyland. It's that simple!

There is no limit to the number of times you can enter! The more people you refer, the better your chances are!

Contest runs from June 1, 2013 to December 31, 2013. Please [click here](#) to read the full contest rules.

We did it again!

A HUGE thank you to all of our friends and clients!

Gibbard Group Financial has won *The Number One Best Mortgage Broker on the North Shore* for the second year in a row!

It is a great honor to win this award again this year and we would like to thank everyone who took the time and voted for us

We will continue to work hard for you and if you ever have any mortgage questions please don't hesitate to contact us.



Choosing a mortgage

You'll find lots of choices when you go shopping for a mortgage. And every lender promotes their products differently. Here are some key choices you'll need to make.

1. Amortization period

This is the total length of time you'll take to pay off your mortgage in full. Most people choose between 15 and 25 years. If you have a government-insured mortgage, the longest amortization period is 25 years.

2. Mortgage Term

Mortgage terms are shorter than the amortization period – in most cases, from 1 to 5 years. At the end of the term, you'll have to renew your mortgage. The longer the term, the higher the interest rate. That's because you're getting a set rate for many years – no matter if interest rates go up or down.

3. Type of mortgage

Open or Closed

An open mortgage gives you the option of paying your mortgage back in full, at any time. Interest rates tend to be higher for open mortgages. Closed mortgages are more restrictive. You may be able to pay back part only of the principal, only at a specific time. And there may be penalties.

Fixed or Variable Rate

A fixed rate mortgage has the same interest rate for the entire term. The interest rate on a variable mortgage changes as the Bank of Canada changes interest rates.

4. Prepayments options

Ask your lender about these options for paying your mortgage down more quickly:

- Paying extra on your payment dates (often called "double up")
- Increasing the amount of your payments
- Making annual lump-sum payments

There are limits on how much you can increase your regular payments by and the amount of a lump-sum payment. It usually ranges from 10% to 20% depending on the lender and the mortgage.

Source: getsmarteramountmoney.ca

Best Mortgage Rates

| Term | Our Rates |
|---------------|---------------|
| 1 year fixed | 2.79% |
| 2 year fixed | 2.69% |
| 3 year fixed | 2.94% |
| 4 year fixed | 3.19% |
| 5 year fixed | 3.34% |
| 7 year fixed | 3.79% |
| 10 year fixed | 3.99% |
| Variable Rate | Prime – 0.40% |

Rates subject to chance without notice. OAC