

## 5 winning battle strategies for First-Time homebuyers

If you are a first-time homebuyer, it's worth preparing a bidding war battle plan to improve your odds of getting the home you want – without pushing past your affordability threshold.

Here are five strategies to keep you on track and on budget.

**Don't fall in love with any home until you own it!** Bidding as if your happiness depends on that one perfect house is the surest way to end up with a property you can't afford.

**Have your financing in place** Having your financing lined up assures sellers that you're qualified and won't waste their time

**Cut the contingencies** A firm offer to purchase will always be preferable to conditional offers. Your real estate pro can be helpful in determining the right course of action on a house by house basis.

**Be Mr. Nice Guy** You may beat a higher offer simply by being flexible in light of the seller's conditions.

**Be ready for a rebound** Have your realtor check in just in case the winning offer falls through.

Source: Genworth Canada

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## How can you use a Reverse Mortgage to support Aging Parents?



### Do you have an aging parent or parents and are you concerned about their ability to be financially independent?

Adults today have many concerns to occupy their minds. Between thinking about their children and their well-being, they also can't help but worry about their parents. They act as caregivers to their children but also to their parents. As life expectancy rises for the senior demographic, aging parents are living longer and as a result, we are seeing more financial issues arise.

Many of us are concerned for our retired parent(s) and their ability to maintain their financial security. Our aging parents prefer to stay in their homes and age in place, but you have noticed that they may be struggling with:

- **Health care costs** Your parents visit the doctor more frequently and their health care costs add up.
- **Bills piling up** You notice that your parents are struggling to pay for all of their monthly bills.
- **A home in need of repairs/retrofits** as your parents age, their home also ages and may require repairs. At the same time, their mobility may be affected by their age and retrofits such as a stair lift may need to be installed.
- **Revenue Canada debt** Your parents forget to submit their taxes or they struggle to pay their taxes and they are now dealing with accumulated debt.
- **Property taxes (in arrears)** Your parents have forgotten one too many payments.

If you see signs that your parents are stressed over their finances, you can help your parents maintain their independence by introducing them to financing options that may help them regain control of their finances and their retirement. CHIP Reverse Mortgages have been increasing in popularity with older Canadians because they help thousands of senior Canadians deal with the most common financial struggles they encounter.

Please [click here](#) to see examples of how a Reverse Mortgage can help your parents.

If you are interested in learning more about a Reverse Mortgage and how it can provide your parents with financial freedom, please don't hesitate to contact our office. We are Certified Reverse Mortgage Specialists helping provide our clients with the financial resources and tools they need to enjoy the retirement they desire

## Ways to Reduce Your Heating Bill

When the temperature outside begins to fall, our heating bills quickly start to rise. For many homeowners, keeping their house warm in the winter means paying a hefty heating bill. Luckily, there are some ways to help reduce those costs and keep a little extra cash in your pocket for a rainy (and warmer) day.

**Cool It** Did you know that the settings on your water heater could be affecting your heating bill? It's true. Check your owner's manual or ask a local expert about the ideal settings for your water heater which, if turned down, may still be able to heat your water adequately while reducing your heating bill.

### Insulation Information

Insulation is used to maintain your home's temperature. Some houses, especially older ones, may require additional insulation to keep the cold air out during the winter and the warm air in.

**Temperature Control** Turning the thermostat down when the house is empty or at night (when you can snuggle up under the covers) will help to reduce your heating costs.

**Window Woes** If you feel a cold draft near your windows, chances are good that it isn't the only direction that the air is flowing.

## Recap of the new lending rules – Laid out in plain English

### RULE #1 – “Stress-test”

ALL borrowers (whether high-ratio with less than 20% down payment OR “conventional” with 20% down payment or more) are now required to qualify using an artificially higher interest rate. Even though a client's negotiated rate will be lower, ALL lenders are required to use the qualifying rate when figuring out how much a client qualifies for.

- **“High-ratio” If you are putting less than 20% down payment** – your “qualifying rate” is the government prescribed “Chartered Bank Benchmark Rate” which is currently 4.89%. **Translation:** This lowers your borrowing power by around 20%.
- **“Conventional” If you're putting 20% down payment or more (or refinancing your home)** – your “qualifying rate” is the greater of your negotiated contract rate + 2%, or the above Chartered Bank Benchmark rate. For example: If your negotiated rate is 3.24%, the qualifying rate every lender has to use when qualifying you is  $3.24\% + 2\% = 5.24\%$ . **Translation:** This increase in the qualifying rate lowers your borrowing power by around 25%.

### RULE #2 – Enhanced LTV (loan to value) Measurements

We're waiting for lenders to tell us what this looks like but the basics are that lenders are now really required to look at the risk and location of the property they're giving a mortgage on. Some areas/markets could see a lowering of the mortgage amount a lender will provide. For instance, before lenders might have lent 80% on a property but if they deem the market where that property is located a “higher risk”, then they may reduce the amount they lend down to 70%. **Translation:** in some areas you may need a higher down payment or not get as much equity out of your home if you want to refinance.

### RULE #3 – Restriction of certain lending arrangements

Previously we had lenders who could give clients up to 90% without high-ratio insurance (for those clients who couldn't meet the qualification rules put out by CMHC/Genworth). They would generally do this with a combination 1<sup>st</sup> & 2<sup>nd</sup> mortgage. NOW this has stopped. Federally regulated lenders are no longer able to bundle up mortgages into two separate loans to add up to anything over 80% financing. **Translation:** if you don't qualify for CMHC and Genworth high-ratio insurance you better come up with a larger down payment.

Hopefully this helps de-mystify the new rules. If any of you have any questions, please feel free to email me at [karen@gibbardgroup.com](mailto:karen@gibbardgroup.com)

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## Best Mortgage Rates

Term (Fixed)	Purchase and Refinance	Rental Properties
1 year	2.99%	3.14%
2 year	2.99%	3.14%
3 year	3.19%	3.34%
4 year	3.29%	3.44%
5 year	3.39% - 3.49%	3.54%
5 year (HR purchase)	3.19%	N/A
7 year	3.69%	3.84%
10 year	4.09%	4.24%
Term (VRM)		
5 year	P – 0.35% - P – 0.75%	Prime – 0.05%
3 year	P – 0.25%	NA

Rates subject to change without notice. OAC

\*\*Special conditions apply