

A Lucky 2011: An unexpected opportunity for homeowners!

We're calling it the Lucky New Year. Why? Because we're enjoying some very unexpected opportunities for Canadian homeowners. As we do every year, here are some sensible strategies that can help you take advantage of those opportunities:

Historically low rates. If you can think back to the economists' predictions a year ago, you'll remember there was consensus that rates would rise in the spring. Well, they were correct, rates did rise. But it was unexpected how quickly they retreated back to all-time lows, giving Canadians a fresh opportunity to get their houses in order. Although rates have started to show some volatility again – rising late in the year – the opportunities are still much better than anticipated.

Variables at "prime minus". For those with "prime plus" variable mortgages, it could make excellent financial sense to switch to today's "prime minus" variables, depending on your situation. If you got your "prime plus" variable mortgage two years ago, your rate may be prime plus 0.5% or higher, while today's variables are prime minus 0.65% or lower. If you break your mortgage and take a new one, you could save on interest costs over the next three years, after you net out the penalty to break your mortgage. Your principal balance may also be slightly lower after those three years, which is a further benefit. Ask for an analysis of your situation!

Slash your high-interest debt. High-interest consumer debt – like department store cards or credit cards – can derail the best financial plan. They'll eat into your cashflow and cost you big money in interest charges. Put an end to wealth-killing debt. Have your

mortgage planner advise you on the best strategy for slashing that non-mortgage debt. Worried about your holiday bills? Roll them into your mortgage and get a fresh start on your finances: better cashflow, big savings!

Build a financial cushion. Many Canadians find themselves turning to their credit cards to get through a financial emergency. Instead, make a New Year's resolution to build a financial cushion. Get in the habit of putting a small sum from every paycheck into a special emergency fund. If you are buying a new home, don't borrow your maximum amount. And always try to take advantage of your lender's prepayment privileges. Variable mortgage holders should also consider setting their payments higher than required to more easily absorb any prime rate increases.

Renewal: That golden moment! Always be sure to come back to talk your mortgage planner if you get a letter or call from your lender regarding refinancing or your renewal. Remember, we work for you and are in touch with a wide variety of lenders so we can always make sure you are in the best position possible. In particular, when you are four months from renewal, contact your mortgage planner so you can review all of your options and strategies, not just those presented by your current lender.

Give us a call; we'll help you build a mortgage blueprint to make the most of your mortgage years! Make January your mortgage review month: it could pay big dividends in the year ahead!

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