

Answers to mortgage questions keeping some first-time homebuyers up at night

Buying a home is a big financial commitment, and many Canadian renters are still sitting on the white picket fence when it comes to homeownership. You're renting now, but maybe you could be in a home of your own. Is it possible? Are you wondering...

Q. How much house could my rent buy?

- A. If you're paying \$1,250 in rent each month, you could be carrying a mortgage of \$189,061. If you're paying \$1,500, that's potentially a mortgage of \$238,080. Paying over \$1,750 each month? You could be paying off a mortgage of \$297,098! How are the mortgage payments so affordable? Firstly, right now we're benefiting from historically low mortgage rates. Secondly, you now have access to longer-amortization mortgages that lower your monthly mortgage payment. *(These examples are based on that combination: a 5.3% rate and 35-year amortization, 5% flex down-payment plus 3.5% insurance premium, property taxes and heat of \$285 per month).*

Q. Can I really buy a house with little money down?

- A. You can buy a home with 5% down and use some of the flexible options to obtain the downpayment, for example, from gifts, through borrowing or cash-back incentives.

Q. If I'm self-employed, do I have to prove my income to get a mortgage?

- A. No, not in today's mortgage world. You can now qualify based on the income that you say you earn. This kind of mortgage is known as

"stated income" because the lender takes into account the income you state, and not the income you can prove. The income should be reasonable, of course, and the lender may want proof of your self-employment, and may require up to 10% down. If you don't want to state your income, you can also qualify on the strength of a strong credit history, rather than on your income. You'll need a good credit score and proof that you've been self-employed for at least two years.

Q. Are there extra costs to consider?

- A. Yes, you need to consider land transfer tax, property taxes, the cost of utilities, furnishings for the home, and any needed repairs. If you're concerned with these extra costs, cash-back mortgages can offer some needed up-front cash.

Q. Where do I start?

- A. Talk to a mortgage broker. Why? A mortgage broker deals with over 50 lending institutions, including major banks, credit unions, trusts and other national and regional lenders, which means they can put significant negotiating power behind finding the best mortgage to fit your specific situation. This service costs you nothing (oac). Instead, the lender selected pays compensation for the services and solution provided. And since a mortgage broker's business is built primarily through referrals from satisfied customers, your positive mortgage experience is essential!

Mark Goode AMP

Agent #M08003177

Mortgage Broker

180 Memorial Avenue, Orillia, ON L3V 5X6

T: 705.326.8523 TF: 1-866-326-8523

mark@markgoode.ca

www.markgoode.ca



Designed around you.™