

Ron's Homeowner News™

Courtesy of Ron Mitchell ☞ Macdonald Realty Ltd. ☞ (604) 617-9642

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Where to Find Money for Down Payment

"I would love to buy a home, but I don't have the money for the down payment." This seems to be one of the main obstacles to home ownership for many folks I talk to. Well, with so many monthly bills to pay and so little left over for savings, how does one come up with the money for a down payment? Here are a few ideas:

Sell Some Stuff?

A client once told me a story how she and her husband bought their first home. The house they were renting was put up for sale. Not wanting to move, she and her husband decided to buy it, but they didn't have enough money for the down payment. "So we looked around the house and thought 'hmm... what can we sell?'" They ended up selling all of the stuff they decided wasn't essential to them, including their TV and second car, and they scraped enough money together to buy the house. So, what can you sell? Anything you don't really need or use that much can be converted into cash and can bring you a step closer to owning a home.

"Forgotten" Assets

Do you own stock or other investments? There are two ways to access that money; obviously you can liquidate (sell) them, or you can borrow against them. Now, you've probably heard that you are not allowed to borrow money

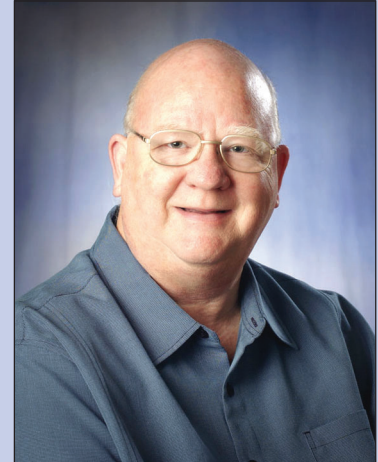
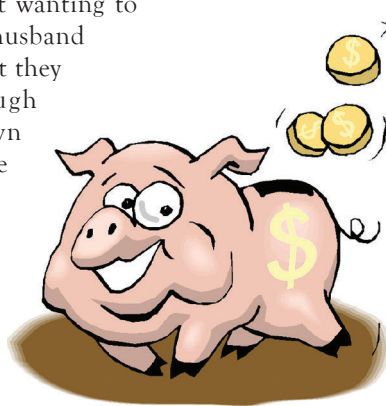
for the down payment - and that's true - however there are exceptions and this is one of them. You can borrow money if a "hard asset" is used as collateral. However there is one caveat - this counts as any other loan on your mortgage application, and therefore will affect how large a mortgage you can qualify for.

Real Estate

Keeping with the theme of borrowing against hard assets, you can also borrow money against any real estate you presently own. Refinancing to get some of the equity out, or getting a second mortgage, or using a line of credit are all acceptable options. Keep in mind - this is still a loan, and the more money you borrow for the down payment, the less money you can qualify to borrow for your new mortgage.

Life Insurance

Certain types of life insurance (specifically, permanent life insurance) can also be used as a source of the down payment money. If you have accumulated enough cash value in your policy, you can take a loan against it. While this is also an additional loan, the plus here is that the interest rates are usually lower compared to other sources.



For me the most rewarding part of being a Realtor is being able to help people through one of the most important financial decisions they will ever make. My top priority is always my clients' satisfaction. My job - making sure that every transaction I am entrusted with is handled with the utmost care and professionalism. As my client you will feel like you are my only client, and my goal is that you are not merely satisfied with my service, but that you become a raving fan. I look forward to helping you with your next real estate transaction - just give me a call, or send me an e-mail.

Ron Mitchell

(604) 617-9642 (direct)
(604) 467-3871 (office)
RonMitchell@telus.net
www.ronmitchell.bc.ca



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APR Explained in Plain English

You see it on TV, you hear it on the radio, it creeps up in newspaper ads and finds its way into your loan documents: the mysterious APR. What exactly is this number? Simply put, its purpose is to show you what the true cost of every loan is so that you do not get slammed with hidden loan charges.

It all began when lenders started charging various fees in addition to the interest rate. This complicated loan comparisons for borrowers, so the government began requiring lenders to disclose the total cost of the loan with one simple number. This number was termed the “APR,” or Annual Percentage Rate. It had to reflect not only the interest rate, but all other lender fees as well. How? Here is an example:



Let's suppose you decide to purchase a ring that costs \$100. Store A offers to finance it for you with a 1-year loan, no payments until the end of the loan term, and the interest rate is 10%. At the end of the term you will pay back the \$100 you borrowed, plus \$10 for the interest. In this case the total cost of the loan is \$110, so your APR is 10%. Store B on the other hand offers a seemingly better deal: also a 1-year loan, also no payments for one year, and the interest rate is only 7%. All you have to do is pay a \$5 application fee. Sounds good? Let's do the math: in this case your cost of the loan is \$7 for the interest plus \$5 for the application fee, which comes to \$12 total. This represents 12% of the \$100 you borrowed, so the APR in this case is 12%. Looking only at the advertised rate (10% at Store A vs. 7% at Store B) one would easily pick Store B. Only when you take into consideration the total cost of each loan does it become obvious that Store A offers a better deal. See how useful the APR can be?

Of course, mortgages are not nearly as simple and straightforward as the example above. They have a lot more fees and are amortized differently. To be sure, APR is

still a good starting point when comparing home loans, but you should take other details into consideration. First, not all lenders include the same fees in their calculations. It is possible that two loans have identical interest rates and fees, but the APRs are different because the lenders use different formulas for calculating them. The confusion is easily solved by asking for a Good Faith Estimate from the lender, which lists all costs associated with the loan. The second thing to consider is the loan term. A 30-year mortgage and a 15-year mortgage may have the same rate, but the APR will usually be higher for the 15-year mortgage because the loan fees are spread out over a shorter period of time. This does not mean that one mortgage is necessarily better than the other; it simply means that you should compare apples to apples, 30-year loans to 30-year loans and 15-year loans to 15-year loans. Finally, keep in mind that the APR does not take into consideration things like balloon payments, how long the rate can be locked for, or interest rate adjustments (in the case of adjustable rate mortgages). Any of these factors can skew the APR, so in order to get the complete picture about a particular loan digging deeper into the details is advised.

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Relatives

“Maybe I can borrow some money from a relative or a friend?” Maybe not. Banks don't allow this. However, if a relative wants to give you money for the down payment, then accepting a gift is allowed. There are a few rules though. First, it has to be a gift, not a loan in disguise. Second, it must come from a “blood-relative” (to use a lenders' term). And third, the relative must state in writing that this is in fact a gift and that you do not have to repay it. Most commonly parents and grandparents help new home buyers in this way, although it's not unusual for siblings and uncles to pitch in too.

Assistance Programs

For those who qualify, there are a number of government and non-government programs available. Some are well-known and some are not. What they have in common though is they provide ways for those who qualify to buy a home with a lower down payment. There are a number of different programs, each with their own set of rules and guidelines. Since the space here is limited I can't list them all, but if you are thinking about buying a home, just give me a call and I'll be happy to recommend a good lender that can help you determine if you qualify for any of these special programs.

Free Special Report Available

The Seven Expensive Mistakes Buyers Frequently Make is a three-page special report that no buyer should be without. If you are thinking of buying a home soon, arm yourself with the knowledge that can help you avoid expensive mistakes too many people have made. Request this report today – there is no cost or obligation.

(604) 617-9642

RonMitchell@telus.net

Fighting the Weeds the Natural Way

In the epic battle between man and weeds, man has often used toxic chemicals as his weapon of choice. This is too bad because herbicides are harmful to pets and other small animals, and aren't too good for the environment either. Fortunately, there are simple, non-toxic ways to combat weeds. Here are a few:

Healthy Lawn

An ounce of prevention is worth a pound of cure, the old saying goes, and the best way to prevent a weed problem is to have a healthy lawn. Having thin, unhealthy grass, compacted or soggy soil, and not enough organic material in soil will allow weeds to thrive. On the other hand, aeration and overseeding in spring and fall will allow your grass to grow strong, thick roots and help it out-compete the weeds. In the summer, making sure that you don't mow your grass to below 2-2½ inches in height will further discourage uninvited plants. And removing weeds before they go to seed prevents a small problem turning into a big one.

Tools

Manually removing weeds is the most common non-chemical way of controlling them. Long-handled hoes make slicing and chopping weeds easy since you don't have to bend over to reach them. A collinear hoe with a sharp blade is great for cutting weeds just below surface. The diamond hoe, which is dragged over the surface in a back-and-forth fashion like a vacuum cleaner, is good for ripping the roots apart and

cultivating topsoil. There are also a number of mechanical weed pullers available at garden supply stores and through mail order. Most are pincer-type

contraptions that are designed to remove the weed and as much of the root system as possible. Whichever tool you choose, having moist soil will make your job easier. Also, it's a good idea to have some topsoil mixed with grass seed handy, so that you can fill any holes that you make while you work.



Fire

For clearing weeds around the sidewalk, stone or brick pathways, driveway cracks and along fences, consider using a flame weeder. This device is similar to what firefighters use to set backfires - a small propane tank with a hose that has controllable flame at its end. To kill a weed you simply "flame" it for a few seconds, and that's it. You have to be careful not to burn the weed completely, since paradoxically this can encourage it to grow back. Flame weeders are easy to use and aren't very expensive.



Natural Weed Killers

If you feel compelled to use a chemical of some sort, try non-toxic ones first. Herbicides that are made of soap or vinegar are good non-poisonous choices. Lately there's been much talk about using corn gluten too, but this weed suppressant must be applied before the weeds appear. If all fails and you must use a chemical herbicide, Roundup and Finale are two products considered least toxic if used as directed.



Q: What's a biweekly mortgage and can it really save me money?

A: If you already have a mortgage, chances are your lender offers a biweekly "version" of it. The difference? With a regular mortgage you make monthly payments, which means twelve payments per year. With the biweekly mortgage you make a half payment every two weeks, which translates into thirteen full payments per year (26 half payments). In other words, you "unknowingly" end up paying one extra payment each year, which helps you pay off your mortgage faster. How much faster? A 30-year loan can be paid off in 24 years, saving you six years worth of interest. Any negatives? Well, yes. Not all lenders offer this program, and some that do charge an extra fee for it. While switching from a regular mortgage to a biweekly one is simple with some lenders, others require you to pretty much refinance your home. A biweekly mortgage can be a great idea, but make sure you understand all the costs and details before committing to it.

Have a tough real estate question? I am only a phone call or an e-mail away:

Ron Mitchell
(604) 617-9642
RonMitchell@telus.net



Ron Mitchell

Macdonald Realty Ltd.
22718 Lougheed Hwy.
Maple Ridge, BC V2X 2V6

Home Buyers and Sellers enter the housing market at near record pace in March

Activity in Greater Vancouver housing market continued to strengthen in March with 4080 properties sold compared to the all time record for March in 2004 of 4371 transactions. Our market has had a very strong start to the Spring season, it’s clear that home buyers and sellers view this as a good time to be active in their local housing market.

Sales prices for detached homes in Maple Ridge rose from \$469,900 in February to \$475,250 in March. Townhouses rose from \$294,857 to \$332,500 and apartments went down from \$227,900 in February to \$226,850. The number of sales in the different areas also increased with detached homes up 17% to 124, there were 58 townhouses sold up 81% from the previous month and 36% more apartments for a total of 34 sold in March.

The real estate industry is a key economic driver in British Columbia. In 2010, 30,595 homes changed ownership in the Board’s area, generating \$1.28 billion in spin-off activity and 8,567 jobs. The total dollar value of residential sales transacted through the MLS® system in Greater Vancouver totalled \$21 billion in 2010. The Real Estate Board of Greater Vancouver is an association representing more than 10,000 REALTORS® and their companies. The Board provides a variety of member services, including the Multiple Listing Service



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ARCHITECTURE CORNER

RENAISSANCE REVIVAL

If one was to describe the Renaissance Revival style in two words, those would be – opulence and sophistication. Drawing its inspiration from the Italian Renaissance (think Michelangelo and da Vinci), this revival style was characterized by elaborate ornamentation and the large size of the buildings. It first appeared in Canada in the 1840’s, and saw its heyday between 1900 and 1915. Only the very rich could afford to build homes in this style, but the not-so-rich also got to enjoy some of it – the Renaissance Revival was popular for public buildings too.





Structures built in this style have an imposing look about them, partially because of their gargantuan size (almost always multiple stories) and partially because of their castle-like appearance. Their main characteristics include symmetrical façade, smooth stone walls, horizontal stone bands separating the floors, and quoins – large stones that reinforce the corners. Windows have elaborately carved trims, and one unique thing about them – they are built in different styles on each floor, with the windows on the top floor almost always being smaller in size. Roof is typically low-pitched and is often topped with a balustrade.


The interior of Renaissance Revival buildings is characterized by smooth stone or stucco walls, with either stone or tile floors. There is often a central hall with a formal staircase, and columns are sometimes present too. The more elaborate examples of this style have arched doorways and niches carved into the walls.

The Breakers (pictured) in Newport, Rhode Island is perhaps the best known example of Renaissance Revival on our continent. The style can be seen throughout Canada though, but mostly in public buildings. The private residences built in this style belong only to the mega-rich, and are unfortunately most often hidden from view.

Buttery Potato Fans

 PREPARATION TIME
10 minutes

 COOKING TIME
40 minutes

 PERFECT PARTNER
roast chicken



Keep potatoes in prime condition by storing them separately from onions. The gases given off by onions can cause potatoes to wither or decay more quickly.

SHOPPING LIST

• baking potatoes • sour cream

ON HAND

• butter • oil • salt

Buttery Potato Fans

INGREDIENTS

- 3 large baking potatoes, scrubbed
- 2 tablespoons melted butter or margarine
- 2 tablespoons vegetable oil
- 1/2 teaspoon salt
- 1/2 cup sour cream

SERVES **3**



- Save minutes where you can. Prepare potatoes as recipe directs through step 3, but microwave the potatoes for about 8 minutes. Then reduce baking time to 15 minutes in step 4.
- Use a small pastry brush for brushing the potatoes with the oil and butter mixture to prevent messy drips.

Make Ahead

Bake potatoes as recipe directs the night before. Cool; wrap individually in foil and refrigerate. Reheat in a 400°F oven, unwrapped, for about 15 minutes.

VARIATION

For spicy potatoes, mix a teaspoon each of cayenne pepper, paprika and cumin. Shake over the potato slices in step 3.

1 Preheat oven to 450°F. Lightly grease a baking sheet. Cut unpeeled potatoes into 1/4-inch slices but do not cut all the way through.



2 Place potatoes on prepared baking sheet. Spread slices slightly apart.

3 Mix butter and oil in a small bowl; lightly brush over potato skins and between slices. Sprinkle with salt.



4 Bake for 40 minutes or until potatoes are tender and edges are brown. Spread with sour cream or serve on the side.