

# Mortgage Newsletter



## MOVING ON UP!

**Prime Rate is  
4.25%**

Centum MiCasa is a personalized mortgage brokerage that is dedicated to finding and creating mortgage solutions. This move strengthens my work ethic and secures the services that I provide with a great support team with more resources and experience to meet a spectrum of needs:

- Residential Mortgages
- Recreational Properties
- Investment Properties
- Second Mortgages
- Self-Employed
- Debt Consolidation
- Up to 107% Financing
- Refinancing
- Renewals
- First-Time Buyers

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**403.226.9854**

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[yourmortgages@shaw.ca](mailto:yourmortgages@shaw.ca)

Please, if you have any questions or concerns feel free to contact me at any time.

## Self-employed? Get credit for experience!

We've all heard the old stories. A successful, self-employed Canadian who can work wonders in his/her professional life but cannot manage to secure a decent mortgage for a home. It strikes me as both ridiculous and un-fair, given that nearly one Canadian worker in six is now self-employed. After all, these are some of the most independent and ambitious people in the country.

The dozen or more self-employed clients who I have gained mortgages for through this program can vouch how easy and painless the mortgage approval can be.

Thank goodness times have changed for the self-employed! Policy changes at the Canadian Mortgage Housing Corporation [CMHC] have begun to recognize the contribution and financial status of self-employed Canadians.

These days' self-employed homebuyers have the same access to mortgages as their salaried counterparts. It doesn't matter what the nature of your income structure is, whether you work on contract or your work is seasonal, or whether you're a small business owner or an independent professional.

Now newly self employed Canadians can also get credit for they're past work experience. Until early this year, you needed to demonstrate at least two years of employment in your own business, but that rule has been changed. Now, if you have two years experience in your field of expertise, whether you were salaried or self-employed, you meet the new CMHC standard.

The new guidelines are great news for self employed Canadians who have extensive experience in their chosen field, but who are new in business for

themselves in that particular field. For example, maybe you have been building cabinets for years in a salaried work place and have decided to venture out on your own. Now you can get credit for you're past experience.

The CMHC guidelines specified that you should be "performing essentially the same function with the same skilled requirements" for you're past experience to qualify. For the tens of thousands Canadians pursuing their dream of self-employment in their field of expertise, the new guidelines present great financial news.

The CMHC guidelines applied to any mortgage insured by CMHC.... from any institution it is worth noting, of course, the same lending institutions are friendlier to the self employed than others. Many lenders are still most comfortable with the traditional parameters for verifying employment and income. A steady stream of pay stubs is the simplest method of assessing your ability to service the mortgage debt.

If you have been self-employed for a few years, your lender may want to see detailed financial statements for the most recent years. That can be a problem. An astute business owner with a good accountant will be working hard to minimize taxable income for the business. But according to traditional lending formulas, that business strategy could flag you as a high-risk borrower.

The most flexible and innovative lenders have discarded the old formulas for their self-employed clients. Some of the best mortgages for self-employed Canadians don't even require proof of income. You could qualify for your mortgage simply on your own good credit and employment history.

If you are self-employed, or considering taking the plunge into business for yourself, the latest mortgage news is encouraging. Check out your options... and get the credit you deserve.

# Q & A

**“What is the purpose of the appraisers?”  
Thank you for the question Todd Small.**



The real estate appraiser provides many functions in a real estate transaction. The principal function is to be an impartial third party to the transaction. While other professionals in this industry also assist the buyer and seller, such as real estate agents and mortgage companies, only the appraiser is not paid depending on the transaction. Real estate agents and mortgage brokers receive a commission only if the real estate transaction takes place. As a result, the buyer or seller may feel rushed or even pushed into a transaction. The appraiser provides an unbiased, independent assessment of the subject property and is paid for his or

her service whether or not the loan closes.

The appraiser is the "eyes and ears" for his or her client. The purpose of the appraisal report is to communicate to its reader the condition of the property, the current market conditions and to determine an estimate of fair market value of the subject property. Along with individual homeowners, a few examples of businesses that frequently need the services of real estate appraisers are mortgage companies and lenders.

Although real estate agents and mortgage companies perform essential roles in a real estate transaction, appraisers are your safeguards to ensure that you don't pay too much or receive too little for your home.

## Description of Typical Services

There are basically two types of residential appraisals: (1) the full appraisal and (2) the limited scope appraisal. The full appraisal is typically required for residential mortgages. The limited scope appraisal or "drive-by" is used predominantly for home equity loans or home improvement loans. The difference between the two appraisals is that the full appraisal inspects the subject property and uses the cost, income and market approach to valuing the subject property. The drive-by assumes the county records are correct and proceeds with only the market

approach to value. The major difference is the level of verification of data. A full appraisal is more accurate than a drive-by appraisal.



## Typical Fees

A full appraisal typically costs \$250.00 to \$325.00. For a drive-by appraisal, appraisers typically charge \$190.00.

My preferred appraisal company is Macdonald Copeland and you may research more information on their web site at:

[www.calgarymarketvalue.com](http://www.calgarymarketvalue.com)

## Boccocino's Trattoria



**265-2255**

Located North of the Stampede Grounds

## Interested in Recreational Properties?

Canadians seek out recreational properties for different reasons. For some, it's a beach setting and romantic sunsets. Others want time in the back woods and complete solitude. There are those who want to be close to skiing and snowboarding venues, possibly have a place that offers the best of both winter and summer seasons. Whatever the reason, the perfect recreational property is any place that renews your spirit and lets your family spend time together doing things you enjoy.

The relatively wealthy boomer demographic has clearly demonstrated its desire for that perfect recreational property. With the largest wave of boomers moving through the second home ownership cycle, demand is expected to rise in years to come. Now that is not to say that you have to be a baby boomer to have recreational property or harbor the notion of retirement. In fact I have three young men now looking in B.C for that perfect spot. Hey the chances of all of them going up on the same weekend are, well it would not matter as they friends of course. But I also look at Sylvan Lake; I saw a great project on the fairway and one block away from the lake...mmmmmmmm.

Low interest rates have also created greater affordability levels and as rates start to rise, many

prospective purchasers may want to get off the fence and into the recreational property market before mortgage rates climb higher.

Financing a recreational property may prove to be more challenging than funding a principal residence. Some prospective purchasers find that secondary properties are generally considered desirable for traditional lending institutions. Purchasers are often advised to take out an equity loan or place a second mortgage on their principal residence to finance the recreational property.

However, the lending landscape is slowly changing. Certain lenders are targeting the recreational property market segment and have launched products specifically designed to meet your needs. You may be able to bypass conventional lending criteria and open the door to ownership. Recreational property mortgages are available for owner occupied second properties, including winterized and non-winterized, with as little as fifteen percent down for those who have good credit. Typically, the vacation property needs to be located in a known vacation area, have approved plumbing and year round access.

It is also a good idea to get some answers regarding market conditions before you start shopping for a recreational property. In today's heated recreational property market, some purchasers have an edge in the market place because they are cash buyers. To level the playing field, buyers who are financing their

purchase may want to consider talking to a mortgage professional to determine approximately how much they qualify for before launching their search. So if you spot that perfect cottage, ski chalet, or resort condominium, keep in mind that flexible and affordable mortgage financing is always available with Steven Faux.



## DID YOU KNOW?

- Gasoline will be nearly a dollar a liter by the end of summer. And reports say that places like Banff, Jasper and Kelowna will be over a dollar a liter only during the summer. Nothing like welcoming your guests!
- Across from the Blackfoot truck stop you can find gas every Wed/Sat/Sun at .77 cents a liter.
- Our average housing tax will increase by as much as 13.8% for 2005-2007? (for more information on Bill 3-1-1 go to [www.calgary.ca](http://www.calgary.ca))



## Centum MiCasa

### Mortgages

July 15, 2005

Term	Your Bank Rates	Steve's Rates
Variable	4.28%	<b>3.45%</b>
6 Month	4.85%	<b>3.90%</b>
1 Year	4.95%	<b>3.80%</b>
2 Year	5.40%	<b>4.15%</b>
3 Year	5.80%	<b>4.39%</b>
4 Year	6.05%	<b>4.60%</b>
5 Year	6.25%	<b>4.60%</b>
7 Year	7.00%	<b>4.90%</b>
10 Year	7.05%	<b>5.20%</b>
15 Year	N/A	<b>5.80%</b>
25 Year	N/A	<b>6.30%</b>

*At Centum, I have over 30 lending financial mortgage institutions in Canada. With Steve Faux sourcing the best rates and the best products to suit your needs!*  
**Steven Faux**

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## FRIENDS SUPPORTING FRIENDS

**Intelligence tells us we can not work alone, people I know and people I trust...**

*when I need to buy or sell my home,*

**Ed Levesque**

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*business supporting business... thank you to*

**Musician**

[claytoni@telus.net](mailto:claytoni@telus.net)

**Sentorini Spa & Wellness**

[www.scentorinispa.com](http://www.scentorinispa.com)

**The Gift Designer**

[www.thegiftdesigners.com](http://www.thegiftdesigners.com)

**Time Business Machines**

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**Two Amigos Moving**

[www.twoamigos.com](http://www.twoamigos.com)

*friends supporting friends... thank you to*

**Evan William's Group**

[www.evanwilliamsgroup.com](http://www.evanwilliamsgroup.com)

The greatest compliment any one can give me is a referral of their friends, family, and co-workers.

Thank you for your support and trust.

Steven Faux