

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

**Direct Line:
403.667.9816**

**Direct Fax:
403.226.9854**

**E-Mail Address:
yourmortgages@shaw.ca**

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

STEVEN FAUX

CAN ALL MORTGAGES BE ASSUMED?

It certainly was the popular view for the last decade or so that all mortgages could be assumed in Alberta. But that was never the reality, even if it might have been the practice. The last several years have seen considerable changes in the practice.

At the heart of this dispute is a clause found in virtually all mortgages, the "due on sale" clause. It provides that if there is a change of ownership, whether immediate or under an agreement where possession changes now but title will be conveyed at later date, then the full amount of the mortgage plus interest is due immediately. Failure to pay then leads to foreclosure action.

To understand where we are now, it is important to understand where we have been. The basis of the idea that all could be assumed started with several cases that went to court in the early 1980's. The essential facts before the courts at that time were that the individual wished to assume a mortgage while the lender objected to the assumption.

Remember the economic times in the 80's. Interest rates were in excess of 20%, Western Canada was in an economic slump and it was difficult to qualify for a new mortgage. Another reason for a lender was that often the mortgage being assumed was significantly [5% to 10%] below then current rates due to the relatively fast increase to interest rates that was happening at that time.

The courts, in two cases before them, held that a "due on sale" clause is a valid clause and a lender is within their rights to exercise that right. The court also held that it had a discretion it could use to prevent the lender from using the benefit of that clause if the circumstances warranted it.

Circumstances such as the mortgage being from a relative, or if it was a collateral mortgage or a commercial mortgage, would not gain the courts decision. Relief was given in both cases where an individual who intended to occupy the premises as their residence assumed the mortgage. That gave rise to the popular conception that all mortgages were assumable, but that reality started to change in the early 2000's. More and more lenders are requiring buyers of residential properties to qualify before assuming a mortgage, failing this then force the mortgage to be paid out. Another factor is the growing desire of lenders to know who is assuming their mortgages, in case of defaults. I would want to know who is paying back my \$200,000, wouldn't you?

If we were to look in a crystal ball and had a view of the future, it would likely show that the trend of enforcing the "due on sale clause" will increase with fewer and fewer exceptions being made.

Boccocino's Trattoria



265-2255

Located North of the Stampede Grounds

YOURMORTGAGES@SHAW.CA

403.667.9816

Q & A

How do Mortgage Brokers Find Superior Rates?



Interest rates are a concern to borrowers. Because of their daily contact with lenders, brokers know which project or home attracts a favourable interest rate from one institution, but a higher rate at another. Some institutions, in fact, will only accept mortgage submissions from mortgage brokers.

These rates, and preferences for types of mortgages, can change daily, depending on economic circumstances or based on the size of an institution's portfolio in a particular type of mortgage. Your mortgage broker keeps current and knows which lender to approach first. As a result, mortgage rates obtained by brokers are among the best available at the time of placement.



What is in my credit report?

Below is a list of the major sections found in your credit report:

- **Personal Identification** - Includes key identification information, such as your name, address, date of birth and Social Insurance Number (SIN)
- **Consumer Statement** - Allows you, the consumer, to add a brief comment about any information in your report
- **Credit Information** - Provides details of your credit accounts and transactions and shows if payments are being made on time
- **Banking Information** - Includes information on your bank account and NSF cheque history
- **Public Record Information** - Contains information about secured loans, bankruptcies and/or judgments
- **Third-Party Collections** - Contains information about any involvement with a collection agency trying to collect on a debt
- **Inquiries** - Includes all organizations or individuals that have requested a copy of your credit report in the past three years

*Note: Mortgage information - Details about your existing

mortgage(s) may appear in your credit report. Mortgage information is not used to calculate your credit score since all lenders do not report it.



The 25% Down -- No Income Qualifier:

Rate: Prime + 0.50% on variable term or

discounted 3 or 5 year bank posted rates or -.75% below prime on a variable. Today that rate is 3.45% or as a rental 4.25%

Term: 3 or 5 Year Closed

Occupancy: Owner Occupied

Insurance: None required

Premium: No Premium

Credit: Average (600+Beacon)

Documents: None

Restrictions: \$500,000 max. Purchase price

Fees: Lender fee may apply, regular legal fees.

This is a great way to get the place for your own purpose without going through all the boxes to find T4's and pay stubs.

** Based on your particular situation, there may be some other options available. If you have a unique situation please feel free to contact me to discuss your options.

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)
- ATCO Gas feels the need to increase as well - nearly \$15 to \$23 a home starting as early as July 2005?



Centum MiCasa Mortgages June 1, 2005

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

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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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

Sentorini Spa & Wellness
www.scentorinispacom

The Gift Designer
www.thegiftdesigners.com

Time Business Machines
wflanagan@timebusiness.com

Two Amigos Moving
www.twoamigos.com

friends supporting friends... thank you to

Evan William's Group
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

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