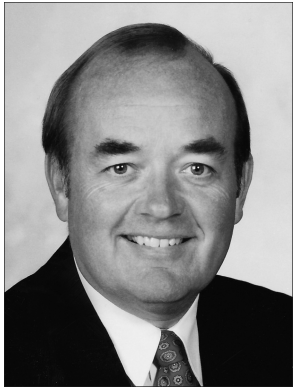


# Home & MORTGAGE

Summer 2008



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We have access to the widest variety of lenders — to find the right solution for you. We are experts at helping you achieve your home ownership dreams. Plus, in most cases, our services are free. REFERRALS WELCOME!

## Tempted by a new house?

**It's easy to be enticed by new subdivision developments during a summer drive in the country. Here's what you need to know before you buy.**

**B**uying a newly built house has its own unique rewards, but it is different from buying a resale house. A little homework can help you make a choice that you'll be happy with.

**Know the builder.** Research the builder's reputation and track record. Ask for references. Find out whether they are members of the Canadian or local Home Builders' Association. Check whether they belong to a provincial new home warranty program and investigate their warranty record. Look at the model home in careful detail for quality and workmanship.

**Investigate the area.** Check out the location of schools, transportation links, medical services, shops, recreation, and park land in the neighbourhood. Inquire with the local municipality about future developments that may change the area's character.

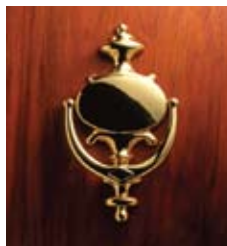
**Detail the costs.** Be prepared for several costs in addition to the base price of the home and lot, plus the transaction and closing costs. These include: the cost of any upgrades; fees for services such as utility hookup and tree planting; local

municipal charges to cover infrastructure, development applications, and permit fees; and GST. (Homes under \$450,000 are eligible for a partial GST/HST rebate.) Ask your builder to list all charges and when they're due.

**Review the documentation.** Make sure you understand the terms of the Agreement of Purchase and Sale. Have your lawyer review it, together with any warranties. A one-year warranty to protect against defects in work, materials, and major structural elements is common. Ideally it should include deposit and completion insurance. In B.C., Ontario, and Quebec, third-party warranties are also mandatory.

**Confirm the timing.** Ask for written confirmation of start and completion dates, and ask what happens if construction falls behind. Make sure you have the name of a contact person, and find out whether you may visit your new home while it's being built.

If you're considering a new home purchase, I can help ensure that your financing arrangement can cover all the costs associated with new developments. 🏠



### INSIDE

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**3** 10 ways to save 20 bucks

**4** Tips for a profitable yard sale

# Are you ready for tenants in your house?

If you're shopping around for a house, you may, like many Canadians, be thinking about buying a property with a rental unit.

While renting out part of your home appears to be a foolproof financial strategy, there are several things you should be aware of before you decide to have tenants in your home.

## Painting the financial picture

Some people assume that having a unit to rent out will automatically help them qualify for a mortgage.

Whether or not this is the case could depend on several factors, such as location, the legal status of the unit, and if there is a current tenant. Each lender has its own documentation requirements and calculations regarding how rental income is factored into an application.

On the flip side, while a rental apartment may help you pay the mortgage, it may also increase both the purchase price and property taxes. So your monthly payments may end up higher than those for a similar home down the street without a rental unit.

When crunching numbers, estimate the hard costs of renting, such as the additional draw on utilities, repairs, and maintenance, and income tax payable (though expenses can help offset this).

## Balancing the benefits

Take the less tangible "soft costs" into account, such as the time you'll spend managing administrative tasks and making repairs.



How do you feel about the potential loss of storage space, reduced privacy, and interruptions such as the inevitable knock on the door when the plumbing springs a leak in the middle of the night? You may also need to share facilities such as laundry, the backyard, or parking space.

Remember, too, that landlords have legal obligations, which involve respecting the tenant's rights and responsibilities and ensuring the unit meets local zoning bylaws and fire and safety codes.

## The long-term plan

Many people find the long- and short-term benefits so appealing they are willing to make these sacrifices. Certainly, a monthly cheque can be a welcome addition to household cash flow.

Moreover, choosing a property with a rental unit could help you buy a bigger house than you might otherwise afford. While that extra space is being occupied by someone else for the time being, it may provide extra room down the road for a growing family, a private getaway for teenagers, or a haven for aging parents.

If you're considering purchasing a home with a rental unit, talk to me before you sign. I can arrange financing with a lender who will help you achieve your unique homeownership goals. 🏠

## Mortgage ABCs

Helping you be an educated homeowner

### ■ Mortgage Life Insurance

Insurance that pays off the mortgage debt upon the death of the insured borrower.

### ■ Pre-Approved Mortgage

Tentative approval by a financial institution for a specified mortgage amount, monthly payment, and interest rate.

### ■ Principal

The mortgage amount initially borrowed or the amount still owing on the mortgage. Interest is calculated on the principal amount.

# Self-employed? Mortgages are easier than ever

**M**ore Canadians than ever before — almost 20% of workers, according to Statistics Canada — now fall into the category of self-employed. Until recently, it could be difficult to obtain a mortgage if you weren't on a company payroll.

But lenders and mortgage insurers are responding to the unique needs of the self-employed, resulting in more options than ever before.

## Easy does it

You may be surprised to learn how easy it can be to obtain a mortgage for a primary residence, as a self-employed person.

You will also discover that you have the choice of most options in the marketplace, with terms of up to 40 years, fixed- and variable-rate mortgages, and even high-ratio, insured mortgages.



## What's changed: income statements

Most notably in recent years, many lenders have loosened their documentation requirements for stating self-employed income. While qualifications vary, most mortgage products currently on the market have a few minimum requirements:

- You must have been self-employed in the same line of work for at least two years. **Proof required:** Business licence or articles of incorporation; income tax returns; statement of business activities; or financial statements.
- You must have a good personal credit history. **Proof required:** A standard credit check.
- You must have no tax arrears outstanding. **Proof required:** A recent Canada Revenue Agency Notice of Assessment.

As well, some lenders require that the property meet certain conditions, and most will need a property appraisal to confirm value.

As your mortgage professional, I have access to the widest range of lenders that offer financing solutions for the self-employed. Let's discuss your needs to find exactly the right product for you. 🏡



## 10 ways to save \$20 this month

**Saving a mere \$20 on household expenses may not seem like a lot on its own. But what if you multiplied a few of these ideas over the course of a year?**

**Consider these:**

1. Shop around next time your home-owners' insurance is up for renewal, and consider paying annually instead of monthly, if there's a discount.
2. Change your daily newspaper subscription to just the weekend edition.
3. Take home-brewed coffee to work in a travel mug instead of buying a cup each morning.
4. Sign up for a long-distance telephone plan instead of making full-price calls.
5. Downgrade your television service if you don't actually watch all the channels you get.
6. Always take a list to the grocery store to avoid impulse purchases you don't need.
7. Weatherproof your home for year-round energy savings on heating and cooling, and reduce usage with a programmable thermostat.
8. Retire that old and inefficient fridge you keep in the basement or garage, to save on energy costs.
9. Park your short-term savings in a high-interest savings account instead of in your chequing account.
10. Cut electricity waste, and costs, by turning off lights in unused rooms and outside. Unplug appliances in standby mode, such as computers, printers, DVD players, gaming consoles, and microwave ovens. ⚡

# Summer Almanac

## Tell mosquitoes to buzz off

With their potential to spread West Nile virus, mosquitoes are more than an annoyance during outdoor entertaining — they're also a health concern. Make your backyard hospitable to friends and family, but not to mosquitoes.

- Clear out standing water in items like flower pots, containers, old tires, wheelbarrows, garbage cans, recycling bins, barbecue covers, and pool tarps.
- Fill in depressions in the lawn or ground.
- Clear out eaves troughs frequently.
- Check for standing water on flat roofs and underneath decks.
- Turn wading pools over when not in use.
- Make sure pumps on pools or water features work properly.



- Empty and clean birdbaths at least once a week.
- Cover rain barrels tightly with a lid or screen.

When relaxing outside during peak mosquito hours at dawn and dusk, wear layers of loose, light-coloured clothing, or apply a light spray of mosquito repellent containing DEET (30% concentration for adults and no more than 10% concentration for children over six months). 🏠

## Ready, set, grill!

You're more likely to get professional-quality results when grilling with a few well-chosen accessories:

- 1. Multiple tongs.** Have three sets of tongs: one for placing raw food on the grill, another for handling cooked food, and a third for arranging coals if you cook with charcoal.
- 2. Night light.** Attach special barbecue lights to your working tools to make after-dark grilling easier.
- 3. Thermometer.** An instant-read thermometer tests for done-ness without losing flavourful juices by cutting or piercing meat. 🏠



## Drawing a crowd to your yard sale

Getting the family to pitch in and hold a lawn sale is a great way to make some pocket money, while clearing out your home and shed. Follow these tips to make it successful:

- Advertise a week in advance, and post signs in the neighbourhood a day or two before, noting some of the most appealing items for sale.
- To move stuff quickly, keep prices low. People really will buy anything — but only if it's cheap.
- Mark a price on everything, using 25-cent increments.
- Combine forces with your friends, or hold a street sale to draw even bigger crowds.
- Be ready for the early birds, who show up at least half an hour early.
- Have at least \$50 in change on hand.
- Display articles attractively: group like items and arrange on tables; press clothes and hang on a rack; put toys on a blanket or low table to attract kids. 🏠



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