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THE MORTGAGE CORNER

“Buying a Home”

Are you thinking of buying a home - perhaps your first home? Using a Mortgage Broker can make the process easier to understand and less stressful!

Did you know a Mortgage Broker can “Pre-approve” a mortgage for you? A Pre-approved mortgage gives you guidelines to work with, when you are looking at homes on the market. You will know what size of mortgage you can be comfortable with, while still maintaining your current lifestyle. “Pre-approvals” will save you time, because you will know what price range of homes to look at.

Did you know that often a mortgage payment would be basically the same amount as the current rent you are paying? Why pay rent each month when you could own your home!

You may wonder what type of information a Mortgage Broker would need from you, in order to get you “Pre-approved” for your dream home. The type of information you will be required to provide would include a listing of your assets and liabilities (what you own, as well as what you owe, including your monthly payments), your employment details and current income (usually a copy of a current payslip), as well as your personal information such as identification, address, birth date, etc. As well, the broker would want to know where your down payment and closing costs are coming from – you may wish to provide a copy of a current bank statement, or a gift letter, for instance. By doing your homework, such as having this information ready, as well as calculating your monthly living costs, you can help make the pre-approval process go smoothly.

You may wonder how a Mortgage Broker will determine how much you can afford to borrow. A general rule of affordability is that your monthly housing costs should not exceed 32% of your gross monthly income (your income before payroll deductions). Your monthly housing costs will include Principal and Interest payments, Property Taxes, Heating costs and Condominium Fees, if applicable. As well, the second general affordability rule is that your total monthly payments, including housing costs, car payments, loan payments, credit card payments, etc., should not exceed 40% of your gross monthly income.

Your Mortgage Broker will discuss a number of issues and concerns with you that will arise during the home buying and mortgage process. These items will include your credit rating, property appraisals, payment options, life insurance, property taxes, legal fees, title insurance, fire insurance, etc. We will discuss these items in more detail in future issues. Or for more information, visit us at our website at www.pointswestmortgage.com.

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