Your monthly home & mortgage newsletter

MORTGAGE ARCHITECTS | October 2022 e-Newsletter

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This month, we are taking a look at some lesser-known first-time homebuyer tips! Plus, get the low down on job loss and your mortgage application. Lastly, looking to make your kitchen space more eco-friendly? We've got some helpful hints for you!

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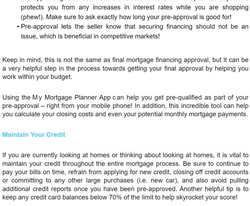
Don't Get Spooked! First-Time Homebuyer Tips



Whether you're currently in the process of looking for your first home, or have just started to think about it, I have some first-time homebuyer tips to help make your journey as easy as possible!

Get Pre-Approved

Having your mortgage pre-approved is an important step in the process and benefits you in three ways:

- Pre-approval helps verify your budget and allows your real estate agent to find the best home in your price range. Quick Tip: Don't forget about the closing costs! These range from 1 to 4% of the purchase price and should be factored into your budget.
- Pre-approval guarantees the rate offered and locks it in for up to 120 days. This protects you from any increases in interest rates while you are shopping (phew!). Make sure to ask exactly how long your pre-approval is good for!
- Pre-approval lets the seller know that securing financing should not be an issue, which is beneficial in competitive markets!

Keep in mind, this is not the same as final mortgage financing approval, but it can be a very helpful step in the process towards getting your final approval by helping you work within your budget.

Using the My Mortgage Planner App can help you get pre-qualified as part of your pre-approval – right from your mobile phone! In addition, this incredible tool can help you calculate your closing costs and even your potential monthly mortgage payments.

Maintain Your Credit

If you are currently looking at homes or thinking about looking at homes, it is vital to maintain your credit throughout the entire mortgage process. Be sure to continue to pay your bills on time, refrain from applying for new credit, closing off credit accounts or committing to any other large purchases (i.e. new car), and also avoid pulling additional credit reports once you have been pre-approved. Another helpful tip is to keep any credit card balances below 70% of the limit to help skyrocket your score!

Utilize Your RRSP's

Did you know? The Home Buyer's Plan allows you to utilize up to $35,000 from your RRSP and put it towards a down payment on a new home, which you can repay over a 15-year period. You must be a first-time home buyer to qualify.

Take Advantage of Government Programs

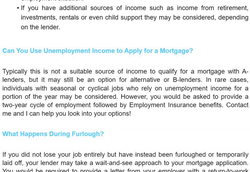
There are various government programs in place that provide some financial relief in the form of rebates and tax refunds, including:

- **First-Time Home Buyer (FTHB) Tax Credit:** F irst-time home owners would get a credit of $1,500 if you qualify.
- **First Time Home Buyer Incentive:** T he government will cover 5% of the purchase price on a resale home or up to 10% on a newly constructed home, if you qualify.
- **GST/HST New Housing Rebate:** You may qualify for a rebate for some of the GST or HST paid on the purchase price or cost of building your new house.

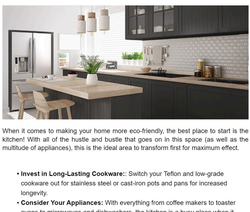
There are also additional programs and support available depending on your province that are worth looking into, including land transfer and property transfer rebates, first-time homebuyer tax credits, homeownership support programs and more.

Contact Me for Expert Advice!

Before you get started on your homebuying journey, make sure to reach out to me for expert advice on choosing the right mortgage options, determining your budget, getting your pre-approval, and more!



Job Loss and Your Mortgage Application



When it comes to your mortgage application, there are a few things that you should avoid doing while you're waiting for approval – such as making large purchases (i.e. a new car), applying for new credit, pulling additional credit reports, etc. Another issue that can come up is the loss of your job.

What you can afford to qualify for in relation to your mortgage depends on your income. As a result, the sudden loss of employment can be quite detrimental to your efforts. So, what do you do?

Should You Continue With Your Mortgage Application?

If you've already qualified for a mortgage, but your employment circumstances have changed, your first step is to disclose this to myself, your mortgage professional. As the lender will verify your income prior to closing, your mortgage professional will need to update your file to advise them, otherwise it may be considered fraud as your application income and closing income would not match.

In some cases, the loss of your job may not affect your mortgage. Some examples include:

- You secure a new job right away in the same field as previously. Keep in mind, you will still need to requalify. However, if your new job requires a probationary period then you may not be approved.
- If you have a co-signer on the mortgage who earns enough income to qualify for the value on their own. However, be sure your co-signer is aware of your employment situation.
- If you have additional sources of income such as income from retirement, investments, rentals or even child support they may be considered, depending on the lender.

Can You Use Unemployment Income to Apply for a Mortgage?

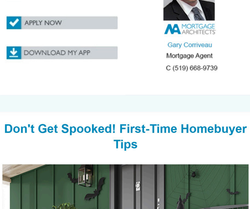
Typically this is not a suitable source of income to qualify for a mortgage with A-lenders, but it may still be an option for alternative or B-lenders. In rare cases, individuals with seasonal or cyclical jobs who rely on unemployment income for a portion of the year may be considered. However, you would be asked to provide a two-year cycle of employment followed by Employment Insurance benefits. Contact me and I can help you look into your options!

What Happens During Furlough?

If you did not lose your job entirely but have instead been furloughed or temporarily laid off, your lender may take a wait-and-see approach to your mortgage application. You would be required to provide a letter from your employer with a return-to-work date on it in this situation. However, if you don't return to work before the closing date, your lender may be required to cancel the application for now with resubmitting as an option in the future.

Regardless of the reason for the change in your employment situation, one of the most important things you can do is contact me directly to discuss your situation. I would be happy to look at all the options for you and help with finding a solution that best suits you.

Go Green! In Your Kitchen



When it comes to making your home more eco-friendly, the best place to start is the kitchen! With all of the hustle and bustle that goes on in this space (as well as the multitude of appliances), this is the ideal area to transform first for maximum effect.

- **Invest in Long-Lasting Cookware:** Switch your Teflon and low-grade cookware out for stainless steel or cast-iron pots and pans for increased longevity.
- **Consider Your Appliances:** With everything from coffee makers to toaster ovens to microwaves and dishwashers, the kitchen is a busy place when it comes to appliances. Swapping these out for energy-efficient models will reduce costs and energy usage, while providing the same results.
- **Opt for an Energy-Efficient Stove:** With a variety of different stoves available on the market, there are plenty of choices when wanting to move to something more energy-efficient! Think gas stoves, induction cooktops, ceramic-glass cooktops or even energy-efficient electric coils.
- **Consider Practicing Energy-Efficient Cooking:** Want to further maximize your efficiency and energy-usage in the kitchen? Stop preheating! With most ovens today, they heat up almost instantly making pre-heating your oven for 20 minutes a waste of time and energy. Some more tips to improve your energy-efficiency when cooking is to consider pressure cooking, BBQing, eating "raw" food such as salads, chilled soups and more.
- **Use Green Cleaners:** Finally, if you're going to put all the effort into improving your appliances and habits in the kitchen for greener results, you might also want to consider switching your kitchen cleaners to green products. There are dozens of options out there for non-toxic, biodegradable and plant-based cleaners that you can choose from. Your kitchen (and yourself!) will thank you.

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