

The Canadian homeowners' crystal ball: Top Ten for the year ahead

Everyone loves to make forecasts for the New Year. With that in mind, we've put together a glimpse into the year ahead for Canadian homeowners – so you can plan for some great opportunities!

- 1. Low rates early in the year!** So many financial experts were wrong last year when they predicted we'd see a rise in mortgage rates. But their loss is your gain. We are beginning 2012 once again at historically low mortgage rates.
- 2. "Green" money available until the end of March.** The popular Eco-Energy Retrofit Grant is still available until March 31, 2012. You can access up to \$5000 for improvements for energy-saving renovations to your home, but you'll need to act fast. Before you begin work, you must arrange for an NRCan-licensed energy advisor to perform a residential energy assessment of your home. After the work is complete, a post-retrofit evaluation must be done by March 31, 2012. Full details are available at www.oee.nrcan.gc.ca. To register, go to www.oee.nrcan.gc.ca/register.
- 3. The wealth train is leaving the station!** At some point rates will begin to rise to more normal levels of 5 or 6 per cent, and it's possible the trend upward might start in 2012. If you are carrying household debt outside your mortgage, you have a great opportunity right now to board the "wealth train". Roll your high-interest debt into a low-rate mortgage. Start spending sensibly, saving smart, and you'll be well on your way to slashing your debt and building your wealth. When interest rates begin to rise, debt derails even the best financial plan. Do it now.
- 4. Never renew with your eyes closed.** When your mortgage comes up for renewal your lender sends out a note suggesting you renew at their current offer. Never renew your mortgage with your eyes closed! This is your moment of opportunity to negotiate the best possible deal. Who knows if the same lender is the best choice? If a renewal is in your financial future this year, bring us your renewal notice. There are some great options out there; we'll help you look around.
- 5. Check out the re-advanceable mortgage!** This is a brilliant mortgage concept for those who want to pay down their mortgage and have flexibility should an unexpected opportunity or expense arise. The re-advanceable mortgage is the perfect solution. If an emergency comes up, an unexpected investment opportunity, or a special renovation project, you can access your equity without a fuss. It may be the "last mortgage you'll ever need".
- 6. Time to build an income buffer?** It's a bit ironic, but it's always hardest to get money at the very time that you need it. If there is even a chance that your household income could take a hit this year, then talk to us about building a financial buffer using today's low mortgage rates. Maybe you won't need it. But if you do, you'll be grateful you made the arrangements when you did. With the European debt crisis still reeking economic havoc worldwide, unemployment and income fluctuations are still a risk.
- 7. Speed up your mortgage pay-down.** Before rates rise, take the opportunity to beat down your mortgage principal. Build a plan to take advantage of your lender's prepayment privileges! Consider changing from monthly payments to weekly or bi-weekly payments, and take some or all of your tax refund and put it against your mortgage principal. Your interest costs will go down with every dollar you've reduced on your principal amount.

8. Build a financial cushion. Your high-interest credit card should never be your emergency fund. This year, build a financial cushion: get in the habit of putting a small sum from every paycheque into a special emergency fund. A nice plump emergency fund is smart saving.

9. Staying put? Instead of moving to get the home you want, consider the many benefits of staying put. The right renovation – an addition, a new family room, a fresh kitchen – might be all it takes to turn the house you're in, into the home of your dreams. It is almost always less expensive to renovate than to relocate – if an upgrade to your lifestyle is what you're after!

10. Get your annual mortgage checkup. It's your financial "medical"; early detection of problems can save your financial life! We like to know how your mortgage is working for you – and look for opportunities to make the most of your greatest budgeting asset! Book a mortgage review and make sure your plan incorporates what may be ahead in 2012: it could pay big dividends in the year ahead!

Serving the Waterloo Region, Guelph and Milton

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