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Daryl believes in a team concept and with this in mind has formed a four person team to help service his clients. This team is dedicated to providing top quality service with the utmost privacy and speed. This team approach allows us to ensure that there is always someone working on your file to insure that your mortgage transaction goes smoothly from start to finish.

How to save
THOUSANDS
on your mortgage

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Introduction

Mortgages have been the biggest investment the average family or individual will make in their lifetime. Throughout history, the lending of money for real estate has always proven to be a great investment tool. Next to government backed bonds, it is one of the most secured.

The average family or individual will make mortgage payments for 25 years, or longer, depending on how many homes in which they live. They will have paid enough interest during that timeframe to have bought two homes.

This booklet will provide you with some simple Tips to help you save some of that money.

Whether you are looking for a mortgage, or thinking about renewing your current mortgage, these Tips will save you thousands of dollars. They can be implemented as soon as you read about them, or you can implement them as part of your next mortgage. You may have already been aware of some of the Tips, but have not yet taken advantage of them; other Tips will be new to you. In **every** Tip, you will be given examples of what you can save by implementing them into your mortgage strategy.

If you choose to implement one or more of the ideas in this booklet you will definitely save money on your mortgage! The more you implement the more you save: **Maximize your mortgage!**

None of what you will read here is brand-new information: it is, however, condensed into a quick and easy-to-read booklet to help you save money from the moment you finish reading. Most of the Tips you will read can be utilized as soon as the very next business day. Just call your mortgage lender and ask them to change a couple of your mortgage details. In some cases, there may be a small fee to make the changes, but it is well worth the cost to make the adjustment.

Just remember *“The money you save now is money you get to spend later”*, hopefully on something fun and exciting for you and your family.



A Brief History of Mortgages

When we think of mortgages, we think about making monthly payments – generally amounting to several hundred dollars each month, amortized over a period of up to a maximum of 25 years.

How often have you heard of lenders informing their borrowers of the many ways in which this time period could be slightly, or even substantially, shortened? This shortening would dramatically reduce the amount of interest they could collect from you!

Do you believe that lenders are motivated to share this information? The typical borrower seldom challenges the interest rate offered by the lender, and even less often asks the lender how to more effectively manage his or her mortgage investments.

After having spoken with hundreds of clients about their mortgage needs, I have come to the conclusion that most of us are simply grateful that we have a bank or lender willing to lend us the money at all.

Our parents and grandparents went to the local bank with their hat in hand and quietly asked their local banker for a mortgage. A handful questioned the interest rate, and even fewer tried to negotiate a lower rate. As a general rule, it was suitable to accept the first offer made by the bank and wait for their request for a mortgage to be approved.

The bank would then take days or even weeks to approve the application, weighing heavily on the minds of those involved in waiting for the bank's decision. When the bank finally did respond with the good news, there were many additional conditions that would have to be met and agreed upon. Very few ever offered options to pay the mortgage off more quickly.

This was how mortgage lending began, and how it still works today. Some lenders have realized that it is “good business” to inform you of a few ways to save on your mortgage. They usually offer you only one or two well-known methods that will save you money.

“How many ways CAN I save money on my mortgage?”

There are several different ways to save thousands on your current mortgage. More importantly, by combining the different savings methods, you can increase your overall savings. You will learn about the different methods in the next chapter.

No matter which method you use, you will save money. Even the simplest method will put thousands of dollars in your pocket over the life of your mortgage. These steps can be used on a new mortgage or an existing mortgage. With a simple phone call you can instruct your

lender on exactly what you would like to do and you can do it tomorrow, once the banks are open.

There is no reason for you not to take these steps. Your bank or mortgage lender will allow you to make changes to your payment methods anytime you wish. You should be aware that some of the large institutions may charge you a service fee to implement any changes you request. If this is the case with your bank, don't worry, you will save the fee within the first month of implementing these strategies.

“Will these methods cost me any more money?”

Some of the ideas mean that you will be increasing your payment frequency or amount, requiring you to invest more money. But, don't worry...every dollar that you invest into paying down your mortgage is well spent! Each dollar you spend on prepaying your mortgage today will save you thousands over subsequent years. In most cases, we are only talking about increasing your payment by \$50 to \$100.

I will provide you with some examples later in the book to illustrate how small extra payments made during a month will speed up the process and shave a couple extra years off your amortization period.

“Are these methods complicated?”

No, they are very simple methods that you can instruct your mortgage lender to do over the phone. He will likely want you to physically sign an agreement and there may be a small fee you need to pay for administration work. After reading this booklet, you will understand every detail of what you can instruct your lender to do with your mortgage.

If your mortgage lender doesn't allow you to make these changes, then it may be time for you to start shopping for a new lender. There is no reason that your lender should not allow you to make these changes, and you should make them as soon as you can.

So, what are we waiting for? Let's get started...The next chapter will detail some of the methods you can put into use the moment that you finish reading the chapter. You can review the examples of what kind of savings you can achieve. You can also use some of the tools suggested to help calculate exactly what you will save with each method used.



What Banks Don't Want You to Know

This chapter will reveal some simple Tips that can help *save you thousands* of dollars in payments and interest. Some of the ideas are well-known and accepted methods to decrease your mortgage costs. Others ideas will show you how small changes can amount to large savings over the life of your mortgage. Even a .25% or .50% savings on your interest rate can mean thousands of dollars saved over the life of your mortgage.

Let's start with the more commonly known Tips with which most of us are familiar:

Tip #1: Bi-weekly or Weekly Payments

This single method can save you thousands of dollars by itself. You can start using this method the very day you read this. Simply call your bank and ask to start taking your payments out bi-weekly on an accelerated or rapid payment plan.

You can also request that the bank coordinate your payments with your pay day. It has always been easier to pay your bills on the day you get paid...simply request this at the time that you change your payment method. By implementing this one strategy you can *save over four year's worth of interest* and payments.

Example

Based on a \$100,000 mortgage at 6.00% interest for a 5-year term amortized over 25-years:

- Your monthly payment would be **\$639.81**
- You would pay **\$28,225.07** in interest over the first 5 years
- You would pay **\$10,163.50** in principle over the same 5 years

Implementing a Bi-weekly Payment

Using the same \$100,000 mortgage at 6.00% interest for 5-years amortized over 25-years:

- You now would be paying bi-weekly payments of **\$319.91**
- You end up making two extra payments during each calendar year: one in November and one in July which, when totaled, is only *one* extra payment per year
- You would pay **\$27,646.99** in interest over the first 5 years
- You would pay **\$13,941.31** in interest over the same 5 years

What You Will Save

- First you will save **\$578.08** in interest payments over the first 5 years
- Second, you will have paid an extra **\$3,777.78** in principle
- Third, your payment stays close to the same except you now make two payments instead of one each month and they are made when you get your pay cheque.

In other words, you will pay off your mortgage faster *just by paying your mortgage on a bi-weekly basis*. The best part is that you won't likely even notice it after the first few months. **Just like anything we do that's new to us, it takes time to turn it into a routine.**

There are many books that provide differing opinions on how we instill a habit into our daily lives. The common thread in most of the theories I have read say it takes about 21 days to form a habit, good or bad.

I am going to go out on a limb and say it will take a bit longer to accept this method of bi-weekly payments. After 3 or 4 months it will become a habit you can live with. If it still hasn't become a habit after this time, just recall how much money you will save by doing this, and it will become easier!

Tip #2: Shorten Your Amortization Period

This Tip can be a bit more painful in the wallet, but it can also have dramatic effects on how much money you save in interest and payments. By reducing your amortization period by *just 5 years* you can, once again, save thousands of dollars.

You can instruct your bank to do this on anniversary dates or when your current term expires. Some institutions will allow you to change this at any time but may charge a penalty for doing so. Some banks will offer it as an incentive to attract new business.

Example

Based on a \$100,000 mortgage at 6.00% interest for a 5-year term amortized over 25-years:

- Your monthly payment would be **\$639.81**
- You would pay **\$28,225.07** in interest over the first 5 years
- You would pay **\$10,163.50** in principle over the same 5 years

Implementing a Shorter Amortization Period

Based upon the same \$100,000. @ 6.00% interest for a 5-year term amortized over 20 years:

- Your monthly payment would be **\$712.19**
- Your total interest paid in 5 years amortized over 20 years would be **\$27,527.47**
- You would have paid a total of **\$15,203.93** in principle over the first 5 years

What You Will Save

- Once again you save **\$697.60** in interest and save 5 years of payments
- You also pay an additional **\$5,040.43** in principle over 5 years

This method would cost you **\$72.38** more each month, but look at the savings. Could you spare \$72.38 extra to save you that much money? The savings could be used for your retirement or eventual profit from the sale of the house.

Tip #3: Take Advantage of Double-up Payments Offered by Most Banks

The double-up advantage allows you to make an extra payment usually equal to your normal monthly payment. Depending on your financial institution, you can make anywhere from 1 to 12 double-up payments annually.

Each double-up payment is applied directly to the principle on your mortgage. This means you save thousands each and every time you make one of these double-up payments. Even *one* double-up payment per year can make a difference.

Example

Based on a \$100,000 mortgage at 6.00% interest for a 5-year term amortized over 25-years:

- Your monthly payment would be **\$639.81**
- You would pay **\$28,225.07** in interest over the first 5 years
- You would pay **\$10,163.50** in principle over the same 5 years

Implementing Double-Up Payment

If you make *one* double-up payment each year during the average 5-year term you would save the following (monthly payment remains the same):

- Total Interest paid during 5-year term: **\$27,810.89**
- Total Principle paid during 5-year term: **\$13,777.26**
- Principle Balance left owing after 5 years: **\$86,222.74**

What You Will Save

If you paid one extra double-up payment each year for 5 years you would save in the following ways:

- You would save **\$414.18** in interest
- You would pay the principle down by **\$3,613.73**
- If you continued this process every year you would save 21 months worth of payments; that's almost 2 year's worth of mortgage payments. At \$639.81 per mortgage payment that means a savings of **\$15,355.44** (based on 6.00% interest over full term)

That's only \$639.81 per year...do you think you could make one extra payment per year?

There are many people who make their mortgage payments every month just as they have committed to do. They are raising a family and have all the normal expenses of day-to-day living. Saving an extra \$639.81 per year can appear to be an unachievable goal.

This next Tip will make saving this money just a bit easier, but can result in the same type of savings:

Tip #4: Pay an Extra \$50 or \$100 Per Payment

Using Tip #3, you make one extra payment per year. Using this method you make an extra payment towards the principle with every regular payment. Depending on whether you choose to make your payments, monthly, bi-weekly or weekly you will pay a little extra on your principle with every payment.

Many people use this method when on a restricted budget. It is easier to save \$50 to \$100 each month than one lump sum of \$700 or more. So how much money and time can we save using this method?

Example

Based on a \$100,000 mortgage at 6.00% interest for a 5-year term amortized over 25-years:

- Your monthly payment would be **\$639.81**
- You would pay **\$28,225.07** in interest over the 5 years
- You would pay **\$10,163.50** in principle over the same 5 years
- Principle Balance left owing after 5 years **\$89,836.47**

What You Will Save by Adding \$50 Per Month

If you paid an extra \$50 per month, each month for 5 years:

- You would save **\$388.34** in interest
- You would pay the principle down by **\$3,388.34**
- If you continued this process every year you would save 18 months worth of payments; 1 ½ year's worth of mortgage payments. At \$639.81 per mortgage payment that means a savings of **\$11,516.58**

This method makes it easier for many people to budget and save. We all survive on a budget and any of these Tips can help, especially when they result in saving the kind of money we have demonstrated in the first 4 Tips.

Tip #5: Make a Pre-Payment Every Year

We have discussed two pre-payment methods in **Tips 3 and 4**. Now let's see how making a slightly larger amount can dramatically save you money over the life of your mortgage.

We have already spoken about how an average consumer on a strict budget can make additional payments. Now let's talk about those who are able to apply \$1,000 or more towards the principle each year. We will demonstrate how an annual payment of \$1,000 can also save you thousands over the life of the mortgage.

NOTE: The sooner you can make this pre-payment on each anniversary the more you will save...since this payment is *credited to your principle the moment you make the payment.*

So what are the savings when you make a \$1,000 pre-payment?

Example

Based on a \$100,000 mortgage at 6.00% interest for a 5-year term amortized over 25-years:

- Your monthly payment would be **\$639.81**
- You would pay **\$28,225.07** in interest over the 5 years
- You would pay **\$10,163.50** in principle over the same 5 years
- Principle Balance left owing after 5 years **\$89,836.47**

What You Will Save by Implementing a \$1,000 Pre-Payment

If you paid \$1,000.00 each year for 5 years you would save in the following ways:

- 1) You would save **\$647.23** in interest during the first 5 years
- 2) You would pay the principle down by **\$5,647.23** during the first 5 years
- 3) If you continued this process every year you would save **29 months** worth of payments. At \$639.81 per mortgage payment that means that you would save **\$18,554.49** over the life of the mortgage

Not bad for a simple \$1,000 extra per year!

Tip #6: Pay Your Taxes Annually...or Use Your City's Monthly Tax Payment Plan

This Tip doesn't really fall under the category of saving you thousands of dollars, but it does save you money...and every little bit does count.

Normally, consumers allow their bank to collect the taxes for them. The bank will usually collect 3 or 4 months worth of taxes and hold it in a tax account. The institution then adds a portion of your annual tax bill to each payment you make from then on.

They do this for you, as a *favour*, to ensure you never have to worry about not paying your annual taxes. What we fail to realize is that your city has a program to do the same thing. The big difference is that your local tax collector offers a program where he divides your annual tax bill into 12 equal payments. Each month he or she is authorized by you to withdraw these payments directly from your account.

“So, how do I save money this way?”

As mentioned above, those 3 or 4 months worth of taxes that the bank collects from you is kept in a special tax account for your benefit...but...the bank doesn't pay you interest on it or, if they do pay you interest, they pay very little. So, instead of you making even a little interest on this money, it ends up working for no one.

At least this is what we are led to believe; I have never gotten a straight answer when it comes to any inquiry as to where or to whom all this money goes. There are rumors that the bank lends this money out as short-term loans such as overdrafts, ex: 21%.

“So what do I have to do?”

All you need to do today is call your local city tax office and ask if they have a monthly payment plan, and request an application to be mailed or faxed to you. Once you return the application to your tax office you will be enrolled, and your payments will start to be deducted within 30 to 60 days.

NOTE: Always check with your mortgage company first to see if they will allow you to pay your taxes this way. ***You don't want to pay double the tax!***

Once you make the switch, you will earn the interest on those 3 or 4 payments. It's not a large sum of money; but it *is* another way to save on your mortgage.

If you want to avoid the monthly payments, you can arrange to pay your taxes annually when they come due in the spring. You just need to keep your receipt and send a copy to your bank when you make your annual tax payment. It's a good idea to ensure that your bank gives you the *green light* on this. Some municipalities give discounts for early payment of annual taxes.

Tip #7: Use Your RRSP Refund or Tax Refund

Everybody dreads tax time; the stress of learning exactly how much money the government is taking out of our pockets. We have few options for hiding our income; one exception is RRSPs.

Many people plan grand purchases using any tax refund they get from the government. Some people use this refund money for investment purposes, while others use it for a vacation, furniture, or clothes. We all plan—months ahead of time—what we are going to do with this extra cash, right?

Remember the first few Tips you read? How little it takes each year to make such a big difference in what you will finally end up paying? By investing your refund into your mortgage each year you will once again save thousands of dollars in interest and payments.

I know it's not very exciting to think about investing all your refund, so do not invest it *all*: Remember that a small investment is better than none at all. As we have already proven, small extra payments each year can make a big difference. You need not invest all the refund; just enough to equal one or two regular monthly payments and this will make a big difference in the end.

You can still plan for some fun, just not quite as much. You should note that you will be paid back ten-fold for this "forced" savings plan. You will be saving thousands of future dollars, plus the inflation portion of those dollars. You can then get all the toys you want or travel anywhere you want!

Normally, I would provide you with some examples of how much you can save using your tax refund, but by now I assume you have the point. If you are still unsure of how much you can save please refer back to Tip #5.

NOTE: Some of my clients will borrow money for their RRSP and use the savings on their taxes to pay down the principle. *The cost of borrowing is more than recouped in future savings.*

In today's economic times, *interest rates are very low and borrowing is cheap*. The flip-side is that your interest-bearing account is making less than 2.00% annually.

Investing in your mortgage has never been better. Every dollar you pay towards your mortgage today will mean *that much more* in your pocket in the future. It's a *win-win* situation.

Tip #8: Use a Cash-Back Mortgage

This is a very interesting type of mortgage for a number of reasons. Most people use this type of mortgage to help make the down payment for their initial purchase. Others will use this money to purchase new furniture for their new homes.

Some clients use this money to pay down the principle as soon as they close their deal. As a mortgage broker, I don't usually recommend this method because it means accepting a mortgage at the posted interest rate. I will show you a way in the final chapter that will allow you to negotiate a very good rate and still get cash back. You can then apply this directly against the principle.

Cash backs can be used to pay legal bills and other closing costs in tight budget situations. Many people forget to calculate these extra costs when purchasing real estate or when refinancing their mortgage.

The key fact here is that you can now negotiate from 4.00% to 6.00% of the total mortgage as *cash back*. On a \$100,000.00 mortgage that can be as much as \$6,000.00. Apply that towards your principle and you can *save thousands* of dollars in payments and interest.

As I stated earlier, cash backs have a purpose but should not be used unless **absolutely** necessary. When using a professional mortgage broker you can obtain discounted interest rates *as well as* cash back. This will leave you with cash in your pocket on closing, or you may use it to pay the principle balance of the mortgage. This is ultimately the whole purpose of reading this booklet.

Tip #9: Use a Line of Credit Mortgage

These types of mortgages are the easiest to pay down and can offer you the most flexibility. They are designed to allow the mortgage holder the ability to pay down his mortgage without penalty with an adjustable or variable interest rate

With all the advantages there are also some risks. Certain types of budget-conscious people should avoid this type of mortgage due to lack of discipline. For whatever reason, if they have a credit line available they tend to always use it. Some people may go for months, or even years, and never touch their Line of Credit, and then suddenly, they may have an urge to get a new boat or go on that dream vacation.

Somehow this type of consumer will always find a way or reason to use the Line of Credit. This means the mortgage will never be repaid. This is not what the Line of Credit Mortgage was designed for, at least from the consumer's standpoint. People with good credit management skills can use this type of mortgage to great advantage. They must be very careful about when and how they use the available credit.

“How does a Line of Credit mortgage work?”

Most Line of Credit mortgages are based on the value of your home. The usual Line of Credit mortgage will be based on a LTV (Loan to Value) ratio of 75.00%. What does that last sentence mean in English?

There are a few definitions of LTV but the easiest to understand would be the following: Loan to Value means how much of your property value is mortgaged or owed to the bank. Using the same \$100,000 home, if you have a LTV of 75.00% then you would have a mortgage of \$75,000. If your LTV is 60% then you have a mortgage of \$60,000.

Using the standard \$100,000 home and the usual 75% Line of Credit, you would have a credit line of \$75,000. Lines of Credit usually have an *interest only* payment feature. This means you must make a minimum payment of 1/12 of the annual interest each month.

If your interest rate is 6.00% annually, that means your interest payment based on semi-annual compounding would be **\$4,408.50** or a monthly payment of **\$479.85**. This would be the minimum monthly payment you need to make. All monies paid over and above this *minimum amount* would be credited towards your principle balance on the Line of Credit, and is usually compounded monthly.

“Now I know the fundamentals; how will this benefit me?”

By now you have already put two-and-two together; if you can pay *any* amount above the minimum payment every month...you will pay off your mortgage sooner. The key factor is that you *continue* to pay down as much of the principle balance as possible. The problem is that we tend to always need money for one thing or another.

You need to have discipline and good financial planning skills to use this type of mortgage. There are a couple of other mortgage options that allow similar pre-payment flexibility, but this one is the best. It has a built in escape clause; you can always access the equity in your home with a simple click of a button or signature on a cheque.

If you are privy to a great investment opportunity you can take advantage of it by simply writing a cheque or transferring money to another account. If you have a family emergency you have access to money with little interference from anyone.

As of the writing of this book, there are now 3 “BIG FIVE” banks that offer Line of Credit mortgages, of which two offer Line of Credit access over the Internet. The future will have all banks offering 24/7 access to your money such as account balances, paying bills, buying stocks, bonds, and giving yourself a mortgage any time you can access a computer. What will they offer next?

“How easily can I get one of these mortgages?”

Once again, just pick up your phone and call your bank. Better yet, **call your mortgage broker** and let him or her arrange it for you! The final chapter explains exactly how a mortgage broker can help you save those thousands of dollars. Essentially, once you have 25.00% equity in your home, you can access that equity any time you want with this type of mortgage.

NOTE: There are couple of lenders willing to do Lines of Credit of up to 90.00%

There are two main types of Line of Credit mortgages: the first type is the straight line of credit mortgage where the whole mortgage is based on 75.00% LTV on your home, meaning that you can access this equity anytime you want. You simply write a cheque or transfer the

funds to a different account. You then make your minimum monthly interest payment and any principle payment you want. The bigger the principle portion, the faster you will eventually pay off this mortgage.

This is the standard Line of Credit Mortgage. In recent years, the banks have added a twist to this type of mortgage to make it more attractive to everyone. Banks will now allow you to have a portion of the Line of Credit remain as a fixed-term mortgage. This is just like the type of mortgage you likely have now; the interest is fixed for a specific period of months or years.

“How does this benefit me?”

By putting a portion of your Line of Credit into a fixed-term you are guaranteeing a locked-in interest rate and payment portion. This will ensure that your mortgage will eventually be paid in the future. It will also still give you a set limit to your Line of Credit. People who are on tight budgets need to have set limits to help them better manage their money.

Another benefit of this type of mortgage is that when rates go up you have a lower fixed-rate on a portion of your mortgage. The fluctuating part moves with the *prime interest rate* since this is the Line of Credit portion.

In the long run, it is your decision as to which type of Line of Credit Mortgage will best suit you, or even if this type of mortgage is something that you would like. You must carefully evaluate your budgeting abilities before switching to this type of mortgage. You are at risk of interest rates moving up or down with little notice.

There IS an escape clause built into most of these mortgages. It is a standard feature that allows you to move out of a variable or Line of Credit Mortgage. You can request to move to a fixed-term mortgage of whatever term is left on your current mortgage. Some institutions state that you can choose any term from 2 to 10 years into which you can return. This is a very important clause that you must have in any Line of Credit or variable-rate mortgage.
DO NOT SIGN WITHOUT THIS FEATURE!

Let me stress this fact one more time; *you should never sign on a Line of Credit or variable-rate mortgage that doesn't allow you the option to switch out at anytime you like.* Most institutions will allow you to switch to whatever the interest rate is for the fixed-term based on the day you apply for your new *fixed* term mortgage. They call this their POSTED RATE. When you read the last chapter you will see what this term means and how it will prompt you to run from anyone offering POSTED RATES.

You may have noticed that I have spent a substantial amount of space on this Tip. The reason is because of its **flexibility** and **benefits**. If used properly, this type of mortgage can allow

you the ability to be your own bank...meaning that you would never need to apply for another loan or mortgage again. You could completely pay off your house and still have this type of arrangement in place in case of emergencies.

Tip #10: Negotiate Your Next Mortgage

Hopefully by now you have learned that you no longer need to bow to the demands of your bank or financial institution. You have options and rights that you may never have realized or wanted to pursue.

It is critical that you use every resource available to you to negotiate the best rate and term possible. You owe it to yourself and to your family to save every dollar possible on this very important negotiation. You now know *how* to get the most favorable repayment terms available.

You have the option to shop your mortgage around to a variety of lenders or have a mortgage broker shop for the best terms and rates for you. Do not settle for the first offer that comes your way. You negotiate when you buy a car or other items, so now you can do it with the biggest investment of your life, *your home*.



One Last Tip...

Each of the Tips in the last chapter will save you money—from a few dollars to a few thousand dollars. The majority of these methods can be implemented via a simple phone call to your lender. In some cases, you may have to visit your bank or fax a signed request.

By making any of these changes you will start to see the benefits of saving money immediately.

You may have already figured out what the last Tip is. In case it has not become evident yet, ***the last Tip*** is that you ***combine*** one, two, or several of these ideas and you will speed up the process of eliminating your mortgage:

- One of the best ways to do this is to pay your fixed mortgage on a Bi-weekly or Weekly basis.
- Paying an extra \$25 to \$50 on each payment.
- Use a TIPPS program to pay your property taxes on a monthly basis if you live in a large community or city.
- Pay any amount of annual pre-payment that you can afford.
- If it is possible and your budget allows, you should shrink the amortization on your next mortgage by 5 years.
- If you have the double-up option, make sure you budget to do ***at least one*** double-up each year. If you can double-up at any time, try to budget for two or three of these payments each year. Double-up payments work the same as a pre-payment feature. Use them to your advantage when you're able.

Example

Let's look at our \$100,000 (6.00% for 5-year term amortized over 25 years) mortgage one last time to see the benefits of combining these Tips:

- Total Monthly Payment **\$639.81**
- Total Interest paid during 5-year term **\$28,225.07**
- Total Principle paid during 5-year term **\$10,163.53**
- Principle Balance left owing after 5-years **\$89,836.47**

Example cont'd...

Implementing Multiple Money Saving Methods

Now let's implement the following to the same example mortgage (\$100,000 @ 6.00% for 5-years amortized over 25-years): Bi-weekly payments, and double-up or pre-pay two payments of \$639 each year for the first 5 years and we can compare the savings:

- Payments are Bi-weekly @ **\$319.91**
- Every year you pay a total of **\$1,278.00** towards the principle using your double-up or pre-payment feature.
- You would pay **\$7,217.21** more in principle

What You Will Save

- You would save **\$827.21** in interest
- You would reduce the number of payments needed to pay the mortgage by 62 months or **\$39,629.78 in savings over the whole 25 years term.**

That's only two extra payments per year on a bi-weekly payment schedule and look at how much you can save!



The Best Kept Secret of All

There have been a few hints about what the best kept secret is throughout this booklet. If you have not guessed it by now, the best kept secret is:

USE A MORTGAGE BROKER

They are professionally trained and are *paid by the lender*, not you, to find you the very best rates and terms possible. They will shop across the country to find you the terms and rate best suited to your needs. They do not represent any one lender and truly work for you by watching out for *your best interests*.

They will then help you collect all the necessary paperwork and documentation required for your individual transaction. To summarize, the following are the different types of mortgages available to you through a Mortgage Broker:

- Line of Credit Mortgages
- Fixed Term Mortgages (1st, 2nd)
- Second Mortgages (P/I and Interest Only)
- Switches or Renewals
- Equity Lines
- Refinances
- Debt Consolidations (using the equity in your home)
- New Construction Mortgages (Multi draw)
- Revenue Property Mortgages
- Recreational Mortgages
- Commercial Mortgages

Best of all, it's "FREE"

You read that correctly, most brokers don't charge any fees for their services (OAC). We are paid by the lender with which we place your mortgage.

We will walk you through the process of getting quotes, collecting your paperwork, and closing the deal. We can answer all your questions about financing and the whole real estate purchasing process. It costs you nothing in most cases to deal with a broker, yet *we can save you thousands of dollars* that you may not have been able to ever access.

“How will a Mortgage Broker save me money?”

There are a few ways that we can save you money; the most important way is how we access money from the wholesale mortgage market which cannot be accessed by anyone except a mortgage broker. Let me explain how it works within the brokerage community:

Banks will advertise POSTED RATES for specific mortgages that they offer. These posted rates are the starting point for most banks. In many cases you can try to negotiate with your individual banker or loan officer. He will likely offer you anywhere from .50% to 1.00% off the POSTED RATE if you persist in negotiating.

You can then go home feeling that you got the best deal possible. In actuality, you have likely left .50% to 1.00% still on the table. You may not have received all the special terms we mentioned either. This process can be long and frustrating, since it can take days or even weeks to complete with just one lender.

We can't speak for everyone, but how many of us can spare that kind of time and effort finding the best rate and terms? We live in a society that demands everything immediately and usually wants the best possible deal.

The Internet has allowed Mortgage Brokers the ability to offer the highest-level of service possible through the generation of *immediate results*: We can shop your mortgage to dozens of lenders across the country in seconds; we can request all the specific terms and conditions you want and need then we wait for companies to bid on your business, *all for free*.

“How does this save ME money?!”

Your first savings will come from the negotiation process, where we shop one rate against the next. This single step can save you anywhere from .50% to 1.50% off the POSTED BANK RATES.

Example

It does not seem like much, but on a \$100,000 mortgage over a 5-year term:

- \$100,000 @ 7.00% over 5 years on a 25 year amortization you pay **\$33,069.50** in interest.
- \$100,000 @ 6.00% over 5 years on a 25 year amortization you pay **\$28,225.07** in interest
- You would save **\$4,844.43** in interest over the 5 years, PLUS,
- You would save \$60.61 per month or **\$3,636.60** in payments for a total savings of **\$8,481.02** over the 5-year period.

You can save that much without cost or risk to you or your family.

We can also obtain discounts on home appraisals and home inspections. Some brokers also have agreements with lawyers to help with the closing costs. By using a broker you can save thousands in the very important initial steps of designing and finalizing your personal mortgage.

Brokers have years of experience and the support staff to make the whole mortgage process as simple as possible for you and your family. We can *hold your hand* through the process to answer questions and guide you to the perfect mortgage for your situation. We guide you through the paperwork and documentation process which tends to be very stressful for most people.

“Why do Mortgage Brokers get discounts, and I don’t?”

Mortgage Brokers can offer a bank or institution a large book of business by referring clients to their banks. In return, the banks or institutions will offer a discounted rate to any clients that they refer to them. The broker can then negotiate even further for better terms and conditions. The discount that the broker negotiates becomes your new mortgage rate, which means savings in your pocket.

In addition, the bank then must pay a finder’s fee to the broker that sent them the paperwork. The broker is responsible for the collection of all your paperwork and will ensure it is provided to the bank’s underwriter for the approval process.

Since the broker does all the work and client care, the bank is relieved of this extra staffing cost and can pass on the savings to the Broker. As relationships grow with certain lenders the broker is offered more exclusive terms and discounts. These are once again passed on to you to further enhance your savings.

The savings that you obtain by using a Mortgage Broker can relate to thousands of dollars and can save you countless hours of time, effort and stress in trying to negotiate from a single client position. A broker can offer millions of dollars worth of business to your bank. ***Who do you think will get you the best rate?***

If you have any other ideas or thoughts on how to save money on your mortgage please submit them to me at daryl@canadamortgagedirect.com I will review them and possibly put them in a future issue of my newsletter or booklet, of course only with your permission.



My Last Secret

As you already know, I am a Mortgage Broker. I wrote this booklet to help the many clients with whom I work on a daily basis. I also wrote it to make it available to anyone who wants to save money on their mortgage.

As a Mortgage Broker, I have developed a team of individuals that can offer you a wide variety of services to make your next mortgage a stress free experience. I guarantee you will have less stress than trying to do it on your own.

We have worked with thousands of families to meet their mortgage needs, saving them thousands of dollars in interest and mortgage payments, and providing them with strategies to speed-up their pay-off process. I feel honored to be able to help them during this very important time of their lives. I would like you and your family to know that I will be there to help you in your investment for as long as you would like my advice and help.

My commitment to my clients is to ***constantly strive to discover ways to save money on their mortgage, and to offer them the best service possible through my staff and the company we represent.*** We will do our very best to get you the ***lowest possible rate and the best terms possible*** with every mortgage upon which we work.

Sometimes getting you the best deal will not always mean doing business with me. We may be able to get your bank or another lender to offer you a better deal than we can. This has happened to me in the past and will likely happen in the future. If so, we can still say we helped negotiate the best deal for you, it just wasn't through our company. I'm sure that if you are satisfied with our services that you will recommend me to your friends and family. In my opinion, ***referrals are one of the best compliments we can receive from our clients.***

Since I still have your attention...

We would like the opportunity to offer you a complete package of services which are available to anyone across Canada.

What can we do for you?

- We can shop the country for the best rates and terms.
- We help you collect and complete all the documents and paperwork you need to process your mortgage.
- We ensure your lawyer and the banks have everything necessary to close your deal.
- We can answer any questions relating to your mortgage.

- We can offer discounted rates on lawyers, appraisers, and home inspectors in the Calgary, Alberta region.
- A NEW quarterly e-newsletter will keep you up-to-date on all mortgage issues.
- We have a RATE WATCH e-mail service to advise you of any interest rate changes. You will know within hours of any rate changes that could affect your mortgage.
- Annual reviews - if you request to evaluate your personal situation.
- You can ask questions by phone or e-mail or 24/7 on our web site.
- On-line mortgage applications.
- Credit rebuilding services and advice.
- Links to other related professionals.
- Surveys and contests to make it a bit more interesting and fun to visit.

We have helped hundreds of people across Canada to arrange their mortgages. By working with them through fax and phone, they have received the best deal possible for their situation.

We promise to make your next mortgage an enjoyable experience!

When you sign off on your next mortgage, you will know that you have the best deal in the country and support staff that will keep you informed of anything that could affect you and your family. We will be beside you as long as you have a mortgage and we will protect your interest to the best of our abilities.

You can call us or e-mail us any time for advice or just to discuss your future plans. We want to ensure you are 100% satisfied with the knowledge that you have the best deal possible from a very dedicated brokerage firm.

Please contact us if we can be of any service to you your friends or family. Thank you for taking the time to read this booklet and I hope that it helps save you thousands on your current or next mortgage.



Contact Information

To contact us, use any of the following:

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1-403-250-2100 (Main Switchboard)

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1-403-250-2166 (Main Fax)

Or e-mail me at daryl@canadamortgagedirect.com

Or visit either website www.maxmort.ca (my personal site)

Or our business site www.canadamortgagedirect.com

(Please feel free to e-mail or leave a voice mail anytime)

“Allow me to assist you in maximizing your lifestyle”

