



Neil Moody, CEO of the Canadian Home Builders' Association of BC (CHBA BC), is well versed in the business of building. The CHBA BC is a provincial-level office that promotes professionalism in the residential construction industry through its continuing education and certification courses for builders and renovators. Neil is also a member of the Canadian Society of Association Executives.

Mortgage options

WHEN CHOOSING A NEW HOME

by NEIL MOODY

BUYING A NEW HOME REQUIRES A MAJOR INVESTMENT and a good dose of financial fortitude. It is also one of the largest sources of wealth building for Canadians.

When you buy a new home you want to get full value for your investment. This means choosing an established and reputable builder — someone you can trust, someone who has the technical skills, a proven track record and a professional business approach.

Fortunately, there are many good builders around, and with a little effort you will have no trouble finding someone who is right for you. Look for builders that are members of the Canadian Home Builders' Association (CHBA), which requires them to agree to the Association's code of ethics. CHBA membership is a strong indication that a builder is a professional, dedicated to the business of home building, committed to customer satisfaction and in business for the long-term. Being a professional new homebuilder means constant learning, and CHBA members can keep up to date on technological advances, regulations, design, products and materials — in short, all they need to know to provide home buyers with the best and latest in the marketplace. Many builders have established business relationships with one or more lenders and may be able to assist with the financing process.

Today's mortgage specialists are well trained, well equipped and able to process your application quickly. This reduces the stress and uncertainty of waiting for an answer, and a quick turnaround can be key to getting the home you want. You can often get the results of your application immediately. This may be a conditional approval, pending verification of income and so on.

Your down payment may come from various sources including family members. First-time home buyers could take advantage of the Home Buyers' Plan, which allows you to withdraw up to \$25,000 from your Registered

Retirement Savings Plan (RRSP), tax-free, for use as a down payment or to cover other purchase-related costs. Your spouse or partner can do the same, for a combined total of \$80,000. The funds must be repaid to your RRSP account within 15 years, but you don't have to begin repayments for two years.

It is hard to predict what the future holds and what your circumstances will look like in three to five years. Your financial landscape could change over this period, so it is important to consider options before you proceed. The average five-year term borrower changes their mortgage every three-and-a-half years. Paying close attention to the term you choose can save you more than the small rate differences.

Adjusting payment frequency, even by making one extra monthly payment per year, can reduce a 25 year amortization to 22 years.

Shop for a mortgage in the same way you shop for any other product. Banks, trust companies and other financial institutions are offering more ways to finance a new home purchase than ever before, so it is a good idea to do some checking before you make a final decision.

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