



## 6 Mortgage Tips for First-time Homebuyers

Buying your first home will be one of those rare times that you'll probably feel excited and nervous in equal measures. Securing a mortgage can be a big part of those nerves, and first-time homebuyers can follow some top mortgage tips to help alleviate the pressure.

After all, this may be one of the biggest investments you have ever made, so you don't want to get it wrong. There are a few potential obstacles out there, so these steps can ensure it goes as smoothly as possible for first-time homebuyers.

### 1. Work out how much you can afford before you start house hunting

When shopping for your first home, the last thing you want to do is fall in love with a place and then find out you can't afford it. Most realtors prefer to work with a buyer that has already been pre-approved for a mortgage. Fortunately, there are steps you can take to lead to a pre-approval.

First, work with a GFCU Mortgage Specialist to determine how much of a mortgage you would qualify for before you even start the physical house-hunting process. They will ask for information such as your earnings, current monthly obligations, and the amount and source of your down payment. With this information, your advisor can determine your 'debt service ratios.'

Consider how much money you actually want to spend, and make sure you stick to a comfortable budget. It can be tempting to stretch your house-hunting to the next level, but never set yourself up to be cash-strapped and unable to enjoy that new house to its fullest.

### 2. Don't just fixate on the rate

While getting a good interest rate is important, there are other variables you will want to watch out for. Prepayment penalties (where your lender charges you for paying your mortgage off early) can vary immensely. If for some reason you have to sell your house before the mortgage term is up, the penalty could be in the thousands of dollars. Good prepayment privileges are also important. They allow you to pay your mortgage off quicker and vary from lender to lender. Other considerations may also factor into your decision. With credit unions, for example, your money can directly contribute to improving your local community. You may also want to find an advisor that aligns with your own values, including being socially, environmentally and ethically responsible. We always remember that members are also the owners.

..continued on pg 2

## Inside this Issue

	Page
6 Mortgage Tips for First-time Buyers .....	1
Community Donations .....	3
New Flash MemberCard .....	4
Don't Let Fraudsters Get Away .....	4

### Port Hope

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### Cobourg

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### Peterborough

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### 3. Be prepared as first-time homebuyers

Your financial institution will need to receive quite a lot of paperwork from you. This could include pay stubs, identification, letters of employment, T4s, Notices of Assessment, plus the amount and source of your down payment.

The sooner you provide your mortgage specialist with this paperwork, the quicker and less stressful the approval process will be.

### 4. Less than a 20% down payment? Consider the insurance option

The dramatic increase in house prices over recent years has seen a similar increase in the down payment required to buy a home. In a conventional mortgage scenario, if you were to purchase a \$300,000 home, you would need \$60,000 to make a 20 per cent down payment.

For many first-time homebuyers, a 20 per cent down payment may seem impossible, but don't worry — if you haven't saved that much, there are some options.

With the insurance option, if your down payment is under 20 per cent (and as low as 5 per cent), you can still qualify for the mortgage, but you will have to take out mortgage loan insurance. The premium increases as your down payment decreases, so your mortgage specialist can help you with the calculations. In this case, if you buy that same \$300,000 home with a 5 per cent down payment of \$15,000, you would have to pay an insurance premium of \$11,400. Luckily, this insurance premium can be added to your mortgage rather than paid up-front, which can make this a resourceful option.

### 5. The RRSP or gift options

Alternative options for your down payment could come from RRSPs or a gift.

Under the Home Buyers' Plan you can take up to \$25,000 out of your RRSPs to put towards your down payment. Be aware that you will have to pay it all back to your RRSP, with annual payments over 15 years. This could give you a much-needed boost and provide sufficient time to make the repayment.

You can also use money from a gift for your down payment, but there are some stipulations. The donor has to be a close relative and they will need to provide a letter stating that it is a gift and not a loan.

### 6. Make sure you have enough money to cover closing costs

Closing costs normally add thousands of dollars to your final costs, and some first-time homebuyers aren't ready for these additional fees. These can include:

- A home inspection: Worth its weight in gold if it uncovers a major problem in your potential new home.
- An appraisal: A necessary requirement for most conventional mortgages.
- Legal fees
- Land transfer tax

Be sure to have enough to cover all closing costs along with your down payment, as most Financial Institutions won't offer you a mortgage without it.



Ganaraska Financial Credit Union has sponsored Northumberland Hospice Care Centre for \$15,000 over the next 3 years.

Pictured above from L-R: Stewart Richardson (Chair, Building Committee), Gord Ley, Kathy Foster, Dianne Huffman, Lynda Kay, Evelyn Vander Mey and Paul Hallas.



# Community Donations



## Big Brothers Big Sisters Bowl for Kids Sake

We happily collected, pledged and bowled for Big Brothers Big Sisters Bowl for Kids Sake.

A grand total of \$2230 was given to the organization to help build positive relationships that are critical to childhood development.

Thank you all who helped pitch in!



## Big Bike 2018

In the spring, our Cobourg, Port Hope and Peterborough staff were involved raising money and collecting donations for Heart and Stroke Big Bike event.

With the help of many of our valued members and staff, we presented cheques totalling \$1660 for the cause. Thank you!



Peterborough staff (l-r) Megan Martin, Kelly Winslow, Justin Henderson and Maria Blacquier, present a cheque for \$1000 to John McNutt, President & CEO of Junior Achievement of Peterborough Lakeland Muskoka for support of their program.



## Plaid for Dad -Prostate Cancer Canada

Thanks to all of our staff and our members, we were able to contribute \$748.30 to Prostate Cancer Canada. We were all happy to wear plaid for the cause! :)





## NEW Flash MemberCard Coming Soon!

Interac Flash is a quick and easy way to pay for small everyday purchases quickly and securely without having to swipe or insert your MemberCard. This feature is included on your GFCU MemberCard for no added fee. Your card will come in the mail in July.



## Don't let fraudsters get away with it

You are approached by someone you suspect is a fraudster, in person or by email. The good news is that you've already taken the first step by recognizing a potential scam. The second step is rejecting it. It's equally important to report suspected scams to the Competition Bureau or one of its partners. Be a scam-buster. Help the Government of Canada's Competition Bureau gather the evidence needed to stop criminals from defrauding others.

### HERE'S HOW YOU CAN HELP:

- Take note of the name used by the person who approached you, what they were trying to get you to do, and when it happened.
- If it was by telephone, write down the phone number.
- If it was online, make a print-out or take a screen shot of the webpage, particularly pages that promote the product or service, any terms and conditions, and payment information.
- Try and get an exact copy of the webpage address.
- If contacted by email, save a copy and take note of the IP address.

The Competition Bureau urges Canadian consumers and businesses to take action and report fraud. It's easy, confidential, and you will be helping to make a difference in the lives of others. Visit [www.competitionbureau.gc.ca](http://www.competitionbureau.gc.ca) to learn more. (Excerpt from Mar. 28, 2018 article from the Competition Bureau of Canada)

## Holiday Hours

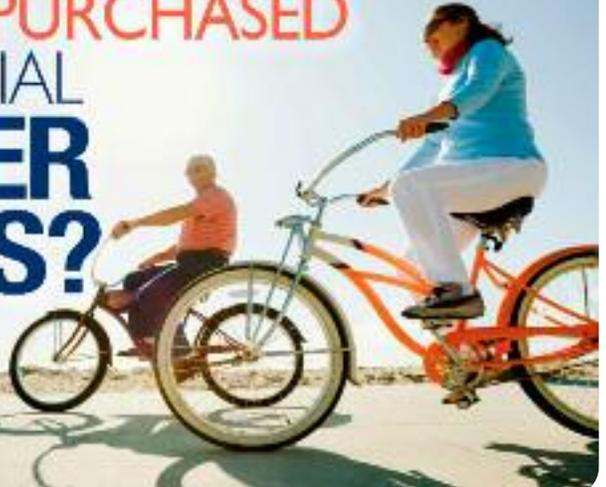
We will be closed for the following days:

Civic Holiday: August 6  
Labour Day: September 3



## HAVE YOU PURCHASED YOUR SPECIAL MEMBER SHARES?

## EARN A 3% DIVIDEND IN 2018



## Beat the Heat

With the weather warming up, the time couldn't be better to add a cooling unit to your home. GFCU wants to help keep you cool with our **GFCU Loan Special!**

# 4.99% APR

Rates subject to change. Terms and conditions apply.