

Budgeting to Purchase a Home

Presenter: Cathy Kohle
Affinity Credit Union

Budgeting to Purchase a Home

Monthly Expenses

- Mortgage Payments (includes principal and interest)
- Property Taxes
- Utilities (power, energy and water)
- Property Insurance

Other Expenses

- Repairs and Maintenance (appliances, shingles, furnace and water heater)

How are mortgage payments calculated?

Purchase Price	\$250,000.00	\$275,000.00	\$300,000.00
Less: 5% Down Payment	(\$12,500.00)	(13,750.00)	(\$15,000.00)
	\$237,500.00	\$261,250.00	\$285,000.00
Plus: CMHC Premium (3.15%)	\$7,481.25	\$8,229.38	\$8,977.50
Total Mortgage Amount	\$244,981.25	\$269,479.38	\$293,977.50
Monthly Mortgage Payment*	\$1,189.75	\$1,308.72	\$1,427.69

*Calculated based on current 5-year interest rate of 3.24% with an amortization of 25 years.

I qualify for a mortgage, but how do I now if I can afford it without changing my lifestyle?

Current Monthly Expenses		New Monthly Expenses	
Rent Payment	\$1,400.00	Mortgage Payment	\$1,427.69
Tenant Insurance	\$50.00	Property Insurance	\$100.00
Power	\$100.00	Power	\$100.00
Energy	\$125.00	Energy	\$125.00
Water	\$50.00	Water	\$50.00
		Property Taxes	\$150.00
Total Monthly Expenses	\$1,725.00	Total Monthly Expenses	\$1,952.69
Difference	\$227.69		

*All expenses are estimations for demonstration purposes only and will vary depending on property and personal circumstances.

Credit History

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Credit History

What Is a Credit Report?

A credit report is a detailed report of an individual's credit history prepared by a credit bureau (in Canada there is Equifax and Transunion). Credit Reports are used by Financial Institutions to determine the applicant's credit worthiness.

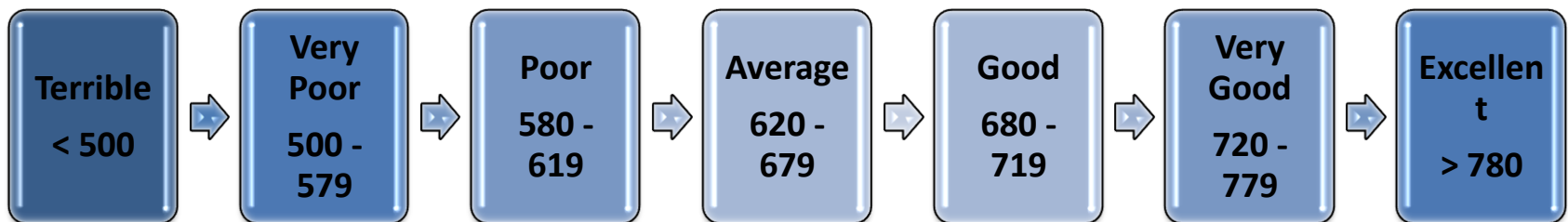
What Information is on a Credit Report?

- Your credit score
- Personal information
- Inquires
- Information on bankruptcies or collection items.
- Trade Information
- Credit Utilization

Credit History

What Is a Credit Score?

A credit score is a number (usually between 350 and 900) that represents your credit worthiness. It is a standard measurement that financial institutions and credit card companies use to determine your risk level when considering issuing a loan or credit card. Basically, it provides a snap shot of how likely you are to repay your debts on time. Having a high credit score makes it easier for you to be approved for credit at a lower interest rate.



Credit History

Can I still qualify if I have declared Bankruptcy?

Yes, even if you have declared bankruptcy, you can still qualify for a mortgage, provided:

- 1) The bankruptcy has been discharged for 2-years.
- 2) You have re-established your credit.

If I have bad credit, what can I do?

The best way to rebuild credit is by getting a **GIC-secured loan**. A GIC-secured loan is a small loan that you can take out and repay back over a short period of time. The Credit Union would invest the loan proceeds under your name and use the investment as security against the loan. You would make regular payments to this loan, which would be reported to the credit bureaus and help you to establish or rebuild your credit. Once the loan is paid off, you would still have the investment, so it is a great way to rebuild your credit and save money as well!!

Credit History

How to correct inaccurate information?

If you have information on your credit report that is inaccurate you should contact:

1. The company that is reporting the information.
2. The credit bureau – Equifax and Transunion

Equifax Canada Inc.
P.O. Box 190, Station Jean
Talon
Anjou, QC H1S 2Z2
Phone #1-800-465-7166
Fax #1-514-355-8502
www.equifax.ca

Trans Union Consumer
Relations Dept.
P.O. Box 338, LCD1
Hamilton, ON L8L 7W2
Phone #1-800-663-9980
www.transunion.ca