



# MY MORTGAGE OPTIONS



*“I want the best mortgage for me, but... what do I need to look out for?”*

Between lower purchasing prices and historically low interest rates, the smart buyer can save thousands of dollars over the long run, as long as a few tips are kept in mind.

## THE CREDIT UNION MORTGAGE LOAN RATES\*

Collateral Mortgages.....	3.30% to 5.50%
6 Months.....	6.00%
1 Year.....	4.15%
2 Years.....	4.40%
3 Years.....	3.95%
4 Years.....	4.69%
5 Years.....	3.75%

For our current rates go to [mycreditunion.ca](http://mycreditunion.ca) and click on **Rates** from the top of our home page. For information on our mortgage products, click on **Products and Services** and then **Mortgages**.

\*Rates subject to change without notice

*“We have a couple who owned their home outright, and wanted to build a retirement home in a new community. They wanted to be able to sell their home and ideally move in to their new home at the same time. They knew there wouldn’t be enough equity from the sale of their existing home and they also needed to front the beginning of the construction costs. Our suggestion was to put an open collateral mortgage on their existing home to advance the contractor and on sale of their home, port the mortgage to the one being built. It worked out extremely well for them. We also assisted them with planning the accelerated pay down of the mortgage, while protecting them from income tax penalties.”*

— As told by a Branch Manager

### Advertised Rates vs. Final Rate

What you see advertised is not always what you get. Often the rate is for the 'prime' borrower; those with the highest credit scores and meet all other requirements. Additionally, it is for a specific term or type of mortgage which may not fit your financial situation. So before you start working with on-line calculators to figure out how big of a mortgage you qualify for, talk to your financial advisor. If your credit score means your interest rate is high, work to bring it down before you apply. Waiting until your score improves can save you thousands of dollars in interest charges over the long run.

### Broker vs. Lender

A mortgage broker can do everything a lender can do - except lend you money. Brokers work with many lenders so they have access to a wide range of mortgage products. A lender has a specific set of mortgage products to choose from. Work with someone you trust who will take into account your entire financial picture and not try to up-sell you a mortgage that is not affordable. Before you start shopping, take the time to get a pre-approval so you know how much you can afford and what you can expect to be paying each month. In fact, if you are thinking of upping your monthly housing costs, over a few months bank the difference between your current and prospective costs to make sure there is not too much of a strain on your budget.

### Not All Mortgage Contracts Are Created Equal

All variable and fixed term mortgages are not the same. Prepayment penalties, down payment requirements, interest rates, product fees and closing costs vary from product to product, lender to lender and lawyer to lawyer. Before you make your final decision, do the math to figure out how much your mortgage is costing you over its full length. Include interest and all fees to make sure you are getting the best loan for your financial situation.

### The Paperwork

While it is not the most compelling reading, understanding your mortgage documents is very important. Go over all documentation, in detail, with your lender prior to closing. If there is something unclear or you don't understand – ask. Sitting down at the table at closing, when all your boxes are packed and ready to move, is not the time to find out there is a problem. Not only is it inconvenient to change your closing date, there can be a financial impact as well.

### Bridge Financing

You have done everything right – but the day you close is not the day funds are available. What do you do? Interim or bridge financing is typically used when the proceeds of a sale are not available on the closing date of a new purchase. At closing, you are typically required to pay any remaining down payment, sales tax on mortgage insurance, appraisal and/or inspection fees, legal fees and land transfer taxes. If buying from a builder, there may be additional builder closing costs. Interim financing can take the form of a specific mortgage product, Line of Credit (LOC) or other types of short term loans. Many experts suggest having interim financing lined up just in case something crops up at the last minute.

Talk to your Credit Union Financial Advocate about your mortgage options – we'll show you how to get the best deal for your situation.

# Getting Ready for A Summer Vacation

It is hard to believe it is time to get ready for summer vacation again. Whether you are sticking close to home, heading to your cottage or taking a trip there are ways to get your finances ready for the lazy, hazy days of summer.

## Step One: Make Some Calls

Call your financial institution and credit card companies to let them know where and when you will be away. Why is this important? Companies monitor card activity and take note when your activity changes in amount, type or location. If they are unaware of your travel plans they may put a hold on your account or cancel your card permanently. If they know, they can use this information when monitoring your account. Forget to call in advance – you can still do it from the road. Most companies list contact information on the back of their card and website.

When you call, ask about your spending limits, especially for your debit card. Getting caught short on cash because you are over your limit is no fun at all, especially on vacation. Whether or not you have your spending limit changed depends on your situation and should be discussed with your financial advisor.

## Step Two: Make Payments

If bills are due while you are away pay them early or use the online bill payment service to post-date payments. Trying to remember to pay bills while you are away is not relaxing. And if you do remember but cannot gain access to your account because of, a technical reason, you could be stuck with additional fees or worse when you get home.

## Step Three – Make Sure You're Covered

While travel insurance and travel health insurance does not protect your money directly, it does protect you from suffering unnecessary financial losses should anything happen. Before you hit the road, make sure you understand what coverage you have with your credit cards, employee plans and any personal insurance programs. If there are gaps in medical, travel and other insurances, close them before you go. Travel coverage is available through The Credit Union.

## Step Four: Make a Budget

It is easy to get carried away on your vacation and put your financial health on the backburner. Remember your vacation is a time to relax – not to cause future financial problems. So before you head out, understand what your spending limits are. If you are financing your vacation through credit cards, make sure you have a plan to pay them off as quickly as you can. And before your next vacation, work out a savings plan in advance. Use the **Financial Cardio** test to figure out what you can spend and the **Financial Strength** test to figure out what you need to save to keep your financial health on track while you're away. Get these tests by visiting [mycreditunion.ca](http://mycreditunion.ca) and clicking on the **Get Financially Fit** icon. If you are traveling with children explain their vacation spending budget and consider giving them a vacation allowance. This can help decrease the number of spending requests and gives them a sense of responsibility and independence.

## Step Five: Make a Back-up Plan

While credit and debit cards can free you from carrying cash while traveling they are not always available, as systems go down and cards can be damaged, lost or stolen. Make sure that you have more than one way to access your money.

Go to [mycreditunion.ca](http://mycreditunion.ca) for:

- Understanding Mortgage Penalties
- The Personal: How to avoid kitchen disasters

However, do not load up your wallet with cards or cash. Take a debit card and no more than two credit cards (one for regular use and one for emergency backup). Keep everything else locked up at home which will also help keep you on budget. Keep only a small amount of local currency in your wallet at a time. And as old-fashioned as they seem – it is wise to take travelers' cheques with you. They are widely accepted (but double check with the countries' tourism office just in case) and are not subject to credit approval or system failures. And, unlike many cards, are easily replaced if lost or stolen while traveling. If you don't use them, you can save them for another trip or deposit them back into your account when you get home.

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18 Grenville Street, Toronto, ON M4Y 3B3

**Member Assistance:**  
416 314-6772 or 1888 516-6664  
[memberassistance@mycreditunion.ca](mailto:memberassistance@mycreditunion.ca)

**Direct Teller:**  
416 325-6818 or  
1 800 387-0602

[mycreditunion.ca](http://mycreditunion.ca)