

Briefly

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NET WORTH: INDEX INDICATES LOCAL VALUES 5% LOWER YEAR OVER YEAR

A national index of housing values says metropolitan Vancouver values in September were five-per-cent less than values in September 2008. The national equivalent is almost two per cent; the Toronto equivalent, one per cent; and the Calgary equivalent, almost 5.5 per cent. The Teranet-National Bank index is worth knowing about because it is created from transactions registered with land registries and, further, only transactions involving properties that have been sold at least twice. Values in Vancouver increased two per cent in September from August.

MORTGAGES: DON'T LOCK IN, PAY MORE

A recent newsletter from Averbach Mortgages, the Vancouver mortgage broker, to customers shared three ways in which households paying down lower-interest-rate variable-rate mortgages can prepare themselves right now for the inevitability of higher-interest-rate mortgages.

[1] "Ask your lender to increase your minimum payment by the maximum annual allowance. This is based on your original mortgage balance and you may be able to increase the minimum up to 25-per-cent annually under some lender guidelines. . . . The extra 15- to 25-per-cent increase would be applied directly toward principal."

[2] "If you can afford to and if you would like to more aggressively pay down your mortgage while your interest rate is extremely low, you can ask your lender to take the current fixed rate and apply it to your payment schedule.

"For example, if the current fixed rate for five years offered by your lender is 4.19 per cent, you could ask that your payment be set to that rate. Because you are only being charged your VRM interest rate, a much greater ratio of your payment will be applied towards the principal portion. By doing this, you will substantially reduce your amortization."

[3] "At the very least, you should make weekly or bi-weekly accelerated payments. Every lender allows this, and it will knock substantial years off your amortization. All it takes is one quick phone call."