



# FD OPTIONS

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# THE "RAP" SHEET

RAP stands for Rehabilitating American Pride

January 2018

### Our Perspective:

- We believe everyone is entitled to own property without hassles or worries of losing it.
- We will do all we can to help individuals, businesses and families.
- We have many programs to help many people achieve their real estate goals.
- We will also do all we can to help those who are less fortunate through the Rehabilitating American Pride program.



**We have the programs and help that can make your 2018 happy by either lowering your current monthly mortgage payment or helping you find and purchase a new home for your family.**

**The Staff**

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It's True—Here is the Truth about it

We work with a National Non-Profit Organization that I've used since the 1990's, so I know first hand that their program is safe and it WORKS.

Here is how it works. We at FD Options help you find a home that suits you and fits your family's need. The Non-Profit Organization purchase that home and even does some fixing up so you and your family can move into a home that is in perfect shape.

The now lease that home to you (which is the same thing as renting it, but this costs you much less.) You now have 5 years to get a loan and purchase the home from the Organization. For more information, the Story is on Page 5.

## OSFI (Office of the Superintendent of Financial Institutions) Announced

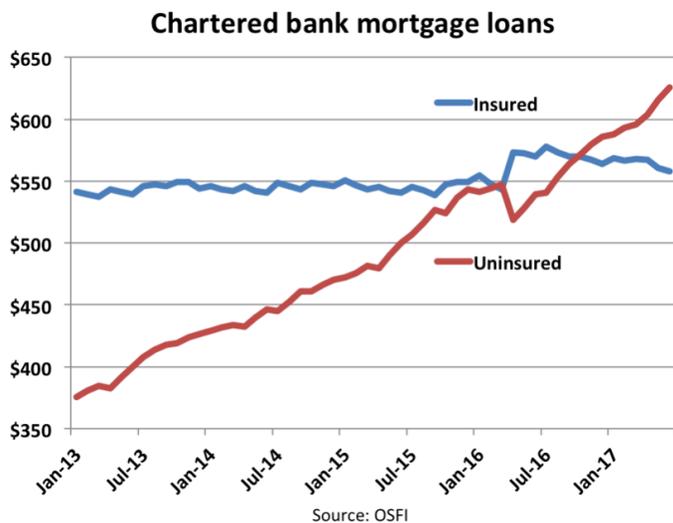
### Another Mortgage Stress Test to Hit Borrowers January 2018

By [Steve Saretsky](#) October 17, 2017

I've been mentioning for the past few months that another mortgage stress test was en route. Sure enough, like clockwork, OSFI - the watchdog of financial institutions - gave the green light on [another 2% stress test](#). This time the stress test was focused on uninsured mortgages.

Today's revisions focus on uninsured mortgages, after omitting them on the previous stress implemented back in November, 2016.

The previous stress test created a scenario where



highly leveraged borrowers desperate to enter into the housing market began bundling mortgages and seeking out private lenders in order to bypass the stress test.

In fact, as of August 2017, insured loans dropped 4.5% year over year, while uninsured mortgages exploded by 17.3%.

### What Are the New Mortgage Rules?

Now all borrowers will be subject to a new minimum qualifying rate, or “stress test,” for both insured and now, uninsured mortgages. This means regardless of whether you're putting down 5% or 25% you will need to pass the required stress test.

The new guidelines require the minimum qualifying rate for uninsured mortgages to be **the greater of the five-year benchmark rate published by the Bank of Canada (currently 4.89%) or the contractual mortgage rate +2%**. In other words, if you secure a 5 year fixed mortgage at 3.09%, the amount you'll be able to borrow will be assuming a rate of 5.09% even though you're technically still borrowing at 3.09%.

This ultimately helps mitigate risk in the event of a housing downturn while creating a much safer lending environment. However, per estimates from Better Dwelling, it could reduce borrowing power by as much as 25%. Huge.

New Regulations Prohibit Mortgage Bundling  
Mortgage bundling, which several lending institutions have been using to circumvent loan to value limits will now be prohibited.

## What exactly is mortgage bundling?

Basically, under the previous rules if you had a first mortgage greater than 80% of the property value it had to be insured. So in order to avoid that stress test, mortgage specialists were splitting it up into two loans. That's a big no no moving forward.

## What are the Implications?

The updated stress test will be effective January 1, 2018 and is likely to reduce borrowing power by up to 25%. This could create one last panic to enter the market prior to the new changes. Yes, Canadians will do anything to buy a home. This could also include a rise of risky private loans. Which can charge upwards of 6% depending on the borrower.

With the size of mortgages shrinking this could push buyers down a rung and perhaps increase the demand even further at the entry level. Will studio and one bedroom apartments get even hotter? We'll have to wait and see how the market digests the changes.

Implementation of new policies generally have a lag effect, I suspect we won't know the severity of the changes until mid 2018. But a slowdown in credit is generally a negative on house prices. One last thing, this stress test does not apply to credit unions which are provincially regulated. This will surely push many buyers over to the credit unions, however, we'll have to see how

credit unions react. From what I understand many are trying to curb volume and mitigate exposure to the housing market.

Borrowers re-upping for a new mortgage will not be subject to the stress test unless they switch lenders.

## Winter Home Maintenance Checklist



By [HomeAdvisor](#)

Now that winter is in full swing, it's a good time to see how your home is faring against the weather. If you didn't take steps to winterize your home in the fall, there's a good chance you've got some work to do. Here's a quick winter home maintenance checklist to help you get things in shape and avoid costly repairs come spring:



Traditional Fireplace can provide warmth and comfort, along with the crackling and popping sounds that are so comforting. But, it is important that the fireplace, flue and chimney are clean so they won't become a hazard.

Read More



### #1 Clean the fireplace

A fireplace keeps things warm and cozy, and it is also easy and inexpensive to maintain. The key is to have your fireplace cleaned annually, before you start using it in the fall and winter. After a particularly frigid winter, there's a good chance that creosote — an extremely flammable oil produced by coal or wood ash smoke — will build up on the interior of the chimney. If it's not removed, it can catch fire when you light your fireplace. To get your fireplace fire-ready, hire a chimney cleaner to rid it of creosote and other build-up.

### PLUMBING:

#### #2 Check your plumbing pipes

If your pipes have started to make strange noises, the cold weather is probably putting a strain on them. It's a good idea to have your pipes checked if they are particularly old, or if you live in an area that's been hit with below-freezing weather.

When water builds up in pipes and freezes, it can cause leaks, cracks and breaks. If this happens, you'll likely need a plumber to come out and fix your pipes to avoid flooding. This also presents a chance to update your pipes should they need it.

### ROOF—STRUCTURE

#### #3 Inspect your roof

Your roof endures the brunt of wintry conditions to protect your home, wearing down over time. Check your roof regularly for signs of damage. Weather conditions can cause shingles and tiles to break and create exposed areas in the underlayment where leaks and holes can form, which allows water to seep through to your attic or into your home. Have a roofing professional check your roof and perform necessary repairs. Homeowners reportedly spend an average of about

\$620 on roof repairs, depending on the extent of damage.

### HEATER / FURNACE:

#### #4 Maintain your heating system

Your heating system works overtime in the winter, especially if you're turning the heat up to 70 or 80 degrees. If you have an outdated thermostat — one that's not used to regulating the internal temperature — your heating system is turning on every five to 10 minutes. Have your heating system checked by a professional if you hear strange noises coming from the vents, or if you suddenly notice cold spots in parts of your home. This could indicate a problem with the ventilation. Don't wait for the ultimate issue — your heating system to go completely kaput — before you have it serviced. Have a heating professional perform regular maintenance on your system to keep it in working order. And consider turning the heat down at night to give your it a break.

To make sure your home and/or your business is in perfect condition for the colder days ahead, it is important to have everything checked by a licensed/bonded professional. There have been too many accidents involving carbon monoxide from improperly maintained heating systems. There have also been far too many chimney fires because people didn't have their flue cleaned and their chimney swept.

As with anything in life, it is better to be prepared than to be caught by surprise.

## Renters Can Now Purchase A Home

If you can afford to rent a house or apartment, you may be able to purchase a home. The thing that usually stops people from buying a home is the down payment and the closing costs, but they can make the monthly payments.

I'm sure you've seen ads by many realtors that boast, "No Down Payment", or some special home buying program. There are programs out there that can help first time homebuyers, and many of them do work.

We at FD Options, have a special program that has help so many people since the early 1990's. It is offered by a National Non-profit Organization, which we will call "the Organization" from her forward.

Here is what makes this Organization different. You choose the house you want to own, then we give the information on that house to the Organization. They negotiate with the sellers and get a price that is usually below market value.

The Organization then purchases the house, but that's not all. They actually spend their money to fix up the house before you move into it.

Okay, are you with us so far? You pick out the house you and your family wants to live in. The Organization negotiates the price with the seller and they buy the house. Then the Organization fixes up everything in the house and pays for all repairs and upgrades out their own pocket. Then, you and your family move into the house and are only liable for the lease payments.

Here is the most exciting part of this program. Once the Organization feels that the house is in perfect condition, they lease it to you. The lease payment is usually the same or lower than the current rent payments for that area, so you won't have to make large adjustments to your budget to move into your new home.

The Organization will sign a contract with you stating that you can lease your new home from them for up to five (5) years, and sometime in

that lease period, you will have to get financing and purchase the house from the Organization. Just for your information, the length of time for the lease in Texas is only three (3) years.

Now, don't worry about qualifying for a mortgage loan when the time comes because we have programs that will help you raise your credit score and we even have a debt elimination program. Also in the Lease Agreement gives you the **right** to buy your home from the Organization, that's why the program is called Lease with the **Right** to Purchase. The Right to Purchase is just that, your RIGHT, under the contract, to purchase your home. Other similar programs give you the *option* to purchase and you have to select a home from their inventory.

Another positive thing about this program is if you decide, within the 5 year period, that you don't want that house anymore, you can opt out of the agreement. In fact, we've seen people decided two or three years into the lease period that they wanted a different house for whatever reason. The Organization allowed them to opt out of the current lease and the people found a different house to enter into the program. You should be aware that the minimum lease period is one year, but after that you can do just about anything.

We at FD Options will help you find the home that suits your needs and in the neighborhood you choose. We will then submit that house and your information to the Organization for approval. Oh, one more thing, you, your spouse and everyone over 18 who will live in the house will apply, which makes qualifying much easier.

Call us for more information:

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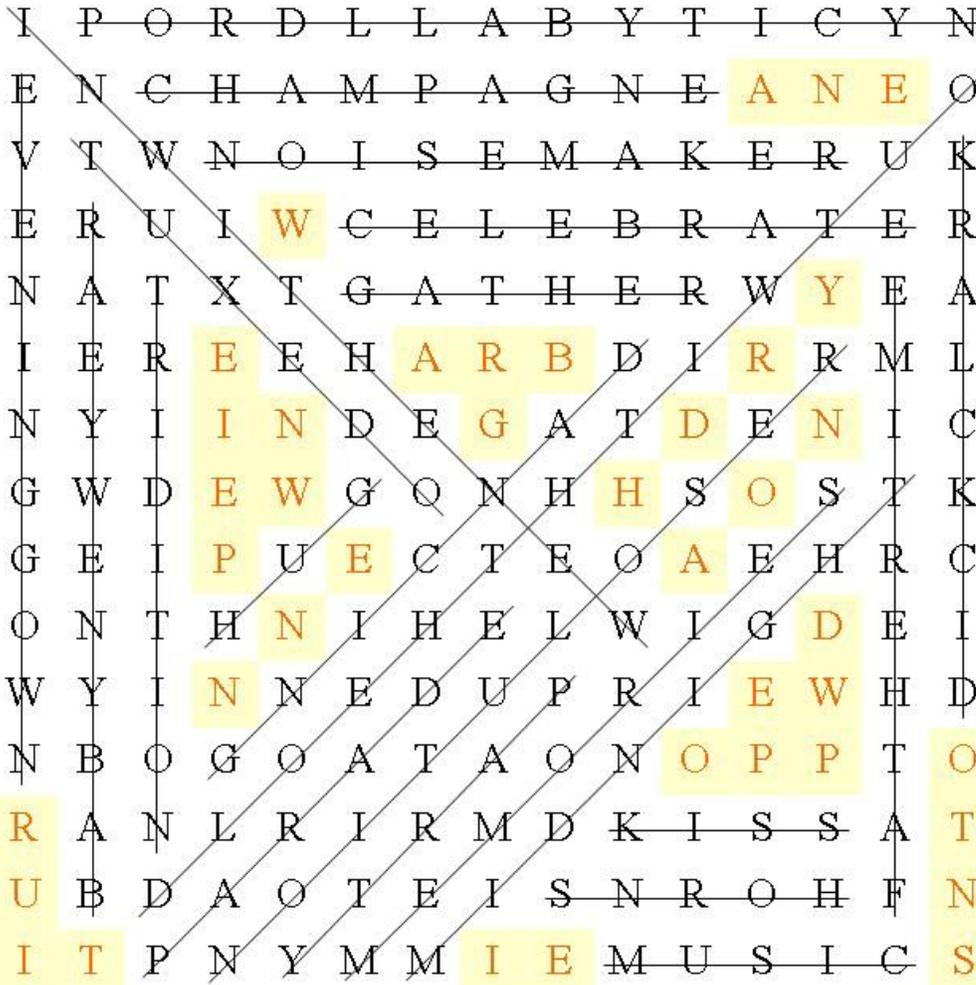
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# Word Search

## PUZZLE SOLUTION

December, 2017

I have marked each unused letter with a yellow box. Notice the solution to the phrase at the bottom of the page.

A NEW YEAR BRINGS NEW HOPE  
AND NEW OPPORTUNITIES

This newsletter was compiled from facts and figures taken from many sources. I verified every fact, but all of the figures used are hypothetical and do not reflect actual outcomes or projections.

If you have any comments, questions or information to contribute to our newsletters, you can sent them to my email: [fdo.editor@aol.com](mailto:fdo.editor@aol.com).

The word search puzzles are created by Joe Gauthier and can be used, copied and shared freely.

Rev. Joe Gauthier, D.D., B.S., C,N,C,