

# Mortgage Brokers—the next Wave

## Inside this issue:

*The broker wave*

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## Special points of interest:

- brokers work for the client
- The bank pays the mortgage broker for bringing a mortgage to the bank
- There are generally no fees on a conventional mortgage
- You can Invest in Mortgages with us

## Where Mortgages are Moving

Canadians are using mortgage brokers more and more because the broker works for his client; so why not use an expert who is on your side. The mortgage broker or specialist shops all of the banks, trust companies and smaller lenders possible for the home buyer or mortgage renewals .

Banks also like to use a mortgage broker because it reduces it's overhead, yet brings them more business. The bank pays the broker a referral fee for sending them a mortgage.

### Lender Hotline

Armada's lender list is growing. As the company grows, so does our total volume of privately funded mortgages.

We currently hold 32 investor or privately funded mortgages.

When the borrower doesn't fit into the conven-



**The banks like to use mortgage brokers**

tional mortgage guidelines, there are alternative routes that a broker can help with where an institutional lender can't. For example; self employed, new immi-

The average rate of return on privately funded mortgages is between 8% and 11% , depending on the mix of first or second mortgages held.

We believe the ultimate goal for the borrower and lender is a happy medium, the

grants or smudgy credit issues are normally a problem; through a broker a mortgagor can benefit because the borrower has access to lenders otherwise unavailable. Alternatively if a borrower meets certain criteria, they may qualify for a privately funded loan. In this instance, fees are generally paid to the broker for the organization and

customization required in putting together such a mortgage. Rates and fees will vary depending on each individual situation.

Borrower gets a good deal on a mortgage that might otherwise be more expensive, and the lender gets a higher than average return.

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**MORTGAGES  
 AS  
 INVESTMENTS**

RRSP's can be used to invest in our mortgages.

Contact us for more information.

Did you know that a little over 1% discount on your \$100,000 mortgage would mean almost a \$6,000 difference in interest over a period of five years?

	REGULAR	DISCOUNTED	SAVED WITH BROKER
Mortgage amount	\$100,000	\$100,000	-
Term-5 Years	5 Yrs	5 Yrs	-
Rate	7.5%	6.28%	1.22%
Amortization	25 Yrs	25 Yrs	0
Monthly Payment	\$731.55	\$656.54	(75.01)
Principle Paid	\$8,395.18	\$9,812.77	(\$1,417.59)
Interest Paid	\$35,497.82	\$29,579.63	<b>(\$5,918.19)</b>

What if it was a \$200,000? Double the savings.

It sure pays to have a broker working for you!

Message from the editor:

This is Armada's first newsletter and it's been very interesting putting it together; definitely only the beginning.

It has been a busy start to the year and I hope everyone is keeping up. We all have but one fast life to live, so get out this summer and take in some fresh air.

If anyone has any suggestions, or would like more information on a particular topic let us know and we'll work on it.

**Teaching our Children Financial Concepts**

How young is old enough to start teaching your children smart money habits? The younger the better. If they can count to ten, they're ready to learn the basics.

Technology has made it difficult for children to understand many concepts, so we have to interpret. For example; when you go to the bank machine you can explain that

you are taking out money that you had previously put in for safekeeping. When paying with credit cards, explain that as soon as the bill comes it has to be paid for. When it comes to cash purchases, tell your child what the total is e.g. \$8.00. You pull out a ten and say, "ten is more than eight, but I only get two dollars back, we just spent eight dollars."

Let's take borrowing. During preschool years and up, you can let your child rent a video, or borrow a book from the library. As they go along to return the video or book, explain that it was borrowed and had to be returned on time. And if it's late, they'll have to pay extra for not following the rules. Good examples of loan period and due dates.

Rewarding efforts is important reinforcement for children. Having a goal, either monetary, or anything they can work towards gives them the feeling of achievement. A great idea is having a chore-board or a sheet of paper with a grid drawn on it. The number of squares equals the number of chores needed to earn the goal or prize discussed ahead of time.

The larger the goal the child is working toward the greater sense of accomplishment and satisfaction they feel. It's great for their self-esteem and makes saving towards something really worthwhile.



**Having a goal and achieving is great for the self-esteem**