



GALE TRACEY AMP- YOUR MORTGAGE PLANNER FOR LIFE

**News To Help You Save Time And Money**

# THE DREAM HOME MAKER!

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## Quote of the Month

*“Success in the majority of circumstances depends on knowing how long it takes to succeed.”*

- Charles de Montesquieu

## Mortgage prepayment penalties: What they are and how to avoid them.

A prepayment penalty is the extra fee you’re charged if you pay off your mortgage before your term is up. These penalties were introduced to protect lenders. If a customer promises to pay off a loan over a certain number of years, the bank knows exactly how much it will earn. But if the customer pays off the loan early, the bank loses several years’ worth of interest. Prepayment penalties help banks recoup that loss.



Obviously, prepayment penalties wouldn’t matter if they were small and no one ever paid off mortgages early. But in fact they can be huge! Depending on your mortgage size and how early you’re paying it off, the penalty can amount to tens of thousands of dollars. You may think you have no intention of paying off your mortgage early, but things can change. You may inherit money or get a big raise. You may be forced to sell due to a divorce or death in the family. Or you may simply want to refinance to get a lower rate. Any of these things can result in you paying a prepayment penalty.

Most closed fixed-rate mortgages have a prepayment penalty of 3 months’ interest or the Interest Rate Differential (IRD), whichever is HIGHER. To calculate the IRD, the bank subtracts the mortgage rate you originally agreed to pay from the rate it can charge today and multiplies that by the amount you’re prepaying. To make the IRD as high as possible, most banks use today’s POSTED rate, which is way higher than anyone actually pays.

### Mortgage Penalties Comparison

Lender	Amt	\$250,000	Rate (3.39)	PENALTY 3Yr. to Maturity	PENALTY 2 Yr. to Maturity	Discount	Rate Used
Royal Bank		\$250,000	3.39%	\$10,931.06	\$10,940.74	1.95%	5.34%
MCAP		\$250,000	3.39%	\$ 3750.00 int diff	\$ 2,118.75*		
FNF		\$250,000	3.39%	\$ 2,817.85	\$ 3,501.68**		

\*based on current rate spread for 2,3 yrs      \*\*based on current rates for 2,3 yrs

The good news is that there are several innovative lenders that offer much less restrictive prepayment options and calculate the penalty in a much fairer manner. Obviously, that can result in BIG savings for you. As your local mortgage planner, I have access to these lenders, and I’d be happy to fully explain their prepayment policies so you can choose the mortgage or refinance that works best for you. For more info, call me at 604-575-1843 or email me at [galetracey@shaw.ca](mailto:galetracey@shaw.ca) today!

## Client News

***“PLEASE DON'T KEEP ME A SECRET!”*** *The next time you are in a conversation with a friend, family member or neighbour and they mention a mortgage, would you feel comfortable introducing me so I can help them? Give me call at 604-575-1843. You'll be glad you did. I will send you a \$100 gift card to the store of your choice. (Transaction must complete)*



**I also wanted to take this opportunity to thank all our valued clients who continue to refer their family, friends and co-workers.**

*Thank you for your referrals!*

## Seasonal Article of the Month

### What NOT to do for your beloved on Valentine's Day!

Valentine's Day can put a lot of pressure on us to live up to all those Romeos and Juliets we see in movies and TV. But being “super romantic” requires thought and planning. Here are some really dumb Valentine's ideas to avoid:

- **Heart-shaped pizza or ice cream cake.** Basically, you're saying, “I know how important junk food is to you.”
- **Believing a lover who says “I don't want anything this year.”** That's a lie, and no one ever expects it to be taken seriously. Your loved one definitely wants a gift.
- **Yellow roses.** Remember, red is the ONLY colour for romantic love. Yellow roses say, “I just want to be friends.”
- **Show up in sweat pants and hoodie.** Looking like a slob is always a great way to impress.
- **Tickets for two to a hockey game.** Makes it very clear that your passion is for something other than your loved one (unless she's crazy about hockey).
- **Choosing Valentine's Day for a first date.** Nothing says rookie—or guaranteed disappointment—better than asking someone you hardly know for a Valentine's first date.
- **Leaving it to the last minute.** Picking up a wilted rose at the gas station will get an equally wilted response.
- **Personal hygiene gifts.** Giving soap, deodorant, teeth whitener or waxing products makes it clear you're not happy with how your lover looks or smells. And if that's the case, you must be a sucker for punishment! ☺

## NOT TO DO LIST

- 1.
- 2.
- 3.



## Financial Freedom Tip of the Month

### 3 threats to a secure retirement.

It's easy to assume there's an endless list of things standing between you and a secure retirement, including volatile stock markets, stagnant household income, adult children living at home, lack of company pension, and rising health care costs.

But in reality, none of those things are as destructive to your retirement savings as:

1. **Having too much debt.** What with student loans, car loans and credit card balances, most people owe more than their annual income—and that doesn't include their mortgage! But if you pay down existing debt and avoid new debt, the money you save in interest can be invested for a secure retirement.
2. **Having no plan and starting too late.** It's essential to sit down NOW and figure out how much retirement income you'll need, then take immediate steps to get there. Start saving, contribute to tax-advantaged retirement plans, select a responsible mix of secure investments—and do it now!
3. **Relying on the advice of friends and TV shows.** Don't put your trust in amateurs or frauds. Select a professional financial advisor, make sure you're comfortable with the recommendations, and stick with those investments rather than constantly buying and selling.



Best of all, if you avoid these 3 threats, you'll be better prepared to weather the risks listed earlier. If you'd like the name of one of my trusted financial advisor partners, call today!

## Holistic Health Tip of the Month

### Magnesium: the all-natural sleep solution.

Magnesium is a mineral found in low levels in many foods. It plays an important role in hydration, muscle relaxation, energy production and—most important to sleep—the deactivation of adrenaline. Research indicates that even a small magnesium deficiency can prevent the brain from settling down at night, which makes it difficult to get to sleep, stay asleep and sleep right through to your alarm. Other symptoms of magnesium deficiency can include cramps, frequent urination, cold hands and feet, stiff neck and shoulders, and twitching eyelids.



Without the neuro-protective actions of magnesium, our natural stages of sleep can get out of sync, and our nerves can be deprived of the calming they need. Magnesium lowers brain temperature which helps our bodies repair daily damage. It promotes the biosynthesis and regulation of hormones such as melatonin which are fundamental to sleep. And it's essential for the function of GABA receptors which help calm our brain at night. Without enough magnesium, we remain tense, our thoughts race, and we lie in bed staring at the ceiling.

You can increase your body's intake of magnesium by eating foods such as green leafy vegetables, wheat germ, pumpkin seeds and almonds. If you decide to take magnesium supplements, check with your natural health practitioner first since magnesium can interact with some medications, and too much can cause other health problems.

Quiz Question of the Month

Valentine's Day Trivia Question

Which of these celebrities was born on February 14th?

- a) Justin Bieber, Canadian Pop Star
- b) Simon Pegg, British Actor
- c) Keira Knightley, British Actor
- d) Michelle Obama, Wife of US President

**Answer to Last Month's Quiz**

What is the date of Chinese New Year in 2015?

- a) February 10
- b) January 1
- c) January 31
- d) February 19

ANSWER: d) February 19

**How does this contest work?**

The first person to respond with the correct answer will win a \$25 Gift Card to THE VAULT Restaurant!

**How do I submit my answer?**

To respond with your answer, email me at: [gale.tracey@mtgarc.ca](mailto:gale.tracey@mtgarc.ca). The contest deadline is Feb 28<sup>th</sup>.

Resource of the Month

Free guide reveals nine secrets to make your home renovation pay for itself!



Whether your goal is to get a fixer upper ready to sell, increase the market value of your home or just make your home more comfortable, this free guide will show you nine home renovation secrets you need to know before you get started. Here's just a portion of what you'll learn:

- What types of renovations provide the highest return on your investment?
- Renovating vs. buying a new home: How to determine which option is best.
- Insider secrets on how to maximize the value of your kitchen and bathroom renovations.
- Unique and innovative ways to enhance the comfort, beauty, enjoyment and resale value of your home.
- How to finance the entire project, eliminate credit card debts, and boost your equity – without any out-of-pocket costs or increased monthly payments.
- And much, much more!

To get your free, no obligation copy of this informative renovation guide, call me today at **604-575-1843!**

**ANNOUNCING LAST MONTH'S WINNERS!**

Congratulations to **Karyn S.** of Surrey for winning last month's quiz contest! She has won a FREE dinner at the VAULT Restaurant. Enjoy!

**K I D S**

**O**

**Sudoku 4x4 Puzzles - Sheet 1**

Every row, column and mini-grid must contain the numbers 1 through 4. Don't guess - use logic!

**R**

**N**

**E**

**R**

3		2	
	1		4

		3	
1			
			4
	2		

			3
			1
1			
2			

