

Ownership just isn't the same

Alter your budget for that new home

By MACK PARLIAMENT
Canadian Real Estate Association

Rearranging budget priorities is sometimes necessary when a family changes from tenant to home owner status. The status switch often involves acquiring such major appliances as washers and dryers or other items that renters don't normally own.

However, this initial period of a slightly different budget passes and, barring historically higher mortgage interest rates such as those experienced in the latter part of 1981 and the first half of 1982, a family can settle down to a fairly regular and predictable schedule of cash outlays.

For one thing the price of the home is fixed and is a permanent hedge against inflation. Unlike rent, which is forever on the upswing, the price cannot be changed once the new owner takes over. Of course, should the purchaser decide to sell at any time in the future, he is entitled to the profit resulting from the increased value of his property.

There have been many discussions comparing the merits of owning to the merits of renting. The investment aspect and control over price are two reasons why the majority of dwelling units in this country are owner-occupied, attesting to the value Canadians place on home ownership.

Traditionally, the average price of homes has escalated with almost every passing year. Between 1971 and 1981 the average price of properties processed through the MULTIPLE LISTING SERVICE by real estate boards which are members of The Canadian Real Estate Association more

than tripled. Average prices increased from \$34,581 to \$78,486, making buying property a good investment.

ONLY A MEMORY

There was a time more than 30 years ago before mortgage interest rates reached the 10 per cent mark (a level that would be considered low today), that the term of the mortgage loan and the amortization period coincided. A borrower paid the same interest and made the same monthly payment for as long as it took to pay off the mortgage, whether it was 20, 25 or even 30 years. The mortgage never had to be renewed.

Economic conditions don't remain static, however, and mortgage lenders of the 1980s don't and won't gamble that interest rates will remain static for an indefinite period into the future. So instead of having mortgages at a fixed rate of interest for a couple of decades of tomorrows, five years is now the longest period a lender will accept and not all of them will gamble on conditions that far ahead.

The net result is there are usually at least four different mortgage interest rates at each lending institution: one for a year, another for a two year loan, still another for three years, and again one for five years. The longer the period of the loan, the higher the rate, thus protecting the lender if rates suddenly take off. The terms of the loans don't mean they are paid off in that period of time, only that they have to be renewed at rates then current when the term expires. The actual repayment period could be over any number of years, but usually 30 or 25.

All of this is a familiar - but not necessarily a wel-

come - experience for new owners who have to renew their mortgages and must decide which term at which rate they are going to take. When mortgage rates zoomed into the stratosphere last year many home owners found themselves having to readjust their budgets to make higher payments if their mortgages came due for renewal.

In some cases a wife will rejoin the labor force with the single-minded purpose of paying off the mortgage, so that it will cease being an expense at the earliest possible moment.

Bearing in mind that mortgage payments are made with after tax dollars, the last example where savings represent \$110,113.80 equals after tax earnings of more than \$22,000 a year for five years. The savings could provide an excellent basis for a retirement or investment program working for the home owner instead of for the mortgage company.

To demonstrate how ridiculously small the difference in monthly payments can be in relation to the period of amortization, one only has to look at the contrast between 25 and 30 years. At a 15 per cent interest rate the monthly payment on a \$60,000 mortgage is \$747.79 over a 25-year repayment period, as previously mentioned. On a repayment period of 30 years the monthly payment is reduced to \$728.11. But the interest paid over the full term increases from \$184,307 to \$378,866 - a difference of \$212,559 to reduce monthly payments by less than \$20.00!

Is any more convincing argument needed to pay off a mortgage as quickly as possible?



E & R SHOPPING SERVICE

TOO BUSY
HOUSEBOUND
BAD WEATHER

Let us do your shopping and errands for you

- PAY ON DELIVERY -

For more information call -
877-8542

SOLD

ELLIS

877-6917
TOR. 453-1103

ELLIS TOWN

GRANDMA'S HOUSE

The picture says it all. Asking only \$71,900. but zoned commercial to turn your hobby into a money maker. Call Bill Ellis.

HOWARD COSELL WOULD SAY

"It's absolutely unique - positively! Come see the warm home with the unusual spiral staircase. At \$47,900. this one will go fast - so call Irene Wood and get started."

HILLSBURGH ELDER STATESMAN

This lovely two storey home on the hill shows loving care everywhere. Words like "Solid, spacious and homey" will come to your mind on inspection. Attractive price too - \$54,900. Let Ruth Diamant show you how to buy this one.

SUMMER FANTASY

Can you hear the splash of blue water, the tinkle of ice cubes and the laughter of children? Leave the pool and rest on the massive deck. Come into the family room, the rec room - enough dreaming - come see this lovely big, family home on big tree lot in Erin. Asking \$88,500. Call Ruth Diamant.

"THE WALTONS"

Are selling their cozy, three-bedroom home. It's on Main St. in Erin and it has a big tree lot, a triple garage and commercial revenue of over \$2,000.00 per year. A lot for \$57,900. Better hurry on this one! Call Ruth Diamant.

ERNN NEERLOOM

This gracious old home sits on a beautifully treed corner lot. Eighty years of charm, complete even to the front porch. Don't miss the kitchen - family room! If you like Canadians - you will love this home! See it with Irene Wood.

STANLEY PARK ERN


Economical comfort is yours in this two-bedroom mobile for only \$24,900.00. Landscaped lot backs onto parkland. Includes deck, closed porch, wood stove, fridge and range. Call Ruth Diamant now!

Come to:

OXBOW BOOKS

for more crossword & crossword dictionaries

102 Main St. S.
Georgetown
877-8861



332 Hwy. 7 Georgetown
877-1944

- We Now Sell Kerosene -

- Volvo
- Toyota
- Honda
- Mercedes
- Datsun
- Domestic

LEASING A CAR OR TRUCK
ANY MAKE OR MODEL



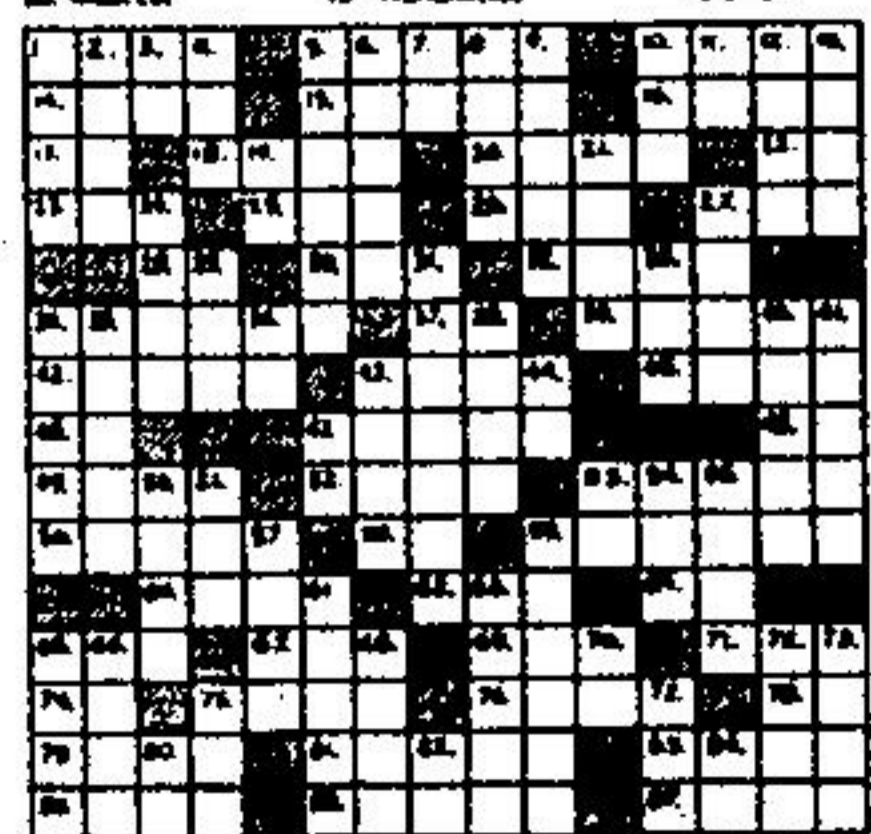
ANDREW MURRAY
Oldsmobile

GIVE US A TRY!

CROSSWORD CORNER

Crossword Puzzle Answer on Page D10

<p>ACROSS</p> <p>1. Stagnant 2. Hired 3. Ampere 4. Every 5. Hectic 6. Ductile 7. Thrive 8. Eerie 9. Demagogue 10. Any 11. Cave 12. Drive 13. Heavy 14. Withstand 15. Fr. connective 16. Dutch commune 17. Cropped 18. Marsh 19. Day 20. Food 21. Smelt 22. Boat fiber 23. Eloquent's opp. 24. Phosphate 25. Harde 26. - Grain 27. Crab 28. Independent 29. Search 30. Lark 31. Andry 32. Yachting 33. A star 34. Needlefish 35. Year after 36. Claret 37. Sweet 38. Meat cut</p>	<p>DOWN</p> <p>1. Sappho 2. Crab 3. Current 4. Red prong 5. Esquimaux 6. Aardvark 7. - Date 8. Fledge 9. Track 10. Malt 11. Quack in 12. Came 13. Transmittal</p>	<p>14. Abraham's birthplace 15. Inland 16. Grand 17. Precinct 18. Solder 19. Dull 20. Daily 21. Fall 22. Theater 23. Neap phase 24. Separate 25. Release 26. Inland 27. Card game 28. Prerequisite 29. Subunit 30. Intimate 31. Dullness 32. Trust 33. Affect 34. Misdeed 35. Puddle 36. Udder 37. Amusement 38. Ewan 39. Pig 40. Vegetation mark 41. Dunnet 42. Soldier 43. Fencing sword 44. Sunset news 45. Pub 46. Remnant 47. Color's brother 48. You'll 49. Symbol for Potassium</p>
---	--	---



CLUE:
4 letter word for travel

ANSWER:
ROOS

Travel Agency



877-0138

See the All New
K.C. Munchkin
Game from Odyssey 2

NOW AT:
RYDER'S TV
SALES & SERVICE
877-8708
MOORE PARK PLAZA

Let us give you the BIRD!



by paying next years dues NOW
You'll get that virtuous feeling
once we give you the Early Bird
for your membership card →



LT. COL. G.B.S. COUSENS
R.C.L. Br. 120 Georgetown

HURRY! ... DEADLINE DECEMBER 31st