

Why that rock-bottom mortgage rate can cost you

They say there's a silver lining in every storm cloud. The economy is all doom-and-gloom these days, but hey... mortgage rates are certainly looking very good. But in today's economic climate, it pays to talk to an experienced mortgage planner. Why? Because now – more than ever – the best mortgage is not always the best rate. You can actually lose if you put your trust in the lowest rate you find.

Truth is, almost all the rates are very good right now, but it's important to keep in mind that low rates are only one component of paying less interest over the long term. You should consider if a mortgage has good payment flexibility, pre-payment privileges, portability, assumability, and you may want a re-advanceable option so you can use your equity later if you need it, particularly if you are worried about a downturn in income. Other mortgage options that may be important are home warranty programs, good conversion rates, favourable interest compounding, and self-employed programs.

You may also find it frustrating when you find out that the advertised rate doesn't actually apply to you. The lowest rates may only be for situations like jumbo mortgages, or for a mortgage that will close in the next few weeks. Or, that low-rate mortgage could be for a no-frills product.

A good mortgage planner will only quote rates that apply specifically to your needs and circumstances, first asking relevant questions, and then quoting you the best rate for your situation. Your mortgage planner will also provide continuous mortgage advice and keep you up-to-date in the event a better mortgage opportunity comes along for you mid-term. This ongoing advice is critical. If you get your mortgage from a bank, they are happy to give you the mortgage but then you are often left on your own until the mortgage matures. We're in a crucial economic year and you need someone who is

looking out for your best interests so you can be kept up-to-date and act quickly should opportunities arise.

Mortgage planners are always working on behalf of their clients:

- They know what the lenders are looking for, and can help you structure your application to maximize your chances for approval at the best possible rate.
- They provide valuable advice on paying your mortgage down quickly, and how to avoid fees.
- If you have other debts or your credit isn't absolutely sterling, they can offer advice on how to improve your rating quickly.
- And they are rate specialists too, having access to over 50 lenders, including banks, and unpublished rates that rarely get posted. They know every day what rate specials are being offered in the market.

Still think your mortgage rep can meet your best interests? Ask some simple questions – for instance, ask how are mortgage rates set? All mortgage professionals should know that fixed rate mortgages are based on bond yields and variable rate mortgages on prime. Ask how often the prime rate may change. These are key dates and if you're in a variable mortgage, you'll want to make sure your mortgage professional is keenly following these dates and outcomes.

Remember that your mortgage is an enormous financial transaction – one that also carries a lot of emotional investment, since it involves your home. Right now, you're making decisions in an environment that is a lot less certain than it's been in years. There's more to a mortgage than rate. Let a qualified mortgage planner offer a realistic assessment of what you need... and what you don't.



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