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Don't let financing get in the way of selling homes!!

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Quote:

"The only true wisdom is knowing that you know nothing."

Our Rates

FIVE YEAR FIXED RATES ARE STILL VERY LOW!!

TERM	POSTED	OUR RATES
1 Year	3.20%	2.75%
3 Year	3.95%	3.19%
5 Year	5.44%	3.29%
Variable Rate		2.90%
Chartered Bank Benchmark Rate		5.44%
*Rates subject to change without notice. OAC.		

Mortgage Insider: It's not all about the rate

There have been a lot of inquiries lately from clients about whether or not they should lock in their variable rate mortgage. Of course, there is no one-size answer to fit everyone's situation and each client needs to be assessed accordingly.

But when clients are looking to their broker to arrange their mortgage, their biggest concern is the rate that the broker can offer. Sure, a great rate is a bonus, but ultimately, that cheaper rate may cost the client thousands more in the long run.

When you factor in many external influences like the American economy, the U.S. Presidential election, and the ongoing crisis in Europe, it's hard to get the same answer from everyone across the board when questioned about interest rate movement. This insecurity seems to be guiding clients to fixed rate mortgages over variable mortgages. Better still, many clients are looking at a ten year rate for added stability. Given the spread between variable rate products and fixed rate products, the minimal discounts offered on a variable, and the fact that rates have nowhere to go but up, a fixed rate mortgage never looked better.

So why isn't everyone taking a ten year rate if it's so good? Great question. The interest rate is not always the biggest concern for a client. Obviously, a ten year rate is a big commitment and not to be taken lightly. It's impossible to see into the future, but if you do see yourself staying in that home for 10 years or more then it's something to

- *Socrates*

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consider. Sure, most are portable or assumable, but that may not always work out, either. What many fail to acknowledge is that the penalty in the first five years is the higher of a) three months interest payments, or b) the IRD calculation, which is usually pretty hefty. However, after the five year mark, the client is only charged with a three months interest penalty. In reality, with a ten year mortgage you're actually only going to be hit with a big penalty during the first five years. Afterwards, you're just looking at the same penalty that you'd face with a variable mortgage.

For anyone that is considering the pros and cons of a long term or short term mortgage, they need to ask themselves will they be looking to refinance in the next couple of years, or can they accept a higher payment upon renewal in five years or less. Also, questions like job stability and ability to pay of their mortgage as quick as possible come in to place.

No doubt it's a tough call to forecast where rates are going to be in both the short term and the long term; but I guess that's the daily life of an economist and it's not easy. One can only plan and make assumptions based on those plans, and choose a mortgage product that corresponds with how they think their life and the economy will play out.

Follow us on Twitter!!

If you have a Twitter account, please follow us to get the latest mortgage and finance news, along with any new rate announcements, links to interesting articles, and tweets from our own point of view. You can find the link at the top left-hand-side of the newsletter or check us out @APlusMortgageNL.

Also, I've placed a button on the just below the Twitter link if you have a client or even a friend or family member who may be purchasing a house, looking to refinance, or up for renewal. It's a quick an easy way to send an email to someone you know to refer them to us to assist in arranging their financing.

Cause in the end, there are lenders, there are brokers and then there's APlus Mortgage Group!

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