



**The Mortgage Centre**

We work for **you**, not the lenders.

## QUESTIONS YOU NEED TO ASK YOUR MORTGAGE PROFESSIONAL!

If you are planning on shopping around for your mortgage, here are some things you may want to consider, but first ensure your mortgage professional has their Accredited Mortgage Professional (AMP) designation. Your mortgage is far too important to place in the hands of someone who is not capable of advising you properly and troubleshooting the issues that may arise along the way.

Here are 4 questions to ask your mortgage professional. If they don't know the answers, talk to a professional that does!

### 1) What are mortgage interest rates based on?

The only correct answer is Mortgage Backed Securities or Mortgage Bonds, NOT the 10-year Bank of Canada bond. While the 10-year Bank of Canada bond sometimes trends in the same direction as Mortgage Bonds, it is not unusual to see them move in a completely opposite trend. Don't work with someone who is relying on the wrong indicators.

### 2) What is the next economic report or event that could cause interest rate movement?

A mortgage professional will have this at their fingertips. For an up-to-date calendar of weekly economic reports and events that may cause rates to fluctuate, visit [www.bankofcanada.ca](http://www.bankofcanada.ca) and call The Mortgage Centre at (519) 763-3900 to enroll in our "Rate Watch" updates. We personally prepare these updates to reflect how the current economic climate may or may not impact your mortgage.

### 3) When the Bank of Canada "changes rates", what does this mean ... and what impact does this have on mortgage interest rates?

The answer may surprise you. When the Bank of Canada makes a move, they can change a rate called the "overnight rate". The "overnight rate" is a very short-term rate that impacts credit cards, credit lines, auto loans and the like. On the day of the Bank of Canada move, mortgage rates may or may not change. This is due to the internal dynamics within the financial markets. For a more detailed explanation, just give us a call.

### 4) What is happening in the market today and what do you see in the near future?

If your mortgage advisor cannot explain why or how Mortgage Bonds and interest rates change, or what trends are occurring in the near future, you are speaking to someone who's still reading last week's news. That's like working with a stockbroker who's only able to grab yesterday's paper and tell you how a stock traded the day before. You need timely, accurate information to make an informed decision.

## QUESTIONS TO ASK ABOUT MORTGAGE FEATURES

- Is the mortgage automatically renewable when it matures, or will I have to re-qualify?
- Can I "skip" a mortgage payment or if I have "doubled up" on a mortgage payment, can I "skip" a payment at a later date?
- Can I pay my property taxes directly or do I have to pay them through the lender? Does the lender pay interest pay on the property tax account?
- Is the prepayment amount based on the original amount of the mortgage, the current payment or the outstanding balance of the mortgage? How often can I make a pre-payment?
- Can the monthly payment be reduced after it has been increased?
- Can I take the mortgage with me when I sell the house? If so, can I "port" or "port, increase and blend"? Can I port and reduce the outstanding balance?
- Is the mortgage assumable? When selling my house, what will the penalty be if the buyer is not allowed to assume the mortgage?
- How long is the interest rate guaranteed before closing? Is there any cost?
- Will I get the benefit of a lower interest rate if rates drop? When will the "final" rate be set?
- Can I convert an open mortgage to longer fixed term? What does this cost? What type can I convert to? Are there any fees associated with conversion?
- Is the "early renewal" feature offered?

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