

## SHOPPING AROUND? HERE'S SOME IMPORTANT TIPS ON HOW TO DO IT RIGHT!

First: Ensure you're working with a Mortgage Professional that understands the business of Mortgages. This is likely the largest financial transaction of your life and it's too important to put into the hands of someone that isn't capable of advising you properly on the loan process in a timely and correct fashion and troubleshooting the issues that may arise along the way. But how can you tell?

There are 6 simple questions we recommend you ask your lender. If they cannot answer any one of these questions properly, you should strongly reconsider dealing with them. If they do not know the answers...RUN...DON'T WALK to a lender that does!

### **1. What are mortgage interest rates based on?**

*Since mortgages are our business, it is critically important to know the answer to this question to ensure you're dealing with a professional that knows the business and can therefore guide you properly prior to commitment and post funding. Do not work with a lender who has their eyes on wrong indicators, or worse yet, has no idea what the indicators even are.*

- *The correct answer for fixed rate mortgages is Bond Market Yields determine the price of the mortgage.*
- *For variable rate mortgages the Bank of Canada determines the rate by setting its rate which then determines the Prime rates Banks charge their customers (you).*

### **2. What is the next Economic Report or event that could cause interest rates to move?**

*If a lender cannot explain how Mortgage bonds and interest rates interact and where they are headed, why would you trust their advice for your costliest investment? Especially important for variable rate mortgages, a professional mortgage advisor should have this information at their fingertips. We provide monthly Economic Forecast that details every upcoming event that may impact your interest rate on your mortgage and/or the rate you may consider locking into.*

### **3. If the Bank of Canada changes Bank of Canada Prime rate, how does this impact my mortgage?**

*If you're in a variable rate mortgage this is important because the rate the Bank of Canada charges will determine the rate your Bank will charge you. A variable rate mortgage fluctuates with Prime and typically the Prime rate is 1.75% higher than the Bank of Canada rate. This impact is immediate and may impact your next mortgage payment.*

### **4. Do you have access to Daily Bond quotes?**

*If a lender or mortgage officer cannot explain Bonds and how the bond quotes can determine the rate charged on your mortgage or the rate you may want to lock into if you're in a variable, you should be very concerned.*

### **5. What strategy are you recommending and why?**

*The key here is the word "strategy". If a lender cannot articulate the strategy behind their recommendation to you then they are simply quoting a rate, which anyone can do. On your largest investment make sure you are dealing with someone who has a plan for you.*

### **6. What commitment are you giving me to personally manage my mortgage over the long term?**

*This is the most critical question of all. Many lenders, especially bank personnel, have no desire or ability to proactively manage your mortgage over the long haul. How can you take advantage of changing markets in the future if no one is watching them for you? What if the long term rate you are considering today drops significantly in a few years? Who will ensure you don't miss an opportunity to renegotiate? If you are considering a variable rate mortgage why would you do this with someone who is not committed to keeping an eye on it? At The Mortgage Centre we truly believe our job begins when your mortgage funds. Anyone can sell you a mortgage but only truly committed mortgage professionals can manage that mortgage over the long term. With this long term management approach we can significantly reduce your total cost of home ownership, isn't that the point?*

**BE SMART...ASK QUESTIONS...GET ANSWERS!**

More than likely this is one of the largest and most important financial transactions you will ever make. You might do this only four or five times in your life... but we do this every *single day*. It is your home, and your future. It's our *profession and our passion*. We're ready to work for your best interest!