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## Choosing the right mortgage

Variety Of Rates

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There are certain things that keep Karen Blomquist up at night. = Nervous customers with variable-rate mortgages are among them.

A broker with Mortgage Intelligence in Calgary, Ms. Blomquist says = that choosing between a fixed-rate versus a variable-rate mortgage has a lot = to do with a person's mind-set. "I get nervous clients who went variable and = then call or send e-mails every week. If you can handle a bit of risk, it's great. = But if you can't, you should lock into a fixed rate, even if it is a bit = higher.

For a family with a new baby, security and stability definitely come = first, says Julie McCarthy. She and her husband Kevin opted to cash in on = favourable interest rates last summer and upgrade to a bigger home in Toronto. = After a great deal of discussion -- and visits to different lenders--they = decided to lock into a five-year fixed-rate term at 3.8%.

"The rates were so low but it looked like they would slowly start = creeping up," she says. "With having a baby, we decided locking in our mortgage = rate would be one less cash flow issue to worry about for five years."

A single professional starting out with promising career prospects = and an ability to go with the cash flow for a few years, on the other hand, = might prefer to take on rock-bottom variable rates while the going is good, = mortgage experts say.

Whatever the choice, the timing couldn't be better. With interest = rates hovering around historical lows, there has been a groundswell of people considering new home sales or purchases, mortgage refinancing, or = renovations. But the favourable lending climate is showing signs it could start = changing; the time to act is now, says John Turner, director of mortgages for the Bank = of Montreal in Toronto.

"No one is expecting rapid rate increases from the Bank of Canada," = he says. "But for those customers thinking about buying, interest rates are as = low as they ever will be, and down payments can be as little as 5%. You might = want to think about getting into a mortgage now because there is the potential = for change."

Ms. Blomquist cautions anyone looking at an open variable rate should = check the lender's "best rate" policies to ensure you can still get a = discounted rate when locking in. "Not all banks offer it."

Given the borrowing climate even those with a current mortgage may = find it's an ideal time to refinance, even if there are penalties, she adds. = "Sometimes it will save you a lot of money in the long term. The results can be = unbelievable when you crunch the numbers. I've seen some people save themselves = \$1,000 a month simply by moving to a 3.79% mortgage. If you do refinance, you = might also want to consider rolling any consumer credit card debt into your = mortgage to have a single lower payment."

For those worried about making the right decision, the best advice is = to start with a visit to a mortgage expert. A professional can help you = analyze numbers, calculate debt loads and acceptable payouts and lead you in the = right direction.

It all boils down to how you want to live your life, Ms. Blomquist = says. "You want to decide that if rates do land at 7%, you can handle it. After = all, you need to get to sleep at night."

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