

Should I lock in a mortgage rate now?

The interest rate for mortgages has been at historic lows for several months due, in large part, to the slow economy and a decline in sales of homes compared to the record pace of recent history.

As the recovery takes hold, and it will, rates will jump. Those who are afraid to make a move now will regret it later.

A key indicator that fixed rates will likely start to rise in the near future is the significant spike in the all of the bond rates this month. This is putting significant pressure on the banks to consider raising their fixed mortgage rates.

Mortgage brokers told me that they are now getting emails from some of the banks warning them of this exact possibility.

Even though there appears to be a temporary hold at the Bank of Canada from raising the bank rate due to the current fragile economic recovery, it is important that you do NOT get these two - bank rate and bond rate - confused.

The bank rate does not have any effect on Fixed Rate mortgages. The increases in the bond market does! At the time of writing this article, the 5-year bond rate is at 2.38% which is a .35% increase in rate since the beginning of November. That is a red flag!

If you are thinking that 2011 is the year to buy or sell a home, contact us. We will introduce you to a lender that will guarantee you and lock in the current rate of interest while pre-qualifying you for a mortgage. That way you can buy a home with confidence and the peace of mind that your payments will remain the same for the term you choose. I am recommending that you lock in long term!

Those of you with a Variable Rate Mortgage or a Fixed Rate Mortgage at 3.75% or higher should take a serious look at the possibility of converting or doing an early renewal.

This will allow you to roll any penalty or increase your mortgage to consolidate debts

or finish renovations without having to pay legal fees or appraisal costs. Pay off your high interest loans with a low interest mortgage.

For the buyer there is a good selection of unsold homes on the market today and sellers will work with your offers.

Do your holiday shopping online at www.jmedwards.com or at a Sunday open house.

Fixed rates will go up...and so will house prices... act now!

P.S. Just prior to press deadline, one of the major bank announced increases in their fixed rates.

Jamie M. Edwards, B.A., FRI, CRB, CRS is the Broker of Record for J.M. Edwards Associates Inc. and Past President of the Realtors Association of Hamilton-Burlington, Burlington Chamber of Commerce, and the Ontario Real Estate Association.

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Jamie Edwards

E-mail your questions to
jamie@jmedwards.com
905-631-6363