



Fixed Rates

Fixed Rate Mortgages

- Stable payments that do not change
- With some lenders you have the ability to port and increase via blended rate or refinance with blended rate to avoid a penalty

Statistically, most people don't make it through a 5 year term for a variety of reasons such as:

1. They move
2. Need to refinance to access equity for debt consolidation
3. To buy another property

Bond Yields

- Unlike Prime which is dictated by BoC, fixed rates vary based mainly on bond yields.
- Bonds are typically safer investments than stocks. When the economy is less stable and stocks do not look attractive, the demand for bonds increases and their yields decrease.
- When the stock market is booming, investors prefer to make a higher return on investments in equities, this means there is a lower demand for bonds, so they decline in value and increase their yield.



Danny Bell

Mortgage Broker #M13001996

289.200.9061

danny.bell@premiermortgage.ca

101-1655 Dupont Street,
Toronto, Ontario, M6P 3T1

www.strictly-business.ca



Brokerage License: #10317



Shorter Vs Longer Amortization

- › With some lenders, pricing may be better on 25 years or less
- › Longer amortization provides some security if income changes unexpectedly
- › Payments can be increased to achieve shorter amortization, but if something happens to income, there is the ability to go back to the lower required payment

› Initial longer amortization provides more flexibility for future purchases (rentals, cottages, home for kids going to school) as some lenders will allow you to reduce your payment back to contract.

› Situations where you would consider a longer amortization:

- › Fluctuating income
- › Possible upcoming child care expenses
- › Future rental purchases
- › Anyone needing a longer amortization to qualify
- › Future second home or assisting a child to purchase
- › Future rental purchase



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