

MORTGAGE ANALYSTS URGE: LOCK & LOAD

Homeowners and home buyers should consider locking in their mortgage rate today, some mortgage experts say.

As major banks begin raising longer-term mortgage rates, analysts are urging Canadians to lock in and, perhaps, load up on mortgage loans at today's still-low rates.

Last week Scotiabank and the Royal Bank of Canada became the latest to announce a round of increases covering various terms of "special" discounted rates. Those increases came a day after TD Canada Trust, the retail arm of TD Bank, boosted its "special" five-year closed rate a tenth of a percentage point to 3.39 per cent. The rate is a discount off the posted rate for eligible buyers.

Royal Bank's fixed-rate mortgages have also moved higher. Canada's biggest bank hiked its special four-year closed rate by 10 basis points, to 3.09

per cent. The standard one-year closed increased by 14 basis points to 3.14 per cent and the three-year closed fixed rate mortgage increased by 10 basis points to 3.65 per cent. The Royal's benchmark five-year fixed-rate mortgage rate increased by 0.2 percentage points, to 3.29 per cent.

While it looks like a small hike, it can have an effect. Under the old rate, a \$300,000 mortgage for 25 years would cost just over \$1,433 a month. Under the new rate, that same mortgage would cost \$1,464 a month — or more than \$9,300 over the 25-year life of the mortgage.

Rates are lower through local mortgage brokers, with some sourcing mortgages at sub-3 per cent for five-year rates. We found five-year rates at 2.94 per cent; 3 year rates at 2.65

per cent and 10-year rates as low as 3.69 cent this week, all well below the posted bank rates. Variable rates are in the 2.6 per cent range at both banks and through mortgage brokers.

Fears of higher rates have

convinced some analyst to recommend homeowners with variable rate mortgages to lock in to longer terms.

"Rates are phenomenal, even with this latest increase," Kim Arnold, a broker with Dreyer Group Mortgages told the Globe and Mail, "It's certainly not a bad time to lock in."

"If you are in the market for a purchase get pre-approved now," said real estate consultant Ozzie Jurock in a missive to his Jurock Insider subscribers this week, "Get it in writing even if your bank manager is your mother."

Jurock also advised those who need refinancing, "do it now, or at least evaluate it with your broker. The [prepayment] penalty may be worthwhile if you get a longer term."