

CENTURY 21 ALL POINTS
608-1212 HOLLIS ST
HALIFAX NS B3J0E3

WhyC21AllPoints.ca



David Yetman Group



CENTURY 21.
All Points
INDEPENDENTLY OWNED & OPERATED

We hope your home search is going well. Please keep in mind that we're a terrific resource for real estate market information and we're here to help find the home that best suits your lifestyle.

We're available with answers whenever you have questions about a specific home or general neighbourhood. And we'll continue to share more valuable homebuyer information that guides you through the process.

Call us anytime,

The David Yetman Group



Edition 5

HomeBuyer *insights*

Price Dropped

Is It A Good Deal?

It sure may look like one, but keep in mind, it's not about, "they came down 10K or even 50K." It's about, "Was the property priced right to begin with?"

Some properties hit the market out of sync with the neighbourhood. As few people are interested in an overpriced property, it sits on the market... and sits. Then the price drops. And some buyers get excited thinking, "Wow! The price dropped. Now's the time to jump in and pick up a good deal."

But is it really a good deal? A trained eye can spot opportunity. Sometimes it is a bargain - for some reason or another, it didn't generate the excitement it deserved. In other cases, the property is still overpriced, for the location and upgrades - so maybe it's worth a second look... if the price comes down again.

Your Buyer Agent knows that commission isn't tied to just one property. And because they also know you won't abandon them, your Buyer Agent will go all out to deliver the best service possible.

The David Yetman Group

Which Type Of Mortgage Reflects Your Plans?

There's a lot of choice in the mortgage market. And many Lenders offer "deal-sweeteners" such as "Better than Posted" mortgages that provide points for loyalty rewards programs, "Cash Back" or "Green" mortgages.

The first step is to determine the type of mortgage that works within your plans. Then, if you want, consider the "deal sweetener" as long as it still fits within your framework.

Here's what you should know about the different types of mortgages:

- **Conventional Mortgage** - Requires a down payment of 20% or more of the property's appraised value.
- **High-Ratio Mortgage** - Is triggered when a down payment is less than 20% of the property's appraised value. High-ratio mortgages require mortgage loan insurance.
- **Open Mortgage** - Allows a borrower to make pre-payments. Always confirm in writing how open, on what dates, for what amounts and with or without penalty. Open can be fully open, or partially open - there is a difference.
- **Closed Mortgage** - Does not allow early repayment except by very specific permission. Usually on the sale of the property (at which time pre-payment penalties may apply).
- **Fixed Rate Mortgage** - The interest rate is determined and locked for a specific time period - usually "the term" of the mortgage.

- **Variable Rate Mortgage** - The interest rate reflects the movement of a key interest rate, usually the Bank of Canada rate. And it will fluctuate throughout the term of the mortgage. Again, a clear understanding of which specific rate it is tied to, how often it can change, and what the "lock in" privilege is - all important facts to know before signing a mortgage commitment.
- **Mixed Mortgage** - Half of the mortgage is locked into a five-year Fixed Rate and the other half is set at the five-year Variable Rate. For example, if the Variable Rate is set at 2.5% and the 5-year Fixed Rate is 4%, the effective interest rate "averages" 3.25%.
- **Mortgage Portability** - A specific privilege in some mortgages that allows a borrower to "port" their mortgage with them from one home to another home, should they move during the mortgage term.

Economic Ups & Downs — Interest Rates Continue To Trend Historically Low

Low interest rates are an integral part of Canada's economic recovery plan. During the pandemic, the Bank of Canada's Key Rate dropped to .25%. And while Inflation continues to be well below the BoC's 2% target, it's forecast that low rates will be with us for some time to come.

The Big Bank Prime Rates are hovering almost 2.25% higher than the BoC Key Rate, roughly the same as 5-year fixed Rate Mortgage Specials. Fixed Rate Mortgages follow Benchmark Bond Yields whereas Variable Rate Mortgages follow the Bank of Canada Key Rate.

When Bond Yields go up, Fixed Rate Mortgage Interest Rates seem to be in step with the upward move, but when Benchmark Bond Yields drop, the Big Banks Posted Rates seem to lag behind. And over the past year, we've seen the gap between Benchmark Bond Yields and Fixed Rate Mortgages trend 0.5% to 1% higher than has been typical over the past decade.

Given the economic outlook and historically low Fixed Rate Mortgages, it may be time to see if a Fixed Rate option fits your plans.



HomeBuyer *insights*

Wondering about home financing?

Let's talk. We're connected to Mortgage Professionals who can set the framework to fit your plans.

WhyC21AllPoints.ca

