JOHNWRIGHT
Your Trusted Mortgage Expert

DID YOU KNOW?

Here Is A Helpful Reference For You!

What Does A Mortgage Broker Do?

A mortgage broker shops the mortgage market for you to find the best interest rates and terms for your mortgage, much like an insurance broker shops the market for the best rates for car insurance.

Why should I use you?

I will use my experience and extensive knowledge to educate you, explain all the details and manage the entire process. I will also spend as much time with you as needed, so that you understand all the steps involved and best of all I will provide you with the lowest interest rate possible.

What is Your Fee?

My services are generally free. In some cases, if a client has a poor credit history or insufficient income to qualify, then a high-risk lender could be the only option and a fee would be charged. In these cases, I will work diligently to find a lender that charges the lowest fee or recommend an alternative to using this type of lender.

What is Driving the Real Estate Market? Or Why do the Real Estate Prices just keep going up?

This can change constantly but right now my opinion is that interest rates are at close to all-time lows and the GTA and Golden Horseshoe are attracting young professionals and new immigrants in search of the highest paying jobs. Also, I find this attracts real estate investors. This reduces the number of homes available on the market. Simply put there aren't enough homes left available for people that want to live in the area.

What's happening with Interest Rates?

Due to the pandemic interest rates were lowered on an emergency basis and they are expected to remain low until 2023. I do feel they will start to rise when everyone gets back to work. And we have started to see evidence of that.

What is the Stress test?

The stress test reduces the amount people qualify for on a mortgage. A general rule of thumb is that it reduces the amount by 25%. This is due to home buyers having to qualify at an interest rate which is the greater of the benchmark rate of 4.79% or at a rate 2% higher than the actual rate they will be paying on their mortgage.

Should I choose a Fixed rate or Variable rate mortgage?

In very simple terms, it is better to take a fixed rate in times of rising rates and it is better to take a variable rate in times of decreasing rates. In reality, it isn't as straightforward as that since rates are moving all the time. Experts say that in the long run a variable rate always works out better however it can be hard to sleep at night when there is volatility in interest rates. I have seen many of my clients lock in when rates are rising only to see them drop soon after. I do find first time home buyers shy away from variable rates because they like the certainty of having their payment fixed for 5 years at a time. I do see repeat buyers being more open to variable rates. Over the years I have found the percentage of people that choose a variable rate is higher when the rate is more than 0.50% lower than fixed rates. Even when variable rates are clearly the choice, roughly 40% of borrowers will in fact select a variable rate mortgage because people don't want their payments to go up if rates should rise. It becomes more a of personal choice based on how comfortable you are with the risk.

What Lenders do You deal with?

I deal with roughly 50 lenders and approximately 20 of them are traditional lenders that offer rates similar to what the banks offer. These include companies you could be familiar with, such as TD, Scotia, Meridian, DUCA, Alterna, Manulife and Desjardins. There are also several lenders that just offer mortgages through mortgage brokers that you might not have heard of before. In order to compete with the larger companies, these companies will often offer more competitive rates or features to attract more clients. My job is to analyze all the lenders, features, benefits and interest rates for you so you can make the best decision possible based on all the options available.

Why are mortgage penalties higher with some Banks and Credit Unions than with other mortgage companies?

There are a few ways lenders calculate penalties on mortgages. They generally charge the greater of a 3-month interest penalty or the interest rate differential. An interest rate differential is the difference between your current interest rate and the rate in effect when you pay off your mortgage. Most Banks and Credit Unions also factor in the discount you received on your interest rate when you got your mortgage. This increases the penalty substantially. A good mortgage broker can tell you which lenders add in this discount and can charge up to 2 or 3 times the penalty other companies charge.