Hi

When it comes to selecting a mortgage,
because we all hate paying Interest.

What if I told you there is more to your mortgage than just the rate?

wrong. Rate is important. However, there are many other features of a mortgage that have proven to be far MORE important. If you look deep in the fine print of every lending institution you will find many differences between each banks terms, conditions, and fee schedules that will have a significant impact on the total cost of a mortgage.

In this report I am going to provide a summary of these differences between mortgage lenders and I will show you approximately how much extra you could be at risk of paying if you get caught getting a mortgage from the wrong lender.

would prefer if you continue to compare mortgages based solely on rate, since they can make so much

So in light of this, please take the time to review this document in doing so you will see that unfortunately due to the sheer amount of legal jargon included in the fine print it makes it nearly impossible for the average homebuyer to compare multiple lenders.

This is where I come in; I KNOW mortgages, and I can help you select the best lender and save you potentially thousands of dollars. Best of all there are no hidden fees, no catches, and no additional fine print for my services Just a better mortgage.

Let me show you the impact that Verified Mortgage Planners can have for you.

Sincerely

Jamie Lobo
Accredited Mortgage Agent
The Mortgage Centre, R.D.M. Financial Consultants, Ltd.

The 5 Secrets

As a Verified Mortgage Planner I understand how hard it can be to look for hidden savings. We have spent years examining documents and getting to know each bank and lending institution. This report is a condensed version of some of the experience and knowledge we have gained over the years.

Each secret helps you understand the differences between the banks, and exposes which terms and conditions of a mortgage have a significant impact.

Based on a Mortgage of $300,000.00 you can expect to save the following:

Secret #1 The Posted Rate Scam	$708.23
Secret #2 The Interest Rate Distraction	$35,532.66
Secret #3 The Penalty Cover Up	$3,437.67
Secret #4 The Advice Illusion	$9,540.56
Secret #5 The Mortgage Management Mystery	$14,292.58
TOTAL SAVINGS	$63,511.70

This is too much money to be ignored, and for too long this information has been swept under the carpet by bankers and mortgage brokers alike. It is easier and more profitable for them to compete solely on rate.

Don't be fooled any longer. Focusing on just the rate is costing you up to $63,511.70 . This is real money and real savings that can slip through your fingers. Simply by signing a mortgage that you haven't likely read completely and probably don't fully understand.

NOT ALL MORTGAGES ARE CREATED EQUAL and by looking beyond the rate we can show you how to save up to $63,511.70

Secret #1

The Posted Rate Phenomenon

What is a posted rate?

The posted rate is the mortgage rate that banks advertise openly – and although it is completely negotiable, banks use it in various calculations later on to increase your mortgage costs.

Few people enjoy negotiating, but the big banks' posted rate system has made this a requirement when dealing with them because very rarely will you find their absolute lowest rate published in the branch. New homebuyers especially are led to believe that they have not earned the right to receive the low interest rates of experienced borrowers. This is simply not true.

Once you qualify with one of the big banks, the rate you get is completely determined by your ability to negotiate. Knowing this, you may think that no one would sign a mortgage at or near a posted rate. But the reality is they do. Plus most banks have an incentive plan for their advisors that rewards them based on how high they can get your rate.

Look at how much more you will pay when you have a posted rate vs. a fully discounted rate.

	5 Year Fixed Rate You Should Have	Big Bank's Posted 5 Year Fixed Rate
Rate	2.99%	5.47%
Interest Costs	$41,466.39	$76,999.05
Payment	$1,418.20	$1,592.73

That's potentially $35,532.66 in extra interest!

Anyone that fails to negotiate their rate to 2.99% is simply absorbing the additional interest cost into their mortgage and will be required to make unnecessarily higher monthly payments.

Even if you get a discount, you can't relax. If you don't watch out, the posted rate will be used later to unexpectedly raise your costs.

Experienced consumers may be able to get a good discount below the posted rate. But don't celebrate just yet – the posted rate may return when you least expect it. Below are two situations in which banks use the posted rate instead of your actual rate to increase your costs:

Mortgage Renewals

Most banks send an auto-renewal letter to their mortgage clients when your original term is due to expire. This auto-renewal letter contains a list of renewal options. Each option consists of a term and the associated posted rate, and the client is asked to pick one. This is the banks attempt to get clients to renew at higher rates, with no effort. It's a win-win for the bank every time a client signs the Auto Renewal Letter. Unfortunately, it works very well – many clients are surprised when they find that they have significantly less money than usual at the end of the next month.

Mortgage Penalties

Mortgage penalties are used when you end your mortgage earlier than the agreed upon term. All of the top 5 banks use the posted rate as a component of the penalty calculation, regardless of the discount you have received and what your actual rate is. Since the posted rate is 1.4% to 2% higher than your actual rate, your penalty will be significantly higher. I will explain this more in the next secret.

How a verified mortgage planner can help

We know which lenders use a posted rate system and which ones don't. We also know how to negotiate with each one. Since we bring many clients to them, we are able to negotiate lower rates than most individuals could on their own. For you, this means no games and no costly surprises.

You never have to negotiate with a Verified Mortgage Planner; we always bring our lowest possible rate to you the first time.

Secret #2

The Interest Rate Distraction

When shopping for a mortgage, it makes sense that you'd focus on the interest rate – it is the big number posted in bank windows after all, and as you seen makes a huge impact on your mortgage! But the truth though is that small differences in interest rates don't make much of a difference when compared to some of the other secrets we are going to cover in this report.

Once the Banks finds out you're shopping around they usually lower their rate pretty quick, this does 2 things that help the bank to get you to select them:

1. It gives you a sense of accomplishment and a victory so you will attribute value to the negotiation, it's a sales strategy called Effort Justification and its basically their way of tricking you into valuing something that they were willing to give you in the first place – it's a dirty trick if you ask me.
2. Also customers who have "won" negotiations by expending effort are less likely to switch to another bank or use a better mortgage broker. However more importantly, these customers are also far less likely to carefully read and negotiate about the fine print, which essentially distracts you from reading and comparing their terms and policies resulting in you paying them more in the long term.

You can see from the example below that over a five year period the difference between an average mortgage and the best mortgage is only $708.23 . This will barely make a dent in your wallet compared to some of the other secrets. we are going to show you in this report. Remember we are going to show you how to save $63,511.70 , and the rate is only a small percentage of this total.

Rate	2.99%	3.04%	3.09%
Savings over 5 Years	$708.23	$0.00	-$708.63

What I am trying to show you is that getting a low rate is only the first step in selecting your lender, remember I am going to show you how to save $63,511.70 , and the rate is only a small percentage of this total.

So be careful and don't let the banks distract you with what they claim to be a "great rate", while they include terms and conditions that could put you at risk of losing thousands later. While the rate does make a difference, there's much more to a mortgage than just rate.

Choosing a mortgage based on rate alone is like buying a car strictly on price.

Imagine this…
you see a car advertised in the newspaper for an extremely low price.

Without looking at its features you buy the car and bring it home only to realize that it doesn’t have a radio, air conditioning, power steering, and has over 200,000 km on it.

No one would buy a car without looking at the list of features first. Well, you can’t test-drive a mortgage; all you can do is read the fine print.

Secret #3

The Penalty Cover Up

Not all mortgage penalties are calculated the same way.

Penalties have the second largest financial impact to you mortgage, and even though they are only a potential expense they need to be considered because of the huge impact they can.

Look at the difference in penalty on a 5 year fixed mortgage between a Big Bank that uses its posted rate and a Financial Institution that doesn't use its posted rate in the formula:

$7,336.57	$9,437.18	$9,611.18	$9,336.57	$9,883.31
Scotiabank	RBC	TD	BMO	CIBC

My Recommended Mortgage has a penalty of:

$1,999.51

Most of the big banks base the penalty on the posted rate at the time when you signed your mortgage, the calculation looks like this (SCOTIABANK):

[Your rate – (current posted rate for a comparable three year term – discount received initially)] x (number of years remaining)

Instead calculating it fairly by using your actual mortgage rate which the formula looks like this (My Recommended Mortgage):

[Your rate – the current market rate for however many years you have left] X (number of years left in term) X (Mortgage amount)

This small change in the formula adds $3,437.67 to your penalty cost.

What are the penalties for?

When you return the borrowed money earlier than agreed, the bank has to find another borrower for the remaining term. Since this is difficult to do at the same rate, banks use the penalty to cover their loss.

As an industry professional, the use of the current posted rate and the discounted rate in the calculation of a penalty is baffling.

The discounted rate at the time when you received your mortgage should have no impact on how much your penalty should be 3 years later. The only reason the big banks can continue to use this way to calculate their penalty is their large market share and consumer complacency.

The Big Banks hold 80% of the Canadian mortgage market, and until Canadians stand up and stop using them, they are not going to change their policies.

Given the estimated 85% of 5 year fixed mortgages being broken in the third year, the formulas that allow the Big Banks to collect high penalties is extremely profitable for them. The only way to avoid it is to be educated and pick a mortgage from a lender that calculates mortgage penalties fairly.

How a Verified Mortgage Planner can help!

If you're trying to compare how penalties are calculated you need to understand the legal jargon used by the bank, and that can be very difficult. Especially if you want to compare multiple banks with each other, it can be very time consuming.

Your Verified Mortgage Planner has the tools to compare the penalties between banks easily, so that you don't have to. We can recommend only the best lenders to you and explain why we recommended them in a way that's easy to understand.

We do this every day
Let a Verified Mortgage Planner help.

Secret #4

Selecting the right term

Are you under the impression that a five-year fixed rate is the best for you?

If you call one of the big banks and simply ask for their best rate, you will more than likely be quoted the five year fixed rate. And as consumers we have become accustomed to assuming that this is the best mortgage in the industry.

On the surface, the 5 year term appears to offer the best of both worlds; protection from rising interest rates and a reasonable, locked-in interest rate. However, there are multiple reasons to doubt this. Remember the statistic a couple pages back that showed that 85% of the time a mortgage is broken in the 3rd year? This means that people are paying extra interest and penalties for protection that they are not taking advantage of. It also means that for 85% of Canadians, a 5-year term mortgage is not the right mortgage for them.

Why picking the right term matters

There are 2 reasons that the right term is important. One is to avoid being locked into a mortgage you will need to break as this will cost you thousands of dollars in unnecessary fees and penalties. The second reason is associated with rate – A longer term means protection from rising rates, but at the cost of a higher interest rate from the get-go.

Additional Estimated Interest Cost Over a 5-Year Period

Optimized Variable Rate	5 Year Fixed Rate	10 Year Fixed Rate
2.35%	2.99%	4.09%
$0.00	$9,540.56	$25,207.70

A fixed interest rate is essentially insurance against rising interest rates. Simply recommending that all clients are suitable for a five year fixed rate can not be viewed as giving advice - especially since the variable rate has remained low for many years, and most financial analysts do not anticipate mortgage rates increasing in the near future. Even if they do, a study[1] written by Moshe A. Milevsky, Associate Professor of Finance at York University's Schulich School of Business determined that 88.6% of the time, you will be better off staying with a variable rate mortgage for your full amortization rather than a fixed rate.

Here are a few questions we help you answer in order to determine if a variable or fixed rate is the best for you.

I want to pay off my mortgage as fast as possible, and do not want to have a mortgage for 25 years.

I am comfortable investing in mutual funds, and in stocks because I know over the long term I have the potential to earn more money.

I just want to pay the absolute lowest interest rate all the time. I understand that having the protection of a 5-year fixed rate comes with a higher cost.

My budget has some room, an increase to my mortgage payment in the event that rates do rise can be absorbed with little impact to my standard of living.

How a verified mortgage planner can help

Deciding between a variable and a fixed rate is a decision that must be based on your financial situation and balance the advantages that come with lower rates variable or shorter mortgage terms with your need for long term protection from rising rates in the future.

Only a Verified Mortgage Planner will ask the right questions that will help you understand what is your best choice.

Secret #5

Selecting the right advisor

This report was designed to show you the foundation of my services and savings that I provide to my clients, but it only scratches the surface. There are additional special programs and strategies that allow you to take advantage of even more savings. Unfortunately, this document would have to be a full novel to contain it all; here is a short list of some other strategies that may pertain to you:

Mortgage Payment Optimization: This is a simple plan that can take up to 5.2 years and $14,292.58 in interest off your mortgage just by making small adjustments to your mortgage payment, and it's built right in to every mortgage we fund at The Mortgage Centre, R.D.M. Financial Consultants, Ltd..

The Ultimate Variable Rate Strategy: This strategy gives you the ability to take advantage of the lower rates of a variable mortgage while providing you protection from rising interest rates.

Tax Deductible Mortgage Strategy: Did you know that your mortgage can be tax deductible? You just need the right advice, and we will walk you through it step by step.

Home Customization Plan: It is very easy to add up to 40000 on to your mortgage to customize your home to your taste. Wouldn't it be nice to add that in-suite bathroom or update your kitchen? That is all possible thanks to our Home Owner Customization Plan.

Double Your Down Payment Plan: This is a joint plan where we work with the CRA (Canada Revenue Agency) in which you will qualify for refundable tax-deductions based on the amount of your down payment. Finally you can get that dream house which was out of reach. We walk you through the application process so that you almost always get approval.

When we speak and we review these special programs and strategies that allow me to offer you even more saving, you will understand the amount of experience that is required to not only offer them but to help you get your new mortgage smoothly without challenges and complications.

As a Verified Mortgage Planner in addition to providing you the best possible mortgage the organization requires me to maintain a high level of continuing education, plus I am required to poll my clients and have them rate my level of service for every closed mortgage.

When you see the VERIFIED MORTGAGE PLANNER logo you will know you are getting the best advice in the business.

The quality of the advisor is equal to the quality of the advice that you receive

$300,000.00 Mortgage + = $63,511.70 In Savings

Now you can see that selecting a mortgage, and an advisor, is more than just the smallest number in the biggest window. In order to get the best mortgage you need knowledge, experience and someone you can trust.

At <The Mortgage Centre, R.D.M. Financial Consultants, Ltd. we focus on transparency, and we look forward to providing you with a detailed breakdown of how much we can save you on your next mortgage.

Call me today at **(416) 777-9300**

Connect with us for insights on mortgages

See our clients' testimonials

Important notice to readers

This educational report has been written to assist you in understanding some of the little-known facts about the mortgage industry. So many Canadians are simply not aware of what's really going on with their money, and this Special Report will allow you to better understand how to protect your wealth and financial future. This Special Report is intended solely for the avocation, personal enrichment, and enjoyment of the reader, and to empower you to make more informed financial decisions. The information presented herein is for educational purposes only and is current as of the date of revision indicated.

Disclaimer

This material has been prepared as an expression of the author's opinion concerning the subject matter covered. This publication and associated materials are designed to provide accurate and authoritative information from resources that are deemed reliable but not guaranteed in regard to the subject matter. Although the material in this manual has been offered as a resource for Canadians, it is presented in only general terms because the laws, bylaws, and regulations may vary considerably from jurisdiction to jurisdiction. If legal advice or other expert assistance is required, seek the services of a competent professional. The author, publishers and permitted distribution partners specifically disclaim any liability or risk whatsoever in the event any loss is incurred as a result of the application of any advice or information offered herein, whether directly or indirectly used.

Unless otherwise stated all calculations use the following assumptions:
Mortgage Amount: $300,000.00 25-Year Amortization - Compounded Semi Annually

Appendix

Estimated Penalty was calculated using the process found on the following websites assuming that interest rates after 3 years have remained the same as posted rates as of :

Merix Financial
CIBC: https://www.cibc.com/ca/mortgages/mortgage-resources/mortgage-prepayment.html
RBC: http://www.rbcroyalbank.com/mortgages/popup_mortgage-prepayment-charges.html
TDCT: http://prepayment.tdcanadatrust.com/
BMO: http://www.bmo.com/calculators/prepayment/
Scotiabank: http://cgi.scotiabank.com/mortgage/Scotia_Prepayment.html

[1]Moshe A. Milevsky, Associate Professor of Finance, Schulich School of Business, York University, Executive Director, Individual Finance and Insurance Decisions (IFID) Centre & Brandon Walker, Junior Research Associate, IFID Centre – ***Moving Mortgages,*** February 2008, ***http://www.advisor.ca/images/other/ae/ae_0208_mortgages.pdf***