

Although the mortgage rate you negotiate with your lender is important, it's not the only factor you should consider. Also take into account prepayment options, property taxes and other fees.

# Mortgage rate not the only factor

## Take into account prepayment options, taxes and fees

I know from years of practice, that clients almost invariably think of only the mortgage rate they can receive when they negotiate a mortgage to either buy or refinance a property.

Although this is certainly a big concern, it is only one factor in understanding which mortgage to accept.

Beyond the decision as to whether you should have a fixed-rate mortgage or one where the rate floats with prime, there are other matters to focus on when you are making your decision.

You should be taking into consideration the early prepayment penalties, what the prepayment options are, whether you can pay your property taxes directly or only through the lender and what additional fees you might be incurring with your selection.

It is key to remember that a number of these matters can be negotiated as part of your



agreement with the lender.

However, they have to be done before you agree to the terms and conditions of the mortgage.

Lenders will not always negotiate on certain aspects of their mortgage.

For example, certain lenders require you pay your property taxes to the lender along with your principle and interest payments.

In these P.I.T. mortgages, you are actually allowing the lender to collect your tax money in advance, use it for the full year and then send it, along with everyone else's tax money they have collected, to the City in a lump sum payment once a year.

If you are given the option

to pay taxes directly to the City, you should exercise that option.

In other cases, the prepayment privileges can sometimes be negotiated to increase the amount you can prepay each year.

Do you receive an annual bonus that you might be able to use to pay down your mortgage? If so, the ability to pay a greater amount as a prepayment is definitely attractive.

The key point here is your mortgage rate does matter — it just isn't the only factor that you should consider in choosing a mortgage.

Understanding your future needs can be used as leverage to try and get the best rate or terms possible.

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