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### Mortgage Options

A mortgage is a security for a loan on the property you and your family own and, as you can see, there are many types of mortgages to choose from.

#### Fixed Rate

A fixed rate mortgage is a mortgage where the rate of interest is fixed for a specific period of time. Your interest rate can be fixed for one of the following: 6 month, 1,2,3,4,5,7,10 year terms, or more - this gives you the security of knowing your rate and payment will not change during the chosen term. Whether you should lock in for a long term or stay short depends on the interest rate trend in the market, as well as your financial situation and degree of risk tolerance.

#### Variable Rate Mortgage

A variable-rate mortgage allows you to take advantage of the lowest rates available. The variable rate is usually tied to Bank Prime rate. These rates are often quoted as Prime minus 1% or Prime plus 1%, etc.

Variable-rate mortgages have been attractive when market experts feel that rates will drop or stay level for a period of time. Variable rate mortgages have the downside of offering little security in a rising-rate environment and payments and interest expense can rise when the Prime Rate rises.

#### Equity Mortgage

Based on the equity in your home. Usually up to 75% of the appraised value. In many cases income verification can be waived at 65 %. Very suitable for self employed.

#### Equity Lines of Credit

An Equity Line of Credit gives you access to the equity in your home, usually up to a maximum of 75% of its appraised value. The rate of interest on a home equity line of credit is usually much lower than other types of loan or credit card interest. Once you have a line of credit you can access it for all kinds of things like renovations, travel, and paying down other higher interest debt.



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### **Split Term Mortgage**

You can split your mortgage into 2 or 3 different mortgage types or terms. You can have a portion of the mortgage in a fixed rate, and another portion in a variable rate. Some people like this option because they are unsure whether interest rates will rise or fall.

### **Cash-Back Mortgages**

Most lenders offer a mortgage that will give you cash back at funding. The cash you receive is based on a percentage of the mortgage amount usually 1-5 %. However you will usually pay a higher interest rate on these products. The cash back can definitely be helpful with closing costs.

### **Six month Convertible**

6 month fixed term that will allow you to convert to a lower fixed rate during that term - usually for people who feel rates are coming down.

### **Course of Construction Mortgages**

If you are building a home, I can arrange a construction mortgage for you. Typically, there are three or more disbursements made by the lender as construction of the building progresses. Funds are drawn down based on the cost to complete. Course of Construction Mortgages are often at a slightly higher rate than a standard mortgage, but the advantage is that the borrower is not paying interest on the whole amount of the mortgage at the beginning of construction. Instead, the advancing of funds as the project moves along saves interest costs, particularly where construction takes an extended period of time.

### **Bridge Financing**

This is temporary financing that can be arranged for a variety of purposes, but generally for situations where a new home has been purchased but the old one not yet sold, or where borrowers want to stay in their existing home while a new one is being constructed. Borrowers must still be able to service the debt as required by the lender.

