

# Monster Mortgage.ca



## Don Bayer

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Don is President and founding partner in MonsterMortgage.ca, and MonsterInsurance.ca. An Accredited Mortgage Professional and Certified Financial Planner, Don has over 20 years of lending and real estate investment experience and specializes in structuring construction and tax advantaged investments.

He has been called upon by local and national media including *The Globe and Mail*, *CTV* and *CBC* to comment on mortgages in Canada and is one of the resident experts on the TV show *Hot Property* aired weekly on *CP24*. Don is also a regular columnist for *Canadian Real Estate Magazine*, Canada's property magazine for first-time homebuyers and real estate investors.

MonsterMortgage.ca has built its success providing superior customer service and ensuring you are fully aware of the facts the banks won't tell you about financing property and bad debts.



## A NEW YEAR ... A NEW WAY OF THINKING?

*Can variable rates bring the gift of Big savings and peace of mind?*

**A year to remember ... or forget?** This newsletter is being sent out to you one year after the most difficult year in the financial markets since the Second World War. The immediate consumer reaction a year ago was very bleak. House sales across the GTA came to a grinding halt and from November to March there was little activity. The initial reaction from all mortgage companies, including Canadian banks, was to increase their variable rate pricing from prime minus 0.75% to prime plus 1.0%. This alone could have a devastating effect on the housing market, as it increases the monthly payment on a \$200,000 mortgage by almost \$400 per month!

**In March of this year,** the housing market came back with a vengeance and the market has been extremely active ever since. Interest rates, which were on the rise after seven remarkable years of growth, have been absolutely muted. Today's five-year rate of 3.99% is almost at a historical low. Our best variable rate today is 2.00%. Even as the banks continue to change their pricing to increase profitability, variable rate mortgages remain extremely attractive.

*Continued on the back page ...*

### Things to do THIS HOLIDAY SEASON

**Calvalcade of Lights**  
Nathan Phillips Square  
Nov. 28-Dec 31, 2009  
[www.toronto.ca/special\\_events](http://www.toronto.ca/special_events)

**Christmas by Lamplight**  
Black Creek Pioneer Village  
Dec 5-19, 2009  
[www.blackcreek.ca](http://www.blackcreek.ca)

**Elves in the Workshop**  
Casa Loma - Dec 5-20, 2009  
[www.casaloma.org](http://www.casaloma.org)

**Rudolph the Red Nosed Reindeer**  
Solar Stage Children's Theatre  
Dec 12-13, 2009  
[www.solarstage.on.ca](http://www.solarstage.on.ca)

**The Nutcracker** - Dec. 12-Jan 3  
Four Seasons Centre  
[www.national.ballet.ca](http://www.national.ballet.ca)

**34th Christmas Treats Walk**  
The Toronto Zoo - Dec 26  
[www.torontozoo.com](http://www.torontozoo.com)

**Twelve Trees of Christmas**  
Gardiner Museum - thru Dec. 10  
[www.gardinermuseum.com](http://www.gardinermuseum.com)

**SKATING!** Various Toronto Rinks  
Weather permitting  
[www.toronto.ca/parks/](http://www.toronto.ca/parks/)



**TUNE IN**  
MonsterMortgage.ca  
experts on CP24's  
*Hot Property*

See us on **Cable Pulse 24's** television program **'Hot Property'** with host **Ann Rohmer** and mortgage expert Don Bayer from **MonsterMortgage.ca** for all the facts your bank won't tell you about real estate financing and cost saving strategies. For show times, check your local television listings or call our office.

# 2010 Mortgage Planning Opportunities

*What changes should you make to your mortgage strategy next year to protect or take advantage of today's market opportunities? Whether your mortgage strategy for 2010 is to pay down your mortgage quicker or to reduce your monthly payments and increase your cash flow, the following are four things you should consider as you review and update your mortgage strategy for 2010 and beyond (as always please call me if you need any help or have any questions):*

- **Renew your mortgage early**
- **Consider mortgage pre-payments and lump sum payments**
- **Refinance to reduce higher interest rates on credit cards or other loans**
- **Buy an investment property**

## 1 YOUR MORTGAGE RENEWAL

Incorporating some of these ideas into your mortgage strategy is certainly better than none at all. For those of you who have a mortgage maturing next year (that's right, pull out your mortgage contract!) you may want to protect against rate increases, four months prior your expiry date. Not knowing your expiry date can be a very expensive mistake. However, CIBC recently reported that Canada's inflation rate will be no threat to keeping a lid on rates in 2010. Economist Shenfeld wrote, "the recession's effects are likely to linger for some time, even as US stimulus kicks in.... a negative consumer price index along with a strong Canadian Dollar will keep core inflation low."

## 2 PAY DOWN YOUR MORTGAGE

I think most experts agree that 2010 will again be a year of very low interest rates. Although many households have experienced a decrease in overall household income, there is no better investment than paying down your mortgage debt, especially with rates so low. Most mortgage contracts allow for an annual 20% prepayment at any time. In addition, you can step up your payments monthly if cash-flow and convenience is a factor. As we always say here at MosnterMortgage.ca, the best and safest investment you can ever make is to pay down your mortgage. Whatever lump sum payment you can make, it works out to be a **RISK FREE INVESTMENT WITH A 7.69% RETURN**. Take a look at the cover article of our winter 2009 newsletter, it explains this strategy in greater detail. You can find the article at [www.monstermortgage.ca](http://www.monstermortgage.ca). Just click on the Rates & Resources button and find the link to all our archived newsletters.



**The right plan  
can open doors  
to your dreams.**

## 3 REFINANCE & REDUCE HIGH INTEREST DEBT

We all recognize that most consumer debt is very expensive. It creeps up on us until it chokes off cash-flow and makes life difficult to manage. Whether it's a car loan or a department store credit card, the interest rates are significantly higher (interest compounds monthly) than today's mortgage rates. Even a renovation loan or a line of credit can be merged into one payment. Most banks have increased rates on consumer debt by 1% or 2% to pay for all of their investment blunders in the US - check your next statement. If your consumer debts are beginning to add up, reviewing your financial situation and lowering your overall interest costs may be a simple solution for you in 2010.

**The first  
investor  
started by  
simply buying  
the property  
next door.**

# 2010 Mortgage Planning Opportunities

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## **PURCHASE AN INVESTMENT PROPERTY**

Well, if you can find a house to buy, 2010 may be a great year to finance your first investment property. At MonsterMortgage.ca we often talk about writing a book called *"Just Buy The House Next Door"*. I am fortunate enough to meet many people from different walks of life and by far the most relaxed group of individuals own a few simple investment properties. They don't lose sleep over the stock market because they don't believe in paper investments. They were not exposed to the systematic risks associated with investment products that few understand. They don't own bonds or RRSP'S. And their investments, if arranged properly, are taxed very efficiently. The first investor started by simply buying the property next door. He put a few dollars into renovating, subsidized the rent by \$100.00 to find the right tenant and it now forms part of his retirement income. There is a right way to finance this type of real estate to maximize tax deductibility. You can also borrow from your principle residence to buy this investment. If you need some advice, give us a call to discuss.

The best way to plan for your financial future is to have a financial plan that includes a solid mortgage strategy that focuses on contributing to your bottom line and not your bank's. For many Canadians, their mortgage payment equals 25% or more of their pre-tax earnings. Understanding your mortgage contract, renewal date and pre-payment options along with other facts your bank won't tell you about paying down your mortgage faster will go a long way in developing the mortgage strategy that is right for you. It will also help to make 2010 a year of opportunity for you and your family.

Please call me today if you, your family or friends want help developing their 2010 mortgage strategy...I would be happy to assist.

## **Renewing Your Mortgage**

Your mortgage term has expired and you are now a "free agent". One of the smartest things you can do is have a Mortgage Agent shop your mortgage renewal to over 20 lenders who all want your business. At MonsterMortgage.ca we do the work for you and we can guarantee you a rate four months in advance of your renewal date which can save you thousands of dollars in interest costs and contribute to your bottom line, not your bank's.

**Call me today to find out how to save money when renewing your mortgage.**

## **Quick Fact**

**Transferring your mortgage to a new lender with better terms and a better interest rate won't cost you a dime! The new lender will cover all of your costs. Still not sure? Consider the following:**

- **Should you be loyal to yourself or your bank?**
- **Do you think you would get a better mortgage solution by choosing from one or over 20 lenders?**
- **Why won't your bank provide you with a four month, low rate guarantee?**



We all  
 wish you  
 the Best  
 of the  
 Season

## A NEW WAY OF THINKING?

But have we been given a stay of execution? As expected, the October Bank of Canada meeting revealed that the interest rate policy will not change the overnight rate, which results in a prime rate of 2.25%. In addition, they have a “conditional commitment” to maintain this rate until the second quarter of 2010.

At some point in the not so distant future, we will all pay some price for what has occurred. The economic stimulus packages around the globe will eventually create some havoc in our little world. With all this government money floating around, inflation must follow. But how can you save money and pay down your mortgage quicker in 2010? What is your right mortgage strategy for 2010 and beyond?

The case for choosing a fixed rate mortgage is quite simple. The risk of inflation as central banks continue to spend is in the news daily. This, coupled with a global economic recovery would cause the Bank of Canada to hike rates in a hurry.

**But not so fast** – the Canadian Loonie is really keeping a lid on our growth and on our economy. The best reason I can think of to consider a fixed rate mortgage is that they are historically attractive and our prime rates are already as low as they can go – rates can only increase as the economies recover and **what’s wrong with a 4.0% five-year rate?**

## That was the angel in me talking – now here comes the devil!

On a typical \$275,000 mortgage, the additional interest cost savings is \$5,000 per year or just over \$400 per month, if you choose a variable rate vs. fixed rate mortgage. The clearest advantage to a variable rate mortgage is that it has been consistently less costly than a fixed rate mortgage since the Bank of Canada adopted an inflation target of 2% in 1991. As discussed, the soaring Canadian Dollar is putting downward pressure on prices. Low and steady inflation, taken from a fragile global economic recovery, points to the Bank of Canada keeping its commitment to hold rates steady throughout 2010. **In the end, the premium for “peace of mind” is often too tough to swallow for many.**

### The Bank of Canada’s 2009-2010 Schedule for announcing decisions on its’ key policy interest rates:

Tuesday, December 8, 2009  
 Tuesday, January 19, 2010  
 Tuesday, March 2, 2010  
 Tuesday, April 20, 2010  
 Tuesday, June 1, 2010  
 Tuesday, July 20, 2010  
 Wednesday, September 8, 2010  
 Tuesday, October 19, 2010  
 Tuesday, December 7, 2010

Clients who are committed to Variable Rate products may want to pay attention to these dates. Most, if not all, of our variable rate options are convertible to discounted fixed rates at any time. **Call our office if you have any questions.**

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Apply Online Now or speak to a Mortgage Agent at 416.480.0234 or 1.877.819.3619 and get the facts your bank won't tell you about your mortgage.

TERM	OUR (APR)	FIXED
variable	2.75%	N/A
1 yr	2.90%	4.90%
2 yr	3.05%	4.05%
3 yr	3.15%	4.15%
4 yr	3.78%	4.64%
5 yr	3.89%	5.19%
6 yr	5.10%	6.20%
7 yr	5.15%	5.60%
10 yr	5.05%	6.70%

Learn more about how we work to find you the right mortgage solution.

- Buying a Home**
  - Expert advice on how to save money and pay off your mortgage quickly
  - How much can you afford?
  - Get pre-approved in 24hrs!
  - Variable vs Fixed Rates, what's best for you?
- Mortgage up for Renewal**
  - Be loyal to yourself NOT one bank
  - Choose the best rate from over 20 lenders
  - Four month low rate guarantees
  - No cost to switch lenders!
- Refinancing your Property**
  - Consolidate your debts
  - Don't let pay to break your mortgage!
  - Need cash for renovations, or other big plans?
  - Borrow up to 95% of your home's value!

Learn More | Learn More | Learn More

## Visit our new site.

On May 1st, we launched a new look for our website at [www.MonsterMortgage.ca](http://www.MonsterMortgage.ca).

Check out our new blog featuring a weekly video that addresses unanswered questions from our appearance on the CP24 show “Hot Property”, as well as interesting questions from our clients.

You can also register for email updates that keep you posted on rate changes and new facts that your bank won't tell you about your mortgage. **As always, we would love your feedback ... drop us a note at: [info@monstermortgage.ca](mailto:info@monstermortgage.ca).**

