



Rate guarantees can save thousands on your mortgage

(NC)—If you could save about \$1,800 on your mortgage over the next five years with one simple step, would you? Most Canadians don't, because they don't take full advantage of mortgage rate guarantees offered by banks.

A recent Angus Reid survey commissioned by ING Direct found that 40% of Canadians wait until the last minute to apply or get pre-approved for their mortgage. Getting ahead of the game by applying for your mortgage sooner will enable you to guarantee the best rate at that time which can save you money over the long term.

What is a rate guarantee?

A rate guarantee is a bank's commitment to mortgage applicants that guarantees their lowest rate for a set period of time – usually up to 90 days, and in some cases 120 days before they fund their mortgage. You secure their best rate and are protected from rate increases when you apply or get pre-approved for a mortgage, and if the rates go down during the guarantee period, you automatically get the lowest rate.

Why should I apply early?

To save money. The survey found that many Canadians wait until 30 days or less before their closing date to apply or get pre-approved for a mortgage, meaning they only use about a quarter of the time available. Analysis shows that if you used the full rate guarantee period, you could save another 0.18 per cent on average – about a \$1,800 over five years on a \$200,000 mortgage balance with a 25 year amortization, five year fixed term, paid monthly with 6.96% rate (average posted five year fixed rate over last 10 years).

Rate Holds – the easiest way to guarantee the best rate

Most banks offer pre-approvals to help determine how much you can afford on your new home. All you need to provide are some basic details such as available down payment and household income. With a pre-approval, you have the piece of mind to shop with confidence knowing how much home you can afford.

To give Canadians even more piece of mind and the opportunity to get the best rate available for a first mortgage or for those with an existing mortgage looking to switch lenders, ING Direct offers a rate hold. The rate hold only asks for a few details such as your contact information and the approximate amount you want to borrow, while allowing you to secure that best rate for 120 days. It is a great option if you're not ready to apply for a pre-approval or for a mortgage.

If you're in the market for a mortgage, play it smart and take advantage of all the available tools to get the best rate you can. Applying early is the easiest way to save your money on one of the most important purchases you'll ever make.

