

## Low mortgage rates you see advertised aren't everything you think they are

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If you've considered taking a dive into the housing market, chances are that you've seen the media headlines over the past few months that showed financial institutions dropping their advertised mortgage rates to record lows.

Last month, Ontario's largest credit union, Meridian, caused a kerfuffle when it announced a 1.49 per cent fixed rate mortgage for 18 months, which was billed as the "lowest known mortgage rate in Canada history." This was before the [Bank of Canada dropped its overnight lending rate](#) to 0.75 per cent in late January.

Nowadays, homebuyers have an easier time shopping for low mortgage rates thanks to various rate websites, such as RateSupermarket or RateHub, which let shoppers look at rates from various institutions in the comfort of their own home with a few clicks. While low mortgage rates will benefit customers since homeowners could save thousands of dollars with a rate that's a fewer percentage point less, shoppers should always read the mortgage contract for any additional terms or conditions.

In the past, mortgage contracts were fairly standard, but with the competitive rate environment, some may contain clauses which consumers may have difficulty comparing, [according to the Canadian Press](#).

"If you're online trying to figure out what the rates are and why, good luck to you," co-founder of Spin Mortgage told *CP*. "Some banks and brokers are better at disclosing the fine print than others."

Consumers should also be aware that some lower rates may come with a clause that charges high penalties if you pay off your mortgage early or you may have reduced prepayment privileges which affects how long you're carrying the debt and it could cost you more in the long run, according to *CP*.

Also, just because a mortgage rate is advertised at a certain rate, it doesn't mean homeowners can't receive rates below that number. Customers can negotiate with banks and if their credit and borrowing history is in good standing, then they have an upper hand in the negotiations, [a RateSupermarket spokesperson told the Financial Post](#). Also, if the homeowner is willing to put down a big downpayment that can also encourage banks to drop their rates as well.

Another way to find a lower rate is by using a mortgage broker. Homebuyers don't cover the cost of the broker, instead the lenders will pay them if the broker brings a customer to them. Brokers can gather various rates from various lenders, which can help homebuyers see what's out there.

While a lower mortgage rate can save you money upfront, it's important to be aware of any issues that could pop up in the long run, such as any penalties or fees if you decide to break your mortgage or refinance it later on.

Whether you choose to buy the property for personal use or as an investment, you could qualify for an [HST rebate](#). [Rebate4U](#) strives to provide our clients with the most professional and quality service in obtaining rebates for their new and extensively renovated homes. We are proud to offer our clients the most personal and attentive service, and we make sure that all of our clients are 100% satisfied.