

When the term of your mortgage is about to mature.

When the term of your mortgage is about to mature, most lenders will mail out their renewal agreements a few months before the maturity date. 85% of Canadians auto renew with their lender just because it's simple. This can mean that 85% of Canadians are paying too much for their mortgages because in a lot of cases that rate is above what you might have received by allowing a mortgage broker to review your situation.

By obtaining a pre-approved mortgage, our mortgage brokers can guarantee your rates up to 120 days before your mortgage comes due. This protection helps you in case there is a rate increase in those last couple of months prior to the mortgage maturity. This could save you thousands of dollars down the road.

When your mortgage is due for renewal, it is a great opportunity to make sure you have the right mortgage for your current needs. As the mortgage is fully open on maturity, it is the perfect time to pay down your mortgage. Whatever you can afford will have a significant impact on your mortgage and your ability to be mortgage-free sooner. It is also a great time to consider a more frequent payment method, such as bi-weekly or weekly to further reduce your mortgage.

Also, if interest rates have decreased since your last mortgage, you may want to consider keeping your payments at the same level as this will also allow you to pay down the principal at an accelerated rate.

SHOULD YOU SWITCH YOUR MORTGAGE?

To switch your mortgage means to move your mortgage from one financial institution to another. There are several reasons why people switch their mortgages, but the primary reason is that another financial institution is offering a better interest rate or mortgage terms. Another reason people switch is because they were unhappy or unsatisfied with their current lender.

When you switch your mortgage the new financial institution transfers your current mortgage balance and the remaining amortization period on that mortgage. Your new mortgage payments are then based on these numbers and the interest rate offered by the new institution. If you had a 40 year amortization previously you will be reduced to 30 years.

Refinancing and switching are two different things however; each financial institution has its own policies with regards to the amount you can refinance without incurring fees. You also have an option of doing a switch with a total refinance but you will be subject to fees similar to that incurred with registering a new mortgage. If it is just a switch then many lenders use title companies that will do the paper work at your home. Make sure your clear with your mortgage broker on what you want to do.

If you are simply switching your mortgage at renewal time to another financial institution then you should not be subject to any fees or payout penalties. If you decide you want to switch and increase your mortgage amount or lengthen your amortization period, then the mortgage would have to be re-registered and you would be subject to additional fees.(i.e. legal fees, appraisal fees, etc...)

You should start the process between 90-120 days before your renewal.

For mortgage information about mortgage renewals and switches, contact one of our mortgage associates by visiting our website at www.brokersforlife.ca