

The Outlook

## THE MORTGAGE CORNER

### **“Refinancing Your Mortgage – Locking in a Lower Rate”**

With today’s historically low interest rates, you may have heard of other people refinancing their mortgage to lock in a lower interest rate. Is this something you should be doing too?

There are a few different things to consider before making the decision to lock in a lower rate. First you need to check with your current lender to see if you will have an interest penalty for paying out the loan you have now. If your current loan was locked in for a certain number of years, you will likely have to pay a fee to get out of the contract.

If you are moving your mortgage to a different lender, you will have legal fees (either through a lawyer or a title insurance company) to have the mortgage re-written. As well, the new lender may require you to get an appraisal done on your property. Or perhaps the new loan will be insured by CMHC, in which case you will pay an insurance premium.

All of these costs need to be taken into consideration when you are calculating if it would be worthwhile to refinance your loan at a lower rate. A mortgage broker can calculate whether you would be further ahead and save money in the long term, to pay the fees now and lock in the lower rate. Refinancing can significantly lower your monthly payment.

As well, some people choose to add-on to their mortgage at the same time as the new rate is being locked in. Perhaps they have some renovations that they’ve intended to do for a number of years. Or they may have other debts with higher interest rates that they want to consolidate into one loan. The new lower interest rate can keep their payments very affordable.

Speaking with a mortgage broker can help you decide if refinancing to lock in a lower rate is a good idea for you.

Midwestern Mortgage