



MORTGAGE



GLOSSARY

The cost to BREAK YOUR MORTGAGE

Most homeowners should expect to pay a penalty if they want to break their mortgage to get a better rate or for a complete refinance. Homeowners in 5-year fixed mortgages often look to break their mortgage during their 3rd year for debt consolidation or changing life circumstances. The penalty to break a mortgage is typically the greater of

- three months' interest, or
- the interest-rate differential (IRD).

With the IRD, your mortgage lender will want you to pay the equivalent of what they will lose by releasing you from your mortgage and lending the money at current rates.

Unfortunately, not all lenders calculate IRD the same way so you should always get the actual penalty from your lender. Check your lender's website for their prepayment penalty calculator.

If you want to look at breaking your mortgage, we can review the terms and conditions of your mortgage and do an assessment of your situation to determine if your benefit outweighs the cost. There is no cost or obligation. Often penalties are rolled into the new mortgage so you don't have to be out of pocket.

WE ARE EXPERTS AT
PROVIDING THE ADVICE,
EDUCATION AND
RESOURCES THAT
HOMEBUYERS NEED.

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AND WE'RE HERE TO HELP!



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