



Shopping For a Mortgage Renewal... Yes, You Need to Shop Around! DLC

How long did you shop for your initial mortgage on your property? With the answer in mind, how long do you plan to shop around when it's time to renew your mortgage term? While most Canadians spend a lot of time, and expend a lot of effort, in shopping for an initial mortgage, the same is generally not the case when looking at mortgage term renewals. And, this practice costs Canadian citizens thousands of extra dollars every year.

It has been reported that nearly 60% of borrowers simply send back their renewal that is first offered to them by their lenders, without ever shopping around for a more favorable interest rate. Because lenders bank on the idea that most people are simply too lazy to shop around for a better rate, they send you their highest rate and see if you sign-up to renew at that rate. The worst thing you can do is accept the first rate offer from your existing lender. If you do then you are in the group of the 60% they bank on not shopping for a better deal. Without any negotiation, simply signing up for the market rate on your renewal is costing you a lot of unnecessary money on your mortgage.

Another favorite tactic of lenders is to send out your renewal letter very close to the time that your term expires. This does not give you ample time to arrange for a mortgage term through a different lender. This means that you need to be tracking your own mortgage term timeframe and know when it is time to start shopping for a good mortgage renewal rate. Generally it is a good idea to start shopping for a new term between four and six months before your current mortgage term expires.

Because your first ten years or so of your mortgage payments goes mostly to interest, when the time comes for you to renew your mortgage terms your mortgage is still a significant amount of money. By getting the lowest possible interest rate you can, you will be able to more quickly pay down more of your principle and save the most money over time.

Before you ever hear from your lender about renewing your mortgage term, begin to shop around on your own and see if you can find a more favorable rate to renew your mortgage term at through another lender. By finding a better rate you can either negotiate with your existing lender to match the better rate, or if not then you will have plenty of time to set up financing with a new lender.

Your mortgage is one of your biggest life expenses. For this reason it is imperative to find the best interest rates and mortgage terms as you possibly can. By shopping around

at renewal times you can save substantial amounts of money over the life of your mortgage loan. Don't be one of the 60% who just simply sign their renewal letter and send it back. Make the lenders compete for your business!