

## Refinancing Your Mortgage

With many mortgage rates still relatively low, when reviewing their financing options some borrowers have chosen to refinance their mortgage. Refinancing a mortgage refers to paying off an existing mortgage and replacing it with a new one. Homeowners choose this strategy for a range of reasons, the most common being:

- lowering one's monthly payment to improve cash flow or free up money for a rainy day savings fund,
- consolidating high-cost consumer debt, such as credit cards, car loans or other personal loans,
- renovating one's residence,
- setting up a home equity line of credit.

A key element in evaluating any refinancing option is calculating the prepayment penalty that may be imposed by your current lender. Most mortgages contain a clause that obliges the borrower to pay a penalty if they pay off their mortgage in full before the maturity date. This penalty is usually based on the remaining term on the mortgage, as well as a calculation of the differential between the rate being paid and that lender's current mortgage rate offerings.

Refinancing is a strategic financial decision that requires the assistance of a mortgage expert to get you the best deal from the many options available. Stefanie can provide you with advice on what penalties you may incur and if refinancing is indeed your best strategy. She has access to a full range of lenders and can guide you to a mortgage solution that suits your individual needs.