

The Penalty is How Much!!

Just a note to let you know how I can help anyone you might refer to me.

Steve and Tanya were looking to take advantage of the historically low mortgage interest rates when they were referred to me. They were not sure exactly how they could accomplish this and how much they could save but figured they had to try.

After speaking with Steve and Tanya about their current mortgage and calculating what their new payment would be with the lower rates Steve and Tanya were excited and ready to go ahead. Before we proceeded any further I cautioned them that we need to look at the whole picture to see what the true net savings would be for them to switch their mortgage.

Explaining to them that with the current rates being so much lower than over the past couple of years the lenders are now using what is called Interest Rate Differential or IRD to calculate the cost (penalty) of getting out of your current mortgage. This calculation typically results in a much larger penalty than what most people are used to when compared the 3 month interest penalty typically used in the past. After running the calculations and explaining to Steve and Tanya that the penalty on their current mortgage was going to be approximately double what they were expecting they quickly realized that knowing the whole picture was going to be real important in their decision to refinance their mortgage to a new lower rate.

Steve and Tanya will now be mortgage free 4 years sooner all while saving money every month! After analyzing several different scenarios and looking at the true cost and savings of each, Steve and Tanya were excited to see that even with the higher penalty they could still manage to save money on interest and lower their monthly payments.

If you know anyone who is a looking to take advantage of the current low mortgage rates and are not sure of their options please have them call me to determine what the true savings are.

1-866-612-1312

Jason Roy, Mortgage Professional

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