

# Important Mortgage Questions to Ask

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1. Does the mortgage lender offer a pre-approved mortgage? What considerations are attached to the pre-approval?
  - a. How long is the interest rate guaranteed?
  - b. Will you benefit from a drop in interest rates before closing? If rates do decline, when is the 'final' rate set?
2. How is the interest rate calculated? (should be semi-annually and not in advance)
3. What are the lender prepayment privileges?
  - a. Is there a maximum that can be prepaid?
  - b. Is there a minimum that must be prepaid?
  - c. Is the prepayment privilege cumulative or non-cumulative?
  - d. How often can the mortgage be prepaid?
  - e. When can the mortgage be prepaid?
  - f. When does the prepayment privilege begin?
4. Does the right to increase the mortgage payment appear in the mortgage?
  - a. Is there any fee if the payment is increased?
  - b. How many times a year can the payments be increased? Is that a mortgage year or a calendar year?
  - c. By how much can the payment be increased?
  - d. Is this increased payment your new minimum payment for the balance of the term, or can it be reduced if necessary? On what terms?
  - e. Is the right to increase the mortgage payment affected if you take advantage of any other prepayment privileges the lender offers?
5. Can you choose your own mortgage payment at the outset?
6. Can you choose weekly or bi-weekly payments?
  - a. Can the mortgage be converted back to a monthly payment? If so, on what terms? Are there any fees?
  - b. Can you still take advantage of the lenders other prepayment features if you pay your mortgage other than monthly?
7. What are the costs if you request to payoff your mortgage early?
  - a. Is there any administration fees associated with this?
8. If the property is sold before the mortgage matures, is the mortgage fully assumable?
  - a. If a purchaser is approved to assume an existing mortgage, will the lender give a release to the original borrower?
9. Is the mortgage portable from one property to another?
  - a. Does the mortgage include just a straight "port" or a "port/increase/blend" feature?
  - b. In the case of a port/increase/blended mortgage, will the term of the new, larger mortgage be the same as the remaining term for the original mortgage?
10. With regards to the renewal of the mortgage, when will notice of renewal be given? What will the cost be?
11. Does the lender offer "early renewal"?
  - a. During what period of time – the last year before maturity only?
  - b. What compensation is the lender seeking for early renewal?