

LIVING & LENDING

Your monthly key to smart living and lending



IN THIS ISSUE

UNWRAPPING YOUR RENEWAL OPTIONS

BEYOND THE RATE: WHAT REALLY MATTERS IN YOUR MORTGAGE RENEWAL

LIVING WELL BEYOND THE DESK: A GLIMPSE INTO THE PAST YEAR AS SHARED BY KAREN

YOUR VOICE MATTERS: ASK KAREN OR SHARE YOUR STORY!

MMORTGAGEARCHITECTS®

Karen Reimer, Mortgage Broker

Email: broker@karenreimer.org

Brokerage# 316728 / Broker# 315749

Hello December!

As December ushers in both holiday celebrations and year-end planning, this month we're tackling an important topic: mortgage renewals.

With many homeowners facing renewal in 2026, understanding your options and the features that matter beyond rate can save you thousands.

In this issue, we explore renewal strategies, essential mortgage features, and share Karen's reflections on a year of challenges and growth. Here's to ending 2025 with confidence and welcoming 2026 with clarity!

Unwrapping Your Renewal Options

As December arrives with its tradition of thoughtful gift-giving, there's one gift often overlooked – a well-planned mortgage renewal. Many Canadians sign their lender's renewal offer without realizing they're leaving thousands on the table. A mortgage broker review can save you substantially in both rate and valuable features that protect your financial future.

Why Most Canadians Overpay at Renewal

Here's what typically happens: Your lender sends a renewal letter 30-60 days before your mortgage matures. The rate looks reasonable – maybe it's even close to what you've been hearing advertised. You're busy, life is hectic, and signing the simple renewal form feels like checking an item off your to-do list.

What you don't realize is that **renewal offers are typically 0.25% to 1.0% higher than the rates being offered to new customers or those working with mortgage brokers.** On a \$350,000 mortgage, even a 0.50% difference costs you approximately \$8,750 over a five-year term.

But here's the bigger issue: **rate is only part of the story.** The renewal offer sitting in your mailbox doesn't explain:

- How restrictive prepayment privileges compare to other options
- Whether the penalty calculation could cost you tens of thousands if life changes
- What features you're giving up that could save you money down the road
- How your mortgage stacks up against dozens of other lender products

Think of it like holiday shopping – you wouldn't buy the first gift you see without comparing options, understanding features, and knowing whether it truly fits the recipient's needs.

The True Cost of Convenience

Most people sign their renewal letter because it's easy – no application, no documentation, no decisions. Just sign and you're done.

But this convenience is costly. Banks count on it, and over 60% of Canadians accept their initial renewal offer without negotiating or comparing alternatives.



What this costs you over time:

Consider a couple renewing their \$400,000 mortgage. Their bank offers 5.49%. Through a broker review, they could access rates of 4.99% with better prepayment privileges:

- **Interest savings over 5 years:** approximately \$10,500
- **Improved prepayment privileges value:** potential to save an additional \$15,000-\$40,000 in interest over the life of the mortgage if used strategically
- **Better penalty calculation:** could save \$12,000-\$20,000 if circumstances change and they need to break the mortgage

The convenience of signing that renewal letter could cost them \$37,500 to \$70,500 over the term and life of their mortgage. That's a very expensive convenience.

The Perfect Time for Renewal Planning

Ideally, you should connect with us 120 days before your maturity date. This timeline gives us the opportunity to:

Review your complete mortgage landscape – We analyze your entire mortgage structure, prepayment privileges, penalty calculations, and features against your current circumstances and future plans.

Access our full lender network – We work with dozens of lenders, including many that don't deal directly with the public, presenting you with multiple competitive offers suited to your situation.

Negotiate on your behalf – Armed with competitive alternatives, we approach your current lender with leverage to match or beat competing offers.

Prepare documentation if needed – If switching makes sense, we ensure all documentation is ready and handle the details so you don't have to.

Renewal closer than 120 days? We can still help. Even at 30 days from maturity, a broker review can identify better options. Don't sign without having us review it first.



THREE GIFT EXCHANGE OPTIONS



Accept Your Current Lender's Renewal Offer

Sometimes the best choice when your lender has offered a competitive rate with strong features, you have complex income documentation, or your mortgage includes unique features you want to maintain. However, we never recommend accepting a renewal offer without reviewing it together first. We need to verify the rate is truly competitive, prepayment privileges meet your needs, and you're not giving up valuable features available elsewhere.

Negotiate Better Terms with Your Current Lender

Our most common recommendation for clients who value their current lender relationship but deserve better terms. When we approach your lender with documented competitive offers from our network, the conversation changes completely. We're not asking if they can improve your rate – we're showing them what they need to do to keep your business.

Switch to a New Lender

Makes sense when rate and feature improvements create meaningful savings, your current lender won't negotiate competitive terms, or you need specific features your current lender doesn't offer. Switching involves more paperwork and typically \$300-600 in legal costs (though many lenders cover these costs). The savings often far exceed these minor inconveniences.

The Gift That Keeps on Giving

Just as thoughtful holiday planning creates memories that last beyond December, properly planning your mortgage renewal with professional guidance creates financial benefits that extend throughout your entire term.

The mortgage brokers who compare dozens of options and negotiate terms that save you thousands aren't just service providers – they're partners in your financial success.

This December, give yourself a gift that truly matters: professional mortgage renewal guidance. We'll ensure you're not leaving money on the table and that your mortgage continues to serve your family's evolving needs.

Beyond the Rate: What Really Matters in Your Mortgage Renewal

When most Canadians think about mortgage renewal, they focus on one number: the interest rate. But focusing solely on rate is like baking cookies using only flour – you need all the ingredients working together.

Just as a beautiful gingerbread house requires more than just gingerbread (you need icing to hold it together, candy decorations for personality, and a sturdy foundation), your mortgage renewal needs the right combination of features. Let's explore the essential ingredients that make your mortgage truly work for you.

Prepayment Privileges: Adding Extra Sweetness

Most Canadians don't realize the dramatic difference prepayment privileges can make. Think of them as the decorative icing on your gingerbread cookies – they take your mortgage from simple to spectacular.



Prepayment privileges are extra payments you can make toward your principal without penalty, typically expressed as two numbers like 20/20 or 10/10. The first number is the percentage of your original mortgage you can pay as a lump sum annually. The second is the percentage you can increase your regular payment.

Why this matters: On a \$350,000 mortgage, 10/10 privileges allow \$35,000 lump sum payments annually, while 20/20 allows \$70,000 – double the amount. Over 25 years, maximizing 20/20 versus 10/10 could save over \$50,000 in interest – even with identical interest rates.

Penalty Calculations: Following the Recipe Matters

Just as using wrong measurements in baking can lead to disaster, the wrong penalty calculation method can cost you far more than expected.

If you need to break your mortgage early (due to moving, refinancing, or life changes), the penalty calculation method in your mortgage determines what

you'll pay. This one detail could mean the difference between paying \$5,000 or \$25,000 in penalties on a \$400,000 mortgage.

Portability: Your Mortgage Recipe Travels With You

Canadians move on average every 5-7 years. If you're within a mortgage term when you move, portability determines whether you can transfer your existing mortgage to a new property without penalty – like taking your favorite family recipe wherever you go. Not all portability features are equal. Some lenders allow straight transfers with no fees, while others charge "blend and extend" fees or impose time restrictions.

Aligning Your Mortgage with Your Life Stage

Your renewal is an opportunity to adjust your structure to better serve your current circumstances – like adjusting a recipe based on how many you're serving.

Extending your amortization can significantly reduce monthly payments. A \$300,000 mortgage at 5.5% interest:

- 20-year amortization: \$2,063/month
- 25-year amortization: \$1,842/month
- 30-year amortization: \$1,703/month

Shortening your amortization accelerates equity building and reduces total interest if your income has increased – like choosing to bake a smaller batch when you know exactly how many cookies you need.

When Combined Products Make Sense

Some lenders offer products combining a traditional mortgage with a home equity line of credit (HELOC). These can be powerful tools if you're planning renovations, want emergency access to equity, or need financial flexibility. However, they're not right for everyone.

We evaluate whether a combined product serves your actual needs, how rates compare on both portions, and whether a traditional mortgage with a separate HELOC would serve you better.

The Complete Picture

While interest rate is important, it's just one ingredient in your mortgage recipe. Think of building your perfect mortgage renewal like creating a gingerbread house. The gingerbread itself (your interest rate) forms the foundation – essential, but not enough on its own. The royal icing (prepayment privileges) holds everything together and gives you flexibility. The decorative candies (portability and features) add

function. And getting the structure right (penalty calculations and amortization) ensures your house won't collapse when life brings unexpected changes. We don't just help you find competitive rates – we help you build the complete structure that will support you throughout your term.

This December, as you're mixing ingredients and decorating cookies with your family, remember that your mortgage renewal deserves the same careful attention to detail. Each feature you choose today will impact your financial flexibility for years to come.

***Ready for a comprehensive renewal review? Contact us today.
We'll explain your options in plain language and ensure you understand exactly what you're getting – not just the rate, but every feature that will impact your financial future.***



With useful tools and calculators to help you determine your affordability, monthly mortgage payments, closing costs and more, my app has everything you need at your fingertips. **Scan the QR Code to download the app or visit our website @ www.karenreimer.org**



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Living Well Beyond The Desk

A Year of Health Challenges and Resilience

2025 has been a year marked by significant health challenges. In August, I was diagnosed with Osteoarthritis and started treatment to control inflammation and pain. In March, I underwent revision surgery on my knee – the replacement from 12 years ago had completely loosened. The surgery was a complete success.

However, recovery brought new challenges with severe pain in my ankle, wrist, and shoulder. After being told I would simply have to "live with it," I sought a referral to a Rheumatologist who provided a proper diagnosis and effective treatment plan, including cortisone injections that have worked wonders.

My left ankle is bone on bone and doesn't respond to treatment. I'm currently on a waiting list for fusion surgery, hopefully shortly after Christmas. Recovery will require three months of no weight bearing, but if it means relief from constant pain, it will be worth it.

Throughout all of this, I've continued working as much as physically possible, and we've been blessed with a very good year despite the personal challenges and volatility in the mortgage industry.

Supporting Clients Through Rate Changes

2025 brought unique challenges for homeowners. This year marked the first renewals for those who secured incredibly low rates back in 2020. Clients who had enjoyed 1-2% rates suddenly faced rates near 5% – a 3-4% increase that put enormous stress on household budgets.

We've helped many clients refinance at renewal to relieve this rate shock, in some cases saving families as much as \$2,000 per month. We've also helped many first-time homebuyers thanks to the 30-year amortization option that became available in December, making the difference between qualifying and not qualifying for many young families.

Looking Ahead to 2026

Interest Rates: Forecasts suggest the Bank of Canada's policy rate will continue to fall, potentially reaching 2.0%-2.25% by year-end. While borrowers have been choosing fixed-rate mortgages for stability, we've recently seen variable rates becoming more attractive.

Housing Market: The market showed strong finish to 2025 with solid sales growth. Prices are expected to continue rising in 2026, though at a slower pace. Lower interest rates are making homeownership more accessible.

Renewals: Roughly 60% of mortgages renewing in 2025-2026 will see payment increases, though these increases are smaller than they would have been a year ago. Borrowers with variable-rate mortgages could even see payment decreases of 5-7%.

Life Beyond the Desk

Despite mobility limitations, Tom and I have enjoyed short getaways and I've found joy in gardening – there's something therapeutic about nurturing growth. Our dog Odie keeps us entertained, eagerly joining us for trips and backyard time. We've cherished family gatherings with our children and grandchildren – it's amazing how quickly they're growing!

We remain active in our church community, serving as ushers and at the Hospitality Counter, which has been a wonderful way to connect with people.

Moving Forward with Gratitude

As I look toward 2026, I'm hopeful for relief through upcoming surgery, for continued success in helping clients navigate their mortgage journeys, and for more precious moments with family and friends. Thank you for trusting us with your mortgage needs.



A glimpse into the past year as shared by Karen

Your Voice Matters: Ask Karen or Share Your Story!

Do you have burning questions about mortgages, homeownership, or the real estate market? Or maybe you've had an experience with mortgage pre-approval that could help others on their journey? I want to hear from you!

Submit Your Questions

Got a question you've been pondering? Text or email me and I might answer it in one of my upcoming live videos! Whether it's about the current market conditions, mortgage tips, or anything related to home buying, no question is too small.



Share Your Experience

Have you recently gone through the mortgage pre-approval process? Share your story with us! Your experience could provide valuable insights for others and might be featured in a future newsletter.



How to Participate

Head over to our website & use the contact form to send in your questions or stories. I can't wait to hear from you and continue the conversation!

MMORTGAGEARCHITECTS®

Karen Reimer, Mortgage Broker & Financial Advisor

Email: broker@karenreimer.org

Text/Call: 306-221-7493

Visit Website: www.karenreimer.org

Brokerage# 316728 / Broker# 315749

