

SHAWN SELANDERS

The Mortgage Renewal Guide

Don't sign your bank's renewal offer until you read this.

How to save thousands in 15 minutes.

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Your Local Mortgage Professionals
403-703-6847 | Shawn@ShawnSelanders.ca

Your Renewal Is Coming — Here's What Your Bank Won't Tell You

When your mortgage term ends (typically every 5 years), your lender sends you a renewal offer. Most Canadians sign it within days without shopping around. That single decision can cost you \$5,000 to \$20,000+ over the next term.

Your bank's renewal offer is almost never their best rate. They're counting on your inertia — the hassle of switching feels like more trouble than it's worth. But switching (or even just threatening to switch) costs you nothing and can save you a fortune.

The Renewal Timeline

- 120 days before: Most lenders allow you to lock in a rate 4 months early. This is when you should start shopping.
- 90 days before: Your lender sends the renewal offer. DO NOT sign it immediately.
- 60 days before: Get competing offers from a mortgage broker. Use these to negotiate.
- 30 days before: Make your decision. If switching, the new lender handles the transfer.
- Renewal date: If you haven't signed anything, most lenders automatically renew you to an open mortgage or their posted rate — always avoid this.

Should You Stay or Switch?

Reasons to Stay

- Your current lender matches the best rate you found elsewhere.
- You want to keep your existing mortgage features (prepayment privileges, payment flexibility).
- You're in a collateral charge mortgage that's more complex to transfer.

Reasons to Switch

- Better rate available — even 0.25% saves thousands over 5 years.
- Better prepayment privileges — some lenders allow 20% lump sums vs 10%.
- Better penalty structure — variable rate penalties are typically much lower than fixed.
- You want to consolidate debt, access equity, or change your mortgage structure.

Switching at renewal has NO penalty. The new lender usually covers transfer costs. There is literally no downside to shopping around.

Fixed vs Variable at Renewal

This is the biggest decision at renewal. Fixed gives you certainty — your payment never changes. Variable starts lower but can increase if the Bank of Canada raises rates.

Historically, variable has cost less than fixed over most 5-year periods. But the 2022-2023 rate spike was a dramatic exception. The right choice depends on your risk tolerance, income stability, and how long you plan to keep the mortgage. Use our Fixed vs Variable calculator at ShawnSelanders.ca to run both scenarios.

The Penalty Trap — Why Your NEXT Renewal Starts Today

The penalty for breaking a fixed-rate mortgage mid-term can be devastating — \$10,000 to \$30,000+ using the Interest Rate Differential (IRD) calculation. Variable rate penalties are typically just 3 months' interest (\$3,000-\$5,000).

When choosing your renewal terms, consider: what happens if you need to break this mortgage before it ends? If there's any chance you'll sell, refinance, or separate, a variable rate with its much lower penalty may save you far more than the rate difference.

⚠️ Support payments (child support, spousal support, alimony) affect your renewal qualification if you're switching lenders. The new lender must qualify you fresh — including the stress test. Discuss with your broker.

The 15-Minute Phone Call That Saves Thousands

Call a mortgage broker before you sign your bank's renewal offer. In 15 minutes, a broker can tell you if a better rate exists, by how much, and whether it's worth switching. If your bank's offer is already the best — they'll tell you that too. It costs you nothing. The lender pays the broker's fee.

Many clients use the broker's competing offer as leverage to negotiate with their current bank. Even if you stay, you'll get a better rate than the original renewal offer. You win either way.

Renewal Checklist

- Don't sign your bank's first renewal offer.
- Call a mortgage broker at least 90 days before renewal.

- Get your current mortgage statement showing balance, rate, and maturity date.
- Know your prepayment privileges — have you been using them?
- Consider fixed vs variable based on your risk tolerance and plans.
- Ask about penalty structures for the new term.
- Factor in all debts including support payments for requalification.
- Review your property value — has it increased? You may have new options.

Important Disclaimers

This guide provides general information only and is not a commitment to lend, rate guarantee, or pre-approval. All figures are approximate and must be verified with your mortgage broker and realtor before making any decisions. Lender guidelines, insurer policies, and government programs change frequently. Support payments (child support, spousal support, alimony) affect qualification. 50% of condo fees and 100% of HOA fees are included in debt servicing. Canadian semi-annual compounding applies to all mortgage calculations. Information compiled as of March 2026. OAC. E.&O.E.

Ready to take the next step?

Shawn Selanders

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Shawn@ShawnSelanders.ca | ShawnSelanders.ca

Your Local Mortgage Professionals

Serving Calgary, Okotoks, High River & Southern Alberta