

# DISCOVER

## DAYTONA FINANCIAL SOLUTIONS

---

### MORTGAGE 101

#### FIXED VS. VARIABLE

In a fixed interest rate mortgage, the interest rate will not change throughout the entire term of your mortgage.

In a variable rate mortgage, the interest rate may change from time to time because it is tied to the prime rate. Every time the prime rate changes, your rate will change.

#### OPEN VS. CLOSED

An open mortgage can be pre-paid at any time without penalty or compensation. This means you can pay your mortgage in full at any time.

A closed mortgage is a commitment for a specific term. In a closed mortgage, if you pay the mortgage balance off prior to the maturity date or pre-pay an amount greater than your annual pre-payment privilege, you will need to pay a penalty for doing so.

#### COMPLETION VS. DRAW

A completion mortgage means you get approved for the mortgage amount and the lender does not give the funds to the builder until the house is complete.

In a draw mortgage, the lender finances the build at different stages.

#### HOW TO PAY OFF YOUR MORTGAGE SOONER:

- 1) Increase your payment frequency.
- 2) Increase your payment amount.
- 3) Make lump-sum payments.