

**Overview**

Mortgages are paid in arrears, meaning the borrower's payment is for the previous month's principal and interest. At closing, the borrower pays for the interest that accrues from the date of closing through the end of the month. The first payment made by the borrower covers the interest from the next month.

Mortgage interest credit is a credit for the interest from the first date of the month through the date of closing. Because the borrower will be paying for a full month of interest in the first payment instead of paying for the daily interest at closing, the interest credit is subtracted from the cash due at closing.

**Interest Credit Option**

An interest credit is an option for a loan that closes and funds within the first 5 days of the month.

**Requesting an Interest Credit**

When an interest credit is chosen for a file, include the information in the "Loan Summary" section of the Broker Registration form if known at the time of registration.

Loan Summary, and/or File Specific Information, Additional Notes
Interest Credit

If an interest credit is requested after the initial file registration, notify MLS via email and the file will be updated to reflect the credit. Contact your Account Executive (AE) if you have any questions.