HOME BUYERS GUIDE

Compliments of

Heather Gerchikov
The Re/Max
in
Walmart Team

Team Szucs

Mandy Szucs, AMP
Mortgage Broker

Thomas Szucs
Mortgage Agent

Real Mortgage Associates

Bus: 905 469 0766
Fax: 905 469 2701

Email:TeamSzucs@RMABroker.ca
www.OakvilleMortgageTeam.com

TABLE OF CONTENT

Why use a Mortgage Broker.……………………………………………………………1

Who you need to buy a home………………………………………………………….2-3

Variable versus Fixed Rate?...4

Are rates on a downward trend or are they going up?..4

Understanding your credit…………………………………………………………….5

Applying for a mortgage loan…………………………………………………………6

Getting pre-approved………………………………………………………………….7

Down payment options………………………………………………………………..8

Comparing different payment frequencies……………………………………………9

At the lawyer…………………………………………………………………………10

Homebuyers closing cost checklist…………………………………………………..11

Terminology about your mortgage……………………………………………….…12-14

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

WHY USE A MORTGAGE BROKER?

The purchase of a home is one of the biggest decisions a consumer will make. Will you choose a bank or a Mortgage Broker to obtain financing? Which institution will offer you the most attractive rate and the mortgage product that best suits your needs? Will they be looking out for you and your best interests? Here are 10 reasons why you should use a mortgage advisor.

- **Get independent advise on your financial options**
  As independent mortgage consultants we are not tied to any one lender or range of products. Our goal is to help you successfully finance your home property. We'll start by getting to know you and your homeownership goals and make recommendations, drawing from available mortgage products that match your needs and we will decide together on what's right for you.
- **Save time with one-stop shopping**
  It could take weeks for you to organize appointments with competing mortgage lenders – and we know you'd probably rather spend your time house-hunting! We work directly with dozens of lenders and can quickly narrow down a list of those that suit you best. It makes comparison-shopping fast, easy and convenient.
- **We negotiate on your behalf**
  Many people are uncertain or uncomfortable negotiating mortgages directly with their bank. Brokers negotiate mortgages each day on behalf of homebuyers. You can count on our market knowledge to secure competitive rates and terms that benefit you
- **More choice means more competitive rates**
  We have access to a network of major lenders in Canada so your options are extensive. In addition to traditional lenders, we also know what's being offered by credit unions, trust companies and other sources.
- **Ensure that you're getting the best rate**
  Even if you've already been pre-approved for a mortgage by your bank or another financial institution, you're not obligated to stop shopping! Let us investigate to see if there is an alternative to better suit your needs
- **Get access to special deals and add-ons**
  Many financial institutions would love to have you as a client, which is why they often offer incentives to attract creditworthy customers. These can include retail points programs, discounts on appliances, shopping clubs and more. We do the math on which offers might be worth your attention when it comes to financing or mortgage insurance – so you get the perks you deserve
- **Things move quickly!**
  Our job isn't done until your closing date goes smoothly. We'll help ensure your mortgage transaction takes place on time and to your satisfaction.
- **Get expert advice**
  When it comes to mortgages, rates, and the housing market, we'll speak to you in plain language. We can explain the various mortgage terms and conditions so you can choose confidently.
- **No cost to you**
  There is absolutely no charge for our services on typical residential mortgage transactions.
- **Ongoing support and consultation**
  Even once your mortgage is signed and paperwork has been complete, we are here if you need any advice on closing details or even future plans. We are happy to be of assistance when you need it.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

WHO YOU NEED TO BUY A HOME

Buying a home is a somewhat complicated transaction that involves a number of professionals who all perform different functions during the purchase process.

The real estate agent/broker – Based on your price range, wants and needs your Realtor will find homes for you to view, once you have found the perfect one he or she will work with you to determine an offer price and draft the Agreement of Purchase and Sale. Once accepted your Realtor will book an appointment with the Listing Agent to allow at least 2 hours for yourself, your Realtor and your Home Inspector to go over the property. He or she will send all relevant documents to your Lawyer and make sure you Lawyer and Mortgage Advisor are kept up to date on any changes.

Mortgage Broker – Some purchasers retain the services of a mortgage advisor to assist them with arranging their mortgage financing. He or she has relations with many Banks to assist you in negotiating the best type of financing that suits your particular financial situation. Using a Mortgage Advisor is a convenient way to obtain mortgage financing; saving you time and limits your credit inquiry to one rather than numerous inquiries if you are 'shopping'. Your Mortgage Advisor will navigate you through the entire process from start to finish ensuring that you have the mortgage most suited for you and your family.

Lenders – Banks, credit unions and mortgage companies all lend money to homebuyers. Find out how much you can afford before starting to look. Lenders look at your income, debts, employment and credit histories and the value of the property you want to buy before giving you a mortgage. It pays to know how much you can afford before looking, so consider getting pre-approved. You don't want to find your dream home and then discover you can't buy it because it is too expensive.

Lawyer – Your lawyer (notary in Quebec) reviews the agreement of purchase and sale, ensures all closing documents, including title search and title insurance, have been completed properly, obtains signatures and records documents with the appropriate provincial land transfer office. Your lawyer will usually also act for the lender and collect the money needed to close your purchase and give it to the appropriate parties, as well as ensure that on closing you have a valid and marketable title subject only to the encumbrances you have agreed to. If you don't have or know of a lawyer, your best referral source is family or friends, or through the law society in your area.

Property Surveyor – A property survey is undertaken to verify the property's boundaries, measurements and structures and identify any easements, rights of way or encroachments on your, or adjacent properties. Title insurance is often an alternative to a property survey.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

WHO YOU NEED TO BUY A HOME

Home Inspector – A qualified inspector examines the plumbing, electrical work, furnace, air conditioners, roof and structural stability of your new home. This allows you to address any issues with the vendor prior to closing, as well as anticipate any repairs you may need in the future.

Appraiser – Depending on how much you are putting down you may be required to obtain an appraisal of the property you are purchasing. An appraiser determines the home's market value based on its condition and the selling prices of similar homes in the area. If you are purchasing with 20 per cent of the property value or more as your down payment you will be required to obtain an appraisal for your own protection as well to fulfill a condition on your mortgage approval from the Lender. For any purchases with less than 20 per cent of the property value as your down payment the Insurer, CMHC or Genworth Financial, includes this as part of their application cost.

Default Mortgage Insurer – Mortgage insurers protect lenders from a borrower defaulting on a mortgage at any time during the mortgage amortization period. By law, banks are required to purchase default mortgage insurance on all mortgages where the down payment is less than 20 per cent of the property value. Mortgage insurance also lets people buy a home with a little as five per cent down and still get the same interest rates as for conventional mortgages.

Provided by Genworth Financial Canada

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

VARIABLE VERSUS FIXED RATE?

This is a question that consumers have been struggling with over the past several years while we have been enjoying historically low interest rates. But how long is this low interest rate environment going to last?

While most consumers believe that short term and long term rates move in tandem, the reality is that they do not. Whenever the Bank of Canada lowers its rate, the assumption is commonly made that all mortgage rates decrease as well. This is not the case. The Bank of Canada influences short term rates, but has little or no effect on longer term rates.
When the Bank of Canada changes its discount rate, all lending institutions quickly follow by changing their prime rate. The Bank of Canada will increase this rate in order to maintain inflation within its targeted range of 1% - 3%. Since almost all variable rate products are based on the lender's prime rate, this has an immediate effect on the variable rate mortgage. If you are making contractual payments, your payments will rise and fall with the rise and fall of the prime rate. Similarly, if you are making higher than contractual payments to your variable rate mortgage, then the portion of interest vs. principle paid at each installment fluctuates with the rise and fall of prime rate. There are a couple of lenders who offer a "capped" rate on their variable rate mortgage, but most lenders do not offer this protection. Instead, they will allow consumers to "convert" from a variable rate to a fixed rate term at any time, for no fee. The only normal stipulation is that you must stay with the same lender for a combined total of at least three years. Before you sign any lender's papers for their variable rate product, ensure you obtain in writing what discount will apply upon conversion to a fixed rate term. Otherwise you might be in for a nasty surprise when you convert later.
Longer term fixed rate mortgages are directly affected by daily fluctuations in the bond market.

You should ask yourself several questions when determining which product is best suited to you. Am I financially and mentally equipped to handle fluctuating mortgage rates?

- What is my tolerance for financial risk?
- Am I knowledgeable and diligent in monitoring our economic climate?
- Can I/will I react wisely to market fluctuations?
- Do I value the peace of mind associated with fixed mortgage payments?

By managing the variable rate product, some consumers have been able to pay down their mortgage substantially. Experts now agree with the benefit of hindsight that over the past ten years one would have paid less interest by taking a short term or variable rate mortgage versus a longer term mortgage.

ARE RATES ON A DOWNWARD TREND OR ARE THEY GOING UP?

Pay close attention to what the interest rate market is doing currently. If the rates appear to be on a downward trend a convertible mortgage will allow you the flexibility of enjoying a short term rate with the option to lock in if rates increase. On the other hand if rates are on the rise you may want to lock into a long term mortgage if the rise looks to be permanent. If the rise in interest rates appears to be a short term increase you may want to consider riding it out by taking a short term or convertible mortgage so you can lock into a longer term when the rates come back down.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

UNDERSTANDING YOUR CREDIT

Incurring debt is part of life for most people. Understanding how best to handle credit will help you maintain control of your overall financial situation. Strong credit leads to quick credit approval at the best possible terms. Your credit history must clearly show your willingness and ability to pay your debts.

Your Credit Report

- During the application process, lenders look at your credit record and credit score to check how you've managed your debts.
- For a small fee, a credit bureau will provide an instantaneous, complete online credit report and credit score that details your current debts and payment history. They also detail what your score level means, how you compare to others, and provide tips to improve your score.
- You also may receive your credit report (without the credit score) by mail for free by contacting the credit bureau.
- When you receive your credit report, ensure that all the information and amounts are correct. Look carefully for any past-due or written-off amounts. Uncertainty and ambiguity on your credit report can be dangerous to your financial health.

Correcting Credit Problems

- You can establish minor credit relationships, such as short term installment loans or a credit card, and maintain a record of prompt payments.
- If you have a credit problem because of an unusual situation, write a letter of explanation. Your lender may overlook a credit problem if you can give a good reason for not having made your payment.
- If you're constantly struggling to pay your bills, seek professional help. Remember: creditors don't want to lose money. Let them know if you are having trouble with your payments. Most creditors will work out alternative payment arrangements to help you maintain a good credit rating.

Credit Tips

- Plan major purchases carefully and do not accumulate excessive amounts of debt.
- Pay down existing debts and ensure bills are paid on time, especially minimum payments on credit cards. If necessary, postpone major purchases until you can save the money required.
- Avoid large purchases before buying a house, since the added debt will affect your mortgage qualifications.
- Use credit responsibly. Establishing a track record of on-time payments will improve your credit rating.
- Avoid skipping bills to make other payments since missed payments appear on your credit report and create longer-term problems.
- Avoid defaulting on payments. Delinquent payments, collection items, and court judgments stay on your credit file for six years, even if you subsequently pay them.
- Save money regularly for financial emergencies. You also can arrange for credit lines to cover short term cash flow payments, but resist utilizing them on a long term basis.

Provided by Genworth Financial Canada

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

APPLYING FOR A MORTGAGE LOAN

Lenders look at six key factors when evaluating an application – your identity, your income, debts, employment history, credit history, and the value of the property.

Your Identity
In order to protect against mortgage fraud, the lender or their lawyer will require picture identification to ensure you are the individual you represent yourself to be. In addition, you may be asked questions regarding your credit history to verify information on record at the credit bureaus.

Your Income
The lender will measure your income level against the amount of the mortgage payments, property taxes and condo feeds, to decide whether you can comfortably afford a home. Your lender will compare your current housing expenses to the expense you'll have if you buy a home. The smaller the increase, the stronger your application looks. A guideline of 32% of your pre-tax income is used to determine your maximum payment level.

Your Debts
The lender will look at your debts, including your anticipated house payment, as well as all loans, credit cards, child support and any other payments that you make each month. The ratio of the payments on these debts to your gross income results in a total debt service ratio. A guideline of 40% of your pre-tax income is used to determine your maximum payment level.

Your Employment History
Mortgage lenders are more likely to lend money readily to people who have a history of steady employment. You will need to provide a letter and pay stub from your employer; the lender may further verify your employment by contacting your employer. If you're self-employed or have been at your job less than two years, they may ask for other documentation, such as business financial statements or federal income tax returns.

Your Credit History
Good credit is very important in qualifying for a loan. A mortgage lender will look at your credit record to see how well you've paid your loans and other debts in the past. If you've never had a loan or a credit card, you can still demonstrate a good record by showing timely payment of utility bills and rent.

The Property's Value
When purchasing a property, you should be comfortable the price you are paying is reasonable and will be acceptable to the lender. You can usually confirm the value is reasonable by obtaining an appraisal from an accredited appraisal professional or from the realtor who is representing you in the purchase. Some purchasers may also obtain a property inspection to confirm the property's condition and identify any items that may require repairs.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

GETTING PRE-APPROVED

Arranging a pre-approved mortgage should be the first step in looking for a new home. Not only does it protect you against rate increases, with rate holds of 90 to 120 days, it also allows you to shop for your dream home with confidence. It provides you and your realtor a starting point that is in your comfort zone. Your Mortgage Advisor can shop the mortgage market to find the most attractive product and rate for you. When you do find a property you wish to purchase you can do so without hesitation because you have done your homework!

Having the right documents in place will speed up the process of getting pre-approved. Have the following information on hand when speaking with your Mortgage Advisor.

- Obtain an income letter that confirms your gross annual income, how long you have been employed and your position.
  If you are self-employed you will need the last 2 years Notice of Assessment that confirms your income
- Your Social Insurance Number and Birth date of all applicants that will be on title to the property being purchased
- The lender will require 3 years history of residences and employers
- Knowing your banking information such as your account balances and values of your assets
- Know your liabilities and payments associated with car loans, credit cards and loans

Your Mortgage Advisor is there for you to make this experience as painless as possible so put together questions that you would like answers to before making your call.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

DOWN PAYMENT OPTIONS

From a low down payment mortgage to using your Registered Retirement Savings Plan (RRSP) as a source of funds, buying a home has never been easier. You can buy a home with as little as 5% down payment but remember that the larger the down payment, the easier the other expenses will be to manage.

Conventional Mortgage:
A conventional mortgage requires a down payment of at least 20% of the purchase price and is offered on either a fixed or variable interest rate basis. Conventional mortgages have the lowest carrying costs because they do not have to be insured against default.

Low Down Payment Insured Mortgage:
A low down payment or insured mortgage allows you to purchase a new or resale home with lower down payment than conventional mortgages – as low as 5%. Low down payment mortgages must be insured to cover potential default of payment; as a result, their carrying costs are higher than a conventional mortgage because they include the insurance premium. Low down payment mortgages are often referred to as High Ratio mortgages. Both Canadian Mortgage and Housing Corporation (CMHC) and Genworth Financial Mortgage Insurance Company Canada (Genworth) offer default insurance.

Example of $100,000 mortgage and Insurance Premium			
LTV Ratio	Premium to Purchase	Premium Included	Total Loan Amount
75.01%- 80%	1.00%	$1,000.00	$101,000.00
80.01%- 85%	1.75%	$1,750.00	$101,750.00
85.01%- 90%	2.00%	$2,000.00	$102,000.00
90.01%-95%	2.75%	$2,750.00	$102,750.00

Using your RRSP as a Down Payment
Under the Federal Government's Home Buyer's Plan, first-time home buyers are eligible to use up to $20,000 in RRSP savings per person ($40,000 per couple) for a down payment on a home. The withdrawal is not taxable as long as you repay it within a 15 year period. To qualify, the RRSP funds you plan to use must have been in your RRSP for at least 90 days.

Using "Cashback" as a Down Payment
Home buyers who have established an excellent credit rating but haven't accumulated the required down payment or have chosen to use their savings for other asset enhancing purposes may qualify for a "Cashback" mortgage. This is a closed mortgage that allows applicants the ability to receive 5% of the mortgage amount back in cash. This requires just 1.5% of the purchase price to cover closing costs.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

COMPARING DIFFERENT PAYMENT FREQUENCIES

You have the ability to choose how frequently you wish to pay your mortgage; monthly, bi-weekly and weekly. Depending on which frequency you choose as well as taking advantage of pre-payment privileges could save you from interest charges on the life of your mortgage.

Example:
Based on a $200,000 mortgage amount for a 5 year term and 25 year amortization using a rate of 5.50%

If you chose monthly payments

No. of Payments	60
Effective Amortization	25 years
Payment	$1,220.78
At the end of your 5 year term	
Principal Paid	$21,624.80
Interest Paid	$51,622.00
Outstanding Balance	$178,375.00
Making an additional $2,000 payment each year	
Principal Paid	$32,803.87
Interest Paid	$50,442.93
Outstanding balance	$167,196.13
Effective Amortization	22.9 years instead of 25

If you choose bi-weekly payments

No. of Payments	130
Effective Amortization	21.17 years
Payment	$610.39
At the end of your 5 year term	
Principal Paid	$28,731.85
Interest Paid	$50,618.85
Outstanding Balance	$171,268.15
Making an additional $2,000 payment each year	
Principal Paid	$39,910.91
Interest Paid	$49,439.79
Outstanding balance	$160,089.09
Effective Amortization	19.5 years instead of 25
Increasing your $610.39 payment to $650 bi-weekly	
Principal Paid	$34,641.21
Interest Paid	$49,858.70
Outstanding Balance	$165,358.79

If you choose weekly payments

No. of Payments	260
Effective Amortization	21.17 years
Payment	$305.20
At the end of your 5 year term	
Principal Paid	$28,780.80
Interest Paid	$50,571.20
Outstanding Balance	$171,219.20
Making an additional $2,000 payment each year	
Principal Paid	$39,959.98
Interest Paid	$49,392.02
Outstanding balance	$160,040.02
Effective Amortization	19.5 years instead of 25
Increasing your $305.20 payment to $350 bi-weekly	
Principal Paid	$42,155.02
Interest Paid	$48,844.98
Outstanding Balance	$157,844.98

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

AT THE LAWYER

Mortgage instructions will be sent to your lawyer from the lending institution. These instructions consist of the mortgage and property details. Your Realtor will have sent your lawyer a copy of the purchase agreement and confirmation that your deposit has been paid.

Your lawyer will then do the appropriate searches to determine what charges are listed against the property (e.g. the vendor’s mortgage). These must be satisfied by the vendor before title can be transferred to you.

Approximately one week before your closing date, you meet with your lawyer. He or she will explain the mortgage documents to you and witness you signing them. Your lawyer will request a copy of your fire insurance on the new property, with loss payable to the lender.

Your lawyer will explain the statement of adjustments and disbursements. This statement lists the various expenditures and where the money is coming from to pay for them.

For example:

1. The contract amount of the purchase
2. Less the amount of deposit given with the offer and add the remaining Realtor fees
3. Less the amount of your mortgage forwarded by the lending institution to your lawyer
4. Add the amount of the down payment you still owe
5. Add the portion of property taxes you owe the vendor OR
6. Subtract the portion of property taxes that the vendor owes to you
7. Add or subtract any other adjustments that are required (e.g. land or property transfer tax)
8. Add the lawyer's fees.
9. The balance is the amount that you will have to pay to the lawyer 'in trust' to complete the transaction. Most lawyers will require a bank draft or certified cheque

On the completion date your lawyer will forward the total amount required to the vendor's lawyer 'in trust' on the vendor's lawyer's undertaking to provide clear title to you.

Once the vendor’s lawyer has received the money, your Realtor will be given the go-ahead to hand you the keys.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

HOMEBUYERS 'CLOSING' COSTS CHECKLIST

Type of Cost	Description	Approximate Cost*
Closing Adjustments	There are a number of property expenses that the seller may have prepaid and will need to be reimbursed for by the buyer. They include: ➢ Municipal property and school taxes ➢ Utilities such as heating, hydro and water ➢ Condo maintenance fees, if applicable	Up to $500 (varies by prepaid expenses)
Legal Fees and Disbursements	Lawyer reviews Offer to Purchase, searches title, draws up mortgage documents and looks after closing details	Can vary between $1,300 and $2,500
Appraisal Fee	Appraisal of property required to confirm market value before finalizing mortgage For High ratio this is included in fees charged by them	Between $150 and $400
Land Transfer Tax	Fee charged to the purchaser when a property changes ownership. Generally the largest portion of closing costs on a resale home	Can range from 0.5% to 2.0% of the value of the property (varies by province and municipality)
PST (only high ratio)	Charged on your mortgage default insurance premium Payable at the time of closing	Varies with Insurers Premium based on the loan amount
Interest Adjustment	You will need to pay any interest accrued between your closing date and your first scheduled mortgage payment. Payable at the time of closing	Between $100 and $1,000 (varies by closing date)
Title Insurance Fee	This is required to finalize your mortgage application. Title Insurance can protect against fraud, forgery, title defects and survey problems	Approximately $225 for title insurance
Home Inspection Fee	Recommended before finalizing offer to purchase May reveal areas where repairs are required	Between $150 and $500
Property/ Fire Insurance	Proof of insurance required by closing date Must at least cover replacement value of home and contents	Between $250 and $600 annually
Estoppel Certificate	Outlines a condominium corporation's financial and legal state of affairs	Up to $100

Prices/costs may vary by region and service provider.

- Don’t forget to include costs associated with:
  - Moving
  - Appliances
  - Improvements to your new home

Mandy Szucs, AMP Mortgage Broker **Tom Szucs, Mortgage Agent Business Development**

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

TERMINOLOGY ABOUT YOUR MORTGAGE

Amortization	The actual number of years it will take to repay a mortgage loan in full. This can be well in excess of the loan's term. For example, mortgages often have a 5 year term but a 25 year amortization.
Down Payment	The amount of money put forward by the purchase. Usually it represents the difference between the purchase price and the amount of the mortgage loan.
Gross Debt Service Ratio (GDSR)	The percentage of gross annual income required to cover payments associated with housing. These payments include mortgage principal, interest, taxes, secondary financing, space heating and 50% of condominium fee if applicable. Most lenders prefer no more than 30% GDSR
Total Debt Service Ratios (TDSR)	The percentage of gross annual income required to cover payments associated with housing and all other debts and obligations, such as payments on a car loan or credit card. Most lenders prefer no more than 40% TDSR
Interest	The fee charged for the use of the money supplied by the lender.
Interest adjustment	This may apply to mortgages that close on any day other than the requested day of payment. For example if you are making payments on the first of every month and your mortgage closes on the 25th of the month (assuming the month has 30 days) you will have to pay interest for 5 days so that you are paid up until the first of the coming month where you will make your first full month payment.
High Ratio Mortgage	A mortgage loan which exceeds 80% of the appraised value or purchase price of the property, whichever is the lesser of the two. This mortgage must be insured with either Genworth Financial or CMHC. A high ratio mortgage insurance premium will be added to your mortgage loan amount to protect the lender against loss or default of payment.
Conventional Mortgage	A mortgage loan which does not exceed 80% of the appraised value or purchase price of the property, whichever is the lesser of the two.
Loan To Value Ratio (LTV)	The ratio of the loan to the appraised value of purchase price of the property, whichever is less expressed as a percentage

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

Mortgagee	The lender.
Mortgagor	The borrower.
Principal	The amount actually borrowed.
Payment Frequency	How often you wish to make your mortgage payments. For example weekly/weekly accelerated, bi-weekly/bi-weekly accelerated, semimonthly and monthly.
Term	The length of time which a mortgage agreement covers. Payments made may not fully repay the outstanding principal by the end of the term because the amortization period is longer.
Commitment Letter	Documentation supplied by your lender that confirm the details of the mortgage loan and conditions upon which the lender will provide the mortgage such as income confirmation etc.
Interim Financing	A "Bridge" loan if the property being purchased is before the sale of your existing property; the lender for your purchase holding your mortgage will normally provide this for a fee. For example if the home you are purchasing closes in 60 days but the home being sold that will be used for down payment closes in 90 days you will need a "Bridge" loan to close the gap between the two sale dates.
Closed Mortgage	A mortgage agreement which does not provide for full pre-payment prior to maturity without incurring a penalty. A lender may permit partial pre-payment under certain circumstances without penalty and this is recognized as a pre-payment privilege.
Convertible Mortgage	A mortgage that allows a client to convert to a different term during the term of the convertible mortgage.
Fixed Rate Mortgage	A mortgage loan for which the rate of interest is fixed for a specific period of time (the term).
Open Mortgage	A mortgage agreement which allows the borrower to repay the debt more quickly than a specified term and usually without pre-payment charges.
Rate Guarantee	The period of time prior to the closing of you house that the lender will guarantee the interest rate they have offered will not increase. This is usually between 90-120 days. If the rates drop before your closing date you are guaranteed the lower interest rate.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com

Assumable Mortgage	A mortgage where the potential purchaser has the ability to take over financing that is already secured against the property. Most institutions require that the new client qualify in order to assume the mortgage, through use of a subsequent purchaser approval clause in the mortgage document.
Discharge	To repay a debt in full.
Discharge Penalty	The penalty a lending institution will charge for discharging a mortgage prior to maturity (the end of the term).
Equity	The difference between the price for which a property could be sold and the total debts registered against it.
Portable Mortgage	The ability for the mortgagor to transfer his/her existing mortgage to a new property without actually terminating the contract with the existing lending institution.
Pre-payment Option	A clause in the mortgage that allows partial repayment without being charged a penalty.
Refinance	To pay off a mortgage and any other registered encumbrance and arrange for a new mortgage with the same lender or a different lender.
Renew	To extend a mortgage agreement with the same lender for another term. The rate and term may change in accordance with the new agreement.
Second Mortgage	A mortgage loan granted when there is already one other mortgage registered against the property.
Transfer	The ability for the mortgagor to transfer his/her existing mortgage to a new financial institution prior to or upon maturity. A discharge penalty may apply if the transfer occurs prior to maturity.

Mandy Szucs, AMP Mortgage Broker Tom Szucs, Mortgage Agent Business Development

TeamSzucs@rmabroker.ca www.OakvilleMortgageTeam.com