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COUNTRYSIDE
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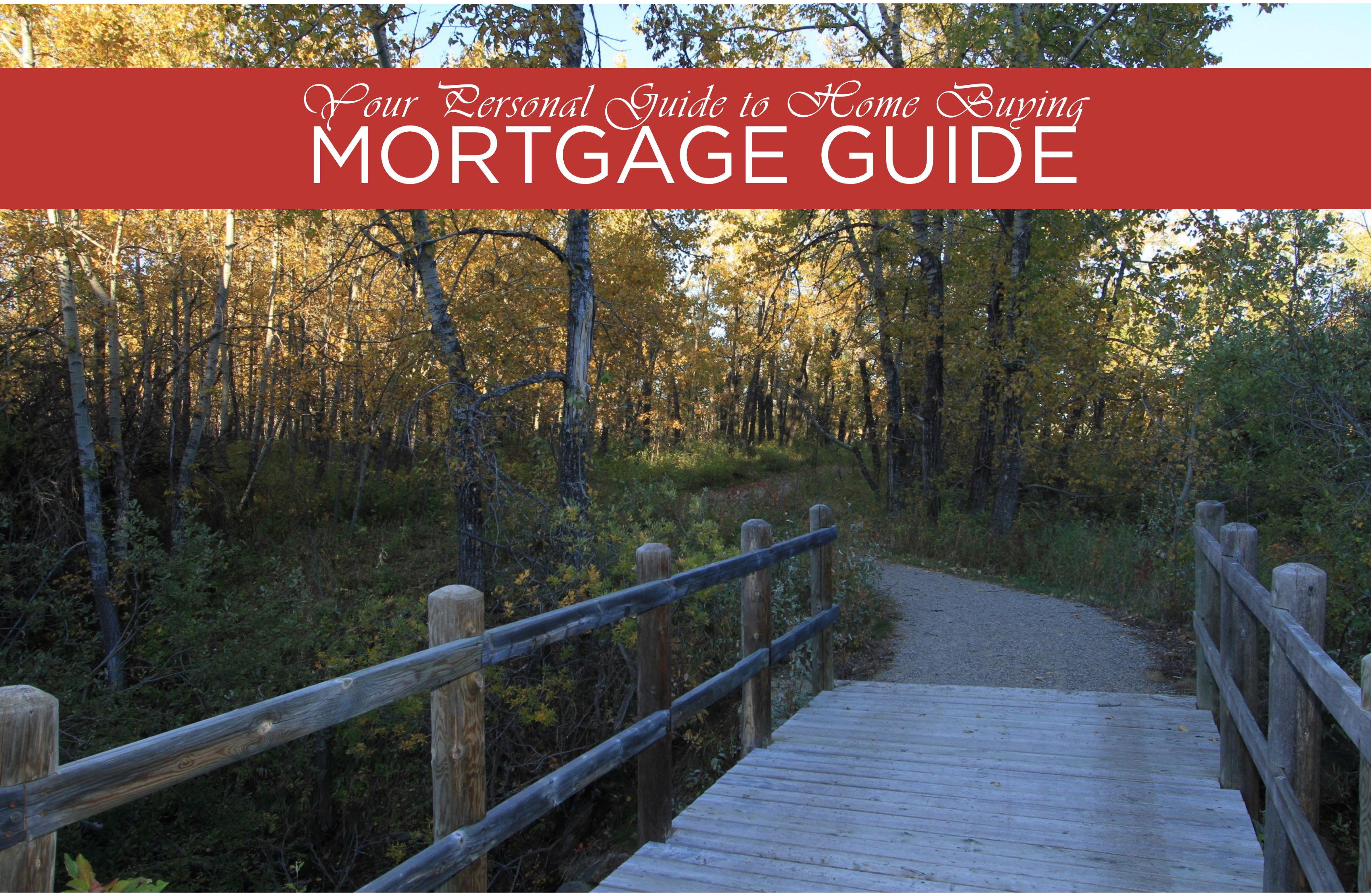
Your Personal Guide to Home Buying

MORTGAGE GUIDE



In this guide, you will find:

- ☐ 7 signs that you've picked the right real estate agent
- ☐ 6 step mortgage application process
- ☐ Introduction to your mortgage broker
- ☐ What is a mortgage broker?
- ☐ General mortgage qualification requirements
- ☐ Mortgage application check-list
- ☐ Understanding your credit report
- ☐ What not to do before your new mortgage funds
- ☐ Closing costs—be prepared!
- ☐ Do you have a home to sell?
- ☐ Mortgage savings tips
- ☐ Notes
- ☐ Mortgage glossary

7 SIGNS THAT YOU'VE PICKED THE RIGHT REAL ESTATE AGENT

Buying or selling a home can be a complicated and stressful experience. There can be a lot of moving parts involved that may come as a surprise to people who have never been through the process before. This is why having a great real estate agent is critical.

Picking the right agent isn't always easy, but you'll definitely know if you've picked the right one for you. Here are seven signs that you've made a great decision in picking your real estate agent:

1. You like being around them

You don't have to be head over heels in love with your real estate agent, but you need to at least enjoy being around him or her. You will spend a lot of time communicating with your agent, so the relationship needs to be a good one to help make the experience as painless as possible. There's nothing worse than dealing with a person who you don't like being around, especially if the going gets rough. If you don't cringe at the sound of your agent's voice then you might have found the right one.

2. They're responsive and available

This point is non-negotiable. A good real estate agent will make themselves available to you and won't leave you hanging when you're waiting for a response. If your agent is leaving you feeling like a spurned date, they're doing something wrong. The right agent understands how important and serious a real estate transaction is, and will always make sure to make your needs a priority.

3. They've asked you to get pre-approved

If you're a buyer and you haven't spoken with a mortgage professional before going out and looking at houses, a good real estate agent will ask you to. It might be frustrating if you don't understand the reasons why, but a good agent knows that it's for your own benefit just as much as theirs. There are a number of important things you might find out by going through the pre-approval process, many of which you should know before spending any of your time searching for a home. A good agent knows this, and wants you to know as well.

4. They're proactive and not just reactive

This is one indicator that will set the right agent apart from everyone else. The right agent will not just go through the motions and take orders, they will be proactive in helping you identify and find the right solutions. For instance, instead of just sitting back and waiting for you to send properties you might have come across, a great agent is always on the hunt for the ideal property for you, and will communicate and suggest things that you might never have considered before. Being proactive is a mark of a true real estate professional.

5. They're honest with you, even when it hurts

Just like honesty is important in a romantic relationship, so is honesty in a real estate relationship. The right agent will tell you the truth when you need to hear it, even if it's inconvenient for them. It takes a lot of guts to be honest with someone when it might cost you money, but it's also an ethical imperative, and a great agent will always put their own character, honesty, and integrity ahead of making a buck. And if they have to tell you the harsh truth that what you're looking for is impossible, the right agent will do that too.

6. They don't give up easily

A real estate transaction rarely goes off without a hitch these days, and sometimes it feels like the universe is conspiring to keep you from buying or selling a home. But it's much easier to throw your hands in the air and say "I give up," or "Someone else can figure this out," than it is to buckle down and come up with a solution. The right agent doesn't give up, and will uncover a way to keep things moving, even it takes some creativity. The right agent fights for you, and doesn't throw in the towel after getting jabbed.

7. They want to build a relationship

One of the best signs that you've picked the right agent actually occurs either before or after you work with them on a deal. Even though real estate is transactional, the best agents look to build a relationship with their clients instead of just working with them on a deal and then disappearing. If your agent stays in touch, presents themselves as a constant resource, and is in it with you for the long-haul, then you've definitely found the right one for you.

6 STEP MORTGAGE PROCESS

Step #1 — The application & consent. It is essential we collect your application & written consent to start the mortgage process. This will allow us to determine what you qualify for and the best mortgage strategy/product you should plan for, All details strictly confidential.

Step #2 — Verification. Naturally, your approval will be subject to verification of the information your provided to us. Please see page 5 in this package of general items to meet your mortgage conditions; note this is subject to change and we will advise your specific documents needed.

Step #3 — Qualifying. After the application (incl consent) and verification stage, we then have to get you qualified for the loan. At this stage we package up your information and send it to a lender for an approval or pre-approval. We negotiate with several lenders on your behalf in order to maximize the best deal.

Step #4 — Underwriting. During this stage, the lender will review the application and verify everything including income, down payment, property. There may be some back & forth as the lender completes their due diligence. At this stage, we can still change the rate, payment amount, terms, etc.

Step #5 — Approval. When the lender completes their underwriting (and submission to CMHC if necessary), they will send us a mortgage commitment if they choose to approve the file. The commitment outlines terms & conditions we must meet. We will review the commitment offer in detail before you sign.

Step #6 — Funding. Once we have signed the approval and met all conditions placed on the loan, the file will move forward to your chosen Lawyer. Lender will forward the documents (called "instructions") to the lawyer. He/she will register the transaction legally, collect remaining down payment and disburse the funds. You will meet with them to sign & finalize.

WHAT IS A MORTGAGE BROKER?

Get independent advice on your financial options
As an independent mortgage associate, I'm not tied to any one bank, lender or range of products. My goal is to help you successfully finance your home or property. I'll start by getting to know you and your homeownership goals. I'll make a recommendation, drawing from available mortgage products that match your needs, and we will decide together on what's right for you. When it comes to mortgages, rates, and the housing market, I'll speak to you in plain language. I can explain the various mortgage terms and conditions so you can choose confidently.

Save time with one-stop shopping
It could take weeks for you to organize appointments with competing mortgage lenders — and I know you'd probably rather spend your time house-hunting! I 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.

More choice means more competitive rates
I have access to a network of major lenders in Canada, so your options are extensive. In addition to traditional lenders, I also know what's being offered by non-bank, mono-lines, credit unions, trust companies, and other sources.

Ensure that you're getting the best rates and terms
Even if you've already been pre-approved for a mortgage by your bank or another financial institution, you're not obliged to stay there! Let me investigate to see if there is an alternative to better suit your needs. You can count on my market knowledge to secure competitive rates and terms that benefit you.

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. I 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.

No cost to you
There's absolutely no charge for my services on typical residential mortgage transactions. How can I afford to do that? Like many other professional services, such as insurance, mortgage brokers are generally paid a finder's fee when I introduce trustworthy, dependable customers to a financial institution. These fees are quite standard and nearly industry-wide so that the focus remains on you, the customer.

Ongoing support and consultation
My job isn't done until your closing date goes smoothly. I'll help ensure your mortgage transaction takes place on time and to your satisfaction. Even once your mortgage is signed and paperwork is complete, I am here if you need any advice on closing details or even future referral needs. I am happy to be of assistance when you need it.

MORTGAGE PROFESSIONALS CANADA
WE BROKER RESULTS

GENERAL QUALIFICATION REQUIREMENTS

Subject Property

- ☐ Must be prime & marketable
- ☐ Must have water source, septic, heat and year round access
- ☐ Located in an area with ongoing resale demand
- ☐ Appraised value must confirm purchase price (if less, mortgage will be adjusted to be lessor of)
- ☐ Remaining economic life of property must exceed mortgage amortization
- ☐ Leasehold properties - lease expiry date must exceed mortgage amortization by at least 5 years

Insured Mortgage = High-Ratio < 20% or Low-Ratio ≥ 20% down payment

- ☐ Qualified at the current benchmark rate
- ☐ Up to 25 year amortization
- ☐ Property value must be less than $1 million
- ☐ Purchases, Switch/Transfers, 1-4 unit Rental included with owner residence
- ☐ Minimum beacon score of 620 (600 on exception); 680+ for well-qualified programs
- ☐ GDS of 32-39%
- ☐ TDS of 40-44%
- ☐ Funds available for own source down payment (minimum 5%; 10% above $500K)
- ☐ Closing costs (closing costs verification = 1.0% of purchase price)
- ☐ On Approved Credit

Conventional or Un-Insured Mortgage = ≥ 20% down payment

- ☐ Qualified at the current benchmark rate or contract rate + 200 bps (2%)
- ☐ Up to 30 year amortization
- ☐ Property value may exceed $1 million
- ☐ Purchases, Refinances, Switch/Transfers, Rental
- ☐ Minimum beacon score of 620 (600* on exception); 680+ for well-qualified programs
- ☐ GDS of 32-39%*
- ☐ TDS of 40-44%*
- ☐ Funds available for own source down payment (minimum 20%; subject to scale)
- ☐ *Alt-A or B lenders will allow for varying requirements to credit score, debt-servicing, income verification, etc
- ☐ On Approved Credit

MORTGAGE APPLICATION CHECK-LIST

Please visit our website www.countrysidefinancial.ca for detailed information about the mortgage process, mortgage qualification, guidelines, and mortgage products available.

General documents required to meet the conditions of a mortgage approval; please be advised that lenders may require additional information to verify application details. Please prepare the documents shown in advance for a smoother mortgage transaction.

PERSONAL INFORMATION – *for each Borrower & Co-Borrower*:

- ☐ Mortgage Application and signing of Client Agreement/Consents/Disclosures. Please contact us to facilitate.
- ☐ If you are an "Employee" with a guaranteed base salary
  - o 2 most recent pay-stubs
  - o Current Job Letter and/or Job Contract
  - o NOA [CRA Notice of Assessment] for two most recent tax years [+ proof of payment if any arrears]
  - o T1 General [CRA full tax return] for two most recent tax years
- ☐ If you are "Self-Employed and/or Sub-Contractor"
  - o NOA [CRA Notice of Assessment] for two most recent tax years
  - o T1 General [CRA full tax return including all Schedules] for two most recent tax years
  - o Proof of Self-Employment [2 pcs required]: Certificate of Incorporation & Articles; GST; Business Number; Business License; Corporate Financial Statements; etc.

PROPERTY INFORMATION

EXISTING PROPERTY [for ALL properties you currently own, including the subject property if you're refinancing]

- ☐ Property Tax Assessment & Bill for most recent year
- ☐ Current Mortgage Statement[s] [+ Secured Line of Credit Statement, 2nd Mortgage Statement, if applicable]
- ☐ *If any property is for sale:* MLS/Matrix Listing [Agent Detail View] + Sale Contract & Waivers [when available]
- ☐ *If any properties are rentals:* Current Lease Agreement[s]

NEW PROPERTY PURCHASE / SUBJECT PROERTY

- ☐ Completed and signed Residential Real Estate Purchase Contract + Copy of Deposit Cheque[s] [Realtor should provide]
- ☐ MLS/Matrix Listing [Agent Detail View] and/or Feature Sheet [Realtor should provide]
- ☐ Down Payment Verification – 90 days of bank/investment statements from account funds will be drawn for deposit[s] & down payment. Please advise if your funds are being gifted or from non-traditional sources. If your file is insured, an additional 1.0% of the purchase price must also be proven available to you from your own sources.
- ☐ Appraisal Report. We'll make the arrangements; however, the Appraiser will contact you directly for payment and the Listing Realtor for property access. If your file is CMHC insured, the insurer will incur these costs.
- ☐ Acreage Properties — Water Potability Report [must be current]

OTHER

⇒ ____

⇒ ____

UNDERSTANDING YOUR CREDIT REPORT

What is a credit report? A credit report contains factual information about your credit cards, lines of credit, loans and mortgages. Such as:

- •When you opened your account
- •How much you owe
- •Whether you make your payments on time
- •Whether you miss payments
- •Whether you go over your credit limit.

What is a credit score? A credit score is a three digit number [between 300-900] that is calculated using a mathematical formula based on the information in your credit report.

Who can use my credit report & score? There are regulations in place to protect your personal information. Your credit report can only be used to:

- •Lend money or extend credit to you
- •Collect on a debt you owe
- •Consider you for insurance coverage, rental housing or employment
- •Meet a direct business need.

What is in my credit report?
Personal Information:

- •Name [including any former names and AKAs]
- •Date of birth
- •Social insurance number [SIN]
- •Current and previous addresses
- •Current and previous employers

> By law, negative information can only be kept on your credit report for maximum 6 or 7 years.
>
> The exact time varies by category and province. Positive information may be kept longer.

Credit History Information:

- •Credit accounts and transactions, such as credit cards, retail or store cards, lines of credit, mortgages and loans
- •Telecommunications accounts, such as mobile phones and internet
- •Negative banking information, such as chequing and savings accounts closed "for cause"
- •Public records, such as bankruptcy and legal judgements; and registered items such as a lien on a car or house
- •Debts to collection agencies
- •Inquiries from lenders or others who request your credit report
- •Remarks including consumer statements, fraud alerts and identity verification alerts.

How to maintain or improve a credit score. The actual formula of codes used is the property of private companies and not available to the public. It is impossible to know exactly how many points your score will go up or down based on the actions you take.

The codes, on each credit account, range from 1 to 9. The best rating is 1; any number higher than 1 will hurt your credit score.

The main factors that are used to calculate your score include:
1. **Payment history.** The most important factor, it shows when you paid your bills, late or missed payments, debt you did not pay, whether you have declared bankruptcy. **Tip** – pay all accounts on time!
2. **Use of available credit.** Also called "credit utilization", it shows your available credit verses how much credit you've used. **Tip** – try to use less than 35% of your total available credit!
3. **Length of credit history.** The longer you have had an account open and used it, the better for your score. **Tip** – consider keeping an older account open even if you no longer use it!
4. **Number of inquires.** When you apply for credit, it is recorded as an inquiry. An application for credit is called a "hard hit". A "soft hit" does not affect your score, such as when you request your own credit report or when an existing account holder is updating their records. **Tip** – limit the number of times you apply for credit!
5. **Types of credit.** It is better to have a mix of different types of credit. **Tip** – have a mix of credit products but don't go overboard!

WHAT NOT TO DO BEFORE YOUR NEW MORTGAGE FUNDS

- ✓ Do not quit your current job or do anything to reduce your current income. The lender may/will contact your employer on/before funding.
- ✓ Do not change the status of your employment from full-time to part-time or otherwise. The lender may/will contact your employer on/before funding.
- ✓ Disclose immediately if there is a change in your employment situation and/or if you are put on probation or laid-off at work.
- ✓ Disclose immediately if you begin a maternity or paternity leave, or will in the near future.
- ✓ Disclose immediately if you go on WCB, EI, and/or short-term or long-term disability.
- ✓ Do not apply for any new credit, auto loans, lines or credit, or personal loans (including those "don't pay for a year" type of accounts).
- ✓ Do not co-sign a loan (of any kind) or mortgage for anyone else.
- ✓ Do not pack away any verification documents just yet. The Lender may come back with points of clarification requests at any time before funding.
- ✓ Do not stop paying your bills and do not pay any bills late. This includes your current mortgage; the lawyer will work out the precise payout after any additional payments are received.
- ✓ Do not spend any of your down payment money or any of the money that should be set aside for your closing costs (roughly estimated to be 1.0% of your purchase price, including property tax adjustments).
- ✓ Do not make any large deposits to your bank account without supporting documentation (Federal FINTRAC rules apply).
- ✓ If anything pertaining to your transaction changes, notify me immediately.
- ✓ Do not delay the closing of this transaction with your Solicitor.

Please keep us informed of anything, however minor, that may affect your mortgage approval or real estate transaction.

CLOSING COSTS — BE PREPARED!

Do you understand all the costs of buying a home?

Before you take possession of your new home, you need to consider any and all additional costs of obtaining your mortgage and finalizing the real estate transaction - known as **closing costs.**

- **Home inspection.** It is advisable to make an offer on a home conditional on the outcome of an independent home inspection. A home inspector looks for items that could affect the price and desirability of a home, such as outdated wiring, shabby roofing, an old furnace or cracks in the foundation. The fee depends on the home's size, age and the amount of time it takes to do a thorough inspection. Approximate cost are $400 to 700.

Insurance costs

- **Mortgage loan insurance:** A mandatory expense if you make a down payment of less than 20% and is charged on the net amount of the mortgage (incorporated into the gross mortgage amount—not a closing cost per se). Administered through Canada Mortgage and Housing Corporation (CMHC), Genworth Financial or Canada Guaranty.
- **Title insurance:** Protects you from any unpleasant revelations about your property's history. Unless you pay for a survey, it's difficult to get a comprehensive history of your property. This insurance is obtained through your lawyer and is approximately $200 to 250.
- **Home insurance:** You must have fire insurance in effect upon taking possession of your home. This cost will vary depending on your insurer.

And don't forget to consider…

- **Deposit:** Due upon the acceptance of your purchase offer, a deposit is essentially a gesture of good faith between the buyer and the seller. A minimum deposit is usually around 5-10% of the purchase price. This is something your Realtor will help you with.
- **Appraisal:** An appraisal may be required to determine the market value of the property you are buying. If you are putting more than 20% down the appraisal is at your cost and they generally start at $350 and go up depending on the appraisal company, the size of the property and its location. For example, acreages have a higher cost depending on the amount of land and where they are located.
- **Legal costs and disbursements:** A lawyer is vital to any home deal. They are preparing the mortgage documents, mediating with the seller's attorney, and transferring the land title and much more. Approximate cost $800 to 1,500, excluding disbursements which will vary.
- **Taxes:** GST is payable only on new build homes and may be absorbed by the builder. Be sure to clarify who is handling this. In some provinces, HST may also be applicable.
- **Land Transfer Tax:** Most provinces (but not Alberta) charge a land transfer tax, payable by the purchaser, and the amount varies from province to province. This tax is based on the purchase price. In some provinces, first time home buyers who purchase a new home will receive a refund.

And don't forget to budget your moving, mail transfer and utility setup costs!

Please Note … if you are applying for mortgage loan insurance (a high-ratio mortgage); the lender will require verification that you have 1.0% of the purchase price in your account for any potential closing costs!

DO YOU HAVE A HOME TO SELL?

Have you ever gone to an open house? Or called a real estate agent about a listing you see?

You're wondering about a house. That's what you want to talk to the agent about…the house you came to see, or called about. And it seems like one of the first questions an agent asks you is, "*Do you have a house to sell?*" It's a seemingly odd question, right? It doesn't make sense for them to ask that question…at least not at that moment. It might even come across as kind of pushy and forward, and beside the point.

So, why do agents bring this up all the time?
You probably figure it's because they're hoping you do have a house to sell, so they can list the home you own, sell you this one you are asking about, and get two sales off of you. Or that they want you to list your home, and get it under contract, so that you *have* to move…(again, so they can get two sales off of you).

Which makes you feel like they're just looking to make as much money as possible off of you. And, all of your fears and perceptions about real estate agents seem justified…

Whether you have a home to sell or not matters.
It might seem kind of early on for the agent to ask you this. But it's not. In fact, this question *should* be asked, answered, and addressed, *before* you even look at a house to buy. Agents *need* to know this. *You* need to know this.

It has nothing to do with an agent wanting to make more money, or any money at all, off of you. Because, if you own a home, the chances are… you *need* to sell your house *before you can buy another one*. That doesn't apply to everyone, of course. But most people can't buy another home, until and unless the house they currently own is sold…which doesn't sound all that appealing to most people.

It begs so many questions. Here's a few of them…
- Who wants to sell their home without having lined up the one they are buying first?
- What if you can't find a house you want to buy once your home is sold?
- Won't that put you in a tough spot to negotiate the best price of a home you want to buy, since you will be under the pressure of time? Will you have to overpay just to make sure you have a house to move to?

Those are just a few of the most common, and valid concerns.

Maybe You Don't Need To Sell Your Home First…
Almost everyone an agent meets wants to be able to buy a house, without having to sell the house they already own first. So, agents are always asked if there are alternatives. Basically, there's one that solves this problem every single time. *Do you have enough cash to just buy a house outright!?* If so, you are in luck! Go ahead and look for a house, and buy one. Move out of your house and into the new one. Then sell the old one at your leisure. You have options most people do not.

There are some other options, of course. But they aren't definitely options for everyone. For instance:
- A bank *might* loan you money to buy your next house without selling your other one first. There are certainly circumstance and products that will allow for this. But this depends heavily on you and your financial picture.
- You might be able to negotiate a "home sale contingency"…meaning, the owner of the house you want to buy agrees to give you time to sell your home, and your purchase is actually contingent upon getting your house sold. (Tough thing to negotiate in a lot of markets, or with many sellers. It isn't all that appealing to sellers. Put yourself in their shoes for a minute… Would *you* agree to that as a seller?)

While you *might* be able to find an alternate route, other than selling your house first, it's unlikely. And in many cases, it makes you a less than desirable buyer…which limits your options, and ability to negotiate a good deal. So many people lose out on the house of their dreams, because they search and find it before they are in position to do anything about it. It's a recipe for wasted time, aggravation, disappointment, and heartache.

So, what should you do?
- First, you should assess what *your* options are as early on as possible by speaking to a real estate agent and a mortgage broker.
- If you discover that you have options beyond having to sell your place first, awesome!
- But if not, don't feel like you are the only person on earth to ever be put in this position. You have a lot of company. That doesn't make it any easier to deal with, of course.
- What will make it easier for you, and set you apart from everyone else in the same position, is understanding how critical it is to sell your home first. And, having a solid plan and approach to time the sale of your home, and the purchase of the next. (Which a great real estate agent can help you come up with.)

MORTGAGE SAVINGS TIPS!

Move toward mortgage freedom!

Good news! It only takes small changes for you to become mortgage free and save thousands of dollars in interest. Mortgage Professionals Canada released its annual state of the housing market report and found that 36% of homeowners took actions to reduce their mortgage debt. Here's how you can do the same.

Some tips to help you save! You may think of simply making lump-sum payments, but there are other ways you can save money on your mortgage including:

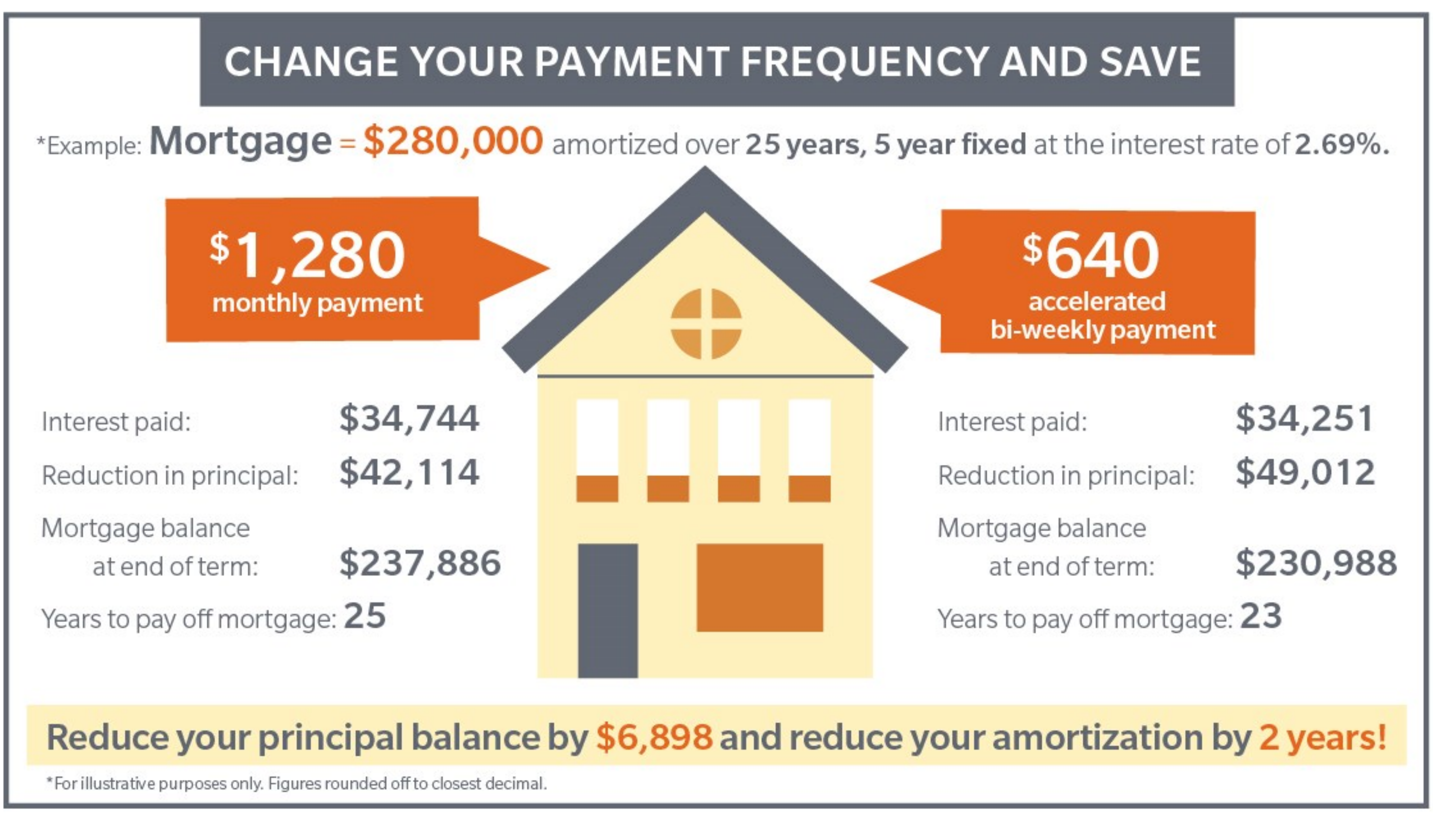
- Renegotiating for a lower interest rate
- Switching to accelerated weekly or bi-weekly payments
- Increasing your regular payment
- Lump-sum payments

DID YOU KNOW: Increasing your payment by just $20 a month can have a positive impact because the extra money is applied directly against the mortgage principal decreasing the amount of interest you will pay over the life of the loan.

- Annual or periodic lump sum payments: You may make lump sum payments of 10% to 25%* of the original principal amount each year.
- Increase your payment: You may also increase your current payment by up to 15%, 20%*, or even 100%* each year.
- Double your payments: Some lenders also offer the option of doubling any and all payments.
- Accelerated payments: With a weekly or bi-weekly payment option you may switch to an accelerated payment whereby you apply a small incremental amount of money directly to the principal. This payment is designed so that every 12 months you make the equivalent of 13 payments.

** Exact privileges depends on the lender*

Here's an example that shows you how much you can SAVE by simply increasing your payment frequency over the term of your mortgage. Figures have been rounded off.



NOTES

MORTGAGE GLOSSARY

Amortization: The number of years it takes to repay a mortgage in full.
Appraisal: The independent process of determining the market value of a property. Appraiser is the qualified individual.
Assumable Mortgage: Allowing a home buyer to take over the existing mortgage of the seller, subject to the lenders approval.
Blended Mortgage Payment: A mortgage payment consisting of both principal and interest; a portion is applied toward accumulated interest, and the remaining amount to principal.
Bridge Financing: A loan required to advance funds needed for the closing of the property you have purchased for the period of time until the home you currently own is sold.
CMHC: The Canada Mortgage & Housing Corporation is a federal crown corporation providing housing programs that allow lenders to loan up to 95% of property value.
Closed Mortgage: A mortgage that cannot be pre-paid without incurring a penalty [unless prepayment privileges form part of your mortgage agreement].
Closing Date: The date the purchase of the property becomes final and you obtain title or the payout date of a refinance.
Conventional Mortgage: A first mortgage up to 80% of a properties value.
Credit Score: A score, developed by credit reporting agencies, to determine a Borrower's credit worthiness. The score is between 300 and 900; with 620 being the minimum requirement.
Default: Non-payment of installments due under the terms of the mortgage.
Demand Loan: A loan where the balance must be repaid upon request.
Deposit: The amount of money given to the listing Realtor as good faith to carry through with the offer to purchase, and is applied toward the down payment.
Discharge: The removal of all mortgages and financial encumbrances on the property.
Down Payment: The difference of money between the purchase price and the mortgage.
Equity: The difference between the current value of the property and the outstanding mortgage balance.
First Mortgage: A mortgage which is registered first in priority against the property [may also be a second/third].
Fixed Rate Mortgage: A mortgage for which the interest rate is set for the term of the mortgage.
GDSR [Gross Debt Service Ratio]: The total amount of mortgage payment [principal & interest], plus heating costs, plus property taxes [and condo fees when applicable] divided by the Borrowers gross income. Ratios up to 32-39% are acceptable.
High Ratio Mortgage: A mortgage over 80% of a properties value whereby the mortgage must be insured against default.
Lender: A term which refers to the institution making the loan of the individual representing the firm.
Maturity Date: The expiry date of the mortgages term.
Mortgage: A loan in which the Borrower puts up the title to real estate as security for a loan. If the Borrower does not pay back the debt, the lender can foreclose on the real estate and have it sold to repay the loan.
Mortgage Broker: A licensed and registered individual that negotiates with lenders on behalf of Borrowers to obtain the best mortgage for that Borrowers circumstances.
Mortgagee: The Lender.
Mortgagor: The Borrower.
Open Mortgage: A mortgage that can be repaid or renegotiated at any time without penalty.
PITH: Principal, Interest, Taxes and Heat acronym.
Portable Mortgage: A mortgage that can be transferred to a new property.
Pre-Approval: A pre-qualification of a Borrower for a pre-determined amount and interest rate prior to the purchase of a property.
Pre-Payment Options: The amount/percentage a Borrower is allowed to pay off of the original principal, without penalty.
Prime: The lowest rate a financial institution charges its best customers.
Principal: The mortgage balance outstanding at any time.
Refinance: Renegotiating the principal amount and/or terms of your current mortgage into a new mortgage.
Renewal: When the term has ended, the mortgage is up for renewal. It is open for lender switching and/or repayment in part or fully.
Reverse Mortgage: A reverse mortgage is a special type of home loan for homeowners [55 years or older] that requires no monthly mortgage payments while they still reside in the home.
Switch: To transfer from one financial institution to another without changing the principal amount, term, or amortization.
Term: The time the interest rate is in effect. The rate is due for renegotiation at the end of this period. Typical terms are from 6 months to 10 years, with the most popular being 5 years.
TDSR [Total Debt Service Ratio]: The GDSR plus all other contractual debts [credit cards, alimony, etc.] divided by the Borrowers gross income. Ratios up to 40-44% are acceptable.
Variable Rate Mortgage: A mortgage for which the interest rate fluctuates based on changes to the banks prime rate.
VTB [Vendor Take Back]: A mortgage provided by the vendor [seller] to the Borrower.

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