Jill Fischer
MORTGAGE BROKER

FIRST TIME HOME

Buyer Guide

Everything you need to know about buying a home and the mortgage process.

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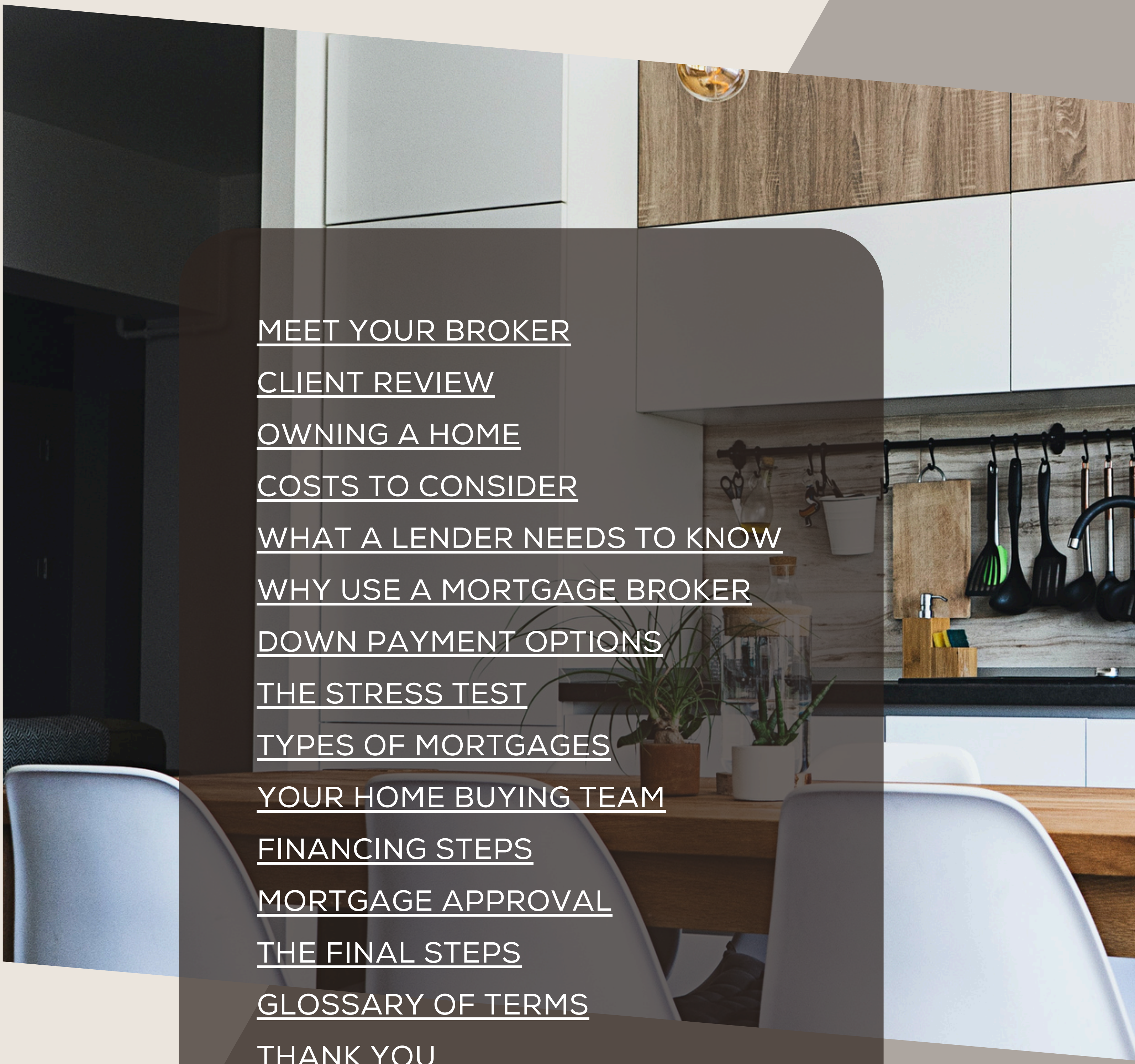

Jill Fischer here! I've been calling Lloydminster home since 2006. My husband Cole and I have 15-year-old twins, Tripp and Sawyer, and one dog named Franky. I enjoy spending my free time watching hockey and ball and if we're not at a rink or ball diamond, I can be found at Turtle Lake.

I have been a mortgage broker in Lloydminster since 2011. Every day, I help clients obtain the best mortgages to finance their properties in Lloydminster and the surrounding areas. From first-time home buyers to renewals and refinances, my approach is focused on addressing individual needs and financial situations. I'm experienced, trustworthy, and always reachable. No matter the question, I'm here to provide answers and unbiased advice.

> She made what we thought was impossible...possible.

"We recently purchased our first home, and we could not be happier! Jill went above and beyond throughout the entire process. From pre-approval to possession, Jill ensured we got the mortgage most suitable for us! Her level of professionalism and communication was exceptional. We would highly recommend using Jill as your broker!"

-JHD

★★★★★

Every client is my number one priority.

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Are You Ready To Own a Home?

Before you jump on in, there are some things you should ask yourself. As amazing as it is to be a first-time home buyer, it is important to remember that this is likely the largest financial decision you will ever make. There are a few questions you can ask yourself to make sure you're ready to take this incredible leap:

- Are you financially stable?
- Do you have the financial management skills and discipline to handle this large of a purchase?
- Are you ready to devote the time to regular home maintenance?
- Are you aware of all the costs and responsibilities that come with being a homeowner?

Costs to Consider

- Property Taxes
- Home Insurance
- Condo Fees
- Maintenance

There are two major costs of home ownership:

Upfront Costs: The initial amount of money you need to buy a home, including down payment, closing costs, and any applicable taxes.

Ongoing Costs: The continued cost of living in a home you own, including mortgage payments, property taxes, insurance, utility bills, condominium fees (if applicable), and routine repairs and maintenance. It is also important to keep in mind potential major repairs, such as roof replacement or foundation repair that may be needed now or in the future. In addition, if you choose a property that is not hooked up to municipal services (such as water or sewer) there may be additional maintenance costs to consider.

What does a lender need to know?

Before a mortgage can be approved, there are a few things that your lender or mortgage professional needs to know.

INCOME & JOB SECURITY

The first thing that your mortgage professional or lender will ask for is details surrounding your income and job stability. Your income will determine how much money you can borrow. In most cases, 35 percent of your gross income for salaried, non-self-employed, or commissioned people is used to determine how much you can borrow to cover the cost of the mortgage payments, taxes, and any applicable maintenance. All other debts (car loans, credit cards and lines of credit, etc.) must not exceed an additional seven percent of your gross income.

CREDIT HISTORY

Your credit history and credit score are used to show that you pay your bills on time. A great credit score includes keeping a balance on credit cards at any given time that is below 30 percent of the total card limit and paying it off monthly. A credit rating above 680 puts you in a good position to get financing, while a lower score will result in higher interest rates or a more challenging mortgage acquisition.

If you're new to the world of credit, consider the 2-2-2 rule. Lenders want to see two forms of revolving credit (ie: credit cards) with limits of no less than $2,000 and clean payment history for two years.

WHY SHOULD I USE A Mortgage Broker?

A *mortgage specialist* that works for one specific bank is not the same thing as a *mortgage broker*. A mortgage specialist can only offer mortgages from the ONE lender they represent, whereas a mortgage broker has several options!

The Mortgage Broker

While many people think a real estate agent is the most important person when it comes to buying a new home, your mortgage professional comes first. This is especially true for anyone looking to be pre-approved for a mortgage before searching for their forever home! Not only does pre-approval help you establish your budget, but it can also lock in a low rate for you for up to 120 days while you search for your perfect home.

You may not know much about mortgage brokers, but they are steadily gaining popularity due to their top-notch service and unbiased advice. Also, unlike individual banking representatives who often move from one branch to another, mortgage brokers work to form lifelong relationships with their clients. The dedication of mortgage brokers to their clients and their unique position in the mortgage market often results in finding lower rates for their customers and providing the best possible plan to ensure their clients' financial success.

One of the reasons mortgage brokers are able to find their clients such amazing deals when it comes to mortgage interest rates is that they operate independently of any single financial institution. Banks are only able to access their rates – no one else's. Mortgage brokers, on the other hand, have access to MORE rates and lenders than the bank! This means they are able to shop around, on your behalf, to find the most affordable option, thereby saving you time and money in the long run.

So, not only can a mortgage broker shop around for you *and* save you money on your interest rate, their services are almost always free to the homebuyer! This is because mortgage brokers get paid by the lenders directly.

Down Payment Options

The minimum required for a down payment is 5%. However, 20% is the ideal amount to put down so you don't have to pay mortgage insurance. It will also lower the amount being borrowed, therefore, the overall cost of borrowing.

Sources of Down Payments

- Your own savings. This would include an RRSP or savings account, including a TFSA or First Home Savings Account
- Gift from an immediate family member.
- Sale of your current property.
- Borrowed sources in certain circumstances.

DID YOU KNOW?

You can put 5% down on any home you buy that you or a family member intend to live. Whether it's your first home or your 8th, if you're occupying it, you can put 5% down on it.

The mortgage stress test

What is it?

The stress test is a set of rules banks must use to determine if someone looking for a mortgage loan actually will qualify for a mortgage. Essentially, the stress test ensures the borrower will still be able to afford their mortgage payments even if interest rates increase.

How Does it Work?

When a borrower applies for a mortgage, the bank offers them a contract interest rate based on the current market interest rates. These rates are based on different economic indicators, such as the Bank of Canada's benchmark interest rate.

Under the stress test, however, the borrower's contract rate is NOT the rate the lender will use to determine your mortgage eligibility. Instead, the bank makes those calculations at a considerably higher interest rate in order to ensure that the borrower will be able to make your payments if or when rates go up.

An example of how the mortgage stress test works: If you're looking to purchase a home, you're offered a 5-year fixed rate of 4.09% (contract rate). The stress test is the Bank of Canada Benchmark OR your contract rate + 2%, whichever is higher. This stress test rate will determine if you QUALIFY for the home you'd like to purchase, regardless of the rate you'll be paying.

Insured Mortgages

Insured Mortgages generally have the lowest rates of all because there is less risk and expense for the lender. If you default, the lender gets paid by the insurer. Because risk is minimized for the lender and because the borrower pays the default insurance premium, the lender's cost of lending is lower and can pass on lower rates.

- Require the borrower to pay the insurance premium
- Mandatory if you have less then 20% down
- Are stress tested at the Bank of Canada's benchmark rate or contract rate plus 2%, whichever is higher
- Max ammortization of 25 years
- Commonly referred to as CMHC mortgages, however, there are 3 insurers in Canada

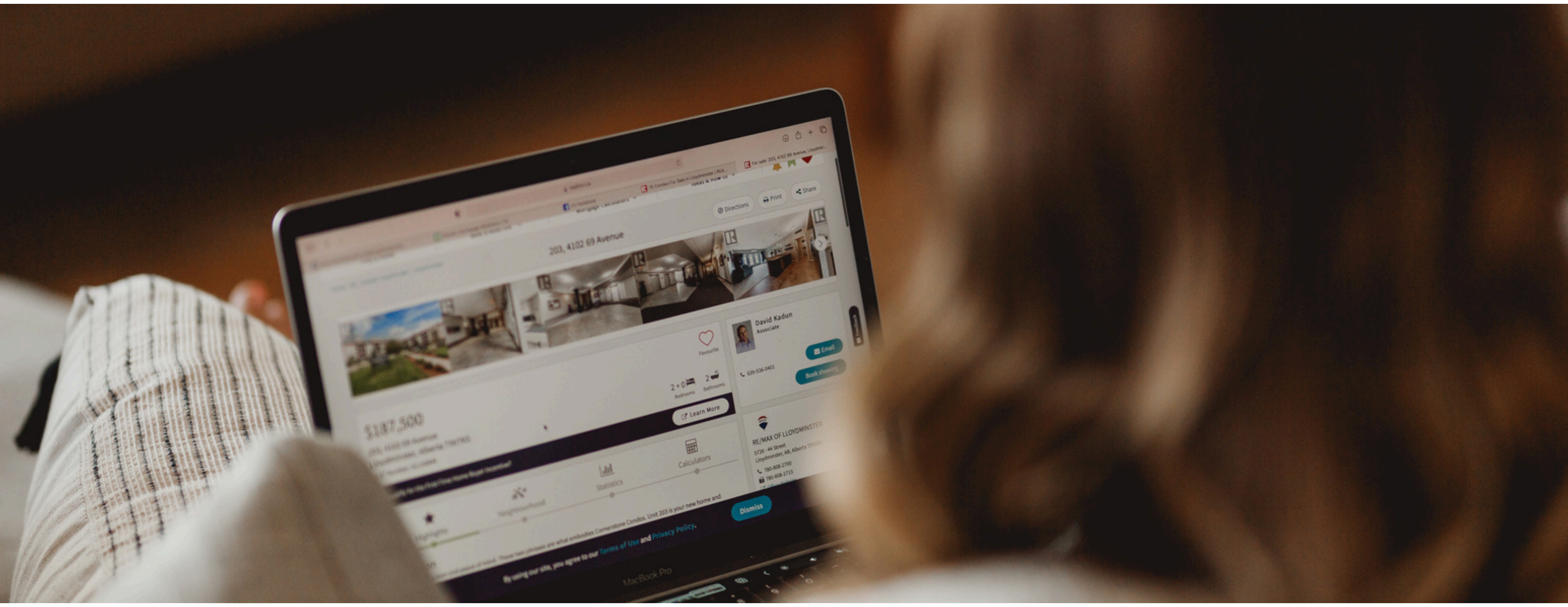
Insurable Mortgages

Insurable Mortgages: These are also default insured, with the difference being that the lender pays the insurance premium. Lenders buy this insurnace in order to lower thier risk and/or securitize their mortgages. This lowers their funding costs and lets them pass along better rates to their consumers.

- Are available only on mortgages with 20% or more equity
- Have the same lending criteria and characteristics as insured mortgages
- Require no premium payment by the borrower

Uninsured Mortgages

- Purchases of $1 Million or more
- Refinances (new money being lent on your equity or extending your amortization
- Non-owner occupied, single unit rental properties
- Amortizations over 25 years
- Requires no insurance premiums



Fixed Or Variable Rate Mortgage

When applying for a mortgage, home buyers can choose between a fixed or variable interest rate. The type of interest rate will influence the total amount of interest paid over the mortgage repayment period. It will also determine whether your interest rate stays the same (fixed) or has the potential to change during your mortgage term (variable).

Fixed Mortgage Rates

The interest rate is locked in for the term, which means you can predict what your mortgage payments will be for the duration of your contract. Though more predictable, fixed rates are typically higher than variable rates.

Variable Mortgage Rates

As the name implies, unlike fixed-rate mortgages, the interest rate charged can change during the contract. Depending on the terms of your mortgage, your regular payment may change or it may stay the same when rates go up or down.

Which one is right for you?

Fixed

- Fixed-rate mortgages guarantee a fixed interest rate for the length of your term. The way your monthly payment is divided between interest and principal stays the same.
- A fixed-rate mortgage allows you to protect yourself from payment increases in the unlikely event that interest rates skyrocket so high that your monthly payment is no longer sufficient to cover your interest charges.
- The primary disadvantage of a fixed-rate mortgage is the higher overall cost you're likely to pay in the long run.
- Penalties on fixed-rate mortgages can be much higher than variable rates, depending on circumstances.

Variable

- Interest on a variable-rate mortgage fluctuates with the Bank of Canada's prime lending rate.
- Monthly payments on variable-rate mortgages can change based on the Bank Of Canada's rate.
- Variable-rate mortgages are usually cheaper over the long run.
- Variable-rate mortgages allow you to lock back into a fixed rate with no penalty.
- The primary disadvantage of a variable rate mortgage is the risk of your mortgage payments increasing.
- Penalties to break variable mortgages are only 3 months interest.

There is no right or wrong answer. Fully understanding your options and ensuring you're making an educated decision is my commitment to you.

Your Payment Schedule Options

Most lenders allow several options for payment frequency.

Monthly: One payment per month for a total of 12 for the year

Semi-monthly: Two payments per month for a total of 24 for the year

Bi-weekly: Every two weeks (monthly payment x 12 divided by 24)

Accelerated Bi-weekly: Every two weeks (monthly payment divided by 2)

Weekly: Every week (monthly payment x 12 divided by 52)

Accelerated Weekly: Every week (monthly payment divided by 4)

Your payment frequency is set when your mortgage is first arranged, but you may be able to change it afterwards, usually without having to pay a fee.

Accelerated weekly and accelerated bi-weekly payments can save you thousands or even tens of thousands in interest charges because you'll pay off your mortgage much faster. The reason is that with the "accelerated" options, you make the equivalent of one extra monthly payment per year. Regular weekly and bi-weekly options do not provide the same benefits.

When you increase the payment frequency and amount, you reduce the principal faster, pay less interest, and pay off the mortgage sooner.

Your Home Buying Team

1.Your Realtor

Using a realtor saves you time and money while navigating the home buying process. A good realtor will work with you to understand your wish list. They understand the search area and trends and will help you put together a winning bidding strategy. A realtor will also guide you through any conditions you may want to put into your offer (such as a home inspection).

When looking for an agent, don't be afraid to ask questions. Normally, the seller pays a commission to the agent. More specifically, both the selling and buying realtors' fees are included in the sale price of the house and come out of the sum the seller receives.

One of the reasons realtors are integral to the home buying process is that they understand the ins and outs of the home buying process and can tell you how to be successful in your endeavours to purchase a home by guiding you through the process from the first viewing to having your bid accepted. They will also have a team they work with to set you up for success with regard to home inspectors and lawyers.

The Realtor Advantage

What's the main advantage of working with a realtor?
Experience, expertise, and insider knowledge.

Not all realtors are the same. It's okay to talk to a few of them and get a vibe of who will suit your personality best!

Did you know?

A realtor can show you any home listed on the MLS, even if it's not their listing.

2. Your Home Inspector

You'll likely want to have the home you're purchasing inspected by a qualified home inspector. Whether you're buying a new or resale home, you should have it inspected by a professional home inspector. While a competitive market can make a home inspection more difficult, it is a highly recommended part of the home buying process. Having a home inspection done is important to ensure that there are no hidden surprises which may pop up after the sale is finalized. A home inspector can determine what's behind the walls and look for any signs of mould, leaks, or old wiring that could cost you down the road.

3. Your Appraiser

An appraiser can make sure you don't pay too much by telling you how much a property is worth before you make an offer. In some cases, your lender may ask for an appraisal before approving you for a mortgage.

4. Your Insurance Broker

Once you have confirmed the purchase of your home, and before you go see your lawyer, you will need to purchase home insurance. I always recommend you work with an insurance broker. They can offer you options that best suit your needs to make sure you have the right coverage for your contents and new home! You will need property insurance to cover the replacement cost of your home and its contents in case of loss.

5. Your Lawyer

Once you find your home and secure your financing, you will need the expertise of a lawyer to draw up the mortgage documents and register them for you. This is the last step in the process, but it is vital that it is handled with care. A lawyer will protect your legal interests. They make sure that the property you want to buy is free of any liens, charges, and work or cleanup orders.

Do I Need a Lawyer?

Yes. Unlike in some other provinces, where a notary is sufficient legal authority to oversee property transfers, in Alberta and Saskatchewan, it's mandatory to work with a lawyer when buying a home.

WHAT ROLE DOES THE LAWYER PLAY?

In the most basic terms, a lawyer ensures the transfer of land from buyer to seller is legally enforceable and binding. It's the lawyer who takes on some of the risk you might otherwise assume.

- Protect both the buyer and the seller from the time the offer is made until the time the deal is done
- After the home inspection is passed, the lawyer initiates the process for registering the transfer of land from the seller to buyer
- One of the documents the lawyer will send you is called a Statement of Adjustments.
  - This document summarizes the total property tax owed for the year, the percentage of the property tax that the seller is responsible for and the percentage of the property tax you, the buyer, are responsible for in the year of the sale. Generally, the percentage of the property tax the buyer is responsible for is added to the sale price of the house and paid to the seller.
- Facilitate the transfer of your funds to the seller

Mortgage Financing Steps

1. Get pre-approved

It's a good idea to get pre-approved for a mortgage before you start looking for a home, but first, you need to understand exactly what being "pre-approved" means.

A pre-approved mortgage lets you know how much you can afford, what your interest rate will be, and what your monthly mortgage payments will look like.

Getting pre-approved is not a guarantee of final approval for a mortgage. Once you find the home you want to buy, the property still has to be evaluated to ensure the price and condition of the home are acceptable to your lender.

2. Be prepared

Have your documents ready to go to help me determine what you qualify for. T4s, recent pay stubs, and proof of down payment will all be required. If you're self-employed, bring along your T1 Generals and your Notice of Assessments from the previous two years.

3. Get a rate hold

In this ever-changing rate environment, securing a rate hold will give you peace of mind and will help you to budget accordingly.

4. Make an offer

Shop the market and make an offer. Make sure you work with a licensed realtor! They will help you view properties and negotiate on your behalf, among other things! Most offers are conditional offers, pending home inspection and final approval of the buyer's mortgage. Other conditions may also be applied. With a conditional offer, if any of the stated conditions can't be met, the buyer gets their full deposit back. Unconditional offers are both rare and risky. With an unconditional offer, if anything happens to compromise the deal before it closes, the buyer loses their deposit.

5. Financing Condition

Once you are ready to finalize the mortgage, you will need to confirm this information. For salaried individuals, this can be done by submitting a letter of employment, your most recent pay stub, your last two years' income and Notices of Assessment from Revenue Canada. For self-employed, the last two years of T1 Generals and Notice of Assessments will be required. You may need to provide more documentation if you're incorporated.

The lender will require that you prove the source of your down payment. You'll have to send in bank statements, RRSP statements, stocks, etc., that show the previous three-month history of your accounts. If there are any large lump-sum deposits, you're likely to be asked to show where the deposit originated. You'll also be asked to demonstrate that you have access to 1.5 percent of the purchase, in addition to the down payment, to ensure you are able to cover closing costs such as legal fees, title insurance, and property tax prepayment. This is a copy of the accepted offer of the home you intend to purchase and a copy of the MLS listing sheet.

Mortgage Approval

Obtaining final mortgage approval can take anywhere from 3 days to two weeks, depending on each individual application. Your mortgage provider will advise and order an appraisal if required. In the case of a conventional mortgage, the buyer usually pays the appraisal fee upfront, and they may or may not be reimbursed for the cost through the lender.

If a buyer has an insured mortgage, the mortgage insurer will pay the appraisal fee. You may also need to get a home inspection to meet the conditions of your offer.

Transfer the deposit

The standard practice of transferring a deposit at the time a buyer makes an offer is basically a way to show the seller that you're serious and you have access to your down payment money. When the seller accepts your offer, the seller is not legally allowed to sell the house to anyone else within the condition period.

The deposit is not transferred to the seller directly; it goes to the real estate listing brokerage where it will be held until conditions are met. At that point, the whole sum of your deposit becomes part of your down payment and will appear on the lawyers' disbursements when the mortgage funds.

After all of the conditions are removed from the purchase contract (inspection, financing, etc.), a waiver of conditions is provided to the buyer who gives this to their mortgage provider.

You will then receive final approval and send documents to the lawyer (for the realtor and lender).

The Final Steps

When the lawyer receives the documents, they'll have you, the buyer, sign them, starting the process of registering the transfer of land title. Once the transfer of land has been registered with Land Titles, you'll be able to take possession and move in.

Title insurance protects you from any legal issues that you are unaware of before you take possession of the house. For example, if it turns out the seller doesn't legally own the house you're buying (and therefore doesn't have the authority to transfer ownership to you), title insurance protects you from assuming that liability. Other legal issues might include renovations that the seller completed without appropriate permits in place (an illegal basement suite, etc.).

As the name 'title insurance' suggests, this kind of coverage protects your claim to the title of the house you buy if anyone challenges that claim based on an issue that is rightfully the seller's responsibility.

Once you, the home buyer, transfer the remainder of the down payment to the seller, you can take possession. Typically, the seller will not allow you to move in until the funds have been received, but one of the provisions of title insurance should allow you to move in on the agreed-upon possession date, even if there is a delay in land registration.

Glossary of Terms

Mortgage 101: Mortgage terms you should know

You will have many options when it comes to choosing a mortgage. Your broker will help you find the mortgage that best matches your needs. Become familiar with the following terms and options to help with your decisions.

Adjustable interest rate mortgage: A mortgage where both the interest rate and the monthly payments vary based on changes in the market rates.

Amortization: The period of time required to completely pay off a mortgage if all conditions are met and all payments are made on time.

Application: A form used to apply for a mortgage. It includes all of the relevant personal and financial information of the person applying.

Appraisal: An estimate of the current market value of a home. Appraiser: A certified professional who carries out a home appraisal.

Appreciation: An increase in the value of a home or other possession from the time it was purchased.

Approved Lender: A lending institution, such as a bank, that the Government of Canada authorizes to make loans under the terms of the National Housing Act. Only approved lenders can offer CMHC-insured mortgages.

Assumption Agreement: A legal document that requires a person buying a home to take over the mortgage of the builder or the previous owner.

Blended payment: A regular mortgage installment that includes payments toward both the mortgage principal and the interest.

Builder: A person or company that builds homes.

Certificate of Status (or "estoppel certificate"): A certificate that outlines the financial and legal status of a condominium corporation.

Certificate of Location (or "survey"): A document that shows the legal boundaries and measurements of a property, specifies the location of any buildings, and states whether anyone else has the right to cross over the property for a specific purpose.

Closed Mortgage: A mortgage that can't normally be paid off or renegotiated before the end of the term without the lender's permission and a financial penalty. Some closed mortgages allow for extra or accelerated payments but only if specified in the mortgage agreement.

Closing Costs: The legal fees, transfer fees, disbursements and other costs that must be paid when buying a home. These are in addition to the down payment and the GST, PST, if applicable. Closing costs are due on the day the buyer officially takes ownership of the home, and they usually range from 1.5% to 4% of the purchase price.

Closing Date: The date when the sale of the property becomes final and the new owner takes possession of the home.

Commitment Letter (or "mortgage approval): A written notification from a lender to a borrower that says a mortgage loan of a specific amount is approved under specific terms and conditions.

Compound Interest: Interest that is calculated on both the original principal and the interest that has already been earned (or "accrued") on that principal.

Conditional Offer: An offer to purchase a home that includes one or more conditions (for example, a condition that the buyer is able to get a mortgage) that must be met before the sale can be officially completed.

Condominium (or "strata"): A type of homeownership where people own the unit they live in and share ownership of all common areas with the other owners. Common areas can include parking facilities, hallways, elevators, lobbies, gyms, = and the grounds or landscaping.

Contractor: A person who is responsible for the construction or renovation of a home, including scheduling, workmanship and managing subcontractors and suppliers.

Conventional Mortgage: A mortgage loan equal to or less than 80% of the value of a property. (That is, where the down payment is at least 20%.) Conventional mortgages don't usually require mortgage loan insurance.

Counteroffer: An offer made by the seller of a home after rejecting an offer by a potential buyer. The counteroffer usually changes something from the original offer, such as the price or closing date.

Credit Bureau: A company that collects information from various sources on a person's borrowing and bill-paying habits. They provide this information to lenders to help them assess whether or not to lend money to that person.

Credit history (or "credit report"): The report a lender uses to determine if a person should get a mortgage.

Curb Appeal: How attractive a home looks from the street, including features like landscaping and a well-maintained exterior.

Deed: A legal document that transfers ownership of a home from the seller to the buyer.

Default: Failing to make a mortgage payment on time or to otherwise abide by the terms of a mortgage loan agreement. If borrowers default on their mortgage payments, their lender can charge them a penalty or even take legal action to take possession of their home.

Delinquency: Failing to make a mortgage payment on time.

Deposit: Money that a buyer places in trust to show they are serious when they make an offer to purchase a home. The deposit is held by the real estate agent or lawyer until the sale is complete, and then it's transferred to the seller.

Depreciation: A decrease in the value of a home or other possession from the time it was purchased.

Down Payment: The portion of the home's purchase price that is not financed by a mortgage loan. The buyer must pay the down payment from their own funds (or other eligible sources) before securing a mortgage.

Duplex: A building that contains two separate and complete single-family homes located either adjacent to each other or one on top of the other.

Easement: A legal interest in a property owned by another person or company for a specific limited purpose. For example, a public utility company may have an easement that lets them pass through a property.

Emergency Fund: Money that a homeowner regularly sets aside to pay for emergencies or major repairs. Owners should usually save around 5% of their monthly income for emergencies.

Equity: The cash value that a homeowner has in their home after subtracting the amount of the mortgage or other debts owed on the property. Equity usually increases over time as the mortgage loan is gradually paid. Changes in overall market values or improvements to a home can also affect the value of the equity.

Estoppel Certificate (or "Certificate of Status"): A certificate that outlines a condominium corporation's financial and legal status.

First-Time Home Buyer Incentive: This government program helps people across Canada purchase their first home. It offers eligible participants 5% or 10% of the home's purchase price to put toward a down payment. This addition to their down payment lowers their mortgage carrying costs, making homeownership more affordable.

Fixed interest rate mortgage: A mortgage with a locked-in interest rate, meaning it won't change during the term of the mortgage.

Foreclosure: A legal process whereby the lender takes possession of a property if the borrower defaults on a loan. The lender then sells the property to cover the unpaid debt.

Freehold: A form of homeownership where the homeowner buys the right to have full and exclusive ownership of a home and the land it sits on for an indefinite period. Freehold is in contrast to leasehold ownership, which gives the homeowner the right to use and occupy the land and building for only a limited defined period.

Gross Debt Service (GDS) ratio: The percentage of a person or household's gross monthly income that goes to pay the mortgage principal and interest, property taxes and heating costs, plus as applicable: 50% of any condominium fees, 50% of any homeowners association fees and 100% of the site rent for leasehold tenure.

Gross Monthly Income: Total monthly income of a person or household before taxes and other deductions.

High-ratio Mortgage: A mortgage loan for more than 80% of the value of a property. (That is, where the down payment is less than 20%.) A high-ratio mortgage usually has to be insured against default with mortgage loan insurance provided by CMHC or a private company.

Home Inspection: A thorough examination and assessment of a home's state and condition by a qualified professional. The examination includes the home's structural, mechanical, and electrical systems.

Home Inspector: A professional who examines a home for anything that is broken, unsafe or in need of replacement. The inspector also checks if the home has had any major problems in the past.

Home Insurance Premium: The amount homeowners pay on a monthly or annual basis for home or property insurance.

Insurance Broker: A professional who can help homeowners choose and buy different types of insurance, including property insurance, life and disability insurance and mortgage loan insurance.

Interest: The cost of borrowing money. Interest is usually paid to the lender in regular installments along with repayment of the principal (that is, the amount of the original loan).

Interest Rate: The rate used to calculate how much a borrower has to pay a lender for the use of the money being loaned
to them.

Land Registration: A system to record legal interests in land, including ownership and disposition of land.

Land Surveyor: A professional who surveys a property in order to provide a land survey (or "certificate of location"). If the seller doesn't have a survey, or if it's more than five years old, the buyer will likely need to hire a surveyor before they can get a mortgage. A real estate agent usually helps coordinate the survey with the seller.

Land Transfer Tax: A tax charged by many provinces and municipalities (usually a percentage of the purchase price) that the buyer must pay upon closing.

Lawyer: A legal advisor who is licensed to practice law and who will protect legal interests and review any contracts.

Leasehold: A form of homeownership where the homeowner buys the right to have full and exclusive ownership of a home and the land it sits on for a defined period. Leasehold is in contrast to freehold ownership, which gives the homeowner the right to use and occupy the land and building for an indefinite period.

Lender: A bank, trust company, credit union, caisse populaire, pension fund, insurance company, finance company or other institution that loans people money to buy a home.

Lien: A claim against a property by another person or company for money owed by the owner or previous owner.

Lump-sum Prepayment: An extra payment that is made to reduce the principal balance of a mortgage, with or without a penalty. Lump-sum payments can help borrowers save on interest costs and pay off their mortgage sooner.

Manufactured home: A single-family home that is built in a factory and then transported to a chosen location and placed onto a foundation.

Maturity date: The last day of the term of a mortgage. The mortgage loan must either be paid in full, renegotiated or renewed on this day.

Mobile home: A home that is built in a factory and transported to the place where it will be occupied. While mobile homes are usually placed permanently in one location, they can be moved again later if desired.

Modular home: A single-family home that is built in a factory and typically shipped to a location in two or more sections (or "modules") to be assembled onsite.

Mortgage: A loan given by a lender to a buyer to help with the purchase of a home or property. The mortgage loan is usually repaid in regular payments that generally include both the principal and interest.

Mortgage Approval (or "Commitment Letter"): A written notification from a lender to a borrower that says a mortgage loan of a specific amount is approved under specific terms and conditions.

Mortgage Broker: A professional who works with many different lenders to find a mortgage that best suits the needs of the borrower.

Mortgage Life Insurance: Insurance that protects the family of a borrower by paying off the mortgage if the borrower dies.

Mortgage Loan Insurance: Insurance that protects a lender against default on a mortgage. Mortgage loan insurance is provided by CMHC or a private company and is usually required for any mortgage where the down payment is less than 20% of the purchase price or lending value of a home. Mortgage loan insurance helps Canadians purchase homes earlier and at interest rates that are comparable to buyers with a larger down payment.

Mortgage Loan Insurance Premium: The amount home- buyers have to pay to CMHC or another insurer to insure their mortgage against default if their down payment is less than 20% of the purchase price. The CMHC premium is calculated as a percentage of the mortgage loan and is based on factors like the size and source of the down payment. In general, the smaller the down payment is, the higher the insurance premiums will be. Premiums can typically be paid separately or included in the regular mortgage payments to the lender.

Mortgage Payment: A regularly scheduled payment that usually includes both the loan principal and the interest.

Mortgage Stress Test: The stress test exercise ensures that homebuyers can afford payments at a qualifying interest rate that is typically higher than the actual rate in their mortgage contract. This helps ensure that homebuyers will have the means to make their mortgage payments if interest rates rise or their income decreases.

Mortgage Term: The length of time that the conditions of a mortgage, such as the interest rate and payment schedule, are in effect. Terms are usually between 6 months and 10 years. At the end of the term, the mortgage loan must either be paid in full, renewed or renegotiated, usually with new conditions.

Net Worth: The total financial worth of a person, calculated by subtracting liabilities (everything the person owes) from assets (everything the person owns).

New Home Warranty Program: A program available in all provinces and some territories guaranteeing that any defects in a new home will be repaired at no cost to the buyer within the period covered by the warranty.

Offer to Purchase: A written contract that sets out the terms and conditions under which a buyer agrees to buy a home. If the offer is accepted by the seller, it becomes a legally binding agreement.

Ongoing Costs: The monthly expenses that come with owning a home, including mortgage payments, property taxes, home insurance, utilities, ongoing maintenance and repairs.
Open house: A set period of time when potential buyers can come to look at a house or apartment that's for sale without an appointment.

Open Mortgage: A flexible mortgage loan that lets a borrower pay off or renegotiate their loan at any time, without having to pay penalties. Because of this flexibility, open mortgages usually have a higher interest rate than closed mortgages.

Payment Schedule: The schedule that borrowers agree to follow to pay back their mortgage loan. In most schedules, mortgage payments are made weekly, every two weeks or once a month. Borrowers should talk to their lender to see all possible options.

Prepayment Options: The ability for borrowers to make extra payments, increase their payments or pay off their mortgage early without incurring a penalty.

Prepayment Penalty: A fee charged by the lender if borrowers pay more money on their mortgage than the prepayment option allows.

Principal: The amount a person borrows for a loan (not including the interest).

Property (or home) Insurance: Insurance that protects the owners in case their home or building is damaged or destroyed by fire or other hazards listed in the policy.

Property Taxes: Taxes that are charged by the municipality based on the value of the home. In some cases, the lender will collect property taxes as part of the borrower's mortgage payments and then pay the taxes to the municipality on the borrower's behalf.

Portability: An option that lets you transfer or switch your mortgage to another home with little or no penalty when you sell your existing home. Mortgage loan insurance can also be transferred to the new home.

Real Estate: Property consisting of buildings and/or land.

Real Estate Agent (or "Real Estate Broker"): A professional who acts as an intermediary between the seller and buyer of a property. They help the buyer find a home, make an offer and negotiate the best price.

REALTOR.ca (formerly MLS.ca): An online service that provides descriptions of most of the homes for sale across the country. Homes on the site can be searched by location, price, size or a number of other features.

Reserve Fund: A sum of money put aside by a condominium corporation for the repair or replacement of common elements such as the roof, windows, boiler, hallway carpets and other common assets and areas.

Rowhouse (or "Townhouse"): A row house is one of several similar single-family homes that are joined side by side and share common walls.

Security: Also called "collateral." Property that is pledged to guarantee a loan or other obligation that can be claimed by the lender if a loan isn't repaid. With a mortgage, the home being purchased is used as security for the loan.

Semi-detached Home: A home that is attached to another home on one side.

Shared Equity Mortgage: An arrangement where a borrower and a lender share equity (ownership) in a property, in exchange for a future value in the home at the time of repayment.

Single-detached Home: A free-standing home (that is, not attached to any other homes on either side) intended to be occupied by a single family.

Stacked Townhouse: Two-storey homes stacked one on top of the other, usually in groups of four or more.

Strata (or "condominium"): A type of homeownership where people own the unit they live in and share ownership of all common areas with the other owners. Common areas can include parking facilities, hallways, elevators, lobbies, gyms, and the grounds or landscaping.

Survey (or "certificate of location"): A document that shows the legal boundaries and measurements of a property, specifies the location of any buildings and states whether anyone else has the right to cross over the property for a specific purpose.

Title: A document that gives the holder legal ownership of a property.

Title Insurance: Insurance against losses or damages that could occur because of anything that affects the title to a property (for example, a defect in the title or any liens, encumbrances or servitudes registered against the legal title to a home).

Total Debt Service (TDS) ratio: The percentage of a person or household's gross monthly income that goes to pay the mortgage principal and interest, property taxes and heating costs, plus all other debt obligations such as car payments and personal loans or credit card debt. To qualify for a mortgage, it is recommended that the borrower's TDS ratio not exceed 40%.H

Townhouse (or "Rowhouse"): A townhouse is one of several similar single-family homes that are joined side by side and share common walls.

Variable Interest Rate Mortgage: A mortgage where the interest rate fluctuates based on the current market conditions. The payments will generally remain the same, but the amount of each payment that goes toward the principal or the interest on the loan changes as interest rates fluctuate.

Vendor: The seller of a property.

Vendor Take-back Mortgage: A type of mortgage where the seller, not a bank or other financial institution, finances the mortgage loan for the buyer.

Thank You

I'm a mortgage broker, and I'm here to help *you* take advantage of the tools and resources out there when you're purchasing a home, which is likely the most expensive thing you'll ever do. With the rising interest rates and the mortgage stress test, purchasing a home is more difficult and stressful than ever before. I can offer you unbiased advice which you can use to improve your situation – whether it's purchasing a home, refinancing, or renewing a mortgage. I not only have the knowledge and expertise to help you, but I also have the passion and desire to provide you with the very best advice so that you can get the most from your mortgage financing transaction.

Your first step was reading through this guide, so let's get talking!

- Jill