MORTGAGES WITH TYLER

Dominion Lending Centres

YOUR COMPLETE MANUAL TO HOME FINANCING

Questions? Let's talk!

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Everything you need to know about the mortgage process

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Is Homeownership Right for You?

Buying a home is one of the biggest decisions you'll ever make. To ensure that you make the best choice, ask yourself a few questions. What do you really want in a home? What is your current financial situation? What are your financial and lifestyle needs?

As a first-time buyer you might not be aware of all the costs associated with homeownership and it's a good idea to review them all and factor them into your decision.

Upfront costs: the initial amount of money you need to buy a home, including the down payment, the 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 bulls, condominium fees (if applicable) and routine repairs and maintenance.

Major repairs: Large and expensive repairs and renovations your home will eventually need such as roof replacement or foundation repair.

If you choose a property that is not hooked up to municipal services such as water and sewer there may be additional maintenance costs to consider.

Are You Ready to Own a Home?

Buying a home isn't for everyone. Before you make any decisions, consider the following questions:

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

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Renting vs. Buying: Pros and Cons

Start by finding out the average home price in the area where you want to live. Next, make a list of the pros and cons of owning versus renting to see which option is best for you. ***Use the following as examples.***

RENTING PROS

- Less maintenance and repairs
- Lower monthly and upfront costs
- Shorter-term commitment, making it easier to move to a new home, neighbourhood or city
- Protection from decrease in property values
- Possibility to free up cash to invest or to save a larger down payment for a home

RENTING CONS

- Monthly payments may increase year after year
- The risk that your lease won't be renewed
- You are paying someone else's mortgage rather than building equity of your own
- You can't paint or remodel without the landlord's permission

BUYING PROS

- Freedom to renovate or modify your home as you wish
- You are building up equity in a safe, secure investment as you pay down your mortgage
- Potential for rental income if you include a secondary suite
- Stability and peace of mind that comes from being in control of your investment and owning the place where you live

BUYING CONS

- The risk of financial loss if your home has lost value when you sell
- Responsibility for all ongoing costs including mortgage principal and interest, property taxes, insurance and maintenance
- Monthly payments can increase significantly if interest rates go up at renewal time
- Possibility of unexpected and potentially costly repairs

There are advantages to both renting and owning a home. Make sure you understand the benefits and responsibilities of each before you decide what's right for you.

My Service Pledge to You...

Purchasing a home is one of the most stressful financial undertakings that you'll likely participate in throughout your lifetime. For most people, it's the single largest investment that they'll make, period! This is why it's important to surround yourself with professionals who'll not only offer you a tremendous amount of knowledge and support, but will also make the process as seamless as possible – keeping you informed every step of the way.

As your mortgage expert, I'll show you that I care about your needs first and foremost. In fact, understanding your needs is a very important part of the mortgage process. By understanding your needs, I can save you possibly thousands of dollars in potential payout penalties, extra legal fees, etc.

I'll communicate with you during the entire home-buying and mortgage-financing processes – and even after your mortgage has funded. I'll send my newsletter to you on a monthly basis so that you're informed on what's happening in the mortgage market. Many people simply forget about their mortgage until the renewal date, but there are many reasons that it pays to be informed at all times.

My goal is to give impartial advice on where the market's going (are rates going up or down or are there new products and features available?) so that you are equipped with information that'll help you make informed financial decisions.

Honesty and integrity is the number one principle on which true mortgage experts build their businesses. I believe in earning business by cultivating many referrals, as it's an indication to new clients that their friends, family, realtors, financial planners, lawyers, accountants and so on have all had extremely positive experiences working with me. This package has been compiled to provide a complete guide encompassing the mortgage financing process, and it's my hope that you find it to be a very useful and informative tool.

Why did you choose to use a Dominion Lending Centres mortgage broker?

"I was going to my bank and my bank didn't do much to offer me a better rate or take the time to give me options. I'd never dealt with a mortgage broker; I've always done the typical bank [loan], but our Realtor was the one who recommended our broker.
Because our budget was so tight, with my husband being self-employed, our broker was able to work some numbers out and we decided to go with him. We met with our broker and basically he got us a great rate and he was super accommodating with everything. I was pregnant at the time and he even came to our house [at the] last minute when we needed to sign off on papers."

DOMINION LENDING CENTRES

Your Professional Team

Mortgage Professionals

The trend to move towards using mortgage brokers/agents to arrange mortgage financing is continually increasing. Why has this shift occurred? Well, very simply put, TOP-NOTCH SERVICE and UNBIASED ADVICE!

The banks are cutting back on staff and are centralizing operations to save money. This doesn't bode well for the consumer. Unlike individual banking representatives, who often move from one branch to another hoping to make advancement in the corporations, as your mortgage advisor, it's my intention to create a lifelong relationship.

Today, many banks are buying out smaller trust companies to expand their portfolios. Most major banks lend out money through these trust arms at reduced rates. If you just stick with your bank, you lose access to hundreds of other financing arms – including offerings from multiple banks, credit unions and trust companies – that may have better rates, products and packages to offer you.

Mortgage brokers get paid from the lenders so their service is offered to you without charge. What else can you ask for? Better rates, personalized service, flexibility and products at no cost to you.

Some will say that the fee is built into the rate, but this is not so. It costs the banks approximately 40% less to generate a mortgage through a broker than a branch, as there is no overhead to pay if the bank doesn't get a client's business. Instead, the mortgage broker bears the entire cost of day-to-day business activity.

Realtors

Your realtor is an integral part of your team. Your realtor can give you access to properties that never make it to the MLS website. Many properties are sold in a matter of days, and it can often take longer to make it through the MLS process. Realtors gain access to information about homes that may come on the market before any listing is signed. More importantly, your realtor can tell you how to be successful in your bid for a desired property.

In today's competitive real estate market, it's very difficult to acquire any property without the help of a real estate professional. I have developed relationships with numerous realtors and can recommend a qualified realtor to help you through the home-buying process.

Lawyers and Notaries

Arrangements will need to be made for a notary or lawyer to draw up the mortgage documents and register them on file for you. Since the visit to your lawyer is the last step in the entire process, it's extremely important that this is handled with care.

I can recommend a qualified and professional lawyer or notary who specializes in real estate transactions that can help streamline this process.

Home Inspectors

This is probably the best $300-$500 you'll ever spend. While a competitive situation may not enable you to have an inspection done, it's highly recommended. Whenever possible, have an inspection done so that you're completely informed about what you can't see behind the walls. There may be mould, old wiring or leaks that'll cost you a lot to fix down the road. I can recommend a professional inspector to help set your mind at ease.

Types of Mortgages

Mortgages can be a confusing subject. Buying or selling a home is an emotional decision and can be very stressful. As a mortgage expert, I will take the confusion out of mortgages and make the process as smooth as possible.

In Canada, there are two major categories that mortgages fall into, either closed or open. Most mortgages are closed, meaning that you can't pay out the mortgage in full without paying a penalty to the lender. You can, however, often make lump sum or extra payments each year.

AN OPEN MORTGAGE allows you to pay out the mortgage anytime without penalty. But you typically pay a higher rate than you would for a closed version. Open mortgages may have an administration fee that is higher than a closed mortgage if you do decide to fully pay off the mortgage. This is partly why it's so important to read the fine print and ask about these charges. In most cases, it's better to take the closed product if you don't intend to fully pay out the mortgage in a short period of time.

CLOSED MORTGAGES are offered for terms from six months up to 10-years. The interest rate is fixed during that term. At the end of the term you are open to renegotiate the rate at the then current offerings or you can seek out different lender options to transfer your mortgage with no penalty. The term should not be confused with the amortization. Amortization is the time period it would take to fully pay off the mortgage by making regular payments.

VARIABLE-RATE MORTGAGES, on the other hand, have a rate that floats with the prime rate and are most often closed mortgages.

Let me help you make one of the biggest decisions in your life by providing options and advising you on the best scenario for your specific needs.

The Mortgage Financing Process

The number one question a homebuyer often has is *"What does the mortgage process entail?"*

In very simple terms, following is an outline of the process upon which you are about to embark:

Get prepared:

Gather the following information to have at hand when you meet with your lender or mortgage broker. This will help them determine whether you qualify for a mortgage:

- Contact information for your employer and your employment history
- Proof of address and your address history
- Government-issued photo ID with your current address
- Proof of income for your mortgage application
- Proof of down payment (amount and source)
- Proof of savings and investments
- Details of current debts and other financial obligations
- Know your credit score. Your credit score is a snapshot of your financial health and it shows how consistently you pay off your bills and debts. A good credit score is incredibly valuable

Get preapproved

Avoid any hiccups or obstacles before you begin the home shopping process. Being preapproved helps in the following ways:

- Determines price range – it'll help you understand what your monthly costs will be and determine your price range.
- Guarantees the rate – from 90-120 days. And we'll automatically adjust your rate down with any market reductions.
- Allows you to put in a competitive offer – become a successful bidder with a short subject to financing requirement.
- A pre-approval does not mean that a lender has fully reviewed your documentation and you may still need the approval of a mortgage insurer. This is why using the knowledge and expertise of a mortgage professional is so important.

Put in an offer

Once you have found the property that meets your needs, you'll put in an offer that'll be accepted or countered. This may go back and forth until you reach an acceptable price with the vendor.

Offer is accepted:

- Send us a copy of the contract and MLS listing
- An appraisal is ordered (if necessary)
- Send in any remaining documents required for financing (income confirmation, down payment confirmation, etc)
- Send an inspector in (if applicable) – I can help you arrange this
- Receive the lender's approval on property and final approval letter

Remove Subjects

At this point, your financing is in place and you're ready to proceed with the purchase of the property.

Lawyer's Office

You'll be asked to provide any money that's to be used as your down payment, which is not already on deposit with your realtor. Typically, you'll go in 1-2 days prior to the completion date.

Tips For Planning and Managing Your Mortgage

When financing a home, make sure you're prepared to deal with any challenges that come up. These can include a loss of income, increased expenses or rising interest rates. The following tips can ensure you're financially stable through any ups and downs.

- Get a smaller mortgage than the maximum amount you can afford. This will keep your monthly housing costs lower and allow you to deal with sudden changes in your income or expenses.
- Evaluate the impact of higher interest rates on monthly payments. With a variable rate mortgage, even a small increase in interest rates could have a big impact on your monthly costs. Taking time now to learn how changing rates could affect you may help you avoid financial problems in the future.
- Plan to be mortgage free sooner. You can pay down your mortgage faster by making your payments weekly or every two weeks. You can also increase the amount of your regular payment or make additional lump sum payments if your mortgage allows it.
- Be proactive and ask for help if you need it. If unexpected challenges affect your ability to make mortgage payments, contact your lender or broker as soon as possible. They can work with you to find a solution to any temporary financial setbacks.

PRO TIP Make a double mortgage payment. Doing this once a year can shave over four years off the mortgage. If your payment is $2,000 a month, four years of no payments equals $96,000 in savings!

What Does a Lender Consider When Looking at Your Mortgage Application?

Income and Job Stability

Your income determines how much you may borrow. In most cases, 35% 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 (eg, car loans, credit cards and lines of credit, etc) must not exceed an additional 7% of your gross income.

Credit History

Your credit score must show that you pay your bills on time. If not, you may still be approved, but the interest rate may be higher than expected

What you need to supply to the lender:

Income Confirmation

For salaried individuals: letter of employment, your most recent pay stub and your last 2-years Notices of Assessment from Revenue Canada.

Down Payment Confirmation

The lender will require that you prove the source of your down payment. You'll have to send in bank statements, statements showing RRSPs, stocks, etc. You must show a 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% of the purchase in addition to the down payment to ensure you are able to cover closing costs (legal fees, Title Insurance, property tax pre-payment, Property Transfer Tax etc.).

Contract of Purchase and Sale

This is a copy of the accepted offer of the home you intend to purchase and a copy of the MLS listing sheet. The purchase contract will also be accompanied by a Property Disclosure Statement and a Strata Form B Disclosure if applicable.

Conventional Versus High-Ratio Mortgage

Whenever possible, it's advisable to try to put a 20% down payment into the new home giving you a Conventional Mortgage.

Most individuals are unable to do this so they require what is considered a High-Ratio Mortgage. These mortgages need to be insured by either Canada Mortgage and Housing Corporation (CMHC), Genworth Financial or Canada Guaranty. This is the case because the Bank Act will only allow financial institutions to lend up to 80% of the price without mortgage default insurance.

The mortgage is insured so that if you default on your payments, the lender is paid out in full and the insurer is left to deal with the borrower. The insuring companies charge an insurance premium which is added to and paid along with the mortgage. The premiums are based on the loan to value (LTV), which is the amount of the loan versus the value of your home.

Loan to Value (LTV)	Insurance Premiums (Effective: March 17, 2017)
Up to and including 65%	0.60% of the loan amount
Up to and including 75%	1.70% of the loan amount
Up to and including 80%	2.40% of the loan amount
Up to and including 85%	2.80% of the loan amount
Up to and including 90%	3.10% of the loan amount
Up to and including 95%	4.00% of the loan amount
90.01% to 95% – Non-Traditional Down Payment	4.50% of the loan amount

You may borrow up to 95% of any price for an owner-occupied purchase, in most urban areas. If you're buying a property for investment purposes, the maximum loan amount is 80% and the insurance premium is higher than shown above.

Down Payment Options

The main reason many renters feel they can't afford to purchase a home has to do with saving for a down payment.

Many lenders will allow for the down payment to be gifted from a direct relative or borrowed from another source as long as the repayment of the borrowed funds is factored into the qualifying process.

You may also be able to take advantage of the Home Buyers' Plan. This program enables first-time homebuyers to withdraw up to $35,000 from their RRSPs for a down payment – tax- and interest-free – as long as those funds are repaid into the RRSP over 15-years.

If you're part of a couple making a home purchase together and you are both first-time homebuyers you can each withdraw up to $35,000 from your RRSPs under this program.

The benefits of buying over renting are numerous. Not only do you have a home of your own but you will be building equity in your property as you are paying down your mortgage and values increase. It's almost like a forced savings plan.

For instance, if a renter is currently paying $1,500 per month, with that same payment (including taxes) they could afford to buy a $300,000 home. And assuming real estate values increase 2% per year over the next five years, the new homeowner would have accumulated $55,000 in equity in their home. If they continue renting, however, this $55,000 has generated equity in someone else's home.

Closing Costs

The following is a list that'll assist you in calculating your true costs in purchasing your new home:

Property Transfer Tax

This is a tax that is charged whenever a property is purchased. The tax will vary from jurisdiction to jurisdiction, but I can help with the calculation.

GST/HST

This tax is only charged on new homes or substantially renovated homes. If a property is valued $450,000 or less and is to be the residence of the buyer you may be eligible for a partial rebate. Certain conditions may apply. Please contact you lawyer/notary for more detailed information.

Legal Fees

Your lawyer or notary will charge you a fee for drawing up the mortgage and conveyance of title. The amount of the fee will depend on the individual that you use. The typical cost is $1,000-$1,500 (including Land Title Registration, Title Insurance, courier fees and more).

Survey

If you're purchasing a single-family home, you'll need to give your lender a survey certificate showing where the property sits within the property lines. Some exceptions are made, however, on low loan-to-value deals and acreage properties. A survey will cost approximately $300-$350, but the lender will often accept a copy of an existing survey. See Appendix A for a closing cost worksheet.

Special Financing Programs

Business-for-Self (BFS) Financing:

Several programs are available to assist people who are self-employed. Lenders recognize the fact that what is shown on a BFS tax return may not truly reflect the actual income earned for that party. We have several programs where qualification is based on stated income instead of taxable income. You'll be required to have clean credit and supply us with the last two to three years' tax documentation from Revenue Canada confirming that you have filed as self-employed and that you're up-to-date with your taxes.

There are essentially two types of self-employed or BFS borrowers – those who can prove their income and those who cannot, and must instead use a stated-income mortgage product.

By providing the required documentation, you're much more likely to be approved for a mortgage if you qualify based on your income. The trouble is that if you cannot prove your income, you pose a higher risk in the eyes of lenders so may be subject to higher rates or a larger required down payment.

If you have been self-employed for more than two years, you can seek a stated-income mortgage product up to 90% loan to value (LTV) – meaning the down payment can be as low as 10% of the purchase price. And if a BFS individual wishes to refinance an existing mortgage, the maximum loan amount is 80% of your home's value.

Private Mortgages:

If you don't qualify for traditional financing all is not lost, since you may be eligible for alternative – or private – funding.

I have access to private investors who are willing to lend money to BFS individuals looking to obtain mortgages. Although you'll pay a higher interest rate – on average about 4-6% – this route may enable you to acquire funds to purchase a home. You will need to have at least 20% for your down payment.

It's also important to note that there are added fees involved with private funding because the deals involve a higher degree of risk and take longer to get approved. The combined lender/brokerage fee will depend on the specific deal and the risk it poses, but the figure will be disclosed upfront so you know exactly what you'll be expected to pay for these services.

Another key point to consider is that private financing is equity based, meaning that the lender's decision will be based on a specific piece of real estate (as opposed to lender mortgages that focus on the personal credit of the borrower). Private lenders want to know that the property is marketable and that they'll be able to easily sell it should the mortgage go into foreclosure.

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Special Financing Programs

New to Canada:

Many of the available New to Canada mortgage products apply to new immigrants who have been in the country for up to 3-5 years. I can help set the home financing process in motion by securing a mortgage rate guarantee and preapproval, and figuring out what supporting paperwork you need to provide to purchase a home in Canada – even before you move.

In most cases, Canadian mortgage lenders and insurers want to see employment letters that prove your offer of employment and salary in Canada. You must also have at least a 5% down payment for the home from your own resources – which means it has to be your own money or gifted from an immediate family member. It cannot be borrowed. So, if for instance, you're selling your home in another country and using some of the proceeds as a down payment on a home in Canada, you must be able to prove this.

Lenders and insurers also want to see that you have a solid credit history. Although requirements for this proof varies based on which insurer and lender your mortgage is funded through, I'll be able to tell you exactly what documents you'll need to provide. Often, an international credit bureau is sufficient to prove your credit history. If this isn't available, you can also provide 12 months' worth of bank statements, mortgage or rental payment receipts, utility or telephone bills, and so on. Again, there are several options from which to choose and I'll be able to specifically tell you what a particular lender and/or insurer want to see.

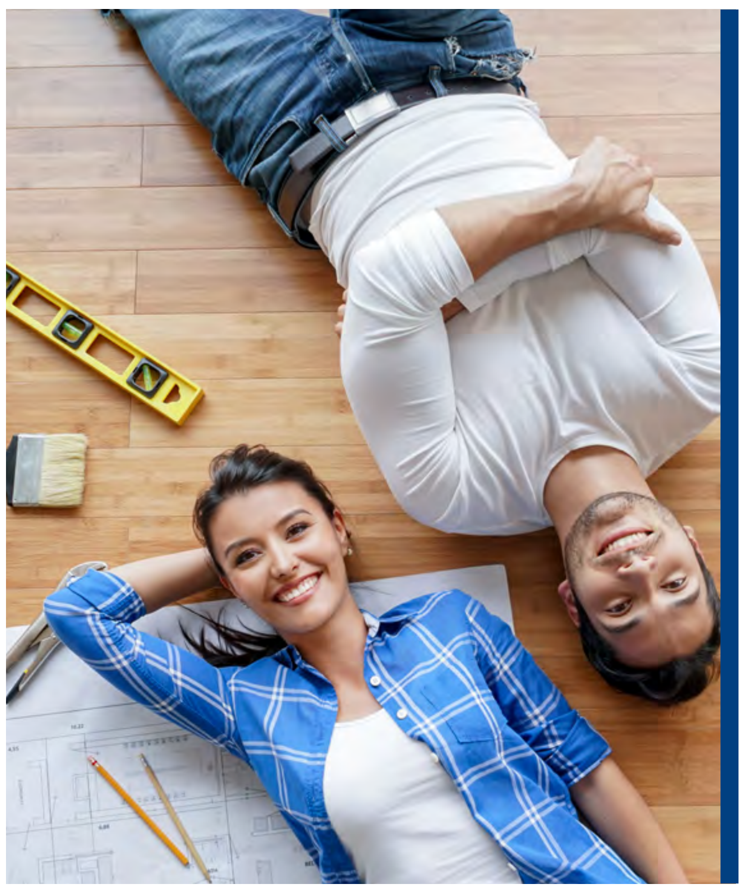
You must also apply for landed immigrant status to get the ball rolling on securing your social insurance number (SIN), which is required before you begin working in Canada.

> There are several options from which to choose and I'll be able to specifically tell you what a particular lender and/or insurer want to see.

Purchase Plus Improvements:

This program allows you to add the costs for renovating your new property into your mortgage. It's offered for mortgages where the down payment is less than 20%. For situations where your down payment exceeds 20%, you would simply set aside a portion of money that was meant for the down payment to be used for the renovations.

The lender will require that you supply a list of work to be done and a quotation from a contractor. Once the work is complete, the lender will send the appraiser back into the property to verify that the work has been completed and your lawyer or notary will release these funds to you or directly to your contractor. You may have to pay for the renovations in advance and then be reimbursed unless the contractor agrees to do the work first knowing that funds are sitting there waiting to be disbursed once the job has been completed satisfactorily.



Protect Yourself Against Mortgage Fraud

Mortgage fraud is a serious offence. It occurs when people intentionally misrepresent their income and assets to get approved for a mortgage they don't actually qualify for. It is also fraud for someone with bad credit to use someone else's good credit to apply for a mortgage. People who participate in this type of fraud can be found liable or even criminally responsible. Protect yourself from becoming a victim of—or an accomplice to—mortgage fraud.

- Never deliberately misrepresent your information when applying for a mortgage.
- Never accept money, guarantee a loan or add your name to a mortgage unless you intend to purchase the property.
- Use only licensed or accredited mortgage and real estate professionals, and only work with people you trust.
- Never sign legal documents before reading them thoroughly and being sure you understand them.
- Get independent legal advice from your own lawyer or notary.
- Contact your provincial land titles office and get the sales history of the property you want to buy. Have the property professionally inspected and appraised.
- If a deposit is required, make sure the funds are payable to (and held "in trust" by) the seller's realty company or a lawyer or notary.

> If a deal sounds too good to be true, it probably is.

After You Buy

Maintaining your home and protecting your investment:

Becoming a homeowner is a major responsibility. It's up to you to take care of your home and protect what is likely your biggest investment.

Make your mortgage payments on time:

You can make your mortgage payments weekly, every two weeks or once a month. Whichever schedule you choose, always make your payments on time. Late or missed payments may result in charges or penalties, and they can negatively affect your credit rating. If you're having trouble making payments, talk to your lender as soon as possible.

Plan for the costs of operating a home:

You will have several ongoing costs besides your mortgage, property taxes and insurance. Maintenance and repair costs are at the top of the list, along with expenses for security monitoring, snow removal and gardening. If you own a condominium, some of these costs may be included in your monthly fees.

Live within your budget:

Prepare a monthly budget and stick to it. Take a few minutes every month to check your spending and see if you're meeting your financial goals. If you spend more than you earn, find new ways to earn more or spend less.

Save for emergencies:

Your home will need some major repairs as it ages. Set aside an emergency fund of about 5% of your income every year so you'll be prepared to deal with unexpected expenses.

Glossary of Terms

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.

CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)
As Canada's authority on housing, CMHC contributes to the stability of the housing market and financial system, provides support for Canadians in housing need and offers objective housing research and information to Canadian governments, consumers and the housing industry.

CERTIFICATE OF STATUS (OR "ESTOPPEL CERTIFICATE")
A certificate that outlines the financial and legal status of a condominium corporation. (This doesn't apply in Quebec.)

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 and HST 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, swimming pools 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 (or notary in Quebec) 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. (This doesn't apply in Quebec.)

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 50% of any condominium maintenance fees or 100% of the annual site lease for leasehold tenure if applicable. To qualify for a mortgage, the borrower's GDS ratio must be at or below 32%.

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.

HOUSEHOLD BUDGET
A monthly plan that tracks household income and expenses to make sure household members are living within their means and meeting their savings and investment goals.

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 (usually replaced by a notary in Quebec) 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 PRE-PAYMENT
An extra payment that is madeto 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 homebuyers 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 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.

NOTARY
In Quebec, a notary (rather than a lawyer) handles the legal matters related to buying a home. These include protecting legal interests and reviewing any contracts.

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 a buyer agrees to follow to pay back their mortgage loan. In most schedules, mortgage payments are made weekly, every two weeks or once a month.

PITH
An acronym that stands for mortgage Principal and Interest payments, property Taxes and Heating costs, all the main costs paid by a homeowner on a monthly basis.

POWER OF SALE
A provision that gives a lender the power to sell a property if the borrower defaults on their mortgage. The ownership of the property changes hands after the sale is completed.

PREMIUM
See "Mortgage loan insurance premium."

PRE-PAYMENT OPTIONS
The ability to make extra payments, increase your payments or pay off your mortgage early without incurring a penalty.

PRE-PAYMENT PENALTY
A fee charged by your lender if you pay more money on your mortgage than the pre-payment option allows.

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

DOMINION LENDING CENTRES

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.

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. For Quebec listings, the equivalent site is centris.ca.

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.

ROW HOUSE (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.

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, swimming pools 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.

SUSTAINABLE NEIGHBOURHOOD
A neighbourhood that meets the needs of the residents while also protecting the environment.

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, personal loans or credit card debt. To qualify for a mortgage, the borrower's TDS ratio must be at or below 40%.

TOWNHOUSE (OR "ROW HOUSE")
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.

Closing Cost Worksheet

Purchase Price: $ ....

Subtract Deposit with Realtor: $ ....

Subtract Net Mortgage Amount: $ ....

Legal Fees: $ ....

Property Transfer Tax: $ ....

GST/HST: $ ....

Appraisal Fee: $ ....

Survey Certificate: $ ....

Tax Adjustment: $ ....

Interest Adjustment: $ ....

Total Closing Cost: $ ....

DOMINION LENDING™
CENTRES

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