

DE RUBEIS, CHETCUTI LLP

REAL ESTATE LAWYERS

MORTGAGE GLOSSARY and CALCULATOR

Amortization

Gradual re-payment of a mortgage loan by means of partial payments on a regular basis.

Appraisal

An independent estimate of the property value by a certified appraiser on a specific date.

Bi-Weekly Payments

Bi-weekly payments speed up the repayment of your mortgage since you are making the equivalent of one extra monthly payment each year. We urge you to take full advantage of this plan.

Blended Payment Method

All monthly mortgage payments are identical, each being comprised of part principal and part interest on the outstanding debt for the chosen term. Early monthly payments by this method are mostly composed of interest, but as amortization progresses, payments will consist of less interest and more principal, and the later payments will be composed almost entirely of principal.

Cash Back Mortgage

For a cash back mortgage, the borrower will receive a cash back rebate equal to a certain percentage of the amount he or she borrows.

Commitment Letter

Based on the property appraisal and the borrower's ability to pay, the lender issues a commitment letter which sets out the terms, conditions and loan amount under which a lender is prepared to lend in the form of a mortgage.

Conventional Mortgage

Maximum loan to value ratio of 75% based on whichever is less: the purchase price or the appraised value. Mortgage loan insurance is not required for conventional mortgages.

High Ratio Mortgages

For a down payment of less than 25%, the loan to value ratio is greater than 75% and lenders will require mortgage insurance to protect against payment default. Your premium is based on the size of your down payment and house value.

Interest Adjustment

Interest calculated on a mortgage loan for the number of days between the closing date and the end of the month. Borrower will have to pay this interest adjustment amount on the closing date.

Joint Tenancy / Tenancy in Common

Under joint tenancy, the interest of the deceased automatically transfers to the survivor of the tenancy. Under Tenancy in Common, the interest of a deceased tenant's ownership transfers to heirs in accordance with the deceased's last will and testament.

Portability

Remaining mortgage amount with the same interest rate is allowed to be transferred from the existing home to a new location. The borrower is required to pay the legal fees to transfer the mortgage.

Prepayment Option

The borrower has the privilege to prepay any part or all of the outstanding balance of a mortgage prior to maturity.

Rate Commitment

The duration of time a lender is prepared to hold the committed mortgage rate for you.

Realty Tax Holdback

If you choose the option to pay the property tax installments with your monthly mortgage payments, on closing date, your lender will hold back the necessary funds to cover the current year's property taxes which are owing.

Variable (Adjustable) Rate Mortgage

The interest rate changes during the term of the loan in response to changes in the prime lending rate. The rate is equal to the prime lending rate at any point in time minus a constant spread. Borrowers are usually charged a slightly lower interest rate as an incentive during the initial period of the term. In most cases, the borrowers are allowed to convert to a fixed term of 3 years or longer.

Mortgage Calculator

%	6.00	6.50	7.00	7.50	8.00	8.50	9.00	9.50	10.00
\$80,000	512	536	561	585	611	636	662	689	715
90,000	576	603	631	658	687	715	745	775	805
100,000	640	670	701	732	763	795	828	861	894
110,000	704	737	771	805	840	875	911	948	984
120,000	768	804	841	878	916	954	989	1033	1074
130,000	832	871	911	951	992	1034	1076	1119	1164
140,000	896	938	981	1024	1069	1114	1159	1206	1254
150,000	960	1005	1051	1094	1145	1193	1242	1292	1344

Monthly payments based upon semi-annual calculation, 25 year amortization.