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Common Mortgage Terms:

Accelerated Payments: Paying your mortgage more often (such as every two weeks) to pay it off faster and save on interest.

Adjustable Rate Mortgage (ARM): A mortgage where the interest rate can change over time, usually based on a specific index or the lender's rate. Also known as a variable rate

Amortization Period: The total time you have to pay off your mortgage completely. In Canada, this can be up to 25 or 30 years.

Appraisal: An expert's estimate of how much your home is worth, often needed when getting a mortgage.

Bridge Loan: A temporary loan that helps you buy a new home before selling your current one.

Closed Mortgage: A type of mortgage that doesn't let you pay off extra money without a penalty. It usually has lower interest rates.

Co-Signer: Someone who agrees to share the responsibility of your mortgage loan, helping you qualify if your credit isn't strong enough on your own.

Conventional Mortgage: A mortgage where you put down at least 20% of the home's price, so you don't need extra insurance. Ex: A \$40,000 down payment on a \$200,000 home

Credit Score: A number that shows how good you are at paying back loans. Lenders take this into consideration while deciding if they will lend you money.

Equity: The part of your home that you own outright. It's the value of your home minus what you still owe on your mortgage.

Fixed-Rate Mortgage: A mortgage with an interest rate that stays the same for the entire loan period/term, making it easier to budget.



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High-Ratio Mortgage: A mortgage where your down payment is less than 20% of the home's price. You'll need insurance to protect the lender.

Interest Rate: The fee charged by the lender for lending you money. You pay this fee along with your principal in monthly payments. It is expressed as a percentage of the loan amount (ex: 3.65%)

Lender: A lender is the financial institution or organization that provides you with the money to buy your home, your mortgage. They're the ones you borrow from and pay back over time.

Mortgage Broker: A person who helps you find a good mortgage deal by comparing different lenders and options.

Mortgage Insurance: Insurance required for high-ratio mortgages that protects lenders if you can't pay back the loan.

Mortgage Term: The length of time for which you agree to the terms of your mortgage, typically between six months and five years. You'll need to renew it when it's up.

Open Mortgage: A flexible mortgage that lets you pay off extra money whenever you want without penalties, but it may have higher interest rates.

Principal: The original amount of money you borrow from the lender. For example, if you take out a \$250,000 mortgage, that amount is your principal.