

Different rules apply for prepaying mortgages

One of the most important features to look for when shopping for a mortgage is prepayment privileges.

The right decision will provide you with maximum flexibility, whether you take on a long-term or short-term mortgage, whether interest rates go up, stay stable or fall, and whether you sell your home during the mortgage term or renew the mortgage on maturity.

Over the years, lending institutions have included some types of prepayment clauses in their mortgages as a means of attracting new business. When looking for a mortgage with prepayment privileges, you should also consider how much money you can save.

Generally, the more "open" for prepayment a mortgage is, the higher the interest rate. While prepayment privileges allow borrowers to make payments during the term of the contract to reduce the outstand-

ing principle, there is often a penalty charged by the lender. You should check the amount of this penalty against the possible future savings on interest costs.

A term often associated with prepayment privileges is "open."

However, there is considerable confusion about what the phrase "open" means. Different mortgages have different degrees of prepayment privileges.

These range from privileges which permit all the principal to be prepaid before the mortgage comes due, partial privileges which allow the borrower to pay a certain percentage annually or semi-annually, etc., to mortgages which do not permit any automatic prepayment privileges.

The majority of residential Canadian mortgages contain partial prepayment privileges.

The biggest problem with having a partial

prepayment privilege, is the uncertainty the borrower faces about what options the lender will permit when the borrower sells his home. Although a penalty of three months' interest is what lenders often charge for the privilege of paying off the mortgage, lenders are not limited by law to just that amount.

Lenders have been permitted to exact penalties of six months' interest and even more if no prepayment privilege exists. The lender can determine how hefty the penalty will be, and there are few safeguards to protect borrowers against exorbitant penal-

ties unless explicitly stated in the agreement.

Insufficient information about prepayment privileges when arranging a mortgage could lead to an unpleasant surprise in the future when trying to pay it off.

The time to examine and analyze a mortgage is before the paper is signed. When it comes to prepayment privileges, make sure you understand fully what you are committing to.

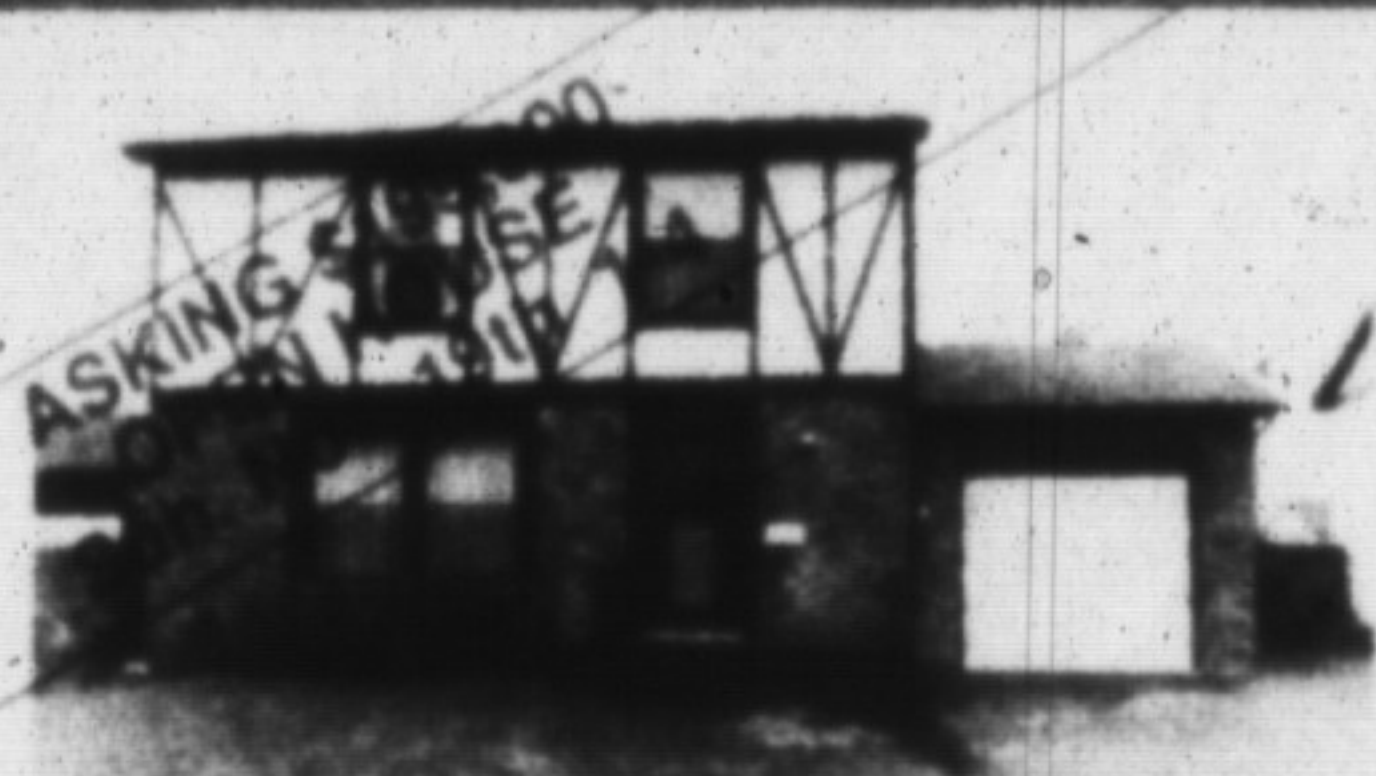
□ This article is provided by the Ontario Real Estate Association (OREA) for the benefit of consumers in the real estate market.

CHRISTIE & WOODS

REAL ESTATE LTD.

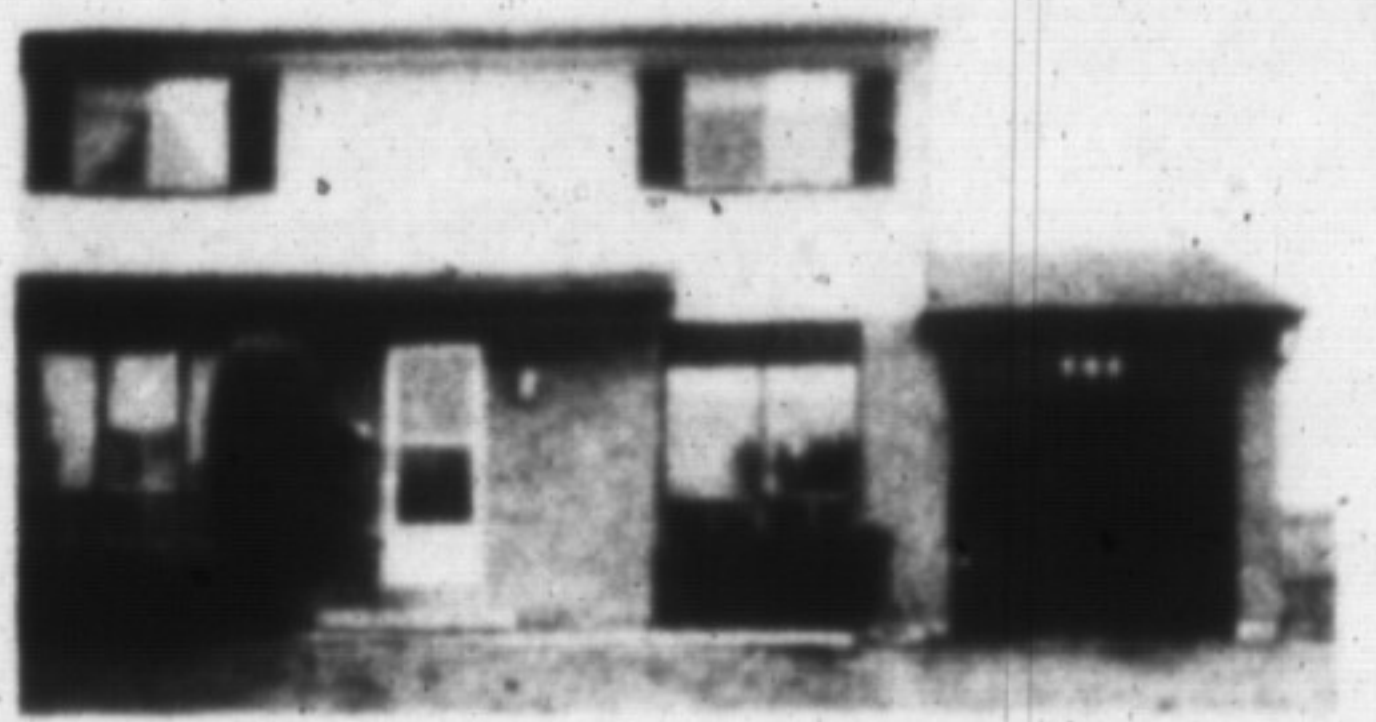
189 Main Street, Milton

878-2095



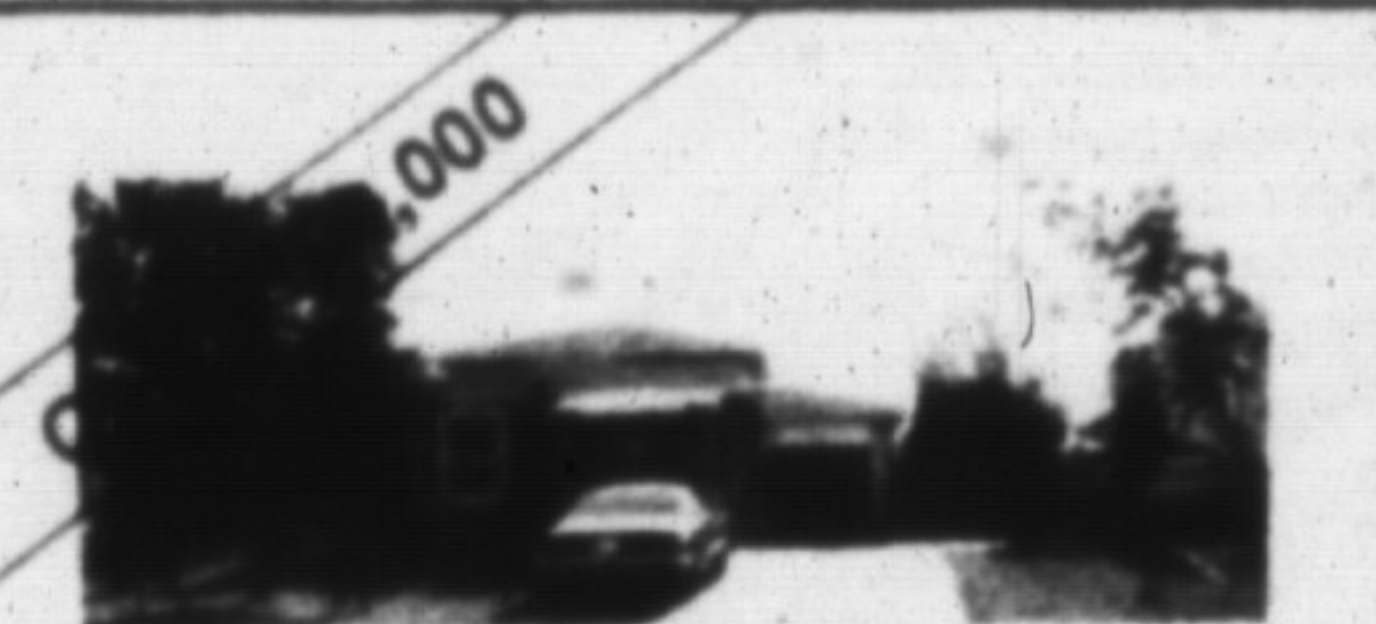
PERFECT FAMILY HOME

- 2 storey brick aluminum
- 3 nice sized bedrooms
- finished rec room with bar & FP
- Make an appointment to view with Cam Gall 878-2095 or 876-2856



IMMACULATE CONDITION

This 3 bedroom home is complete with 2 full baths, central air, central vac, family room, professionally finished rec room with wet bar. Ready for immediate possession. Call Tim Nevins 876-1263 or 878-2095.



770 BYNG COURT OPEN HOUSE SUNDAY NOVEMBER 19 2 - 4:30 pm

Why buy just a home? When this 3 bedroom home comes with fridge, stove, washer, dryer, freezer, dishwasher, pool, patio furniture, gas BBQ, lawnmower, furnished guest room, garborator, new furnace, central air, eat in kitchen and more. Call Tim Nevins 875-1263 or 878-2095.



Yvonne Christie Broker Owner 878-2095

Tim Nevins 875-1263
Allan Christie 878-2095



NEW HOUSE ON 1/2 ACRE LOT IN TOWN

Quality workmanship is the keyword on this beautiful 2500 square foot home situated on a 1/2 acre lot overlooking the escarpment. This home has ceramic, oak trim and oak baseboards, fireplace in family room and much more. Call Margaret Christie for an appointment to see how much more there really is. 878-2095 or 875-2443.



ALL BRICK BUNGALOW!

Located in the Heart of Milton on a nice treed lot. This home offers 3 bedrooms, large eat-in kitchen, complete in-law suite with a separate entrance, a huge four car garage and six appliances. Call Tim Nevins 875-1263 or 878-2095.



Picture Similar to Home to be Built QUALITY ALL BRICK

Make your commitment now and move in next year when your children are finished school. With features like an eat-in kitchen, family room, laundry room, 4 bedrooms, 3 bathrooms. It's worth looking into. Call Tim Nevins 875-1263 or 878-2095.

Cameron Gall 876-2856
Margaret Christie 875-2443

ROYAL CITY REALTY LIMITED

\$169,000 HUGE LOT, PRETTY VILLAGE

Charming 4 bedroom brick bungalow on 117x187 lot. Beautifully decorated living room with wainscoting, eat-in kitchen with ample cabinets, good size bedrooms. Rec. room with woodstove and extra room down, need finishing but will add lots of extra living space. New roof and attractive front porch. There is an attached garage and double driveway. Located in Village of Everton. Willie or Sabrina Essery 416-854-9963 or 519-824-9050. Royal City Realty Ltd.



\$179,000 SCENIC ACREAGE

South of Eden Mills, this 2.5 acre property has a never failing spring, lots of frontage and is fringed with mature trees. All impost fees will be paid, all permits and survey available. Best of all, with sizeable downpayment, Vendor will hold mortgage. Willie or Sabrina Essery 416-854-9963 or 519-824-9050. Royal City Realty Ltd.



\$750,000 DUCK SOUP

Fabulous stone cottage in a high profile area between Campbellville and Eden Mills is home to a thriving tearoom and giftshoppe. The living loft, includes bath and bed sitting room with w/o to balcony. Set on nearly 2 acres of beautifully landscaped grounds with ample parking. Extensive list of chattels, stock at cost. Willie or Sabrina Essery 416-854-9963 or 519-824-9050. Royal City Realty Ltd.

\$750,000 STONE BEAUTY/ACREAGE

Picturesque and Private: Over 3000 sq. ft. of ambience and warmth, including huge country kitchen, formal dining room, main floor family room. Lovely parlour, 5 bedrooms, 2.5 baths. Set on 43 acres with large pond, barn, stream, orchard, and fertile fields. Just 5 minutes from Hwy. 6 south, and 401 interchange. Willie or Sabrina Essery 416-854-9963 or 519-824-9050. Royal City Realty Ltd.

854-9963 or 824-9050

25 WATERLOO AVE., GUELPH

Since 1946 you can depend on
**Quality, Price
and Location**
from
BRAZOLOT HOMES
Family of Builders

**NOW SEE
MILL RUN PHASE II
in Rockwood**

- 9-3/4%* first mortgages available
- Bigger lots from 67' x 132' to 72' widths
- 15 minutes to 401 - 38 minutes to Brampton
- Opportunity priced from

\$232,950

Exclusive Agent
Homelife Realty Guelph Ltd.
Sales Rep. Eric Zborowski



Come and See us on your way to
Guelph, Cambridge & Kitchener.

Take Hwy. 25 North to Hwy. 7
then west to Rockwood.
Signs on left.

Sales Centre Hours
Saturday and Sunday
12 noon - 6 pm

Phone 519-836-1072
Just follow the
Homelife Signs

* To qualified purchasers based on \$150,000 rates subject to change without notice.