

Choose mortgage very carefully

For many people, the two most important decisions in their lives are buying a home and choosing a mortgage.

Purchasers, especially if they are first-time homebuyers, may require some explanation as to the workings of a mortgage.

Virtually all lenders requires the buyer to contribute a cash downpayment towards the purchase of a home. The remaining sum becomes the mortgage, which is broken down into the principal (the amount borrowed) and interest payments.

Amortization and term

Your monthly payment is normally calculated by amortizing the principle and interest over a 20 or 25 year period. The term of your mortgage, which is the period of time the interest rate remains the same, normally ranges from one to five years. When the term matures, you can renegotiate the mortgage at the interest rate that prevails at that time.

Conventional lenders, like banks and trust companies, usually offer similar mortgage interest rates. However, depending on the current market, those rates will vary slightly. Private mortgage funds (available from individual investors) and vendor-take-back mortgages are also available, often at a lower rate.

Fixed or variable rates

You can also arrange a mortgage with a fixed or variable interest rate.

With a fixed mortgage, your monthly principal and interest (PI) payments remain the same over the term of the loan. The monthly payments with a variable

mortgage fluctuate with changes in the bank interest rate.

Open or closed

In addition, you have the option to choose either an open or closed mortgage. The majority of lenders offer closed mortgages, while some conventional and private lenders will arrange an open mortgage.

In past years, closed mortgages have meant the homeowner could not change either the monthly payments or make any additional payments on the principal amount. Fortunately, many banks and trust companies are now offering prepayment privileges on closed mortgages. In effect, you can either make additional lump sum payments once a year to reduce the principal amount of the mortgage, or you can increase the amount of your monthly payment to pay off the mortgage faster.

To be released from a closed mortgage, most lenders require you to pay either a three-month bonus of interest or an interest rate differential. However, some financial institutions request both a three-month bonus of interest and the interest rate differential especially if neither the buyer nor the vendor want to deal with that particular lender.

Fully-open mortgages are available in six-month to one-year terms from some institutional lenders. Long-term open mortgages are usually obtainable from private

lenders, although an additional charge is often involved.

The open mortgage may be advantageous to you if you expect to pay off a large portion of your mortgage in a short time, or you believe there will be a drop in interest rates.

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ANNOUNCEMENT



Pat da Silva

Sue Meadows, Manager, Broker at Century 21 Armour Real Estate Inc. takes great pleasure in welcoming Pat da Silva to the Markham Sales team. Pat has lived in Markham for twelve years and has many friends in our community together with her business acquaintances, made during her previous affiliation with a local bank.

Pat is a hard worker who puts her clients needs in first place. She looks forward to meeting old and new clients alike during her career with Century 21 Armour in Markham. Call Pat da Silva at 294-2533.

JOHN M. Baird LIMITED REALTOR

STOUFFVILLE
5 ACRES - STREAM - POND
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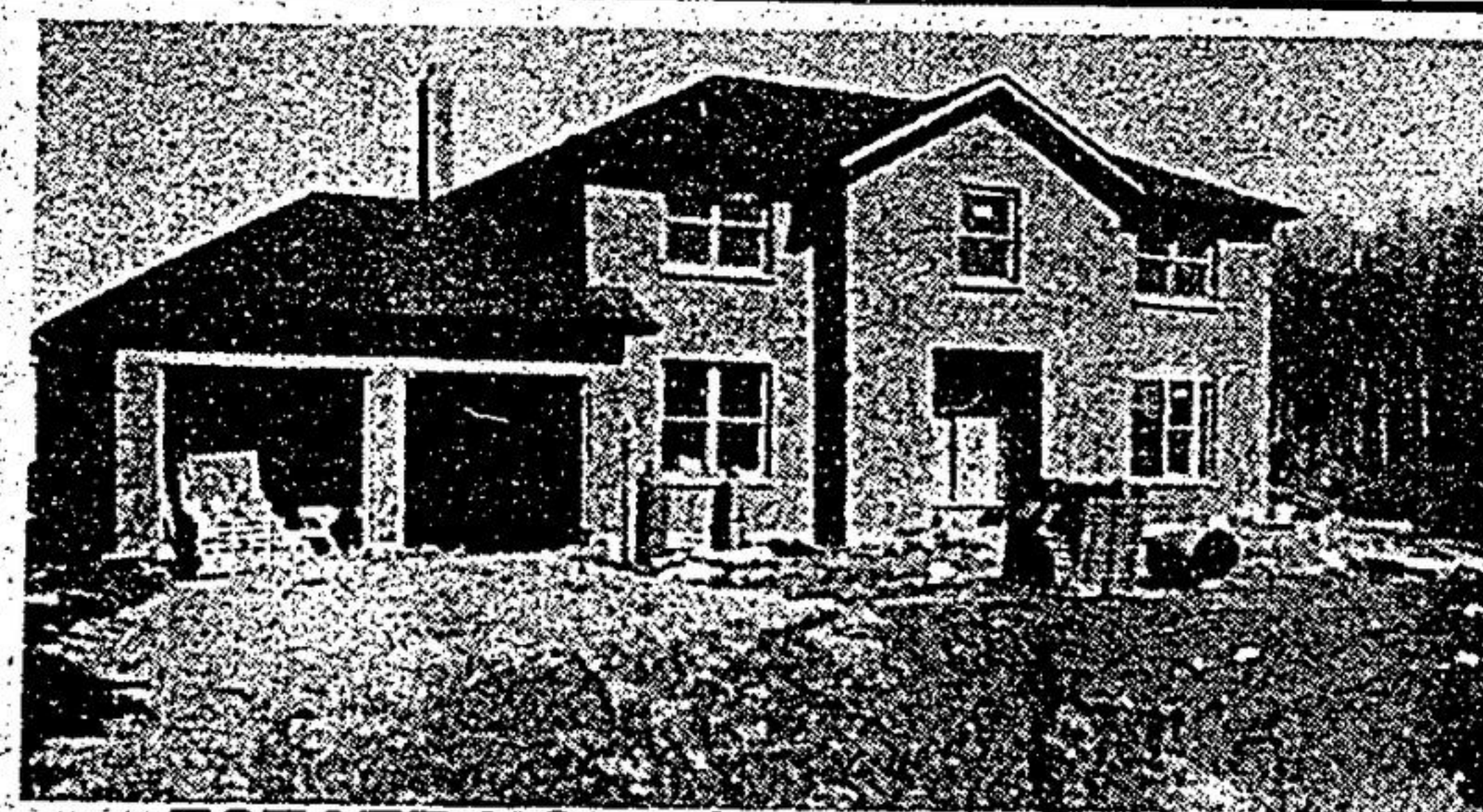


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- 200 amp service with circuit breaker panel
- R-22 wall insulation
- Approx. 1/4 acre lots, some with hardwood bush.
- Brick fireplace
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WE'VE GOT IT ALL! PRICES, LOCATION, QUALITY AND VALUE
8 PLANS TO CHOOSE FROM OR YOUR OWN PLAN

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STOUFFVILLE REAL ESTATE LTD., EXCLUSIVE AGENT

north-west corner Hwy. 47 & 48, Stouffville
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