

Amortization: Number of years set to pay of entire mortgage

Appraisal: Estimation of property's market value

Assessment: A value given to your property by the municipality to calculate your property taxes.

Assumable Mortgage: A mortgage held on a property by the seller that a buyer can take over. The buyer is then responsible for the payments. This type of mortgage generally is more attractive to the buyer.

Blended Mortgage Payments: Mortgage payments containing both principal and interest components.

Bridge Financing: Money that is borrowed against a homeowner's equity in a property to help finance the purchase of another property or to make improvements to a property that is to be sold.

Buy-down: This situation is where the seller reduces the interest rate on a mortgage by paying the difference between the reduced rate and market rate directly to the lender. Or, the difference can be paid to the purchaser in a lump sum or monthly payments.

Closed Mortgage: A mortgage that can't be prepaid, refinanced or renegotiated during its term without incurring penalties.

Conventional Mortgage: A first mortgage issued for up to 75 per cent of the property's purchase price or its appraised value, whichever is lower.

Debt Service Ratio: The percentage of a borrower's gross income that can be used for housing costs, which includes mortgage payments and taxes. This percentage is used to determine the amount of monthly mortgage payments the borrower can afford.

Easement: A legal right to cross or use another person's land for limited purpose. An example would be a utility's right to lay pipe across a property.

Encroachment: An intrusion onto a neighboring property. An example would be a fence that intrudes onto a neighbor's property.

First Mortgage: A property's first registered security. Additional mortgages secured against the property are called 'secondary'.

High Ratio Mortgage: A mortgage that is more than 75 per cent of a property's appraised purchase price or value.

Mortgage: A contract between a lender and borrower where the borrower pledges a property as security to guarantee repayment of the outstanding mortgage debt.

Mortgage Term: The length of time a lender will loan mortgage funds to a borrower. After the term has expired the borrower will either pay the balance or renegotiate the mortgage for another term.

Open Mortgage: A mortgage that can be paid off or renegotiated at any time or in any amount without incurring any penalties.

Partially Open Mortgage: A mortgage where the borrower is allowed to pre-pay a specific amount of the mortgage principle at certain times with or without penalty.

Transfer Taxes: Payment to the provincial government made by the buyer for transferring property from the seller.

Vendor Take Back Mortgage: This situation is where sellers use their equity in a property to provide all of some of the mortgage financing in order to sell the property.

Zoning Regulations: Very strict guidelines set and enforced by the municipal government that regulate how a property may or may not be used.