1. **What is a mortgage?** (http://tiny.cc/whatismortgage)
2. **Where to get a mortgage?** (http://tiny.cc/qualifyingformortgage)
3. **What financial requirements does mortgagor must meet to qualify for a mortgage?** (http://tiny.cc/qualifyingformortgage)
4. **How often does mortgagor make mortgage payments?** (http://tiny.cc/mortgagepayments)

|  |  |
| --- | --- |
| **Payment Frequency** | **Description** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

1. **What is the minimum down payment required for a mortgage?** (http://tiny.cc/dwnpayment)

|  |  |
| --- | --- |
| **Purchase price of your home** | **Minimum amount of down payment** |
| **$500,000 or less** |  |
| **$500,000 to $999,999** |  |
| **$1 million or more** |  |

1. **When does mortgagor have to buy mortgage loan insurance?** (http://tiny.cc/dwnpayment)
2. **Read Muriel’s case and list one advantage and disadvantages of a large down payment vs. a small down payment?** (<http://tiny.cc/murielscase>)

|  |  |  |
| --- | --- | --- |
|  | **Large Down payment** | **Small Down payment** |
| **Advantage** |  |  |
| **Disadvantage** |  |  |

1. **Define the following terms: (**http://tiny.cc/mortgageterm**)**

|  |  |
| --- | --- |
| **Mortgage Term** |  |
| **Amortization Period** |  |

|  |
| --- |
| **Example – *Mortgage Term*** Andrew and Marc want to get a mortgage for $150,000. Their banker suggests a five-year term with a 5.25 percent interest rate. This means that they will make regular payments of principal plus interest for five years. But the $150,000 will not be fully repaid at the end of the term. When the five years are up, they will have to renew the mortgage for a new term at a rate that will then be available. They will be free to look for a better deal from other lenders, but if they choose a different lender, they will have to pay off the mortgage with the current lender through the arrangement with the new one.**Mortgage amount:****Term:** **Interest Rate:** **Amortization Period:****Amount remaining to be paid at end of five-year term:**  |

|  |
| --- |
| **Example – *Amortization Period***The monthly payments on the couple’s $150,000 mortgage would be $894 with a 25-year amortization. The total interest paid over the life of the mortgage would be $118,163. With a 20-year period, their payments would be increased to $1,006, but because they will pay interest for five fewer years, they would pay a total of $91,449 in interest—almost $27,000 less interest in total.  |

*Fill out the table.*

|  |  |  |
| --- | --- | --- |
| **Mortgage Information** | **25-year amortization** | **20-year amortization** |
| **Mortgage amount** |  |  |
| **Amortization period** |  |  |
| **Interest rate** |  |  |
| **Monthly payment** |  |  |
| **Total Interest paid** |  |  |

**Which amortization period is better? Why?**

1. **Lenders frequently offer two types of mortgages: open and closed.**

**Identify the key features of each type** (http://tiny.cc/typesofmortgages)

|  |  |
| --- | --- |
| **OPEN MORTGAGES** | **CLOSED MORTGAGES** |
| **-** **-** **-** **-**  | **-** **-** **-** **-** |

1. Go to **http://tiny.cc/interestrate** and define the following:

|  |  |
| --- | --- |
| **Fixed Interest Rate**  |  |
| **Variable Interest Rate** |  |

1. Go to **http://tiny.cc/fixedorvariable** and read the factors to consider when choosing between a fixed and variable interest rate mortgage. Which type would you choose? List at least **three** reasons to justify your decision.
2. Go to **http://tiny.cc/ratecomparison.** If you desire, you can change the home price, location, down payment %, etc. In the table below, you will record the best interest rate for different options. For example, the link shows the results for 5-year fixed (closed) mortgage (recorded in the table below)

|  |  |
| --- | --- |
|  | **RATE TYPE** |
|  | **FIXED** | **VARIABLE** |
| **TERM** | **CLOSED** | **OPEN** | **CLOSED** | **OPEN** |
| **1 YEAR** |  |  | **N/A** | **N/A** |
| **3 YEAR** |  | **N/A** |  |  |
| **5 YEAR** | **2.69%** ***Motusbank*** | **N/A** |  |  |
| **18 YEAR** | **N/A** |  | **N/A** |  |

1. **What sort of special features / special offers are there?**