

A checklist is helpful when shopping for a mortgage

Most homebuyers need a mortgage and it's therefore important to comparison shop. Terms and conditions differ from lender to lender, so do shop around, compare, and select the mortgage that best suits your needs.

The Financial Services Commission of Ontario (FSCO) – the government agency responsible for overseeing the mortgage brokering industry in the province – suggests taking as much time as needed to understand all of your options. When talking to a potential mortgage provider, broker, or agent, for example, you may wish to use this checklist to get answers for the most important questions:

- What type of mortgage is best for my needs? In particular:
 - a fixed, variable or adjustable rate mortgage
 - an open, closed or convertible mortgage
- What mortgage features and options are best for my needs?
 - a short or long mortgage term
 - a short or long amortization period
 - frequent or less frequent mortgage payments
 - the ability to make prepayments or lump sum payments
 - the option to transfer my mortgage to another home
- How will different factors influence the total cost of my mortgage?
- How can I save on interest charges?
- How can I change the size of my mortgage payments?
- What fees are involved in setting up, discharging or renewing my mortgage? How are they calculated?
- What are my options if I cannot make a payment?
- Is there a fee if a payment is late?
- What penalty charges apply if I want to break or renegotiate my mortgage contract?

Your individual needs and preferences will likely raise other questions too. For more helpful information on mortgages and the mortgage brokering sector, visit FSCO's website at www.fSCO.gov.on.ca and select *Mortgage Brokers*.

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A mortgage comes with risk and responsibility

Being ready for a mortgage involves much more than simply qualifying for a loan. Because of the amount of money you borrow, and the time it takes to pay it back, taking on a mortgage comes with certain risks. It's important to know what these risks are and to be financially prepared for them. Therefore, before you shop for a mortgage, make sure you take a close look at your situation – your finances, future plans and lifestyle – and consider how much debt you can comfortably afford.

Over long periods, financial setbacks may arise and not just when the economy is weak. Demands on your income increase for example, when you start a family, change career paths, launch a business, mismanage expenses, become ill, lose your job, get divorced, or lose a partner. According to the Financial Services Commission of Ontario (FSCO) – the government agency responsible for overseeing the mortgage brokering industry in Ontario – these are important things to consider if you're thinking of getting a mortgage.

Penalties and consequences

Whether you're late making mortgage payments, or cannot make them at all, not being able to meet your mortgage payments can have serious consequences. Before getting a loan, make sure you are fully aware of the default consequences.

When you're shopping for a mortgage, keep in mind the following tips:

- Read the entire mortgage agreement and get answers to any questions you may have.
- Consider getting legal advice before signing the mortgage agreement.
- If you are using the services of a mortgage brokerage, broker or agent, make sure:
 - The business and individual are licensed to deal or trade in mortgages in Ontario.
 - The material risks of your mortgage are disclosed to you in writing and in plain language.
 - You are given at least two business days to review the mortgage disclosure statement before you sign it, or before you make a mortgage payment, whichever is earlier.

To check if your mortgage brokerage, broker or agent is licensed with FSCO, and to learn more about the risks of getting a mortgage, visit FSCO's website at www.fsco.gov.on.ca and select *Mortgage Brokers*.

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