

Real Estate

COMMON TERMS IN REAL ESTATE

the key to understanding the procedures



MAYER DEARMAN & PELLIZZARO
COMMITTED TO EXCELLENCE IN THE PRACTICE OF LAW

MDP offers the following Real Estate services:

Purchase and sale of
existing homes

Purchase of new homes
from builders

Refinancing of your home
with banks and trust
company

Transfer of title

Private mortgage
transactions registrations

Agreements of Purchase
and Sale reviews

Preparation / review of
residential leases

Resolution of landlord and
tenant disputes

REAL ESTATE TERMS

For information purposes only. This does not constitute Legal Advice.



Amortization

The period of time required to reduce a debt to zero when payments are made regularly. Amortization periods are most often 15, 20, or 25 years long.

Assumption

A legal document signed by a homebuyer that requires the buyer to assume responsibility for the obligations of a mortgage by the builder or original owner.

Blended Payment

A mortgage payment that includes principal and interest. It is paid regularly during the term of the mortgage. The payment total remains the same, although the principal portion increases over time and the interest portion decreases.

Closed Mortgage

A mortgage loan that has a locked-in payment schedule, which does not vary over the life of the closed term. A buyer who uses a closed mortgage will likely have to pay the lender a penalty if you fully repay the loan before the end of the closed term

Closing Date

The date on which the sale of a property becomes final.

Commitment Letter / Mortgage Approval

Written notification from the mortgage lender to the borrower that approves the advancement of a specified amount of mortgage funds under specified conditions.

Conditional Offer / Conditions of Sale

An Offer to Purchase that is subject to specified conditions, for example, the arranging of a mortgage. There is usually a stipulated time limit within which the specified conditions must be met.

Maturity Date

The last day of the term of the mortgage agreement. On this day the mortgage loan must be paid in full or the agreement renewed.



Mortgage

Security for a loan to purchase property. It is the purchaser's personal guarantee to repay the loan and a pledge of the property as security for the loan.

Mortgage Loan Insurance

Insurance required by lenders for high-ratio mortgages (more than 75% of the purchase price). It is available from CMHC or a private insurer for a cost of between 0.5% and 3% of the amount of the mortgage. Note: This insurance does not protect you, it protects the banking institution in case you don't pay your mortgage. If you wish to obtain title insurance or life insurance, this must be purchased separately.

Offer to Purchase

A written contract setting out the terms under which the buyer agrees to buy. If accepted by the seller, it forms a legally binding contract subject to the terms and conditions stated in the document.

P.I.T.

Principal, Interest, and Taxes - payments due on a regular basis under the terms of a mortgage agreement. Generally, payments are made monthly and include one-twelfth of the estimated annual municipal and school taxes. Since these taxes change from year to year, this section of the mortgage will change accordingly.

Possession Date

The date on which the buyer moves into the property.

Pre-Approved Mortgage

When a lender approves the potential mortgagor for a specified amount, based on how much money the lender is prepared to lend to the borrower. This allows buyers to shop for homes that they already know they can obtain financing for and not homes that are potentially too expensive, or out of the borrowers means to finance.

Principal

The amount of money borrowed.

Statement of Adjustments

A balance sheet statement that indicates credits to the vendor - for example, the purchase price - and any prepaid taxes and credits to the buyer, such as the deposit, and the balance due on closing.

Survey

A document that illustrates the property boundaries and measurements, specifies the location of buildings on the property, and indicates any easements or encroachments.

Title (freehold or leasehold)

Legal possession. A freehold title gives the holder ownership of land and buildings for an indefinite period of time. A leasehold title gives the holder a right to use and occupy land and buildings for a defined period of time. In a leasehold arrangement, actual ownership of the land, sometimes along with the buildings, remains with the landlord.

ABOUT MAYER DEARMAN & PELLIZZARO

Established in 1964 , **Mayer Dearman & Pellizzaro** is a full service law firm located in Thompson, Manitoba.

Committed to providing our clients with customised legal solutions, we are able to utilise our significant and extensive experience to protect your legal rights.

Mayer Dearman & Pellizzaro specializes in criminal defence, family law, labour law, wills and estates, and real estate law.

Our lawyers have appeared at all levels of Court in Manitoba, and represent clients throughout the province including Thompson and the surrounding area.

Mayer Dearman & Pellizzaro

7 Selkirk Avenue
Thompson, Manitoba
R8N 0M4

Phone: (204) 677-2393

Fax: (204) 778-8125

www.mdplaw.ca



MAYER DEARMAN & PELLIZZARO