canada life™

Canada Life mortgages

Find your personalized mortgage solution

Helping you turn your home ownership dreams into reality

Like many Canadians, you might have a dream to own a comfortable and welcoming home. We can help make that a reality, and also show you how to pay off your mortgage sooner so you can use your money for the goals that matter to you most.

Flexible mortgages tailored to your financial situation

Just like choosing the right home, your mortgage should be right for you as well. With a Canada Life™ mortgage, you can choose the features that make sense for you.

Our credit planning consultants (CPCs) are available to meet with you to discuss financing requirements, answer your questions and show you mortgage options best-suited to your lifestyle and budget. We'll provide straightforward, reliable advice in terms you can understand and tailor a mortgage to fit your needs. After all, your mortgage should be as personalized as your new home.

Purchasing a home may be the biggest investment you'll ever make. We want to help ensure your mortgage fits your personal financing needs.

Mortgages, like homes, are rarely the same. There are several ways mortgages can be tailored to suit your specific circumstances.

Let's look at a few key mortgage components.

Down payment

You'll need to make a minimum cash down payment when purchasing a home. Under a conventional mortgage, a lender will provide up to 80% of the appraised value or purchase price of a property, whichever is less.

However, a high-ratio mortgage can finance up to 95% of the property's appraised value or purchase price. This second type of mortgage must, by law, be insured against non-payment by the Canada Mortgage and Housing Corporation, Genworth Canada or Canada Guaranty.

It's in your best interest to aim for a down payment of 20% or more, so you'll qualify for a conventional mortgage and avoid paying the mortgage insurance premium. The larger your down payment, the easier it will be to arrange a mortgage and carry it comfortably.

The smaller your loan, the lower your interest expense and the greater the equity you will have in your home.

Amortization period

The amortization period is the length of time available to you to pay off your mortgage. Your Canada Life mortgage allows you to choose an amortization period of up to 25 years.

Longer amortization periods mean lower payments, but they increase the total amount of interest you pay. If you can handle a shorter amortization period, you'll achieve big interest savings. Plus, you'll be mortgage-free sooner.

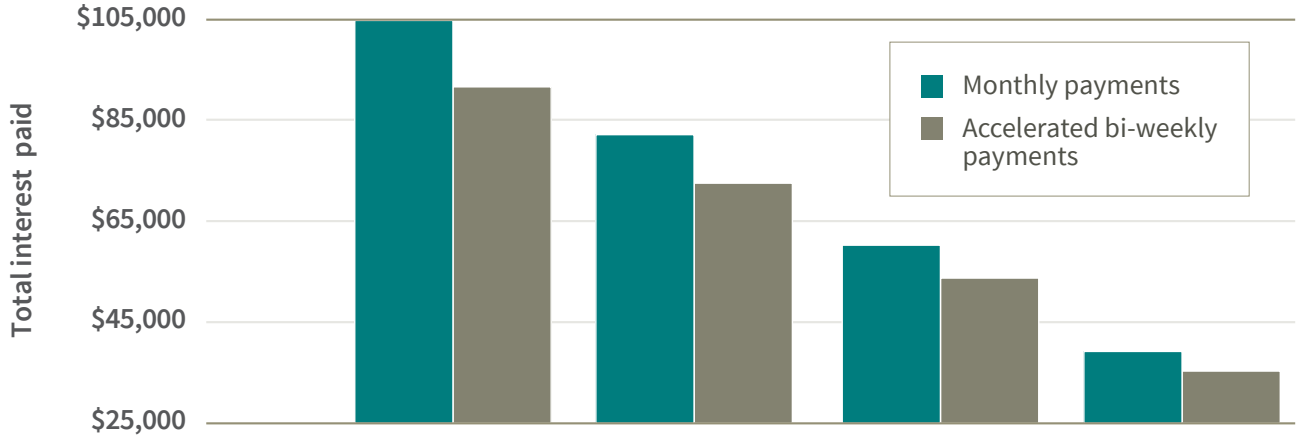
Mortgage term

The length of time you commit to a mortgage is called the mortgage term. Mortgages can have terms ranging from six months to ten years. Your mortgage term also determines how long your interest rate will be guaranteed.

Interest rates can fluctuate substantially in the near future, which means you may want to choose a longer-term mortgage to keep your payments the same for a few more years. A shorter-term strategy works best if interest rates are either high or falling, so you can renew at a lower rate six months to a year later.

Pay less interest on your mortgage

By shortening the amortization period or increasing the frequency of your mortgage payments, you can reduce the amount of interest paid and put yourself on track to be mortgage-free sooner.



Amortization period	25 years	20 years	15 years	10 years
Monthly payment	$1,183	$1,384	$1,724	$2,412
Total of all payments	**$354,933**	**$332,200**	**$310,359**	**$289,425**
Accelerated bi-weekly	$592	$692	$862	$1,206
Total of all payments	**$341,649**	**$322,612**	**$303,860**	**$285,482**

The information above is for illustrative purposes only. It assumes a mortgage amount of $250,000 with a 3.00 per cent fixed rate that remains constant throughout the entire amortization period.

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Type of mortgage

Open or closed

An **open mortgage** allows you to pay back your mortgage, in part or full, at any time, without penalty. They tend to be suitable for a shorter term – typically six months to one year – and usually have a higher interest rate because of greater flexibility.

A **closed mortgage**, on the other hand, requires you to maintain the payment schedule for the entire term you select, but you're able to pay back a larger part of the principal at a specific time. Keep in mind that a penalty usually applies if these additional payments exceed a certain limit, or if you repay the loan in full before the end of the term.

Fixed or variable rate

Fixed-rate mortgages, which are generally closed, have the same interest rate for the entire term of the mortgage. The mortgage payment is also fixed, though the portion that goes towards principal and interest can vary from payment to payment.

Consider a fixed-rate mortgage if:

- You think interest rates may go up
- You prefer steady and predictable payments over month-to-month changes

A **variable-rate mortgage** can offer a lower interest rate than a fixed-rate mortgage – though these interest rates fluctuate depending on market conditions. Some variable-rate mortgages offer a fixed payment for the term; in this case, the portion of the payment applied to the principal fluctuates with changes in interest rates. Other variable-rate mortgages have payments that vary depending on the current interest rate.

Consider a variable-rate mortgage if:

- You think interest rates will go down
- You're comfortable with interest rate and payment fluctuations
- You think you may require greater flexibility because of a potential need to break your mortgage term before full maturity

Payment options

With most Canada Life mortgages, you can choose monthly, semi-monthly, accelerated bi-weekly or accelerated weekly payments. Accelerated payments will save you interest over the length of your mortgage, so you'll be mortgage-free sooner.

Own your home sooner

Want to build equity in your home faster and substantially reduce mortgage interest?

Our prepayment privileges allow you to:

- Double your regular mortgage payment on any payment date
- Increase your regular ongoing monthly payment by up to 15% once annually
- Pay up to 15% of the original principal balance in a lump-sum payment once annually

The Canada Life path to your new home

1 **Learn the language.** Become familiar with mortgage terminology and the process of buying a home. This is where your credit planning consultant (CPC) can help. Buying a home doesn't have to be scary.

2 **Get pre-approved.** Ask your CPC to pre-approve you for a mortgage before you begin looking at homes. You'll know how much you can afford to pay before shopping the market.

3 **Start looking at homes.** The fun part.

4 **Make an offer.** When you find the right home, make an offer to purchase, conditional on final approval of financing. We recommend including a satisfactory home inspection.

5 **Finalize the offer.** Provide your CPC a copy of the offer to purchase to finalize your financing . You may be asked for other confirming documents at this time, if you have not already provided them at pre-approval.

6 **Receive a mortgage.** Your CPC will have the property appraised and will issue you a formal mortgage commitment within a few days.

7 **Bring in the legal team.** Canada Life will forward a copy of the signed mortgage instructions to your real estate lawyer or notary.

8 **Get the keys.** On or near the day of closing, Canada Life will forward the funds to the lawyer or notary where they'll be held in trust until the sale of your home closes. The lawyer or notary will handle the transaction. Time to pick up your keys and head for home, sweet, home.

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