
31 WAYS TO PURCHASE PROPERTY

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1. Conventional Mortgage - Banks & Trust Companies advance 75% loan
2. NHA High Ratio Loan – Owner occupied 95% advance or non-owner occupied to 4 units 85% advance
3. Conventional Loan Assumption with or without release of personal covenant
4. NHA Loan Assumption without qualifying
5. Builders Mortgage – allows for “draw downs” to construct new house
6. Insurance Companies and Pension Funds up to 75% advance
7. Private Mortgage Companies or Individual Investors
8. Second Mortgage - amortized or balloon payment
9. Second Mortgage – CMHC Insured
10. Demand Loan – depositor receives bank prime interest rate by using collateral security
11. G.P.M – Graduated Payment Mortgage – monthly payments lower initially, then increase at specified times and amounts
12. V.R.M – Variable Rate Mortgage – Interest rate varies according to Bank of Canada rates. Monthly payment stays constant.
13. R.P.M – Renegotiable rate mortgage. Interest rate renegotiates at specified times
14. S.A.M – Shared Appreciation Mortgage. Investor shares in future equity profit
15. B.P.M – Balloon Payment Mortgage. Lump sum payments required at specified time
16. V.T.B – Vendor Take Back Mortgage. Seller takes the place of financial institution
17. A.F.S – Agreement For Sale. Title does not pass until paid. Seller carries the financing
18. Blanket loan – One loan is registered on two or more properties for additional security
19. Wraparound Mortgage – Is Seller financing where the original mortgage, which is at a lower than current rate, remains intact and the Seller lends the difference to the Buyer as if it were a first mortgage at current rates, taking advantage of the rate differential
20. Trade – either direct exchange or through a brokerage
21. Guaranteed Sale Plan – Realtor, Builder, or Investor guarantees to purchase Buyer’s property
22. Bridge or Swing Loan – Buyer’s borrow equity from sale of existing property before closing
23. Personal Loan or Line of Credit – through financing company, bank or credit union
24. Option – an agreement to purchase in the future if it’s to the Buyer’s advantage. A forfeitable deposit should be considered.
25. Rent To Own – is a lease with an ‘option to buy’ clause, applying anything above “fair rent” towards down payment
26. 100% Loan – Buyer (or Seller) finances up to maximum amount, then Seller carries balance as 2nd mortgage
27. Open-end Mortgage – Mortgagee can refinance up to original mortgage amount and original terms
28. Refinance Existing Property – bank places a mortgage on Buyer’s existing property, then uses the equity to purchase another property
29. Sweat Equity – loan amount is based on appraised value of “improved” property
30. Reverse Mortgage – elderly owner finances up to 50% of appraised value which the lender pays to owner on a monthly basis rather than lump sum
31. CASH – below market value property is purchased for “cash”; then financed based on appraised value