



## MODULE 25: **MORTGAGES**

Choose from the Suggested Activities below to find activities to help your students meet the outcome for this module from the Saskatchewan Financial Literacy 20/30 curriculum.

All resources for this module's activities can be found on [saskmoney.ca](http://saskmoney.ca).

### OUTCOME

Investigate the process of negotiating and obtaining a mortgage.

#### INDICATORS

- a. Explain what a mortgage is and its main purpose.
- b. Differentiate between mortgage and non-mortgage debt.
- c. Define and use appropriate terminology related to mortgages such as:
  - mortgagor;
  - mortgagee;
  - amortization;
  - annual percentage rate (APR);
  - earnest money;
  - equity;
  - escrow;
  - pre-approval;
  - principal;
  - closing costs;
  - closed vs. open terms; and,
  - fixed vs. variable rates.
- d. Identify terms in a mortgage contract such as the APR, prepayment penalty, appraisal fee, closing costs, prepayment privileges and portability.
- e. Examine consumer and lender rights and responsibilities related to mortgages.
- f. Examine how gross debt service ratio (GDSR) impacts one's ability to obtain a mortgage.
- g. Explain the role of the Canada Mortgage and Housing Corporation (CMHC) in helping Canadians purchase a home.
- h. Explain the purpose of mortgage default insurance and determine current CMHC requirements for it.
- i. Research the availability of and requirements for mortgage default insurance offered by other Canadian companies such as Genworth Financial or Canada Guaranty.
- j. Discuss the advantages and disadvantages of mortgage life insurance which a mortgagor may also consider purchasing.
- k. Research various ways of obtaining a mortgage (e.g., through a bank, credit union or mortgage broker).
- l. Compare interest rates associated with different types of mortgages available through various lenders.
- m. Research the circumstances under which paying a mortgage prepayment penalty may be advisable.

#### OVERVIEW

Students will investigate the process of negotiating and obtaining a mortgage.

#### PREREQUISITE

Modules 22D and 24

#### SUGGESTED TIME

8-10 hours

# MODULE 25: CONTINUED

## RESOURCES

- **Slideshows (containing activities):**
  - Mortgages (12 slides)
  - Mortgage Basics (49 slides)
- **Assignments and Activities:**
  - Buying a Home (*Practical Money Skills*)
  - Home Sweet Mortgage
  - Purchasing a Property
  - How Much house Can You Afford
- **Websites:** CMHC, various calculators

## Articles:

- How Much Down
- How Interest Rates Affect Your Costs
- Mortgages 101: What to know about fixed vs. variable rates in Canada

## ASSESSMENT

- formative assessment of discussions, note taking, quiz, and activities
- summative assessment of Purchasing a Property assignment

## SUGGESTED ACTIVITIES

1. **Read "Mortgages 101: What to know about fixed vs. variable rates in Canada"**
2. **Mortgages** is a slideshow for students to consider renting versus buying. This could work as an introduction for the module although it is also a topic in Module 28A.
3. **Mortgage Basics:** This slideshow provides a comprehensive overview of mortgages, and contains activities listed below. Encourage students to take notes and/or provide a graphic organizer so they can look for key terms as the lesson progresses:
  - a. Video **Mortgage Basics mp4** (Slide 31 of PowerPoint Mortgage Basics)
  - b. **Mortgage Terminology Quiz** (Slide 32)
  - c. **Case Study** Financing a Mortgage using Mortgage calculator: (Slide 43)
4. **Buying a Home** (*Practical Money Skills*) is a package of activities to use throughout this module. They could be interspersed throughout the *Mortgage Basics* slideshow. Activities include:
  - a. Should They Rent or Buy Survey
  - b. Conducting a Home Inspection
  - c. Shopping for a mortgage chart
  - d. Calculating mortgage payments questions
  - e. Buying a Home Quiz
4. **Home Sweet Mortgage Activity** contains two activities once students understand the basics of mortgages. One asks them to calculate and compare mortgage options to find the best option; the other presents scenarios to work through individually or in groups.
5. Have students research what the CMHC is and its role in helping Canadian home buyers. The [CMHC website](#) provides information so a graphic organizer to guide a basic search is recommended.
6. The two Gail Vaz-Oxlade articles (**How Much Down & How Interest Rates Affect Your Costs**) allow students to read about down payments and interest costs and report back to the class about what tips they learn. Some students may require a graphic organizer to help them through these difficult concepts.
7. **Purchasing a Property assignment** presents an option for a final assignment for this module (although the first question might be good as an introduction to this unit!). This document has students identify their desires for a potential property and has them follow steps for a fictional home search.
8. Work through **How Much House Can You Afford**.
9. Use a Mortgage Calculator such as [Calculator.net](#).

## ADDITIONAL RESOURCES

1. **Living On Your Own** (*Practical Money Skills*) is a slideshow focused on renting versus buying (perhaps a better fit in Module 28A).
2. *Financial Consumer Agency of Canada:*
  - **Mortgages Action Plan.** Good for students to look at but most relevant for people who are buying a home.
  - **Non-financial factors** and **Questions to ask about mortgages.** Provide good self-assessments for whether owning a home is a proper decision.
  - **Costs involved in buying and maintaining a home** is a comprehensive budgeting list.
3. Two more slideshows that may supplement students learning are:
  - **Negotiating a Mortgage** (32 slides)
    - Includes Video “Negotiating Your Mortgage” (Slide 9 and mp4)
  - **Total Costs of a Mortgage** (19 Slides)
    - Includes Case Study “Costs of Buying a Home” (Slides 4-7)

For more curriculum information, please visit the Government of Saskatchewan curriculum website.