



CEDARGLEN HOMES
GLOSSARY

CONSTRUCTION & HOMEBUILDING

ARCHITECTURAL APPROVAL is when the community developer reviews and approves the model elevation, exterior colours and materials, and grading to ensure it meets the community architectural guidelines.

BACKFILLING is refilling an excavated hole with the material that was dug out of it.

CHANGE AGREEMENT is documentation of changes to the contract (i.e. plan change, selections) signed by the homebuyer(s) and Cedarglen Homes. Once signed, a change agreement becomes a change order.

CHANGE ORDERS are options that are added or deleted from the original purchase agreement that are then sent to applicable stakeholders. All change orders must either be accepted or rejected and signed by the homeowner(s).

CONSTRUCTION START MEETING PLANS are the final set of house plans that a homebuyer approves and signs prior to starting construction on the home.

CUSTOMER RELATIONS REPRESENTATIVE (CRR) is the homebuyer's main point of contact from firm sale right through to the possession day. This representative will guide the homebuyer through the homebuilding process and will address any issues that might arise throughout the build.

CUSTOMER RESPONSE TEAM is the main point of contact for any issues that might arise once the homebuyer has taken possession of their new home moving forward. This team will address any warranty-related issues and will assist in scheduling appointments with suppliers if necessary.

DEVELOPER companies are responsible for the overall design and construction of the community. The developer will also oversee architectural approvals for the elevation of all homes in the community and will create the resident's association if applicable.

ELEVATION is the exterior design of a new home (this includes colors, materials used, etc.).

ENHANCED SPECIFICATIONS are specifications that are included in the home and may vary by community and phase.

ESSENTIAL SPECIFICATIONS are Cedarglen Homes' superior standard specifications that are included in every home.

FOOTINGS are the concrete section at the base of a foundation wall. The purpose of footings are to support the foundation and distribute the load.

FOUNDATION is the lower portion of a structure - usually made of concrete and includes the footings - which transfers the weight from the roof, walls, and floors to the ground.

FRAMING is the assembled lumber that gives shape and structure to a house.

PERSONAL PROTECTIVE EQUIPMENT (PPE) is wearable equipment and gear that is meant to protect the wearer from hazards and dangers on the job site. If a homebuyer would like to visit their home while it is under construction, the required PPE would include a hard hat and safety glasses.

PLOT PLAN is the detailed drawing that shows the lot size, building size, property lines, grading, setbacks from the building to all property lines, and if applicable, easements, rights of way, or other features.

SCHEDULE A is a change order that itemizes the selection of options and structural changes made from the standard plan with the Area Sales Manager. This document forms a part of the purchase agreement.

SCHEDULE B is the enhanced specifications that are included in the specific community and phase this home is being built in.

SINGLE SIDE YARD (SSY) or also known as Zero Lot Line (ZLL), is when one side of the home is built on the property line and the other side of the home is setback five feet from the property line. This is the minimum side-yard otherwise known as the easement.

SITE SUPERVISOR is the Cedarglen Homes representative who is responsible for scheduling trades and the installation of materials for your home. This individual will educate you on the functioning of your new home. They will be your main point of contact for any on-site questions.

STRUCTURAL CHANGE is a revision made to the structure of the home (i.e. exterior walls, windows, interior bearing walls, stairs, beams, and posts). This also includes plumbing drain locations that impact joist spacing and may require drafting design work to fully address.

YOUR HOME ONTRACK is the Cedarglen Homes online customer portal.

FINANCIAL & LEGAL

AMORTIZATION is the total amount of time required to completely pay off a mortgage if all conditions are met and all payments are made on time.

CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) is Canada's national housing agency that aims to make housing affordable for everyone in Canada. CMHC provides mortgage loan insurance for high ratio mortgages and ensures that homebuyer(s) get a reasonable interest rate.

CLOSED MORTGAGE is a mortgage that cannot normally be paid off or renegotiated before the end of the term without the lender's permission and a financial penalty. Some closed mortgages allow for extra or accelerated payments, but only if specified in the mortgage agreement.

CONDITIONAL SALE is when the Purchase Agreement has been approved and both buyer and seller are waiting for conditions to be waived.

CONVENTIONAL MORTGAGE is a mortgage loan that is equal to or less than 80% of the value of a property (therefore the down payment would be at least 20%). Conventional mortgages do not usually require mortgage loan insurance.

CREDIT HISTORY is the report a lender uses to determine if a person qualifies for a mortgage.

DEFAULT is when you fail to make a mortgage payment on time or otherwise fail to abide by the terms of a mortgage loan agreement which could result in a penalty to be determined by the lender.

DELINQUENCY is failing to make a mortgage payment on time.

DOWN PAYMENT is the portion of a home's purchase price that is not financed by a mortgage loan. The buyer must pay the down payment from their own funds (or other eligible sources) before securing a mortgage.

EQUITY is the cash value that a homeowner has in their home after subtracting the amount of the mortgage. Fluctuations in market values or improvements to a home can change the amount of equity.

FINAL STATEMENT OF ADJUSTMENTS is a summary statement of the purchase agreement price, all options added after firm sale, and any deposits added. This statement is ran prior to the homebuyer(s) meeting with the lawyers and referred to at closing.

FIRM SALE is when a purchaser has met all conditions of their sale and are able to waive conditions. At this time we are provided a Waiver of Conditions and a firm sale deposit.

FIXED-INTEREST RATE MORTGAGE is a locked-in rate, meaning it will not change during the term of the mortgage.

GROSS DEBT SERVICE RATIO (GDS) is the percentage of a person or household's gross monthly income that goes towards the mortgage payment, property taxes, heating costs, 50% of any condominium fees, 50% of any homeowners association fees, and 100% of the site rent for leasehold tenure. To qualify for a mortgage, it is recommended that the borrower's GDS ratio not exceed 32%. (*see page 7 for formula)

GROSS MONTHLY INCOME is the total monthly income of a person or household before taxes and other deductions.

HIGH-RATIO MORTGAGE is a mortgage loan for more than 80% of the value of a property (i.e. where the down payment is less than 20%). Usually, a high-ratio mortgage must be insured against default with mortgage loan insurance provided by CMHC or a private company.

INTEREST is the cost of borrowing money. Interest is usually paid to the lender in regular installments along with repayment of the principal.

INTEREST RATE is a rate used to calculate how much a borrower must pay a lender in regular installments along with repayment of the principal.

LENDERS can be a bank, trust company, credit union, caisse populaire, pension fund, insurance company, finance company or other institution that loans people money to buy a home.

MATURITY DATE is the last day of the mortgage term. The mortgage loan must either be paid in full, renegotiated or renewed on this day.

MORTGAGE is a loan used to purchase a home or property. The mortgage loan is usually repaid in regular payments that generally include both principal and interest.

MORTGAGE APPROVAL is written notification from the lender that states a mortgage loan of a certain amount is approved under specific terms and conditions.

MORTGAGE BROKER is a professional who works with a variety of lenders to find an appropriate mortgage for the borrower.

MORTGAGE LIFE INSURANCE protects the family of a borrower by paying off the mortgage if the borrower dies.

MORTGAGE LOAN INSURANCE protects a lender against default of a mortgage. Mortgage loan insurance is provided by CMHC or a private company and is usually required for high ratio mortgages (see above definition).

MORTGAGE LOAN INSURANCE PREMIUM is the amount homebuyers must pay to an insurer such as CMHC, insure their mortgage against default if their down payment is less

than 20% of their purchase price (also known as a high ratio mortgage). The CMHC premium is calculated as a percentage of the mortgage loan and is based on factors like the size and source of the down payment. In general, the smaller the down payment is, the higher the insurance premiums will be. Premiums can typically be paid separately or included in the regular mortgage payments to the lender.

MORTGAGE PAYMENT is a regularly scheduled payment that includes the loan principal and interest.

MORTGAGE STRESS TEST tests if borrowers can afford payments at a qualifying interest rate that is typically higher than the actual rate used in their mortgage agreement. This helps to ensure that homebuyers will have the means to make their mortgage payments if interest rates rise or their income decreases.

MORTGAGE TERM is the length of time that the conditions of a mortgage, such as the interest rate and payment schedule, are in effect. Terms are usually between 6 months and 10 years. At the end of the term, the mortgage loan must either be paid in full, renewed or renegotiated, usually with new conditions.

NET WORTH is the total financial worth of a person, calculated by subtracting liabilities (everything a person owes) from assets (everything the person owns).

OPEN MORTGAGE is a flexible mortgage loan that lets a borrower pay off or renegotiate their loan at any time, without having to pay penalties. Because of this flexibility, open mortgages usually have a higher interest rate than closed mortgages.

PAYMENT SCHEDULE is the schedule that borrowers agree to follow to pay back their mortgage loan. In most schedules, mortgage payments are made weekly, bi-weekly or monthly. Borrowers should talk to their lender to see all possible options.

POWER OF SALE is a provision in the mortgage contract that gives a lender the power to sell a property if the borrower defaults.

PRELIMINARY STATEMENT OF ADJUSTMENTS is a statement that can be generated throughout the administrative or construction process. It shows the purchaser(s) the total price of their home including the purchase price, options added, and any deposits made.

PREPAYMENT OPTIONS gives borrowers the ability to make extra payments, increase their payments, or pay off their mortgage early without incurring a penalty.

PREPAYMENT PENALTY is a fee charged by the lender if borrowers pay more money on their mortgage than the prepayment option allows.

PRINCIPAL is the amount borrowed for a mortgage loan.

PROPERTY INSURANCE protects the owners in case their home or building is damaged or destroyed by fire or other hazards listed in the policy.

PROPERTY TAXES are charged by the municipality based on the value of the home. In some

cases, the lender will collect property taxes as part of the borrower's mortgage payments and then pay the taxes to the municipality on the borrower's behalf.

REAL PROPERTY REPORT (RPR) is a legal evaluation that is completed by a surveyor to show the home and any permanent improvements on the property at the time of the survey. A copy is mailed to the homebuyer after possession.

TOTAL DEBT SERVICE RATIO (TDS) is the percentage of a person or household's gross monthly income that goes towards the mortgage payment, property taxes, heating costs (i.e. all components of the GDS), plus all other debt obligations such as car payments, personal loans or credit card debt. To qualify for a mortgage, it is recommended that the borrower's TDS ratio not exceed 40%. (*see page 7 for formula)

VARIABLE INTEREST RATE MORTGAGE is a mortgage where the interest rate fluctuates based on current market conditions. As interest rates rise and fall, the portion of each payment that goes towards principal (and interest) will change. The payment amount will generally remain the same.

FORMULAS

GROSS DEBT SERVICE RATIO

$$\text{GDS} = \frac{[\text{PRINCIPLE} + \text{INTEREST} + \text{TAXES} + \text{HEAT}]}{\text{GROSS ANNUAL INCOME}}$$

TOTAL DEBT SERVICE RATIO

$$\text{TDS} = \frac{[\text{PRINCIPLE} + \text{INTEREST} + \text{TAXES} + \text{HEAT} + \text{OTHER DEBT}]}{\text{GROSS ANNUAL INCOME}}$$

*If there are any additional terms that the homebuyer comes across throughout the build and they are unsure of the meaning, any member of our Cedarglen Team would be happy to provide clarification.



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