

Re: canadian usage

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From: Peter T. Daniels (grammatim_at_worldnet.att.net)

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Areff wrote:

>

> *Tony Cooper wrote:*

>> *On 19 Mar 2005 09:24:52 -0800, "retrosorter" <hrichler@sympatico.ca>*

>> *wrote:*

>>

>>> *Another term that I think is distinctly Canadian is "closed mortgage."*

>>> *In Canada, this refers to a mortgage that may not be paid off before*

>>> *the stated term without a financial penalty. How is this term referred*

>>> *to in other areas?*

>>

>> *Some US mortgages and loans have a "pre-payment penalty". This is a*

>> *fee for paying off the note early. With a pre-payment penalty*

>> *specified, the note may be paid off at any time by paying the balance*

>> *owed.*

>>

>> *It used to be that you examined a contract to make sure this clause*

>> *wasn't included. I haven't seen a pre-payment penalty clause in a*

>> *note for decades, though. Of course, I haven't borrowed money that*

>> *often, either.*

>

> *I think in some states prepayment penalties in mortgages are flat-out*

> *illegal, aren't they?*

We are encouraged to use the "13th month" payment option — one extra payment against principal each year reduces the term of the mortgage from 30 to 15 years.

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