Task
Mortgage Plan

Many financial institutions offer a mortgage plan in which the customer can borrow up to 80% of the assessed value of the house. The loan can be divided into mortgage and line of credit components.

Janine has just purchased a house. Her banker suggested that she consider a mortgage plan. The table shows the plan Janine chose, which breaks her mortgage into four parts each with a different term and interest rate.

Component	Amount ($)	Term	Amortization Period	Annual Interest Rate
Mortgage 1	65 000	1 year	25 years	4.25% fixed
Mortgage 2	65 000	3 years	25 years	5.25% fixed
Mortgage 3	65 000	5 years	25 years	5.75% fixed
Secured Line of Credit	55 000	—	10 years	4% compounded daily, charged monthly

1. Determine the total monthly amount that Janine pays for her mortgage. Assume that she wants to pay off the line of credit in ten years.

2. Research a line of credit and a secured line of credit. Explain what each one is in a short paragraph.

3. Does Janine have to pay off part of the secured line of credit every month? Explain.

4. Give two advantages and two disadvantages of breaking a mortgage into pieces.

5. Give one advantage and one disadvantage of using a secured line of credit to pay for part of a mortgage.