



Don't be **spooked**
by the real estate market.
I'm here to help!

.....
Oh, by the way...I'm never too busy for any of your referrals!*

Hi

Happy Halloween and in the spirit of Halloween, I come to you with a warning.

Effective January 1st, 2018, **ALL** conventional mortgages (borrowers with 20% down or more) are now required to qualify based on a "stress test" similar to CMHC borrowers. Initially, we thought it would only affect 1st-time buyers, but this is not the case.

Currently, CMHC/high ratio mortgages are required to qualify based on a posted rate. That means that all borrowers qualifying with bank/prime mortgage lenders

(lenders that give best rates) are impacted by these changes. All conventional mortgages are required to qualify based on the face rate (the rate the client is paying) plus 2%.

What does that mean to ANYONE who wants to buy?

An average household making \$150,000, with minimal debt could see their approved mortgage limit drop from approx \$850K as of today to \$650K based on the new guidelines. We will likely see a run up as borrowers who are actively looking will speed up their home searches to get in under the old rules. This will also impact cash-strapped Canadians who want to refinance their homes in order to payout high-interest debt.

So What?

Year on year prices are still increasing. TREB announced in September that on average properties prices increased from August this year by just under \$50k. The challenge is this now unless you buy before these new rules come into effect, your buying power has reduced by on average 20%.

We've now had two changes to the mortgage rules and some significant increases to interest rates in the last 6 months.

This will impact the amount that you will qualify for. To avoid, you will just have to have your full mortgage approval submitted prior to Jan 1st. If you have been pre-approved under the old guidelines but have not bought before this date, you will be subject to the new rules when you do actually buy.

Always here to help,

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Lets Chat



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