



New Mortgage Rules: What it Means

Recently Finance Minister Jim Flarety announced changes to mortgage guidelines. Here they are:

- 1) Amortization Period is REDUCED to 25 years to 30 year amortization. The Loan to Value (LTV) ratio is 80% or less i.e. a 20% down payment is required.
- 2) Refinancing is REDUCED from 85% LTV to 80%
- 3) Limit Gross Debt Service (GDS) to 39% and Total Debt Service (GDS) to 44% -
- 4) Maximum Purchase Price for government backed mortgage insurance is \$1 Million. Homes above \$1 Million must have 20% downpayment



This was done by the government to cool the housing market and to prevent Canadians from over extending themselves financially allowing for a softer and controlled leveling of the market.

Slow growth in household disposable income is already a challenge for consumers trying to pay down their debts. Therefore, I see these changes as a positive for our market and consumers as increased monthly payments would help borrowers keep more equity in their homes. The new rules would also lead to stronger debt service. Few people realize the tremendous extra cost in extending your amortization those extra 5 years. As an example, on a \$300,000 mortgage at 4% interest you save almost \$12,000 in just 5 years! If you look at the full term of the mortgage it will save you approximately \$40,000! Remember that is after tax earnings you need to pay for that difference! All that for a monthly payment difference of \$150.00.

It is important that we understand the positives this brings to our economy as it truly helps everyone in the long run.

Low-Rise Home Types Drive June Price Growth

Toronto MLS, July 5, 2012

Greater Toronto REALTORS® reported 9,422 home sales through the TorontoMLS system in June 2012. The number of transactions was down by 5.4 per cent in comparison to June 2011. The year-over-year decline was largest in the City of Toronto, where sales were down by 13 per cent compared to June 2011. Sales in the rest of the Toronto Real Estate Board (TREB) market area were comparable to a year ago.

“Buyers continue to face the substantial upfront cost associated with the City of Toronto’s unfair Land Transfer Tax,” said TREB President Ann Hannah. “Recent polling by TREB suggests that many households are considering home purchases outside of the City of Toronto to avoid paying the Land Transfer Tax. This goes a long way in explaining the disproportionate decline in sales in the City versus surrounding regions.”

The average selling price in June was \$508,622 – up by 7.3 per cent compared to June 2011. The mortgage payment associated with the average priced home in June, assuming five per cent down and a five-year fixed rate mortgage amortized over 25 years, would account for approximately 35 per cent of the average household’s income in the GTA after adding property tax and utility payments.

“According to new mortgage lending guidelines set out by Finance Minister Jim Flaherty, the GTA housing market remains affordable. The share of the average household’s income going toward major home ownership payments for the average priced home remains below the 39 per cent ceiling recently announced by Mr. Flaherty,” said Jason Mercer, TREB’s Senior Manager of Market Analysis.

“The average household in the GTA continues to benefit from a considerable amount of flexibility to account for higher interest rates moving forward,” continued Mercer.

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Just SOLD!



10 Bloorview Place #1012

1205 square feet, 2+1 bedroom with parking and 3 lockers! Fantastic NE exposure on the 6th floor overlooking the ravine. Why rent when you can own in Aria?

MARKET WATCH

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Welcome New Clients!

Here are some of the new clients who became members of our "Real Estate Family" this past month. Welcome and best wishes!



Ian & Bakham Hensbergen

(ref. by Solina Su
& Long Vong)
New Condo Owners

We love giving recognition to our new friends and our wonderful existing clients who are kind enough to refer their friends, family and neighbors to us.

Are you in need of extra help due to:



- health issues?
- caring for aging family members?

Contact: Yvonne Augustine,
Personal Support Worker

647-981-6961

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The Silent Market

In today's tight market, this may just be the edge you have been looking for to help you get Moving... Often, these properties are not even listed on the MLS. We call this our Silent Market.



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FOR LEASE - Fabulous 2 Bedroom - Sheppard Ave. / Brian Dr. -

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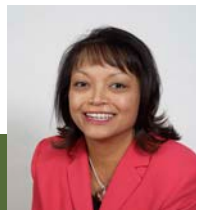


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