



NEW MORTGAGE RULES STRESS TESTING!

Effective January 1st, 2018

Canada's banking regulator is setting a new minimum qualifying rate, or "stress test," for ALL uninsured mortgages.

WHO DOES THIS AFFECT?

This will affect ALL mortgage consumers that have heavier debt loads and a down payment (for a new purchase) or existing equity (for a refinance) of 20% or more.

WHAT IS THE NEW RULE CHANGE?

Uninsured borrowers can currently qualify for a mortgage at a 5-year fixed rate (the actual contract rate) for as low as 3.14% but in a few months, this will dramatically change to almost 5% or more. ALL applications will need to be stress tested using the greater of either the benchmark rate (presently 4.89%) OR the contract rate plus 2% (i.e. a contract rate of 3.14% + 2% = 5.14% to qualify). The effect of this change will result in a 20% decrease in affordability; you could need upwards of 20% more income to get the same mortgage that you could get today under the old rules. This applies to purchases and refinances (but does NOT apply to renewals).

Fred Cooke

Mortgage Agent

FSCO Lic. M12001143

Cell/Text: 613.985.0945

approvedwithfred@ktownmortgages.ca