

NEW DEVELOPMENTS IN RESIDENTIAL FINANCING

There is no doubt that the state of residential mortgage availability is one of the most important elements of our economy. Low interest rates have, more than any other factor, fuelled a dynamic real estate market. However, there have been other major developments in mortgages recently which will contribute to a continuing busy real estate market.

We talked to Bruce Davison, Broker-Owner of Privileged Investments Inc./The Mortgage Centre serving Georgetown and area. Bruce is one of the leading mortgage brokers in the industry and he is excited about recent developments. Here are some highlights from Bruce's comments:


LONGER AMORTIZATIONS: "During 2006, we saw amortizations move from 25 years, to 30 years, to 40 years, then to 50 years." This allows higher mortgages and/or reduced payments bringing home buying into the range of more buyers.

HIGHER INCOME RATIOS: Previously, buyers whose mortgage payments did not exceed 30% of their income could qualify. "In 2006, we removed that ratio and focused on total debt ratio which includes debt commitments other than mortgage payments. That ratio has now moved from 40% to 44%." This is particularly beneficial to those buyers who do not have debts other than mortgage payments. Again, this change brings home buying into the range of more buyers.

The combined impact of longer amortizations and higher income ratios means consumers' purchasing power has increased dramatically - as much as 70% or more for some buyers.

OTHER MAJOR CHANGES: "100% financing with discounted rates and 40 year amortizations. Self-employed products with

REAL ESTATE CORNER



Lynn and John Drewry

no income proof to 95% at higher rates and 90% at discounted rates. Variable rate mortgages now available to 100% financing."

"The accumulation of all these changes ... will cause more fundamental changes in the mortgage and real estate markets going forward than the sum of the changes in the last 20 years. Also, three new mortgage insuring companies will compete with CMHC and Genworth who have been the only two insurers in Canada during the last 40 years."

This is all great news for the real estate market in 2007 because these changes occurred late in 2006 and have yet to impact the market.

Next week we will discuss mortgage interest rates.

We encourage you to send us your questions and ideas for future articles at john@lynnandjohn.ca or 905 873-0440.

Lynn and John are with Re/Max Realty Specialists Inc., Brokerage, one of the largest Re/Max franchises in Canada with 5 offices and over 450 sales representatives. Lynn and John work and live in Georgetown and have enjoyed a successful business in real estate during the last 12 years. John is a Broker and Chartered Accountant (FCA).



Lynn & John Drewry

*Salesperson

**Broker

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STUNNING NEW CUSTOM BUNGALOW ON 23 SCENIC ROLLING ACRES WITH POND

- Amazing picturesque property 982 ft frontage X 1023 ft depth
- Just south of Highway 7 between Acton and Rockwood nr 4th Line
- 23 acres w/Wooded area surrounding natural Pond site behind home
- Perfect for HORSES, 15Ac of open Fields + area for barn & paddocks
- NOTHING has been overlooked, quality workmanship everywhere
- As soon as you enter you will be struck by the long private VIEWS
- 2,770 sf NEW custom built 3 Bedrooms, 3 Bathrooms Bungalow
- All rooms except 3rd bedroom overlooks majestic acreage & Pond
- Striking open concept floor plan + bright WALK-OUT BASEMENT
- 9 ft Ceilings, 8 ft interior Doors, Red Oak Hardwood floors throughout
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- Huge Gourmet Kitchen, Breakfast bar, leather stools + 6 SS Appliances
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- 1 acre of perimeter sod with automatic 12 zone in-ground Irrigation system
- Drilled well with Grundfos constant pressure system tested 30 gallons per minute
- Energy Efficient Home Rating of 83 - Taron Warranty Registered Home

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Sales Representative

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\$359,900

OPEN HOUSE SATURDAY
1:30 PM - 3:30 PM
9 JOHNSON CRES.

Beautiful 3 bedroom bungalow less than 5 yrs. old. Includes all appliances, CAC, water softener, new CVAC and accessories. Entrance from home to double garage. New retaining wall and stone patio & walkways. Fully fenced. Great location, close to 35 acre park and Georgetown hospital. Now reduced to \$359,900. Please call Lillian or your agent. 905-454-1100.



\$274,900

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1:30 PM - 3:30 PM
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WELCOME TO MY OPEN HOUSE



WHERE: 4 Hillside Drive, Marywood Meadows (Park area of Georgetown)

WHEN: Sunday, January 7, 2007

TIME: 2-4 PM

Fabulous 4 bedroom, 2 storey home in the much sought area of Marywood Meadows in the Park area of Georgetown. Beautifully updated and upgraded throughout. Beautifully landscaped rear yard with inground pool. Fully finished lower level. Reflect your success with a home that mirrors your achievements.

START OFF THE NEW YEAR IN THIS FABULOUS HOME



OPEN HOUSE

WHERE: 39 Greenore Cres., Acton

WHEN: Sunday, January 7, 2007

TIME: 2-4 PM

This lovely 3 bedroom semi is absolutely loaded with updates and extras and is situated across from the park. What a fabulous area to raise your kids. Finished top to bottom. Call for a list of all the upgrades.

Is Your House Straining At The Seams?



Maybe you need a new home. Maybe you just need some additional rooms or storage space. A new garage might be nice.

No matter what your real estate needs are, you'll find them in the Real Estate Digest.

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