

More Ways to Increase Your Home-Buying Power

There is a common challenge today that most home buyers are faced with when looking to purchase a home. It seems that everything they like is just over the price range they are told they can afford.

"As home prices continue to escalate, there is the need for more flexible payment options to make the dream of home ownership a reality for more Canadians," said Peter Vukanovich, president of Genworth Financial Canada.

As I wrote in "Buying Power: Choosing the Mortgage that is Right for You" (Vancouver View, May 2006), because of demand, mortgage insurers in this country announced that they were extending the standard of twenty-five-year mortgage amortization in Canada to thirty and thirty-five years.

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This change was embraced with open arms; in fact, six months later, one-fourth of all new mortgages have been based on these longer available amortization options. This fall, another milestone in mortgage lending has occurred. Genworth, an industry leader that supplies mortgage insurance to homeowners in Canada and twenty-three other countries around the world, has again redefined the standards. As of October 10, Genworth is now offering a forty-year amortized mortgage. This extended amortization further reduces a borrower's monthly payment. This of course allows more buyers to afford homes of their own and increase



their choice of properties by extending their price ranges. A quick example: a \$200,000 mortgage with twenty-five-year amortization at six percent monthly payments would be \$1,280. The same mortgage over a forty-year amortization would be \$1,090, which is a savings of \$190 a month. Since this announcement of the forty-year amortization, I have adjusted several clients' maximum mortgage preapproval amount to new highs. Along with the longer amortization, there are a couple of mortgage lenders that will also allow a higher percentage of a client's overall debt to go toward monthly mortgage payments. By using these two methods

to help fine-tune the numbers, I have substantially helped to increase several clients' home-buying power. For example, a client who was previously preapproved to a maximum purchase price of \$200,000 was struggling to find a suitable place. We readjusted the numbers, and the client was able to requalify and purchase a property he was really happy with for \$234,000. ❧

Grant Powell is a true local, born in the heart of this beautiful city. He is a mortgage expert with Dominion Lending Centre, with offices in Yaletown and Kitsilano. If you have questions or concerns about an existing mortgage or are looking to qualify for a new mortgage, contact him at grant@viewmagazine.ca or visit www.grantpowell.ca.