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Your Mortgage Source Info Letter – March 2010 Edition

This month's feature: What Do The Recent Government Changes Really Mean?

Recently, the Government of Canada announced several changes to mortgage qualification that are set to take effect on April 19th. Below is a summary of the changes and what impact they will have on borrowers.

- Borrowers will now have to qualify for a mortgage based on the 5 year fixed mortgage rate, regardless of what type of term they choose. Currently borrowers have to qualify based on the 3 year fixed rate. Since the 5 and 3 year fixed rates are very similar to each other this should not have much of an impact on borrower qualification. Once they qualify, borrowers can pick any term they like on their mortgage.
- The second change involves refinances. Currently borrowers are allowed to refinance up to 95% of the value of their homes to take out additional equity. Going forward, they will only be allowed to refinance 90% of this value. This means all existing borrowers will need to have 10% equity in their homes. Note that this rule does not apply to purchases and people are still allowed to borrow up to 95% on purchases.
- For rental property purchases, borrowers will now need to have 20% down for their rental property purchase. Previously borrowers were allowed to have as little as 5% down for rental purchases. Out of all three changes this is the one that may have the biggest impact on the housing market as it will now eliminate anyone from buying a rental that does not have a significant down payment.

If you wish to take advantage of the existing rules before the new ones come into effect please contact our office as there are only six weeks left before the new rules take effect.

On another note, we have two other announcements to make. We are pleased to announce the addition of two new mortgage advisors at YMS. Both Harp Dalair and Dave Richardson have recently joined the team and we wish to welcome them on board. Also we are pleased to announce that we have launched a new website. The site is designed to provide you with all of the resources and information you need to make a fully educated decision about your mortgage. Check out the site at www.yourmortgagesource.org. We appreciate any feedback you may have.

If you require any further information regarding this article or any other mortgage matters please contact our office at 604-556-3893. Also, as a reminder to anyone looking for a mortgage, we offer **4 month pre-approvals** at no cost to you. This means that you can get a rate hold for up to 4 months to protect yourself in case rates rise.

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Our Best Rates as at March 1, 2010

Rates fluctuate daily and we may be able to obtain better rates than those shown below. Please call our office for the most up-to-date Best Rates.

Terms	Our Best Rates
Variable Rate Closed *(Prime - .30%)	1.95%
Variable Rate Open *(Prime + .80%)	3.05%
5 year closed	3.79%
4 year closed	3.69%
3 year closed	3.30%
2 year closed	2.75%
1 year closed	2.45%

*Based on current prime rate of 2.25%. All rates subject to change without notice. Some restrictions may apply. Rates above are best rates available and may vary depending on quality of the credit application. All mortgages are subject to credit approval.



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