

Maple Ridge • Pitt Meadows (Includes Mission Listings)

# REAL ESTATE

## Weekly

## Banks shedding 40-year mortgage loans

Major banks have changed mortgage offerings to bring its lending rules in line with regulatory changes set to take affect in October.

TD bank said, effectively immediately, the maximum amortization period for new mortgages will be 35 years and will require a five per cent down payment.

TD said it would continue to process those mortgages with a longer amortization period or a lower down payment that have already been approved.

TD joins Bank of Montreal in changing its lending rules ahead of the change in regulations. Other banks are following the lead.

Starting October 15, Canadians will no longer be able to purchase a home with a government-backed mortgage with a 40-year amortization and no down payment.

Instead, mortgages will be limited to 35 years and the government will only insure 95 per cent of the value of the home, meaning buyers will

need to come up with at least a five per cent down payment. As well, borrowers must demonstrate that debt servicing costs are no more than 45 per cent of gross income and have a good credit rating. Government-backed insurance is

currently available on mortgages where the loan-to-value ratio is up to 100 per cent \_ in other words the buyer has borrowed all the money to buy a home and then gets insurance coverage on the whole amount.

Friday, August 1, 2008 - Vol.28 No.30