

Published based on [Canada's New Mortgage Rules](#)

Canada's New Mortgage Rules

New Mortgage Rules: Good News and Bad News

By [R Peter Russell](#)

On January 17, 2011, Canada's Finance Minister Jim Flaherty unveiled three new mortgage rules to reduce growing levels of household debt. The rules are:

- 1) Amortization periods for new Canadian Mortgage and Housing Corporation-insured mortgages can no longer exceed 30 years.
- 2) 85% of your home's value is all you may finance (or re-finance). This is down 5% from the old 90% limit.
- 3) It is no longer possible to buy government-backed insurance on lines of credit secured by homes.

One day later Mark Carney, governor of the Bank of Canada, announced that the benchmark interest rate would remain at its current level of 1%.

These changes, scheduled to take effect in the spring of 2011, are either good or bad news depending on your perspective. Larger down payments will mean some Buyers will now have to re-qualify. Waiting to buy could be seen as negative. Sellers, finding fewer Buyers in circulation, may also see these changes as bad.

The good news is that borrowing costs remain at historic lows. Another benefit to these rule changes is the increased equity participation of owners in the marketplace. Higher levels of personal investment in home ownership can only shore up ongoing real estate valuations. Increased equity positions will also decrease levels of default thereby reducing the supply of "distress" sales.

Toronto's real estate market in 2011 is shaping up to be a stable, balanced market that favours both parties in a real estate transaction equally. Buyers should be able to find the right house at the right price; Sellers should realize a reasonable return on their investment. That too, is good news.

Best Wishes for Success,

Peter

Peter Russell,
Broker.
Chestnut Park Real Estate Limited Brokerage,
Toronto Canada.
<http://www.PeterRussellRealEstate.com>

Article Source: http://EzineArticles.com/?expert=R_Peter_Russell

<http://EzineArticles.com/?New-Mortgage-Rules:-Good-News-and-Bad-News&id=5755184>

You can also find this article published on [Canada's New Mortgage Rules](#), and on the tag pages [benchmark interest rate](#), [canada8217s new mortgage rules](#), [canadian mortgage and housing corporation](#), [chestnut park real estate](#), [finance minister jim flaherty](#), [new mortgage](#), [peter peter russell](#), [r peter russell on](#), [real estate transaction](#), [real estate valuations](#).