

Canadian homebuyers are a lucky lot

Feeling lucky? If you're a Canadian homeowner or buyer, you should be feeling pretty fortunate. While homeowners south of the border have been on a rollercoaster – due to some unrealistic mortgage products and lofty lending expectations – here in Canada, we've been surprisingly well buffered from the wild mortgage and real estate markets.

It all could have turned out differently – as it did in the U.S. But the Canadian mortgage community has always maintained very prudent lending practices, according to mortgage industry legend Bob Ord, who founded the elite national brokerage Mortgage Architects. And mortgage brokers – located in almost every city and town across the country – have done an excellent and diligent job in both protecting lenders from undue risk, and helping homebuyers avoid credit and payment pitfalls.

Similar to the U.S., there was a time here in Canada when mortgages were extremely difficult to get for homebuyers who didn't fit into the traditional lending "boxes" at the banks. If you owned your own business, for example, you were often disadvantaged in mortgage negotiations. You work hard to keep your taxable income low (and your profits high), then discover the banks are reluctant to lend you money. First-time homebuyers struggled to get enough money for their downpayment that would get them off the rental treadmill. Immigrants with no credit history in this country found themselves unable to access a good mortgage.

Ord points out that the brokers of Mortgage Architects, for example, now have access to a range of innovative mortgages to serve many of the clients who once fell between the cracks at the bank: mortgages for entrepreneurs, special mortgages for vacation or

investment properties, mortgages for new Canadians... even mortgages that repair your credit rating. Ord observes, too, that longer amortizations help make homeownership affordable for more Canadians. Luckily, these innovations were launched with a realistic look at the risks involved. While in the U.S., specialty subprime mortgages that were never made available in Canada have resulted in very high rates of default.

Clients of independent mortgage brokers get access to more than 50 different lenders, which compete for the business. Today's homebuyer is asking questions. They want to compare rates, they want to have their mortgage designed for their needs, and they want to understand how to make their mortgage work for them. The answers – and the product options – are coming from mortgage brokers.

Not surprisingly, the industry is continuing to raise the profile of the mortgage as a financial tool. The newest trend among the very top brokers, says Ord, is mortgage planning. Ord says, for example, that many of the Mortgage Architects brokers help qualified homeowners design a tax-deductible mortgage. The objective of mortgage planning is to incorporate the mortgage as part of a total financial strategy designed to manage debt for the creation of wealth.

The Canadian mortgage market is well positioned for the future: choice, specialized products, enhanced information and personalized service. All very good news if you have questions about your current mortgage or renewal, have concerns about your current debt load, or if you're thinking about a vacation or investment property. For individual Canadians, opportunity is knocking.

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