

New Mortgage Rules Affect Revenue Properties

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The federal government is tightening the rules for qualifying for a mortgage this spring in a bid to avoid a potential housing-market bubble, making it slightly harder for buyers to afford a home. The three key changes Ottawa announced Tuesday:

To discourage speculation, homebuyers who want to purchase a property for rental purposes will have to come up with a 20 per cent down payment, instead of the current five per cent.

To qualify for a Canada Mortgage and Housing Corp.-insured mortgage, borrowers will have to meet the standards for a five-year fixed-rate mortgage, even if they're taking out a variable rate mortgage. The current standard is the rate for a three-year fixed mortgage.

The amount Canadians can borrow against their homes will be reduced to 90 per cent from the current 95 per cent.

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