

Steve Garganis

From: Steve Garganis [steve@needamortgage.ca]
Sent: Wednesday, April 11, 2007 9:48 AM
To: steve@needamortgage.ca
Subject: U.S. mortgage problems aren't Canada's problems

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Market Trends

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Hi,

U.S. sub-prime mortgage market in default

"You may have seen some articles recently about how the U.S. sub-prime mortgage market is falling apart. Sub-Prime mortgages are for consumers that don't qualify under traditional guidelines because of slow credit, low provable income and low down payment.

So just how will this affect us in here, in Canada? So far, we have seen little impact. The Toronto Stock exchange did experience a drop earlier this year but it has rebounded back nicely. The Housing market is doing well and is forecast for good growth in 2007 and 2008.

If real estate prices in the U.S. continue to fall, then we could see some impact in Canada. However, there is some positive news coming from this. Economists are telling us we can expect the U.S. Fed to finally reduce their rates by around 0.65% by the end of this year. [\(Click here for the full report\).](#)

Interest Rate Outlook

Today, we saw the Banks increase their posted interest rates by around 0.20%. This is in response to rising bond prices. However, it should be noted that the wholesale lenders (that's who we deal with) had lowered their rate earlier this year by around 0.25%. We expect to see an increase of around 0.15% to 0.20% today and tomorrow. Stick with a proven strategy. Don't try to time the interest rate market. I like Variable rate. But if you can't sleep at night because you are worried about rates, then you should consider fixed rate.

The latest Economic forecast calls for Variable rates to drop by 0.75% and fixed rates to drop by 0.65%....[\(Click here and scroll to the bottom of page 6 for the rate forecast outlook\).](#)

NO CMHC Insurance required for 80% loan to value mortgages?

We've seen a lot of changes in the mortgage industry over the past 12 months. In fact, there have been more changes in the last year than I've seen in my 18 years in this business. And the changes have been great for Canadians wanting to buy homes. The latest proposal was tabled on February 15, 2007 in the House of Commons. It has passed 2nd reading and is expected to pass final reading in a few months.

The change would increase conventional mortgages (mortgages that do not require CMHC or Genworth insurance) from 75% of the appraised value to 80%. This is great news and will again put money back where it belongs... in the pockets of Canadian consumers. [Click here for the full document.](#)

Remember, a \$250,000 mortgage will carry for \$1198/mth.

Let me know when I can help more?

Thank you,

Steve Garganis

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