



MEDIA ADVISORY

MORTGAGE BROKERS CAUTION CONSUMERS TO PLAN FOR MORTGAGE AFFORDABILITY

December 16, 2009 (Vancouver) – With news that the ratio of mortgage debt to household incomes in Canada has risen to record levels and a further concern that 40% of homebuyers are opting for variable-rate mortgages, Canadians are potentially leaving themselves wide open for significant financial obligations once interest rates begin to rise – this according to [The Mortgage Brokers Association of BC](#) (MBABC).

While record low interest rates continue to fuel the hot real estate market, potential home buyers, particularly new home buyers, need to protect themselves against financial hardship by planning now for the impact that higher rates will have on their variable rate mortgage due to increases in their bank's prime rate or for a future mortgage renewal.

Joe Santos, MBABC President says, "Mortgage brokers work in a similar way as financial planners. A qualified licensed broker will work hard to ensure that a buyer is aware of all risks and will not be over-extended come renewal time. This may mean that, although they may negotiate a lower interest rate and the best mortgage terms for their client, many lending institutions require that the client must qualify at a higher rate, thereby building in a cushion against an undoubtedly higher rate at renewal." Santos recommends asking your mortgage broker the following questions:

- How much of a mortgage can I afford?
- What kind of a down payment do I need?
- What are the closing costs?
- What is the difference between variable, fixed and split mortgage options?
- What is a conversion option and when is it recommended?
- Will you keep in contact with me after the mortgage funds? How?
- Are you an independent broker or do you work directly for a financial institution?
- Are you a member of a professional group of brokers and lenders?

Homebuyers need to be careful not to get swept up in 'buyer frenzy' only to pay the price much later down the road. Santos cautions that, "While our Canadian financial institutions continue to practice prudent lending practices, home buyers have a personal responsibility to ensure mortgage affordability and to protect themselves and their families against the impact that increased interest rates may have on their future financial health".

For comprehensive mortgage information and to find a qualified mortgage broker visit www.findabettermortgage.ca.



Joe Santos is available for interviews and can be contacted through:

Madelaine
Fusion Communications Group
604 913-8810
604 720-5185 (cell)
madelaine@fusioncommunicationsgroup.com

About MBABC

MBABC represents member brokers in BC and supports enhanced professionalism, ethical and professional standards and co-operation in the mortgage industry, while elevating consumer awareness. The MBABC supports government policy that encourages small business and home ownership. MBABC broker members provide consumers with home financing expertise and mortgage options.