

NATIONWIDE SURVEY



Calgary Herald Archive

A recent survey suggests first-time condo purchasers are concerned mortgage lending rules will limit their buying options.

New rules to hinder loan options, say respondents

CHUCK CHIANG
CALGARY HERALD

A significant portion of Canadians — especially those who currently don't own a home and may lean towards condos as their first purchases — say the upcoming changes in mortgage lending rules will make it harder for them to buy property.

That is the finding of a nationwide survey conducted by Angus Reid on behalf of a Calgary-based residential mortgage lender, ResMor Trust Co.

The survey says that 23 per cent of those surveyed think the new rules will limit options in securing loans for a property purchase.

That number jumps to 30 per cent amongst people who don't own a home or condo.

Darren Thompson, ResMor's vice-president of lending, says the results are slightly troubling, since many industry officials say the new rules do exactly the opposite — they allow qualified buyers to own their property completely at a faster pace.

"These changes are not going to prevent ownership," says Thompson. The federal government introduced the new rules in July. They go into effect this October.

Changes include the requirement for buyers to put down at least five per cent in down payments, a reduction of the maximum amortization of government-backed mortgages from 40 to 35 years and a minimum credit score of 620.

Frank Hickey, president-elect with the Alberta Mortgage Brokers Association, says a small survey of realtors, lenders and builders in the group's membership shows the industry feel the changes may shrink the number

of home buyers, forcing market prices down and slowing sales activity.

"The official Alberta Mortgage Brokers Association's position is that the market should be allowed to function on its own with very limited government involvement," says Hickey. "The market has already reacted to changes in the Canadian economy, U.S. mortgage industry, housing inventory and sales activity."

Some local condo specialists say, however, that the overall changes would probably be good for a first-time homebuyer, since they would make sure only those who are financially qualified could make the purchase.

"There isn't anything (in the changes) that I'm against," says Fred Ferguson, who heads Fred Ferguson Calgary Real Estate. "Zero-per-cent down is good at getting people in the door, but you take the chance of getting people who are not taking the buying process seriously."

Andrew Kyle, a condo specialist with Royal LePage Foothills, says some have speculated the rule changes would spur a rush of buyers who want to take advantage of less stringent rules.

"I've heard people say that this will prop up the buyers to buy before the changes," says Kyle.

"I don't buy that. The rules are changing to keep people from becoming too indebted, and a lot of people are already a little scared. Overall, the changes are probably a good thing, and I don't think it will make too much of a difference."

The survey also yields some other interesting results. For example, about 17 per cent of the respondents say they don't understand what the rule changes will do.

ResMor's Thompson says the results indicate lending professionals need to be better at making people understand.

"For consumers to not understand is a significant failure on the industry's part," he says.

"Consumers need to be educated. It may seem like a new set of rules, but a lot of changes won't impact their borrowing ability."

The rules are changing to keep people from becoming too indebted

ANDREW KYLE,
ROYAL LEPAGE
FOOTHILLS CONDO
SPECIALIST

Landlords and renters need to be vigilant, since scammers are out there on the web

SGT. KATHY MACDONALD,
GLOBAL CENTRE
FOR SECURING
CYBERSPACE

Online rental scams prompt warnings

CHUCK CHIANG
CALGARY HERALD

Gerry Baxter knew something was wrong immediately after a friend in Lethbridge showed him an e-mail about a rental unit on the market.

"She showed it to me and I immediately recognized it was a scam," says Baxter, executive director of the Calgary Apartment Association.

The advent of online rental advertising sites has spurred an increasing number of fraudulent advertisements, and Calgary has not been immune to the trend.

Although local police says specific numbers aren't available, they add there have been cases of residents finding rental apartments listed with only an e-mail address posted as a contact link.

When potential renters send over a rental deposit, the supposed landlord is never heard from again.

"This has happened here," says Sgt. Kathy Macdonald, a Calgary-based officer with the Global Centre for Securing Cyberspace.

"Landlords and renters need to be vigilant, since scammers are out there on the web. Knowledge is still the best defence."

Other cases have popped up elsewhere in Canada. Earlier this month, the Victoria Times Colonist reported that 23-year-old Bridgette Clark-Carmichael stumbled onto an ad for a waterfront apartment in that city.

The advertised rent? \$1,300 per month — much lower than what is usually expected in Victoria.

Clark-Carmichael told the Times Colonist

that she found the ad on popular online site Craigslist, with only an e-mail address listed as a way to contact the landlord.

"She said she was in India, and unfortunately she had nobody to let me check inside (the apartment)," says Clark-Carmichael. "But if I wanted to send a \$900 deposit and \$1,300 for first month's rent, she'd courier the keys out to me."

Baxter says the e-mail link as the only contact and the story about the landlord being in another country are all telltale signs that the offer isn't legitimate.

"Those are usually deadsign giveaways," he says, adding that e-mails from scammers he has seen usually use poor English and often attempt to evoke sympathy.

"If that person renting out the apartment is out of the country, ask him or her to have someone on the ground who can walk you through the unit," says Baxter.

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