



The keys to your new place are in your hands — now imagine having paid off your mortgage. ISTOCK IMAGES

# Deal breakers: What makes a mortgage broker stand out

**Condo trends.** Brokers can save you a pile of money, but how do you tell the good from the bad? Metro investigates

**DUNCAN MCALLISTER**  
life@metronews.ca  
Twitter: @nebulix

Even if you have a sterling credit rating, enlisting the services of a mortgage broker can save you money.

According to Paul Bath, owner of CENTUM One Financial Group, you call a mortgage broker because they're in the business of shopping for rates, "and then you go for the information that they can provide," he says.

Brokers are independent

## In a nutshell

**Mortgage brokers are independent of any specific lending institution and are aware of private lenders that you may not have access to.**

of any specific lending institution and are aware of private lenders that you may not have access to.

Federal finance minister Jim Flaherty recently announced new legislation in an attempt to cool the housing market and limit the debt that Canadians are holding.

These four rules may make it harder for buyers with limited savings to obtain home loans.

Metro speaks with Ann Todd, principal at the Premiere Mortgage Centre in Liberty Village, to see how these changes affect you.

**1. Reduction of the maximum amortization period from 30 years to 25 years.**

By reducing the amortization period, people will face higher monthly payments, but are expected to be pay off debt faster.

"Most of my clients would qualify on the 25-year anyway," says Todd.

"I just think it's just going to make it a little tougher for families to be quite honest."

**2. Lower the maximum amount Canadians can borrow when refinancing to 80 per cent from 85 per cent.**

"I don't honestly see that as



**Ann Todd, principal at the Premiere Mortgage Centre** CONTRIBUTED

a huge difference for most people," says Todd. "It's just going to force people to get a bit more creative."

This move tries to encourage homeowners to better manage borrowings against their homes.

**3. Fix the maximum debt service ratio at 39 per cent and the maximum total debt service ratio at 44 per cent.**

Todd advises that "If I had a client come to me and 42 per cent of their income were going to service their mortgage payments and property taxes, I would probably counsel them



**Paul Bath, owner of CENTUM One Financial Group** CONTRIBUTED

that maybe they should be lowering their expectations a bit."

**4. Limit the availability of government-backed insured mortgages to homes with a purchase price of less than \$1 million.**

High-end home loans are no longer covered by insurance. Borrowers buying \$1 million plus homes will be required to pay a down payment of 20 per cent or more.

"Most first-time buyers are not looking at upwards of one million, so I don't see that as being a huge issue for most people," says Todd.

## Do your homework

Paul Bath's three sources to check out your mortgage broker:

- Visit the FSCO government website, the Financial Service Commission of Ontario at [fsc.o.gov.on.ca](http://fsc.o.gov.on.ca). "That will tell you if your broker is licensed," says Bath. Go to the consumer section and search for licensed mortgage brokers.

- Check if your broker is a member of an Association. "Once you know I'm licensed it doesn't make me reputable," warns Bath. Visit the Canadian Association of Accredited Mortgage Professionals at [caamp.org](http://caamp.org) or the Independent Mortgage Brokers and Agents at [imba.ca](http://imba.ca).

- Google them! "You Google the broker, Paul Bath, and you'll see I'm there, I'm on LinkedIn, I'm on Facebook. You can see my office. Do I have an office or do I work in a basement?"

## OK to dig?



**LEGAL MATTERS**  
Jeffrey Cowan  
home@metronews.ca  
Principal at Cowan Law  
jeff@cowanlaw.ca

**Q:** I have purchased an existing home in an established suburban neighbourhood and when my lawyer performed her title search, there was an indication that the property only had 'surface rights only'. I am not sure what this means and my lawyer is also questioning this designation. Can you shed some light on this?

A. Originally, when land was given from the Crown to farmers and City dwellers alike, the government retained the mineral rights below the subject land unless you were in fact also purchasing the mineral/gas/oil rights below your property.

More often than not this is implicit with respect to most property in Canada but having this designation does not interfere with anything you may wish to do with your property. Certainly, it wouldn't interfere with you digging holes to install a fence or even a pool for that matter.

Everyone should be aware that unless otherwise arranged for (and purchased), all mineral rights still belong to the Crown, so if you sprout an oil gusher in your backyard the government has first dibs.