April 2017

FRANÇAIS

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IN THIS ISSUE

Hi Christina

Welcome to the April issue of my monthly newsletter which is designed to help keep you in the know regarding Real Estate and Mortgage related matters!

This month's edition looks at mortgage pre-approvals, while DLC chief economist Dr. Sherry Cooper breaks down the 2017 federal budget. You will also find some interesting statistics on credit fraud and Millennials. Please let me know if you have any questions or feedback regarding anything outlined below.

Thanks again for your continued support and referrals!

What About My Mortgage Pre-Approval?

Although going through the pre-approval process is important, the actual term 'pre-approval' is often misunderstood.

An important point to be clear on is that while you may be pre-approved for a certain mortgage amount, there are several variables that can derail a final approval once you write an offer on a property. As such it is imperative that offers include a condition (or 'subject') clause along the lines of 'subject to receiving and approving satisfactory financing'.

- Unfiled taxes
- Unpaid taxes
- Employment still in a probationary period
- Clarity around down payment origins

Ultimately the property forms a significant part of a mortgage approval, and so until an offer is written on a specific property, no true approval can be offered.

Furthermore, government changes to lending guidelines

This is arguably the single most important clause in a contract (an inspection being a close second), because without the financing, how will you complete your purchase?

The pre-approval process should be considered more of a personal pre-screening process than anything. It should include a lender review of a current credit report and review of all required income and down payment documents. You should have a clear understanding of the maximum mortgage amount you qualify for along with clarity on the various related costs involved in your specific transaction.

With most lenders pre-approvals involve no formal live review of documents, but your Mortgage Broker can preview them to catch any significant areas of concern such as:

and policies can render a pre-approval invalid just a few days later, without warning. Pre-Approvals are not always grandfathered when the lending rules change.

So yes, request a pre-approval, as it gives you a good idea as to your maximum mortgage amount and locks down a rate for you. Always a worthwhile endeavour. It may also allow you to address a few smaller issues with ample time prior to writing your offer. Small issues today can be big issues when in the middle of a live transaction.

Bottom line, please be aware that aside from these key advantages, a pre-approval is not a guarantee of mortgage financing.

Budget Breakdown

No Change in Capital Gains Taxation and No Hit to Housing

By Dr. Sherry Cooper

Budget 2017 continues the government's commitment to support the middle class by enhancing Canada's long-term growth potential. Investments to foster innovation, skills and the ability to attract top talent from around the world are included. An important and growing competitive advantage is Canada's openness to trade and immigration, having a broader range of free trade agreements than any other G-7 country. This is particularly potent today as the U.S. is aiming to retrench from free trade and even potentially impose trade restrictions and border adjustment taxes. Ottawa is also targeting a few high-potential sectors for government support. These targeted areas are advanced manufacturing, agri-food, clean technology (a sector that the Trump Administration might well be abandoning), digital industries, health/bio sciences and clean resources (also

type of housing data available and will yield significant ongoing benefits by enhancing the ability of housing participants, commentators and policy-makers to monitor and analyze the housing market."

Fiscal Prudence

Notably, this budget posts deficits as far as the eye can see. However, the good news is that Ottawa re-introduced a contingency reserve to adjust for potential risk of $3 billion per year. This reserve fund was a long-standing practice of prior governments and was absent from Budget 2016. Ottawa, however, continues to focus on a reduction in the debt-to-GDP ratio rather than deficit elimination. This will no doubt be criticized by conservatives.

Tax Measures

very different from proposed U.S. policy), with the hope of enhancing growth and creating jobs.

Housing Initiatives

Many were concerned that the government would take additional action to slow the housing market, particularly in Toronto where it continues to be very strong. No such action was taken. The budget document does comment on the high level of household debt relative to income and the affordability concerns in Vancouver and Toronto, however Budget 2017 suggests that "recent government actions (announced in October 2016) will help mitigate risk and ensure a healthy and stable housing market."

Budget 2017 proposes to invest more than $11.2 billion over 11 years in a variety of initiatives to build, renew and repair Canada's stock of affordable housing. A new National Housing Fund will be administered through Canadian Mortgage and Housing Corporation (CMHC) to expand lending for new rental housing supply and renewal, support innovation in affordable housing, preserve the affordability of social housing and support a strong and sustainable social housing sector. More federal lands will be available for affordable housing. Details to come later this year.

What Budget 2017 does do is to allocate just shy of $40 million to Statistics Canada over five years to develop and implement a new housing data base, the Housing Statistics Framework (HSF). The HSF builds on the money allocated in last year's budget to collect data on foreign ownership of housing. "The HSF will leverage existing data from provincial-territorial land registries, property assessment programs and administrative records to create a nationwide database of all residential properties in Canada, and provide up-to-date data on purchases and sales. Statistics Canada will begin publishing initial data in the fall of 2017. The HSF will represent a significant jump forward in the quality and

Basically, there aren't any major tax measures. Specifically, there is no change in the tax treatment of capital gains, a red-hot issue in the media for the past few weeks. The finance ministry is cracking down on the use of private corporations to sprinkle income among family members to reduce taxes. These private corporations are subject to lower tax rates than personal income tax rates. Similarly, passive investment portfolios held inside private corporations will be audited. Clearly, the Canada Revenue Agency will be scrutinizing these private corporations in the future, to assure tax fairness for the middle class. Eliminating tax loop holes, evasion (both domestically and internationally) and avoidance is expected to increase revenues by $2.5 billion over five years.

There will also be a renovation to the current caregiver credit system and extension of the eligibility for the tuition tax credit. Measures will also be taken to strengthen the financial services sector, although these are technical and supervisory and do not affect mortgage lending specifically as some in the industry had feared.

Bottom Line: Budget 2017 does no harm. The Canadian economy has improved considerably since last year's budget. While oil prices, the Canadian dollar and U.S. interest rates are uncertain, it appears that the economy could grow at roughly a 2.3 per cent annual rate with the jobless rate in Canada remaining below seven per cent. The resilience of the Canadian economy has been supported by government actions in the 2016 budget as well as accommodative monetary policy.

While I would like to see a plan to return to a balanced budget, Canada will have no trouble in funding its debt or maintaining its triple-A credit rating.

Homeowner Tips

To DIY or hire a pro

For many homeowners, springtime and the nice weather that typically accompanies the season is the

perfect time to start some DIY projects around the home. While a small paint job or garden cleanup seems pretty easy for even the novice of DIYers, there are some tasks that should be left to the pros.

The Canadian Home Builders Association has a few projects you should probably avoid taking on your own if you don't have the technical experience.

Plumbing, electrical and gas repairs and installations can all require licensed contractors by law, depending on provincial regulations. Make sure you know the rules where you live – and follow them. For the sake of your family's safety, work involving electricity and/or gas service should only be done by a qualified contractor. Because this type of work can result in a safety hazard if done incorrectly, permits are usually needed.

Roofing or other exterior work involving heights requires proper safety equipment that must be correctly used. If you don't have such equipment – and know how to use it – don't take chances, hire a pro.

Asbestos removal is another area where you should always use a professional, and provincial laws likely require this. Don't risk your health, and that of your family, by doing this work on your own.

It always feels good to get out and complete a few projects around the house, just make sure if it's a bigger task than you can handle, you get the right person for the job.

About Dominion Lending Centres & DLC Leasing

- **We are Canada's largest and fastest-growing mortgage brokerage!**

We have more than 2,600 Mortgage Professionals from more than 350 locations across the country!

- Our Mortgage Professionals are Experts in their field and many are ranked among the best nationally.
- We work for you, not the lenders, so your best interests will always be our number one priority
- We have more than 100 mortgage programs, making it easy to choose the best fit for your unique situation.
- We close loans in all 10 provinces and 3 territories.
- We can process your mortgage in as few as 7 days.
- We are the preferred mortgage lender for several of Canada's top companies.
- Dominion Lending Centres' Mortgage Professionals are available anytime, anywhere, evenings and weekends - and we'll even come to you!

DID YOU KNOW...

A recent report has found Millennials to be the leading age group targeted by fraudsters. According to Equifax Canada, Millennials (aged 18-34) were flagged for 49 per cent of all attempted fraud applications in its fraud management database last year. They were followed by Generation X (35-50) at 30 per cent and Baby Boomers (51-69) at 18 per cent. Seniors made up just six per cent of fraud applications. The report concluded young adults are being targeted because too many make it easy for fraudsters to gain access to their personal information. An Equifax survey found only 57 per cent double-checked credit card and/or bank statements compared to 68 per cent of Canadians over the age of 35, while 38 per cent of Millennials shredded personal and/or financial documents compared 64 per cent for the older generations.

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