



300 Dufferin Avenue
P.O. Box 5035
London, ON
N6A 4L9

London
CANADA

June 23, 2012

His Worship the Mayor
and Members of Council

Re: Emergent Motion – Federal Government Changes to Mortgage Rules

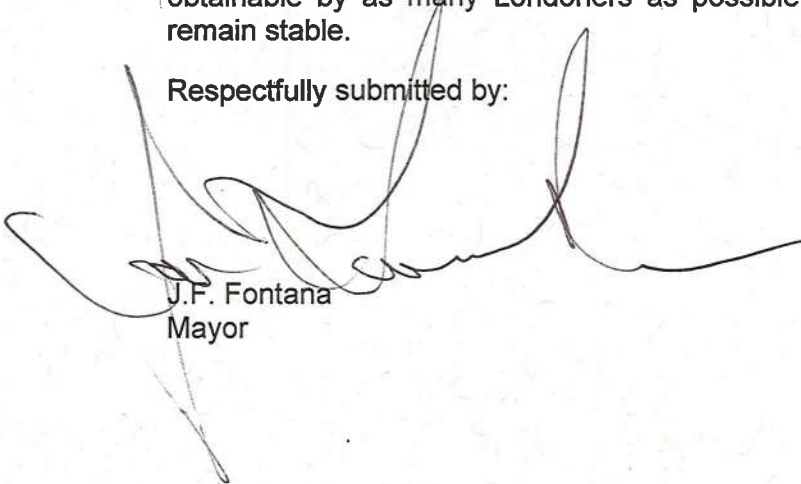
This past week, the Federal Government announced further changes to the rules governing federally-insured residential mortgages, in order to address growing concerns about household debt continuing to grow to record levels—estimated to be 152 percent of income in the fourth quarter of last year. Two of those changes were a reduction in the maximum amortization period from 30 years to 25 years, as well as limiting refinancing loans to 80 per cent of the value of a home from the current 85 per cent. Further, the Federal Government has indicated it will no longer be in the business of insuring homes that are worth more than \$1 million — so buyers will need to have a 20 per cent down payment, or seek private insurance. Additionally, prospective buyers will have to demonstrate that they can afford mortgage payments, property taxes and heating costs on their home. This is to be done by setting cost ratios based on household income.

While the recent changes to mortgage rules are said to be aimed at promoting financial stability in the financial system as a whole, which is undeniably important, those changes will mean five percent of Canadians who may have been thinking about buying a home will no longer qualify. Further, those changes may have a negative impact on the stabilization of some local housing markets. It is, therefore, extremely important that mortgage rules are carefully balanced in order to allow for Canadians who might otherwise be left outside of the market to continue to have the opportunity to become homeowners, and for local housing markets to remain stable.


Moved by Councillor S.E. White and seconded by Mayor J.F. Fontana:

That the Federal Government **BE REQUESTED** to take immediate steps to ensure that any changes to mortgage rules are carefully balanced in order for homeownership to remain obtainable by as many Londoners as possible, and for London's local housing economy to remain stable.

Respectfully submitted by:



J.F. Fontana
Mayor



S.E. White
Councillor, Ward 14