

## Government Meddling in Housing Market AGAIN! - New Mortgage Stress Test Rates Coming Soon

The Office of the Superintendent of Financial Institutions (OSFI) recently proposed a change to uninsured qualifying rate rules. Upon confirmation, effective June 1, 2021, OSFI will require uninsured mortgages to qualify at the greater of:

- The OSFI-defined five-year minimum qualifying rate (5.25%) or
- The customer's contract rate +2%.

Example: If the customer's contract rate is 2.29%, their qualifying rate would be the 5.25% OSFI rate, since it's higher than the contract rate +2%.

Further updates to OSFI's proposed qualifying rate rules, if any, will be communicated as they become available.

What you need to know:

- The impact to the customer of this change is estimated to be up to a 4% reduction in the principal amount, depending on the customer's circumstances.
- Existing pre-approvals must have a Purchase and Sale Agreement (PSA) signed before June 1, 2021 in order to not have to requalify under the new rate rules.
- A signed PSA means the offer has been accepted prior to June 1, 2021. There may still be conditions to be waived or fulfilled.
- For refinances, any new submissions or resubmissions with material changes received on or after June 1, 2021 will be qualified under the new qualifying rate rules.

In order to avoid a tougher Stress Test, GET PREAPPROVED TODAY - and move towards purchase as quickly as possible.

- Pre-June 1st qualifying rate rules: Greater of Bank of Canada benchmark (4.79%) and customer's contract rate +2%
- New qualifying rate rules: Greater of OSFI minimum qualifying rate (5.25%) and customer's contract rate +2%

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