

News Release

For immediate release

Ottawa, July 9, 2008
2008-051

Government of Canada Moves to Protect, Strengthen Canadian Housing Market

The Government of Canada today announced adjustments to the rules for government guaranteed mortgages aimed at protecting and strengthening the Canadian housing market. The new measures include:

- Fixing the maximum amortization period for new government-backed mortgages to 35 years;
- Requiring a minimum down payment of five per cent for new government-backed mortgages;
- Establishing a consistent minimum credit score requirement; and
- Introducing new loan documentation standards.

Today's announcement marks a responsible and measured approach by the Government to ensure Canada's housing market remains strong and to reduce the risk of a U.S.-style housing bubble developing in Canada.

The new limits are planned to take effect October 15, 2008. This would allow existing mortgage pre-approvals with the common 90-day duration to be used or expire. Certain exceptions would also be permitted after October 15. The Government will work closely with all stakeholders to ensure timely and effective implementation of these measures.

As these measures relate only to new, government-backed insured mortgages, Canadians who already hold mortgages will not be affected by this announcement.

The measures announced today will build on the strength of Canada's housing market. According to the International Monetary Fund, the increase in house prices in Canada is based on sound economic factors such as low interest rates, rising incomes and a growing population. A recent Statistics Canada report concluded that home ownership is at record levels, with over two-thirds of Canadians owning their own home.

Mortgage arrears—overdue mortgage payments—have also remained low. In recent years, the percentage of mortgages in arrears for three months or more continues to be at low levels not seen since 1990.



A backgrounder on today's measures is attached.

For further information, media may contact:

Chisholm Pothier
Press Secretary
Office of the Minister of Finance
613-996-7861

Jack Aubry
Media Relations
Department of Finance
613-996-8080

To receive e-mail notification of all news releases, please register at www.fin.gc.ca/scripts/register_e.asp