



PRESS RELEASE



Canadian Mortgage News - National Archive 2005

New interest-only mortgage from Mortgage Intelligence gives home buyers freedom to make financial choices

MISSISSAUGA, Ontario, March 23, 2005 – Home buyers in Canada will now have the ability to increase their cash flow while reducing monthly mortgage payments through ***i decide*** -- the country's first institutional interest-only mortgage product.

Underwritten by GMAC Residential Funding of Canada and launched by Mortgage Intelligence in early March, ***i decide*** is based on interest accrual only, with no pay down on principal, for up to 80 percent loan to value. ***i decide*** can also be combined with a second mortgage for loan-to-values that range from over 80 and up to 95 percent that can be paid off at anytime without penalty.

"The appeal of this new product is clearly in its flexibility," says Bob Conway, Interim President, Mortgage Intelligence. "***i decide*** gives clients greater power and control over their own finances because they are not locked into principal payments. Home owners can ultimately choose how and when to spend their newfound money – be it on refinancing, debt reduction, RRSP or RESP contributions, renovations, or any number of wish-list items. For many, it is a short burst of financial strength."

The interest rate on the ***i decide*** mortgage product is currently priced at approximately 0.5 per cent higher than a standard fixed-rate mortgage, although no fees or insurance premiums are required. The current rate for the second mortgage is eight per cent. The lower monthly mortgage payment versus a conventional mortgage can provide consumers with the financial freedom to achieve other short-term financial, personal or lifestyle goals.

The introduction of interest-only mortgages to mainstream borrowers in the United States has met with great success. After a relatively short period of time, it's estimated that interest-only loans account for 10 to 15 per cent of all residential mortgage business, up from less than two per cent when launched. "Piggyback loans" have also captured a significant percentage of market share in the U.S., in large part due to the fact that they allow homeowners to avoid mortgage insurance.

"***i decide*** is the first product of its kind in Canada that allows consumers to buy a home with five per cent down, no fees or insurance premiums attached, and on an interest only basis," explains Conway. "Typically, mortgages with a loan-to-value ratio of over 75 per cent are insured with either CMHC or Genworth and require the customer to pay a fee that is subsequently blended in the mortgage. That fee can range from a one per cent premium to as high as 3.25 per cent. The flexible prepayment options with ***idecide*** mean clients are paying down their mortgage, not fees and premiums."

The ***i decide*** mortgage is expected to appeal to first-time buyers who are seeking easier entry into the housing market, particularly since Debt Service Ratios can be met with less difficulty and monthly mortgage payments will be lower.

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For example, a regular \$160,000 mortgage (80% loan to value) with insurance from CMHC or Genworth at 4.74 per cent (five year mortgage with 25 year amortization period and \$1,600 in insurance premiums) would cost \$916 per month while an idecide mortgage for the same amount at 5.24 per cent would cost \$691 on a monthly basis – lowering the monthly payment by \$225 for the consumer.

A regular \$190,000 mortgage (95% loan to value) that requires mortgage insurance (\$6,175 in insurance premiums) would cost \$1,112 per month while an idecide mortgage for the same amount at 5.24% first mortgage rate and an 8% second mortgage rate would cost \$976 per month – lowering the monthly payment by \$136. The extra funds from the lower payments can be channelled into other opportunities, for example, RRSPs or RESPs. And, the flexible prepayment options mean that all paydown amounts go directly to principal and not fees or insurance premiums that can be as high as 3.25%.

ABOUT MORTGAGE INTELLIGENCE

Mortgage Intelligence Inc., a GMAC company, is the largest and fastest growing mortgage broker in Canada, with more than 900 independent consultants and associates in offices throughout Canada. Mortgage Intelligence consultants help clients make better mortgage decisions for their home, revenue or vacation properties, renewals, home renovations, debt consolidation needs, and specialized mortgage requirements. Mortgage Intelligence has become a leader in introducing innovative mortgage products that cater to niche segments such as the self-employed. The company has funded volumes of \$6.45 billion in fiscal year 2004. For more information, visit: www.mortgageintelligence.ca.