

New mortgages aimed at self-employed

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People who cannot prove how much they earned will find it easier to buy a home

For some, it has become more difficult these days to prove income, thus making it hard, or even impossible, to get a mortgage.

We all hear more and more people accepting cash for services. We also have a world where 300,000 new jobs were created by small business in the last three years.

In this economy 90 per cent of people are employed in companies of fewer than 20 employees and half of our revenues are generated by small business while the big by companies are laying off in the thousands.

At the same time, more small

businesses are forced to become tax collectors for GST and PST.

Not surprisingly, life for individual businesses is becoming more and more complicated.

One of the new mortgage products aimed at a market where buyers can't prove their income via T4 slips (because they are self-employed) is a new mortgage by General Motors' finance arm, GMAC.

This brand new product by giant GMAC (exclusively marketed through Mortgage Intelligence in B.C. starting Dec. 15) has some interesting twists, which will really help you if you have good credit, are a contrac-

tor, self employed or do not want to have the hassle of providing income verification.

This product requires no income verification.

Here is what is needed:

- Approvals are made on "stated income" although ratios must be in line.

- Lender reserves the right to call employer to confirm employment but not salary.

- For self employed, confirmation of business via articles of incorporation, accountant's letter, etc. is sufficient.

- Your credit has to be okay.

- Self-employed individuals have to confirm that there are no

outstanding taxes.

That's it! You can say you made enough money for the mortgage and no one will question it. Say you earned \$200,000 last year and no one will check. You can be a "somebody." You can get a mortgage on the house you can afford, even if you can't prove you have the income to support the payments.

This new product proves the extreme competitiveness of the mortgage market. It also proves a perceived need and will clearly help a growing segment of today's society.

The down side? While three- to five-year terms and variable

rates are offered, the new mortgage is available on the "posted rate only." So, you will pay about one per cent more than the "best rates" posted at the time.

Says John Ribalkin of Mortgage Intelligence: "This is the biggest change I have seen in 25 years. Thousands of people [who] are self employed, or for whatever reason can't prove their income, are now able to get the larger home purchases approved."

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