



CHRIS ALLARD

Mortgage Team

Navigating the Mortgage and Real Estate Market During COVID-19

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Everything You Need to Know About Mortgages, Deferrals, and Refinancing During the COVID-19 Pandemic

Whether you've lost your job, are about to close on your first home, are considering buying or selling, or need to dip into your home equity for some extra cash flow, you may be feeling some anxiety right now in light of COVID-19.

While the future can seem a bit uncertain at the moment, it's important to remain calm and try to stay positive during this unprecedented time. Because in spite of concerning headlines about the state of the mortgage and real estate industry during this pandemic, real estate and mortgage transactions are still moving forward, just in a slightly different way.

With that being said, there's still a lot of confusion and questions being thrown around about everything from deferred payments to refinancing options. To help put your mind at ease, we'll answer all these questions, and more so you can feel confident navigating the current climate and going forward with your next move.

I've lost my job due to COVID-19 and need to defer my mortgage payments. How does this work?

As many Ontario businesses have been forced to shut their doors due to this virus, many Canadians have, unfortunately, found themselves without jobs. The good news is that all of Canada's big banks and most financial institutions have stepped in to offer mortgage payment deferrals for up to six months.

However, it's important to understand that this does not mean your mortgage payments are being forgiven, as the total amount of the principal and interest portion of your payments will be added to the mortgage balance that you owe to the lender. Therefore, it is not recommended that you take advantage of this option unless you are unable to pay your mortgage during this time due to job loss or other financial strain.

If you do wish to obtain a deferral, you will need to contact your lender directly to make a request.

You can refer to the list below for assistance in contacting your lender about a deferral.

- [Alterna Credit Union](#) – 1-877-560-0100
- [B2B](#) – 1-800-263-8349
- [CIBC](#) – 1-800-465-2422
- [CMLS](#) – 1-888-995-2657
- [Community Trust](#) – 1800-268-1576
- [Connect First](#) – 403-736-4000
- [Desjardins Credit Union](#) – 1-865-688-2433
- [DUCA Credit Union](#) – 1-866-900-3822
- [Equitable Bank](#) – 1-888-334-3313
- [First National Financial](#) – 1-888-488-3313
- [First Ontario Credit Union](#) – 1-800-616-8878
- [Haventree](#) – 1-855-272-0051
- [Home Trust](#) – 1-855-270-3630
- [HSBC](#) – 1-888-310-4722
- [IC Savings](#) – 416-253-4007
- [ICICI](#) – 1-888-424-2422
- [Manulife](#) – 1-877-765-2265
- [MCAP](#) – 1-800-265-2624
- [Meridian Credit Union](#) – 1-866-592-2226
- [Merix/Lendwise](#) – 1-877-637-7881
- [Marathon](#) – 1-855-503-6060
- [National Bank](#) – 1-877-281-0144
- [Optimum](#) – 1-866-809-5800
- [RBC](#) – 1-866-809-5800
- [RMG](#) – 1-866-809-5800
- [Scotiabank](#) – 1-800-472-6842
- [Servus](#) – 1-877-378-8728
- [TD](#) – 1-888-720-0075
- [Verico Lifecycle](#) – 1-855-805-7107
- [XMC](#) – 1-877-775-2970

I'm worried that deferring payments won't be enough. What are my options for additional financial relief?

It's also important to note that if you are out of work and the deferred payment plan is not enough, speak to your mortgage broker about obtaining a 2nd mortgage loan, which will give you enough funds in your bank account to maintain your family lifestyle and expenses. Once you are back at work, you will likely be in a position to refinance your mortgage to bring you back to normal rates and terms.



Will deferring payment hurt my credit?

Contrary to what has been previously reported by the media, deferring mortgage payments will not hurt your credit rating.

Am I able to refinance to gain some extra cash flow?

Absolutely. In fact, right now is the perfect time to consider a refinance or take out a Home Equity Line Of Credit (HELOC). As you probably know, home prices in Ottawa have surged within the last three months, and most of the homes that sold pre-COVID-19 are now likely in the process of closing right now. This means the comparable properties being used for appraisals are at the peak of what the market was before the pandemic.

With a refinance, typically, lenders will allow you to borrow up to 80% of the value of your home, which makes now the perfect time to take out equity to invest and take advantage of low stock prices.

However, it's important to keep in mind that some lenders are making changes when it comes to refinancing, particularly with rural borrowers, which means you may have access to less than 80% of your home's value. But this is not always the case, so be sure to contact your lender or mortgage broker to find out.

I started looking at homes before the pandemic hit. Should I put my plans on hold?

Unless there are any extenuating circumstances, such as job loss or the closure of a business that you own, you should still be able to proceed with purchasing a home. In fact, right now can actually be a good time to buy. In major Canadian cities like Ottawa, where competition was extremely high earlier this year, you will likely see significantly fewer people submitting offers, which means you will have fewer buyers to compete against. This could also mean that housing prices will stabilize.

However, the home buying process itself will look a bit different due to COVID-19, as realtors, lawyers, and mortgage brokers adapt to this changing landscape. This means that rather than in-person showings and open houses, you can expect to look at homes via virtual tours.



Will COVID-19 affect my ability to get approved for a mortgage?

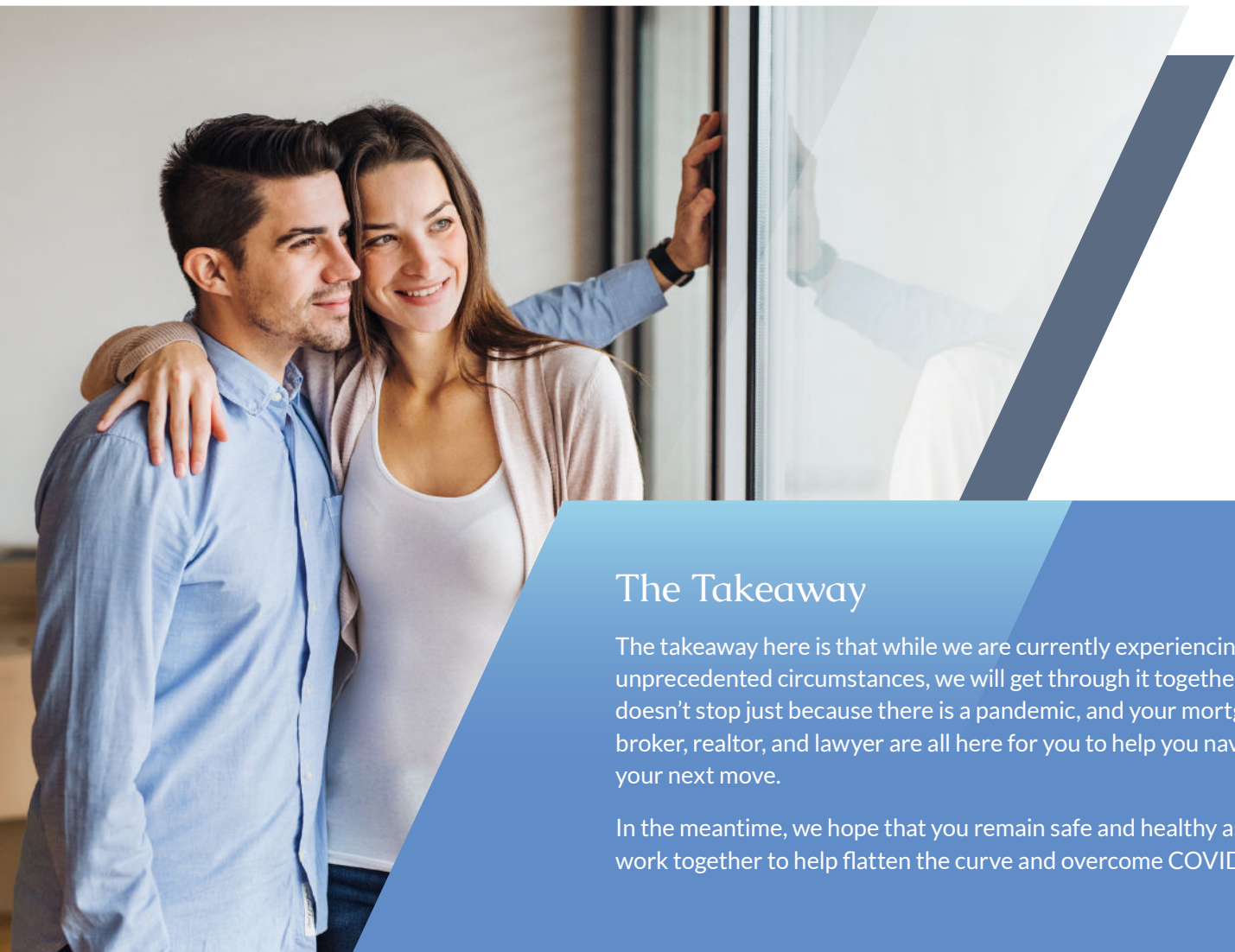
With new changes being made almost every day, it's difficult to say whether or not lenders will become stricter when it comes to the approval process. However, it's fair to say that as of right now, if you are gainfully employed and have good credit, you most likely will still be able to qualify for the best rates and terms.

But if you have recently lost your job due to COVID-19 or own a business and had to close your doors, you will likely have difficulty qualifying for a mortgage at this time, even if you are receiving a subsidy income through Employment Insurance.

I'm about to close on a home. Will the transaction still go through as planned?

Short answer – yes. Once an offer has been accepted and you've waived any conditions, neither the buyer nor the seller can back out without legal or financial penalties. And if you've been approved for a mortgage, your lender will likely not revoke your approval unless there are extenuating circumstances.

Furthermore, realtors and lawyers have been deemed essential services by the Ontario government, which means they are allowed to continue operating during the state of emergency, but will likely take certain measures to ensure both your safety and theirs. And of course, your mortgage broker will still be working on your file from home and be available for phone and zoom calls.



The Takeaway

The takeaway here is that while we are currently experiencing unprecedented circumstances, we will get through it together. Life doesn't stop just because there is a pandemic, and your mortgage broker, realtor, and lawyer are all here for you to help you navigate your next move.

In the meantime, we hope that you remain safe and healthy as we work together to help flatten the curve and overcome COVID-19.