



Market at a Glance

Greater Vancouver Real Estate Market

2nd Quarter 2010

Creating a tax-deductible Canadian mortgage

We all knew that the interest on a mortgage for a principal private residence in Canada is not tax deductible. What if there is a way to take advantage of the capital gain exemption upon selling your principal residence, and make the interest tax deductible ?

The strategy is structured in such a way that each time a home owner makes a mortgage payment, he/she borrows back the principal portion and invests it in an income-producing portfolio. Under the Canadian tax regulation, interest paid on funds borrowed to earn income is tax deductible. After a number of years, the total debt remains the same, but a portion of it gradually turns into good debt (tax deductible) while the non-deductible debt (bad debt) reduces.

Home owners become mortgage-free faster while building an investment portfolio & paying your house down.

This is not for everyone, of course. This is for the borrowers with top qualifications. In general it is for homeowners with 50% loan to value, good credit and good income and job. At this stage, Merix, Firstline and National Bank are undertaking this type of mortgage. For further information or a free consultation with a qualified mortgage broker, please call 604-8178588 and we'll be happy to assist you.

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Call Charlotte Chang

for your next real estate move !

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Source: BCREA, REBGV