

Market Pages™



CREATIVE MORTGAGE:

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2.1 STILL THE BEST RATE SINCE THE 50'S!

5 Year Fixed Rate Mortgage available at 4.30% or \$5.46/\$1000.

2.2 Q & A

Q: What is the difference between weekly, bi - weekly, semi - monthly, or - monthly payments?

A: Accelerated payments i.e. weekly or bi - weekly repay your principle back sooner than semi - monthly payments. You can save up to 4 1/2 years on your amortization by utilizing an accelerated payment.

2.3 BANK OF CANADA

Prime rate is predicted to maintain its current rate of 4.25 until December 2006. The next scheduled rate announcement is July 12/05.

2.4 PRIME MINUS .75% = 3.50%

5 Year Variable Rate Mortgage available at 3.50%. or \$4.98/\$1000
 Subject to change and OAC Broker/Lender fees may apply.

Product highlight:

SECOND HOMES WITH ONLY 5% DOWN

CMHC INSURANCE NOW AVAILABLE FOR A SECOND YEAR ROUND HOME

Lifestyles are changing and these changes affect the decisions Canadians are making about how and where they live. With this in mind, CMHC has provided homeowner mortgage loan insurance for borrowers with more than one residential property for personal use (not for rental purposes). Qualified borrowers will now be able to obtain CMHC Homeowner Mortgage Loan Insurance for the purchase or refinance of a second home using the 95% Financing product. The result is no increase to the applicable product-specific homeowner premiums and surcharges, no increase to underwriting fees, and no additional borrower qualifications.

CMHC Homeowner Mortgage Loan Insurance is now available for mortgage loans that are secured by the borrower's second home.

- for 1-4 unit properties
- using any CMHC Homeowner Mortgage Loan Insurance product
- with no additional underwriting requirements
- with the mortgage insurance premiums and fees applicable to the product used (no new surcharge)

TERMS AND CONDITIONS

CMHC provides mortgage loan insurance to CMHC Approved Lenders. At Creative Mortgage we have access to over 20 CMHC Approved Lenders making us "Your Key to Homeownership".

Anyone considering a second home can visit Creative Mortgage or call

250.212.2010 to book an appointment with Steve Nicholson.

For the complete CMHC Product Sheet click on the following link: <http://www.cmhc-schl.gc.ca/en/moin/moinle/upload/Second-Homes.pdf>

Quick Tips: Obtain the Best Rates & Lowest Closing Costs

When you are ready to purchase a home, it makes sense to negotiate from the strongest position possible. In a strong real estate market, sellers can be more selective in the final buyer they



choose to negotiate with. In such a crazed seller's market, it's not uncommon for a home seller to receive multiple offers on their property. With that said; there are certain things you can do to make certain that your offer is the one Seller goes with.

The vast majority of Purchaser's today go about the process entirely wrong, putting themselves at an overwhelming disadvantage! Let's look at this from the Sellers perspective for a moment. If you were the Seller and had multiple offers on your property, all things being equal, would you accept the one with



Certificate of Financing Approval or the one that was still conditional on Financing? The answer is obvious. Why then, do so many buyers wait to start the financing until after they have found the home?

What I have found is that those buyers are usually very good, qualified buyers and are not worried about getting approved. Even though they usually are correct and will ultimately be approved, the Seller in most cases has no guarantees.

Lastly, from a cost savings perspective...

As a prospective purchaser, it makes all the more sense to start the financing early on so you can get a firm handle on your interest rate and estimate of points and closing costs. If you do this before finding a home, you are not under any time constraints and are less likely to over pay like a buyer who has found a home and is under strict time constraints.

Should you decide that you wish to take advantage of Pre-Approval, simply complete the attached confidential mortgage application. We will locate the absolute best mortgage rate and lowest closing costs possible and process your application without any cost or obligation.

Establish your financial parameters by contacting Steve Nicholson at Creative Mortgage Corp. at 250.212.2010. He will arrange a convenient time to meet your clients and can have a pre-approval as soon as the next day.

Float your Way to Prosperity

Home owners would have been better off with prime rate vs. 5-year fixed and could have saved an average \$22,000 on a \$100,000 mortgage.

A comprehensive mortgage study that compares prime (floating) versus fixed

interest rates brings helpful advice to the thousands of consumers who plan to purchase or refinance a home this year - they are more likely to be better off financing a mortgage with a short-term floating interest rate compared to a long-term fixed rate. The report shows the benefit of a floating strategy and concludes that 88.6 per cent of the time, consumers would have saved more by borrowing at prime versus a five-year fixed rate. They also could have saved about \$22,000 in interest payments on a \$100,000 mortgage amortized over 15 years.

"The main message is quite simple," says Dr. Moshe Milevsky, Associate Professor of Finance at York University's Schulich School of Business, who completed the report for Manulife Financial with assistance from the Individual Finance and Insurance Decisions Centre (IFID) at the Fields Institute for Research in Mathematical Science. "Long-term stability has its price. Consumers pay for mortgage stability by incurring higher interest costs in the long run. I conclude, given the track record through five decades, that the odds favour floating rate interest payments as a cheaper alternative to long-term fixed rate financing."

"Canadians are generally conservative and have a tendency to lock in to a fixed long-term rate, especially when interest rates are considered low," Dr. Milevsky said. "Moreover, consumers have a hard time quantifying the consequences of paying half a percentage point more, or less, on a mortgage over long periods of time. My advice to them is to resist the temptation to guess where interest rates might be heading, and go with the floating rate - provided they can tolerate fluctuations in monthly mortgage payments." To download the complete study click on the following link. http://www.ifid.ca/pdf_workingpapers/WP2001A.pdf

Anyone considering a floating interest rate can visit Creative Mortgage or call 250.212.2010 to book an appointment with Steve Nicholson. **The current Prime minus .75% special ends on June 30/05.**

CREATIVE MORTGAGE

We are a leading Mortgage Broker Firm in Kelowna, BC

With access to over 40 of Canada's top mortgage lenders.

BROKER'S BEST RATES June 23/05

Variable = 3.45% or \$4.98/\$1000

1 Year = 3.75% or \$5.13/\$1000

2 Year = 4.05% or \$5.29/\$1000

3 Year = 4.00% or \$5.26/\$1000

4 Year = 4.20% or \$5.37/\$1000

5 Year = 4.30% or \$5.42/\$1000

Contributors

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Subscription

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