

Spring 2007

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RECIPE

Spicy Crab Salad

Crab Salad - this recipe has a zip to it and is sure to please your guests at the next party that you throw. You can also make it as a main dish or a side dish with a nice juicy steak!

- 1/2 lb. lump crabmeat, picked through
- 1/4 cup mayonnaise
- 1 tablespoon chili paste (such as sambal)
- 2 tablespoons chopped fresh cilantro leaves
- 1/2 lime, juiced
- Salt and freshly ground black pepper
- 3 ripe avocados - sliced lengthwise and de pitted

Stir the crabmeat with the mayonnaise, chili paste, cilantro, and lime juice in a bowl, and season with salt and pepper. Fill the centre of each avocado portion with crab mixture. Serve immediately. Tip: if you shave a small piece off of the Avocado base, they will lie flat on your serving platter.

Yield: 6 servings



Paula Siemens

902 - 777 W. Broadway, Vancouver, BC V5Z 4J7
ph 604.351.7438 fx 604.648.9106
email: psiemens@direct.ca



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FINANCING :: MORTGAGES

INTEREST RATE FORECAST

May 2007

In the short term...

We have had a lot of mixed economic news lately. The US has definitely experienced some economic slowing, and in addition to that the US has been plagued with a slowdown in the residential market caused by the fallout of the Sub Prime lenders granting mortgages with a very low interest rate for the initial 1-3 year term of the mortgage. That initial period has now elapsed and some borrowers who borrowed at these very low rates cannot afford their homes at the current mortgage rates. This has caused some markets to be flooded with listings.

We do not have these products in Canada, and therefore our market will not be affected in the same manner, however, if the US consumer tightens his/her spending - the Canadian economy may slow down as well.

David Dodge, the Governor of the Bank of Canada, states that although the situation in the US is of concern, he feels that there is equal to greater concern that our markets will overheat with inflation. The bond markets believe that Dodge could increase the prime rate instead of decreasing the rate. Because of this uncertainty in the bond markets many lenders increased their fixed mortgage rates by 20 bps. On April 24th, the Bank of Canada left the prime rate unchanged as they watch the impact the slowing US economy will have on Canada.

Long term forecast...

The long term outlook for interest rates suggests we are looking at a fairly stable interest rate market over the next 10+ years. During this time, we will see small fluctuations with increases and decreases, but the rates should remain between 5-7%. Benjamin Tal, of CIBC World Markets, says "on average, inflation will remain low in the foreseeable future due to many factors, chief among them the anti inflationary nature of globalization. This means that, on average, future interest rates will not be significantly different than what we have had witnessed over the past decade."

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HOME OWNERS GRANTS

Carole Taylor, BC Minister of Finance, announced that the value for homes qualifying for the annual Home Owner Grant is increased to \$950,000 from the previous value of \$780,000. This represents a 20% increase to the grant limit. The Home Owner Grant is an annual grant given to home owners who live in the home as their primary residence, they receive a \$570 grant off of the gross tax bill. Seniors, veterans and disabled qualify for additional grants.

Properties whose value exceeds \$950,000 will receive a reduced grant benefit, they will lose \$5 per \$1000 above the \$950,000 limit. The maximum value to receive a Home Owners Grant benefit is \$1,060,000 or \$ 1,120,000 for seniors etc.

Change to the Bank Act

The Federal Government has modified the Bank Act - effective April 21/07. Mortgages up to 80% loan to value do not require default insurance. Previously, the Bank Act stated that all mortgages above 75% loan to value must have default insurance offered through CMHC and Genworth. This threshold is increased to 80% loan to value meaning that borrowers no longer have to save 25% to avoid this extra cost. Only a few lenders have formally put this into place as it is a new policy, but most lenders will be on board soon. Please note that some lenders may still require insurance on applications where the credit score is low.

mortgage rates

as at May 6/07

closed rates

6 mo	5.95%
1 yr	5.20%
2 yr	5.10%
3 yr	5.10%
4 yr	5.10%
5 yr	5.09%
7 yr	5.45%
10 yr	5.74%

Variable rate 4.65%

Bank of Canada 4.25%

Bank Prime 6.00%

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HOUSING OUTLOOK

Benjamin Tal, of CIBC World Markets, forecasts that property values will double over the next 20 years across Canada. City centers will have the highest increase in value compared to more rural locations, but the vast majority of markets are expected to continue to increase in value at a steady rate.

Planned Giving

If you have achieved a degree of financial success, have a desire to support a charitable organization and have an interest in off-setting current or future tax obligations, planned giving using life insurance is a strategy that can work for you.

A carefully arranged planned gift can be tax effective, and at the same time balance your final needs and your family's. It can allow you to leave a lasting personal legacy and provide your favorite charity with stable funding over the long term without reducing the estate available to your heirs or jeopardizing your future financial independence.

For more information on planned giving using life insurance please contact:

Wayne Norman
Freedom 55 Financial, 604 732 1508 ext 242

