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The Bank of Canada announced a reduction of 0.50% in their overnight rate today, this was followed by a matching reduction in the Chartered Bank's Prime lending rate which not stands at 3.0%.

If you have a Variable Rate Mortgage at Prime minus, its like winning the lottery. Just think, if you are at Prime minus 0.60%, as of February 1st, you will be paying 2.40%. Great News!

I've been a proponent of Variable Rate Mortgages for several years, which in my opinion benefitted all clients, the only change in the picture now is the five year closed fixed term rate is nearing historical lows.

Over the past several years, the Variable Rate Mortgage has been ranging from Prime minus 0.50% - Prime minus 0.85% and if you are still on the Variable with this type of discount, stay where you are! However on new mortgages with the Open Variable Rate Mortgages being Prime plus 1.0% , there is no longer a significant spread between the Variable and the fixed rate, which gives cause to consider the fixed rate and term, interesting dilemma. Best advice - I'll discuss with the client and determine their comfort level and tolerance to rate fluctuations and take the course of action they are most comfortable with.

Special Limited Time Offer:

1 year closed fixed rate	4.00 %
Variable Rate Mortgage	3.80% closed five year variable.
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Special Limited Time Offer:

3 year closed fixed rate 4.75%

4 year closed fixed rate 4.39%

5 year closed fixed rate 4.49%

Variable Rate Mortgage 4.0 % (Open at Bank Prime + 1.0% five year term)

The above interest rates are essentially the only ones currently worth considering in this rate environment and the best of the bunch is the **Open** Variable Rate Mortgage. This is due primarily to the spread between the fixed five year and the Variable combined with indications the Bank of Canada will be further reducing the prime rate by as much as 0.50% over the next couple of months.