

Armada Capital Corporation  
dba.

# ARMADA Mortgage Services

20930—115th Avenue  
Maple Ridge, B.C. V2X 3M5  
Tel: 604-467-6449  
Fax: 604-467-6409  
Email: armada@telus.net



## Central Bank Hikes Interest Rates

During the last 50 years, a variable rate mortgage would have been the right mortgage to take 7 times out of 10. We have urged our customers to take a variable rate mortgage since 1998, and looking back at this suggestion our clients have fared well. However, in the last two years, economic conditions have definitely improved. The chart below shows two definite bottoming points of the prime rate to just below 4%.

The chart data starts at 1994, so the last two 1/4% rate increases, are hard to make out. Another 1/4% rate increase is speculated, for December, with further rate increases in the following year. Some consumers may think that the lower interest rate cycle is finished, and decide to “lock in” their savings by switching to a fixed-rate mortgage.

Most Economists are concerned that higher oil prices and the rapid appreciation of the Canadian dollar, will lower the profitability of businesses, and is already a large drag on the economy, which has not been factored in yet. Even the Bank of Canada has lowered the projected growth rate for the Canadian economy from 3.5% to be slightly less than three per cent in 2005. This is why most economists believe that interest rates aren't likely to increase sharply.

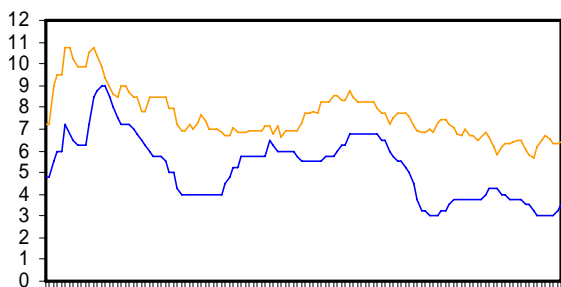
South of the border, Canada's largest trading partner is experiencing rapid inflation from a lower dollar and the higher price of imported oil. Trucking and Transportation costs are increasing in the U.S which will eventually translate into reduced demand for increasingly expensive imported Canadian made goods and services. It would be wise to watch the reaction of the world's largest economy, as it adjusts to inflation, and bear in mind that when their economy changes everyone will be affected.

I believe variable rate mortgage products remain a competitive option.

A variable rate mortgage at 3.5% would have to go up another full 3.0% to 6.5% over the next five years to make a fixed mortgage seem more attractive. At the end of the fifth year the borrower would have a rate approximately what the banks current posted five year rate is right now; but during that time frame they may well have enjoyed lower rates. Interest rates would have to rise by an average of 0.25% every four months for five years, for this scenario to play out.

If you stay on a variable rate mortgage, but fix your payments at the current 5 year rate of 6.5% you will pay down your debt, and have a lower mortgage balance and therefore a lower interest cost in the coming years.

Blue = Prime / Orange = 5 year



# Re-establishing Credit



Life can dictate a direction that we never think of, or plan for. Sometimes these directions lead us into financial difficulty that may result in a bankruptcy or a very low credit score.

One of the most difficult things after a bankruptcy or financial set-back is rebuilding a credit rating.

Armada is now able to provide secured credit card applications to help regain credit ratings.

It is important that these credit cards are used only for amounts that you already have the cash to pay for. Use the credit card and always pay it off in full. A good report on a revolving credit card

will help to raise your credit score. A good credit score generally means lower rates and faster approvals for mortgages, loans, leases etc.



If you are unsure of your credit situation you can call Equifax at 1-800-465-7166 to obtain personal credit information.

For a secured credit card application call our office at (604) 467-6449.

## The Lighter Side...

A man was given the job of painting the white lines down the middle of a highway. On his first day he painted six miles, the following day three miles, and on the third day less than a mile. When the Foreman asked the man why he kept painting less each day, he replied "I just can't do any better. Each day I keep getting farther away from the paint can"



## *Customer Service*

One of Armada's team goals is to be accessible to our customers as much as possible; we know how hectic life can be.

During office hours you will always get a 'Voice' and not 'Voice Mail'. We are open Monday to Friday from 8:30 to 5:00; but our staff is also available during the evenings by appointment.

# Referral Coupon!

*Give this coupon to a friend, and upon closing of their financing;  
Both you and your friend will receive a free gift.*

*What good is it if only one person gets the perk!*

*\*coupon valid until February 28, 2005*