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MORTGAGE  
SERVICES**  
11951 –224 STREET  
MAPLE RIDGE, BC  
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**ARMADA**  
Mortgage Services



# Armada Mortgage Spring Letter

## The ABCP Crisis—Are doors closing?

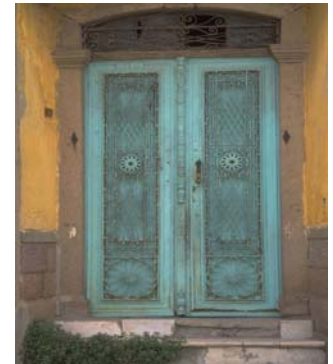
ABCP or Asset backed commercial paper has had a profound negative effect on the Canadian mortgage market. This has been in addition to the Credit crisis in the UK, Australia and the U.S which caused Real Estate values in many of those communities to plunge by 30% or more and new home construction activity to drop to levels not seen since the late 80's.

Central Banks in several countries have taken a pro-active stance and lowered interest rates which they charge major Banks, which in turn has lowered rates for the retail customers. However inter-Bank lending has not returned to normal levels. If Banks continue to be shy lending to one another because they believe more problems lie around the next corner for them, the potential exists that the Central Banks will need to start another round of rate cuts since the first ones

were in -effective. There-in lies the problem for the Central Banks. Interest rate cuts will at sometime cause a higher rate of inflation in the future—indeed the Bond market has not been as accommodating as the Central Banks, thereby keeping longer term mortgage rates higher than expected.

Canada's smaller, alternative mortgage providers, who relied on the activities of the monopolistic Banking system to provide them with access to liquidity quickly found out that the Banks would not honour contracts which they signed, thereby effectively freezing the secondary lending market. However most Lenders who are providing loans through the government Backed insured lending programs, or term deposits, are still in business but have seen loan volumes shrink tremendously.

The lending which was regularly provided to customers in prior decades has been sharply



reduced. It will take many quarters of saving by pension funds, consumers, and corporations to return the amount of cash liquidity in the system to more normal operations. Indeed some analysts argue that the Canadian Banking system may never be the same again, as the Government may decide not to let Banks back into this line of business without significant regulatory changes. In the meantime we can expect further cuts in the prime rate.

Article written by Gordon Hone,

President of Armada Mortgage Services.

**A golfer** teed up his ball on the first tee, took a big swing and hit his ball into a clump of trees. He found his ball and saw an opening between 2 trees he thought he could hit through. Taking out his 3-wood, he took a big swing; the ball hit a tree, bounced back, hit him in the head and killed him. As he approached the gates of Heaven, St. Peter saw him coming and asked, "Are you a good golfer?", to which the man replied:

"Got here in two, didn't I?"



**Congratulations  
Erin on a new  
BABY BOY!  
Born April 2**

**WEBSITE: [www.armadamortgage.com](http://www.armadamortgage.com)**

## Mortgage Closing costs and expectations.



Speak with a mortgage professional as soon as possible. This will allow you to shop for a home in the right price range. At the same time, make sure you are prepared for the standard costs associated with a purchase of real estate. Some of these costs may include:

**Deposit** - Once you have an accepted offer on a place, there is generally a 1 week period to remove subjects (ie. Inspection, financing, etc.) Once those subjects have been satisfied, you are required to put down a deposit on the property. This amount varies, so make sure to ask your realtor. **Property Purchase Tax** – If you are a first time home buyer, this

does not apply to you. However, if you have ever owned property, anywhere in the world, this tax will be charged on your purchase completion date. You calculate the amount by taking 1% of the first \$200,000 and then 2% of anything over that. **GST** – When purchasing a brand new property, GST will be charged. Your realtor will advise you of this amount, and it does not apply to used homes. **Closing/ Legal Fees** – Be prepared for a legal bill of approximately \$850.00-\$1000 for a standard purchase or sale. If you are buying and selling at the same time, budget approximately \$2000 for this expense.

**Property Tax Adjustment** – This is calculated at the lawyers office. A person is always responsible for the property taxes due during the time lived in the home. **Appraisal** – Depending on the lender and how much money you have down, an appraisal of the property may be required. A standard, residential appraisal will run between \$250-\$350, and is due at the time of appraisal. Different properties will have a higher cost, so ask your mortgage professional once you have decided on a property.

Article written by Chris Hoeppner, a sub-broker with Armada Mortgage.

Your  
GIC  
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The  
Armada  
Mortgage  
Fund.

## Mortgage Backed Securities, RRSP/RRIF Eligible, Real Estate Secured—2007 Simple interest return 7.84%

\*This fund is NOT related to ABCP (Asset backed commercial paper)

Armada Mortgage Corporation—a division of Armada Mortgage Services is a great alternative to the GIC's, Mutual funds and High interest savings accounts.

Armada Mortgage Corp. has a full audit completed yearly by a chartered accountant company and has management, a board of directors

and a credit committee to keep the company running as safely as possible and in compliance with government regulations.

The fund is comprised of first and second mortgages primarily in the lower mainland. Approximately 80% of the mortgages are in first position. The minimum investment is \$10,000.

For more information and to view financials and our Offering Memorandum—Please contact Gordon Hone at 604-467-6449.

This ad does not constitute a solicitation of an offer to purchase securities which is made only under an Offering memorandum available from our office. Before investing, please read the Offering Memorandum. Mortgage investments are not guaranteed; value may fluctuate and past performance may not be repeated.



## Why was Easter so early this year? (March 23)

Most of us expected Easter to be towards the end of March or even well into April. It seems long gone now, but here's why.

Easter is always falls on the first Sunday after the full moon -after the Spring Equi-

nox (March 20th). This Year the full moon was on Good Friday March 21st.

This dating followed the lunar Hebrew calendar people used to identify Passover, which is why it moves around our now

used Roman Calendar.

The next time Easter will be this early will be in 220 years.

The last time Easter was this early was 95 years ago.