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'Your Referrals are the Lifblood of my Business!'

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MARKET REPORT

May - June 2003

Maximum news on the Victoria real estate market.

Modern Mortgages

Some of today's home buyers are shaking up the mortgage market. By shopping around on the internet or using a mortgage broker to find their best deal, they are forcing banks and credit unions to be more up front about interest rate discounts and more responsible to individual needs.

Most homebuyers know they will pay less than the posted mortgage rates if they dicker with their lender, although it may mean they consolidate all of their financial business with one institution.

But not everyone is comfortable trying to play off one lender against the other or threatening to walk unless they get the best package.

Nor will borrowers necessarily get the best RRSP, and investment management, for example from the same institutions that hold their mortgages.

One alternative to haggling is to use online banks, which typically offer no-dicker mortgage rates at a percentage point or more below the prevailing posted rates. This usually requires the applicant be comfortable filling out a web-based mortgage application, and keeping track of documents that may arrive to you and must be returned by mail or fax. A lawyer or notary, like any other mortgage, handles the mortgage transfer itself. Or have a mortgage broker search out the best rates and terms based on information you provide.

Faced with home buyers increasingly willing to use mortgage brokers or alternative lenders, several banks now offer no-haggle mortgages with built-in discounts or roughly one percent or more.

Some are also moving away from the traditional focus on five-year terms and offering deals on shorter and longer terms to fit different needs.

A lot more customers, able to tolerate the risks, are choosing to go with variable rate mortgages for their flexibility and lower payments.

There is growing interest in mix-and-match mortgage options. For an example, one partner may be happy with the risk of a variable rate mortgage, but the other would prefer a fixed term. While some banks may expect you to choose fixed or variable, other banks are happy to offer both options on one mortgage, perhaps \$100,000 at the variable rate and \$100,000 at a fixed term.

Alternatively, some buyers stagger their maturity dates by splitting their mortgage into equal portions at the one year, three year, and five year rates. This way something is coming up for renewal every two years, and you're not risking re-mortgaging everything at a high rate if that's the current condition.

There are some never before heard of mortgages out there, designed based on the needs and to attract the business of a savvy generation of buyers and borrowers.

If you can't find the right house for you, you always have the option of building it. Now it may be that the same goes for the mortgage.

Abridged article from the Times Colonist.

Townhouses and Strata Duplexes

Average Prices as of June 2003

Victoria	\$266,206
Victoria West	\$160,000
Oak Bay	\$288,000
Esquimalt	\$160,880
View Royal	\$273,643
Saanich East	\$258,406
Saanich West	\$231,180
Central Saanich	\$236,125
Sidney	\$237,800
Colwood	\$188,980
Langford	\$136,000
Waterfront (all districts)	\$925,000
Greater Victoria	\$251.907

Source: Victoria Real Estate Board

MORTGAGE WATCH

All Rates as of May 27, 2003

Term	Rate (%)
Variable Rate:	4.50
1 year:	3.95
2 year:	4.20
3 year:	4.50
4 year:	4.75
5 year:	5.00
7 year:	5.55
10 year:	6.00

Based on a survey of semi-annual rates charged for first mortgages by a variety of lenders including major banks, trust companies & credit unions.

Source: Canada Trust



THE WORD ON MORTGAGES

MORTGAGE – A mortgage is actually a document, which is registered in Land Titles Office and provides evidence that you have given your home as collateral to a lender to secure the loan.

CONVENTIONAL MORTGAGE – A mortgage loan issued for up to 75% of the property's appraised value.

HIGH-RATIO MORTGAGE – A mortgage that is between 75% and 90% of the home's appraised value. These mortgages must be insured against default.

CLOSED MORTGAGE – A mortgage that locks you into a specific payment schedule for a specific time and cannot be paid off during the term without penalty.

OPEN MORTGAGE – Allows partial or full payment of the principal at any time, without penalty.

VARIABLE-RATE MORTGAGE – A mortgage with fixed payments, but fluctuating interest rate. The changing interest rate determines how much of the payment goes towards the principle.

PRE-APPROVED MORTGAGE – Qualifies you for a mortgage before you purchase, so that you know exactly how much you can spend.

SECOND MORTGAGE – Additional financing. Usually has a shorter term and higher interest rate than the first mortgage. It is registered in Land Titles Office behind the 1st mortgage, so in the case of a default it is paid out with what funds are left after the 1st mortgage is paid.

ASSUMABLE MORTGAGE – Allows the buyer to take over the seller's mortgage on the property, which is advantageous if the interest rate on that mortgage is lower than the current rate, or if the seller has a large penalty to pay if paying the mortgage off early.

PORTABLE MORTGAGE – A mortgage that can be transferred from one property to another during the term of the mortgage. This is useful if you sell one home and move to another before the maturity date, saving the prepayment penalty to get out of a mortgage early.

VENDOR TAKE-BACK MORTGAGE – When the seller provides some or the entire mortgage financing in order to sell the property.

You Do the Math

Rate	Amount per \$1,000 of the Mortgage Amount
3.50%	\$4.99
3.75%	\$5.13
4.00%	\$5.26
4.25%	\$5.40
4.50%	\$5.53
4.75%	\$5.67
5.00%	\$5.82
5.25%	\$5.96
5.50%	\$6.10
5.75%	\$6.25
6.00%	\$6.40
6.25%	\$6.55
6.50%	\$6.70
6.75%	\$6.85
7.00%	\$7.00

MONTHLY PAYMENTS PER \$1,000

Rate Amount per \$1,000 of the Mortgage Amount

*Example = \$200,000 @ 5.00% - \$5.82 x 200 = \$1,164 / per month

*25 year amortization

SINGLE FAMILY HOMES (Single detached houses, duplexes and triplexes)

WATCHING THE MARKET – June 30, 2003

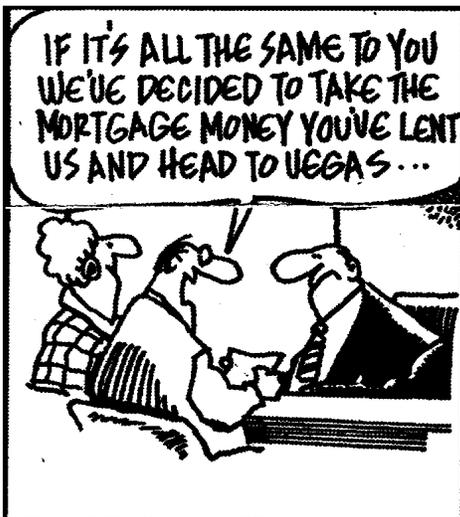
Victoria Real Estate Board statistics are available at <http://www.mls.ca/boards/vreb/>

All active MLS listings online at <http://www.mls.ca>

Area	Number of Sales	Average Price (\$)	Total Volume (\$)
Victoria	58	293,291	17,010,851
Victoria West	4	245,450	981,800
Oak Bay	29	494,583	14,342,900
Esquimalt	19	239,679	4,553,900
View Royal	11	310,584	3,416,428
Saanich East	96	339,361	32,578,671
Saanich West	49	287,445	14,084,800
Central Saanich	23	322,077	7,407,777
North Saanich	24	431,163	10,347,900
Sidney	25	247,044	6,176,100
Highlands	2	355,000	710,000
Colwood	30	261,871	7,856,133
Langford	52	257,451	13,387,450
Sooke	141	210,238	8,619,750
Waterfront (all districts)	15	900,687	13,510,300
Total Greater Victoria	478	324,236	154,984,760

MLS SALES & PRICES/MARKET SUMMARY: Last month's sales included 478 single family homes, 156 condominiums, 69 townhomes and strata duplexes and 17 manufactured homes.

Source: Victoria Real Estate Board



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