MORTGAGE ALERT - 5-Year Mortgage Rate Decreases to 6.10 Per Cent

TD Canada Trust announced on May 7, 2010, it was cutting its mortgage rates. Its five-year closed mortgage rate decreased to 6.10 per cent, down 0.15 percentage points compared to the previous rate.

Canada's other main financial institutions should follow suit in the coming days.

To view mortgage rates for other Canadian financial institutions, please visit the CANNEX website ("Mortgages" section in the left-hand menu).

Details About Mortgage Rates

There are two main types of mortgage rates: fixed mortgage rates and variable mortgage rates. As their names suggest, variable rates are subject to adjustments based on fluctuations in financial institutions' preferred interest rates, while fixed rates remain unchanged throughout the entire term. The term of a mortgage rate, which can range from 6 months to 10 years, refers to the period during which the fixed rate will be in place.

The rates reported by the QFREB in its Mortgage Alerts are the five-year fixed mortgage rates offered by Canada's eight main financial institutions, meaning the seven major chartered banks [Royal Bank of Canada (RBC), TD Canada Trust, CIBC, Bank of Montréal (BMO), Scotiabank, Laurentian Bank and the National Bank] as well as Desjardins, given its importance in Québec.

Furthermore, the rates that we monitor in our Mortgage Alerts are the posted (administered) rates. In general, administered rates can often be negotiated and are higher than the rates actually charged by financial institutions.

Mortgage Rates and the Resale Market in Québec

Mortgage rate levels have a significant impact on the resale market because of their influence on the cost of homeownership and market affordability. Low mortgage rates – by reducing monthly payments and the total cost of a mortgage loan – help to attract more buyers, which translates into increased activity on the resale market. High interest rates have an opposite effect on the resale market. Mortgage rates also have an impact on market prices, as lower rates translate into lower monthly payments, which enable potential buyers to buy a higher-priced property. Again, higher mortgage rates will have the opposite effect.

600 chemin du Golf
Île-des-Sœurs (Québec)
H3E 1A8

Telephone : 514-762-0212
Toll free : 1-866-882-0212
Fax : 514-762-0365

www.fciq.ca
Courriel : fciq@fciq.ca