



Canadian Mortgage Rate Study Results – October 27, 2010

Market Research Canada (MRC), has conducted a study of mortgage rates available to Canadian homeowners, for the 11 week period from August 10, 2010 to October 6, 2010. To do this, MRC specifically monitored the best discounted rates offered by 9 major Canadian lenders weekly throughout the period. Specifically, the three currently most popular mortgage types and terms were monitored - fixed rate mortgages for both 3 and 5 year terms, and variable rate mortgages for 5 year terms.

Results

The results clearly show that for each of the mortgage types and terms studied, homeowners selecting Centum MortgageFlex as their lender would be taking advantage of mortgage rates which were better than any of the published rates of all of the major lenders reviewed. Thus Canadian homeowners choosing to borrow through Centum MortgageFlex would pay the lowest amounts in interest payments during the term of their mortgage than otherwise would be payable. In fact, our study determined that not only did Centum MortgageFlex offer the best average discounted rate throughout the study for each of the terms and interest types reviewed, but also that during this period not a single lender ever offered a lower or matching rate for any of the instruments than were offered by Centum MortgageFlex. Based on our findings during this study, **Market Research Canada believes that rates offered by Centum MortgageFlex are consistently lower than the best lowest discounted rates offered publicly by any major Canadian mortgage lender.**

For the period, the average of the Centum MortgageFlex rates offered were as follows:

3 year fixed-rate = 2.88%
5 year fixed-rate = 3.42%
5 year variable = ARM Prime -0.90%

The average of the best discounted rates offered by the remaining major Canadian mortgage providers during the period were as follows:

3 year fixed-rate = 4.00%
5 year fixed-rate = 4.03%
5 year variable = ARM Prime -0.27%

Thus, Market Research Canada confirms that there was a rate differential between Centum MortgageFlex and the average best discounted rate published by all of the Canadian mortgage lenders studied for the period under review as follows:

3 year fixed-rate = 1.12% savings
5 year fixed-rate = 0.61% savings
5 year variable = 0.63% savings

Our Opinion

Market Research Canada finds that the rate differentials found throughout the study are not inconsequential. Borrowers would incur and pay lower mortgage interest expenses by arranging their financing through Centum MortgageFlex than they would by establishing mortgage borrowings with any of the other Canadian lenders reviewed at their best discounted rates for the mortgage instruments reviewed.

Using an example of a \$350,000 mortgage amortized over 35 years, the savings that would be realized by choosing Centum MortgageFlex, calculated over the respective 3 or 5 year term of the mortgage selected, are as follows:

Interest Cost for Mortgage Term			
	3 year fixed	5 year fixed	5 year variable
Other Lenders	\$40,819.87	\$67,527.75	\$45,412.68
Centum MortgageFlex	\$29,310.56	\$57,124.89	\$34,784.42
Savings in Interest Costs	\$11,509.31	\$10,402.86	\$10,628.26



Thus a mortgage borrower would save more than \$10,000 in interest costs by selecting Centum MortgageFlex over the best discounted rates offered by competing lenders for a 5 year term, and more than \$11,500 by selecting Centum MortgageFlex for a 3 year fixed term.

Details

All of the following major Canadian mortgage lenders were included in this study, using the best, or lowest, of their mortgage rates published on their websites. Care was taken during the review to make sure that any special rates advertised on their sites, and all discounts described as available were taken into consideration to ensure that each institution's very best discounted rate published was used in all instances.

Royal Bank of Canada

CIBC

Scotiabank

TD Canada Trust

Bank of Montreal

ATB Financial

Servus Credit Union

PC Financial

Centum MortgageFlex

The following table shows the actual calculated average of the best individual discounted rates offered each week for each relevant instrument.

Best Discounted Rates Average for Period (August 10 – October 6, 2010) Canadian Mortgage Lenders			
Lender	3 yr fixed	5 yr fixed	5 yr variable
Royal Bank of Canada	4.08%	4.24%	ARM Prime – 0.20%
CIBC	3.32%	4.24%	ARM Prime – 0.07%
Scotiabank	4.35%	4.11%	ARM Prime – 0.21%
TD Canada Trust	4.39%	4.11%	ARM Prime – 0.30%
Bank of Montreal	4.09%	3.86%	ARM Prime – 0.20%
ATB Financial	4.08%	3.98%	ARM Prime – 0.49%
Servus Credit Union	4.10%	3.98%	ARM Prime – 0.49%
PC Financial	3.56%	3.72%	ARM Prime – 0.60%
Average of 8 Major Lenders	4.00%	4.03%	ARM Prime – 0.27%
Centum MortgageFlex	2.88%	3.42%	ARM Prime – 0.90%
Difference	-1.12%	-0.61%	-0.63%

Market Research Canada is an independent market research and consulting firm which has been in operation more than 5 years, and is located in Kitchener, Ontario. Questions about this report may be addressed to Warren Gray, President wg@marketresearchcanada.com.