

# Peter Kinch's Mortgage Update

## July 2009 Alberta REIN™ Presentation

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Peter Kinch  
presents



**Mortgage  
Market Update**

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**Equipment Leasing  
Solutions**

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**More Funding Options**

- Self-Employed Obstacles
  - Too Many Trades on Credit Bureau
  - Maxed-Out Debt Servicing
  - Limited Sources of Down Payment
  - Company Debt vs Personal Debt
- Equipment Leasing Provides You with More Funding Options for Your Investment Needs

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**Cross-Border Transactions**

- Cross-Border Leases
  - Canada to Canada
  - Canada to USA
  - USA to Canada
  - USA to USA



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**What You Can Lease**

- Almost Any Kind of Equipment or Vehicles
  - Machine Tools & Construction Equipment
  - Copiers, Computers, Software & Office Furniture
  - Construction & Manufacturing Equipment
  - Medical/Dental Equipment
  - And Much More
- Leases Available from Single Items to Entire Offices or Plants



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**Sale Lease Backs**

- How it Works
  - You Sell your equipment to the leasing company
  - Giving you a cash infusion
  - Simply Lease your equipment back from the leasing company.
- This Financing Technique Gives You
  - Access to cash
  - No restrictions on how the money is used
  - Takes idle equity out of equipment for investing or working capital
  - Improves your balance sheet

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### Leasing Solutions & Benefits

- Sale Lease Back
  - Removes Items from Personal Credit Bureau
  - Eliminates TDSR Problems
  - Down-Payment on Future Properties
- Fully Tax Deductible Expenses
- 100% Equity Available

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### Leasing Examples

- **Self-Employed Challenge:**
  - Sales Were Soft
  - Wanted to Purchase New Home
  - Equipment Rich, But No Cash
- **Solution:**
  - Down-Payment Solution:
    - Sale Lease Back of Equipment
    - Equity Take-Out of Current Home
  - Purchased new home while waiting for the market to strengthen before selling his old home.



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### Leasing Examples

- **Investor Challenge:**
  - Bringing JV in to purchase more revenue properties
  - Looking for Other Solutions to Purchase on Own
- **Solution:**
  - Sale Lease Back to take Equity Out of Heavy Duty Equipment
  - Purchased Property on Own

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### Leasing Examples

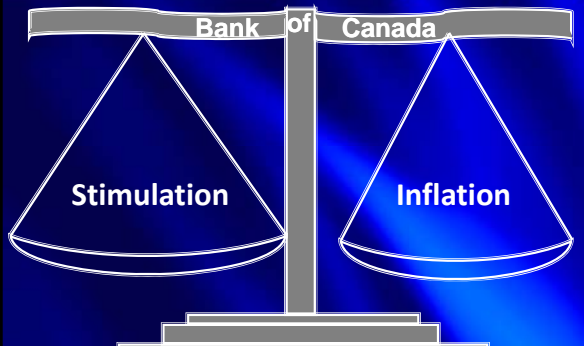
- **Debt Challenge:**
  - Large Business Related Debt on Personal Bureau
  - Had Principal Residence & One Revenue Property
  - Many Credit Pulls From Business Related Expenses
- **Solution:**
  - Sale Lease Backs on Vehicles Leases
  - Leases Held Corporately, off Personal Bureau

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### Interest Rates



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### Rates


Will rates go up? Not if but when....

- BOC – Emergency rates
- Prime to remain unchanged
  - June 2010, Caution!
- BOC – Prime Rate
- Bond Market – Long-Term Rates
  - Not the same, be careful with Assumptions



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### Predicting Rates?



- Today – Stimulation
- Tomorrow – Obama Factor???
- Assume Rates go up at least 3%

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### What Do You Believe?

- Obama Factor = Hyper-Inflation
  - Rates will go up
- \$USD – Deflated = \$CND –Inflated
  - Rates will go down

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### What Do You Believe?

- Rates will Skyrocket!
- Today's 10 Year Rate = 5.25%



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### What Do You Believe?

- Short and Long-term Rates – UP 3%
- Prime 2009 – 2010
  - 2.25%
- Prime 2010 – 2015
  - up to 6%

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### Currently Prime - 0.9%

- Mortgage Renewal 2011
- Today – 2011
  - 1.35%
- Renew at Prime in 2011 for 5 years
  - Prime goes to 6%

**Return of the Discount on VRMs???**



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### Convert Today

- New Long-Term Mortgage
- 5 Year @ 4.30
- 7 or 10 Year @ 5.25%
- Protect Against 8% Prime...



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### Conclusion:

Convert Now  
Or  
Keep Floating

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### STILL NOT SURE?

- Float or Lock-in?
- Why Not Both?
- 50/50 Mortgage Option



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### Your REIN Solution:

- 50% - 5 year term
- 50% Variable/Floating
- No Premium on Rentals
- Fully discounted with 35 year Am

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### Exclusive New Tool

- Launching Exclusive New Tool
- Allows us to analyze your options
- Precisely know whether to take a variable or lock-in

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### Exclusive New Tool

5-Year Term Fixed Rate						Variable Term					
4.300%						5 Years					
Mortgage Amount \$200,000						Initial Rate Period					
Amortization 360.00 months						Fixed Initial Rate					
Monthly Payments \$995.28						Ongoing Rate, Prime Plus					
Current Bank Prime Rate 2.25%						Rate Compounded Monthly					
Assume: Prime Increases Over 5 Years To 5.50%						Rate Adjusts Every 1 Month(s)					
By 0.25% Every 4.54 months											
Month	Rate	Payment	Interest	Principal	Balance	Month	Rate	Payment	Interest	Principal	Balance
34	4.25%	\$995.28	\$603.49	\$391.79	\$160,802.04	1	5.500%	\$995.28	\$995.28	\$0.00	\$199,000.00
35	4.25%	\$995.28	\$603.49	\$391.79	\$159,806.07	2	5.500%	\$995.28	\$995.28	\$0.00	\$198,000.00
36	4.25%	\$995.28	\$603.49	\$391.79	\$158,810.02	3	5.500%	\$995.28	\$995.28	\$0.00	\$197,000.00
37	4.25%	\$995.28	\$603.49	\$391.79	\$157,813.98	4	5.500%	\$995.28	\$995.28	\$0.00	\$196,000.00
38	4.25%	\$995.28	\$603.49	\$391.79	\$156,817.93	5	5.500%	\$995.28	\$995.28	\$0.00	\$195,000.00
39	4.25%	\$995.28	\$603.49	\$391.79	\$155,821.88	6	5.500%	\$995.28	\$995.28	\$0.00	\$194,000.00
40	4.25%	\$995.28	\$603.49	\$391.79	\$154,825.83	7	5.500%	\$995.28	\$995.28	\$0.00	\$193,000.00

Saved Compared to the 5-Year Effective Semi-Annual 1-Year Rate 2.95%  
Effective Semi-Annual 3-Year Rate 3.59%  
Effective Semi-Annual 5-Year Rate 4.20%

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### Thank you for attending

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