

## LOCAL STOCKS

	CLOSE	CHNG.	VOL.
Altius Minerals	13.80	0.03	12,797
Bell Aliant	25.99	0	231,004
Buchans Minerals Corp.	0.14	0.02	484,800
Bayswater Uranium	0.80	0.06	76,710
Cornerstone Res.	0.42	0.0450	1,504,335
Cdn. Imp. Venture	0.08	0.0150	6,369,057
Crosshair Explor.	2.19	-0.09	755,797
Frontier Gold Inc.	10.03	0.03	406,460
Fortis	34.06	-0.20	222,125
Golden Dory Resources	0.15	0	16,000
Husky Energy	26.57	-0.18	375,488
IOCC Royalty	69.80	-0.68	21,970
NewCap Corp.	6.75	-0.05	26,756
Northstar Elec.	0.14	0	0
New Island Res.	0.07	0.00	1,500
NWest Energy Inc.	0.35	0	1,950
Rambler	0.61	0.04	24,096
Rutter Inc.	0.05	-0.01	111,800
Silver Spruce Res.	0.27	0.04	938,745
Vulcan Minerals	0.42	0	0

## MARKETS

	CLOSE	CHNG.	VOL.
TSX 60	770.34	-1.34	30.4M
S&P/TSX	13,440.11	-23.95	311.9M
TSXV	2,275.45	4.49	342.9M

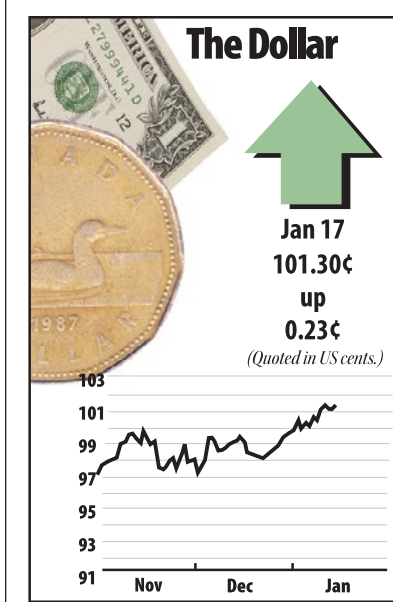
## COMMODITIES

	CLOSE	PREVIOUS
Gold	\$1,362/oz	\$1,375/oz
Silver	\$28.26/oz	\$28.32/oz
Nickel	\$25,985/t	\$25,460/t
Copper	\$9,689/t	\$9,590/t
Brent Crude Oil	\$97.43	\$98.38
West Texas Crude	\$90.92	\$91.54

## CURRENCIES

	CLOSE	PREVIOUS
U.S. Dollar	\$0.9872	\$0.9894
U.K. Pound	\$1.5687	\$1.5705
Japanese Yen	\$0.011931	\$0.011925
Euro (Cdn)	\$1.3124	\$1.3233

## CANADIAN DOLLAR



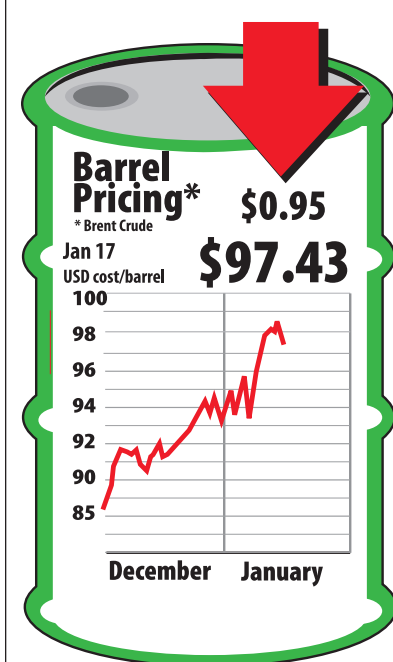
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## REAL ESTATE

# Mortgage rules won't cool market

*Local real estate agents say first-time homebuyers will feel pinch*

By MOIRA BAIRD

THE TELEGRAM

A trio of real estate agents in the St. John's area say Ottawa's new mortgage rules won't send the local housing market into a deep freeze — but first-time homebuyers may have to lower their expectations.

On Monday, federal Finance Minister Jim Flaherty announced new mortgage qualifying rules designed to curb household debt — reducing the maximum mortgage period to 30 years and the amount Canadians can borrow against their homes to 85 per cent.

They take effect March 18. Jim Burton, manager of ReMax Plus Realty, said the changes are designed to protect homebuyers, and consumers will have to adapt to the new mortgage reality.

That's especially true for first-time buyers. "They may have to aim a little lower in their price-range to qualify after March 18."

By way of example, he said the new rules will mean the buyer of a \$300,000 house is looking at a mortgage of about \$285,000.

"They need \$4,000 more to qualify on a 30-year amortization versus a 35-year amortization," he said.

"They're going to have to look for something that fits their price range. They may have to look at something a little lower priced, if you use this example."

Burton said the average resale price for existing homes in the St. John's area is \$251,000. For new homes, it's about \$335,000.

His real-estate advice? "We see the market having good legs. This is a time to be prudent."

"Anybody out there right now, I would highly recommend locking in long term. There's lenders offering five-year money at 3.69 per cent."

"Look at the amortization schedule, make it fit your budget."

...

Bruce Mullett, broker for Exit Realty on the Rock, described the mortgage changes as "probably the least obtrusive" Flaherty could have made.

"I don't think it's actually going to hamper the overall market that we're experiencing in St. John's and in the whole province."

Mullett said he figures the rule changes could cost first-time homebuyers about \$100 per month.

"That makes a difference to some people when you're starting out for the first time," he said.

"With the market being very active in the St. John's metro area, it's going to mean that their expectations are probably going to have to come down just a little bit to get into that affordability area."

On a \$300,000 home, a 30-year mortgage at four per cent interest will cost a homebuyer an extra \$105 per month, according to the federal government. It also said the homebuyer will save \$41,850 in interest over the life of that mortgage.

...

Glenn Larson, manager of Royal LePage Professionals 2000, says the mortgage changes will have a bigger impact on over-heated housing markets in Toronto and Vancouver.

He figures the St. John's area market will weather the tightened-up rules.

"Somebody may not qualify for as big a house, so they may adjust their thought process there," said Burton.

"They're tightening up things so people don't get into financial difficulty, which I agree with."

"I've got no argument with what Jim Flaherty has done today."

First-time homebuyers will feel the biggest impact.

"The new buyer — that's who's going to hurt the most."

"But, again, we're not Toronto or Vancouver. Our average price is \$250,000, so amortizing on that is not like amortizing 35 years on \$1 million."

...

During the last few months of 2010, the housing market in St. John's and surrounding areas has slowed slightly — something that was predicted last spring.

"The market did slow down slightly in the latter quarter of last year," said Mullett. "It wasn't unexpected."

Last spring, both the Canadian Real Estate Association and the Canada Mortgage and Housing Corp. (CMHC) forecast a slow fourth quarter in 2010.

Both Burton and Mullett say the first few weeks of January have been brisk for their companies.

"Our agents are more active in January than we experienced last year at this time," Mullett said.

"Out of the gate for 2011, it's been busy," Burton added.

"For the last couple of weeks, the market has been brisk — much busier than it was in November and December."

Burton said ReMax is forecasting house prices will rise this year by as much as eight per cent.

CMHC, on the other hand, is forecasting house-price appreciation of three per cent.

"Anytime you see population growth, income growth and employment growth, that leads to higher consumer confidence and people tend to get out and spend money," Burton said.

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Finance Minister Jim Flaherty concludes a news conference on household debt in Ottawa Monday. Flaherty announced new mortgage regulations aimed at reducing Canadians' soaring household debt.

— Photo by The Canadian Press

## ECONOMY

# National groups wary new rules will cool housing market

By SUNNY FREEMAN

THE CANADIAN PRESS—TORONTO

Finance Minister Jim Flaherty announced Monday he is limiting the amount of time that new homeowners will have to pay back their mortgages.

Beginning March 18, the maximum amortization period for a mortgage will drop from 35 years to 30 years for new, government-backed mortgages with a down payment of less than 20 per cent.

The measure, aimed at changing Canadians' borrowing habits, effectively reduce the maximum amount Canadians can borrow for their first home.

Real estate and mortgage professionals warned the mortgage rules will curb borrowing from first-time buyers, which could put a chill on an already slowing housing market.

Those who enter the market after the March deadline will see increases similar to a rise in mortgage rates, but mortgage holders will pay more toward their principal payment rather than simply paying more interest.

For example, someone paying four per cent interest on a \$300,000 mortgage would pay \$105 more each month — but actually reduce interest payments by \$42,288 over the life of a mortgage because it's repaid five years sooner.

Ottawa will also reduce the limit on how much Canadians can borrow using their homes as equity to 85 per cent of the total value from 90, which curbs how much homeowners can use house collateral to borrow for other purposes.

In addition, the government will stop insuring home equity lines of credit — an alternative to credit cards and term loans that use the property's value as collateral — which should put pressure on banks to increase their standards when it comes to deciding who qualifies for such loans.

The new rules do not apply to those who secure those products before the deadline, meaning the real estate market could see an upswing during the usually sleepy winter season.

The prospect of a sharp spike in sales followed by a potential overcorrection troubles Randall McCauley, vice-president of government relations at the Canadian Real Estate Association (CREA), who questioned whether the reforms are necessary given that CREA has already seen a deceleration in mortgage debt as previous measures take effect.

"We understand what the government's doing here; the government is basically saying 'don't use your house as a piggy bank,'" he said.

## HELICOPTER INQUIRY

# Offshore board appoints safety team leader

THE TELEGRAM

The Canada-Newfoundland and Labrador Offshore Petroleum Board (CNLOPB) announced Monday it has appointed a safety expert to lead one of two teams developing plans to carry out the Wells Inquiry recommendations.

Terry Kelly will lead the safety team. Kelly is managing director of SMS Aviation Safety Inc., an Ottawa-based company specializing in developing safety management systems for airports.

A former military pilot, Kelly has also worked with Transport Canada and the Canadian Aviation Safety Board (a forerunner of the Transportation Safety Board).

Last month, the board created two teams — one on aviation, the other on safety — following the release of the Wells inquiry report.

The CNLOPB created the inquiry following the March 12, 2009, helicopter crash off Newfoundland which killed 17 of 18 people onboard.

In its first progress report issued Monday, the board said both teams consist of representatives from the CNLOPB, offshore workers, the oil companies and Cougar Helicopters.

The teams met Jan. 4-7. The aviation team is led by Peter McKee, a former commanding officer of 424 Squadron and wing commander for 9 Wing Gander, which provides military search and rescue in the province.

On Feb. 9, the Transportation Safety Board will release its final investigation report into the helicopter crash.

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