

Dollars & \$ENSE

What's happening in Our Community

December 2017

New Rules may benefit Credit Unions



The Office of the Superintendent of Financial Institutions, (OSFI), has released new rules for mortgage lending effective January 1, 2018.

There were three main components to the new rules, but the one with the biggest impact on borrowers will be around interest rates on mortgage applications. Specifically, OSFI is setting a new minimum "stress test" rate for uninsured mortgages (Guideline B-20). The rules now require the minimum qualifying rate for uninsured mortgages to be the greater of the five-year benchmark rate published by the Bank of Canada or the contractual mortgage rate + 2%. This new mortgage stress test will be a major shift for the 20% of borrowers it affects. "The main effect will be felt by first-time buyers" says John de Leeuw, CEO of LDCU. It will force some borrowers to either:

- reduce their loan amount,
- seek help qualifying (e.g., find a bigger down payment or co-signor),
- defer their homebuying plans, or
- **seek out a non-bank lender, like a Credit Union.**

The reason a borrower can approach a Credit Union is that the new rules only apply to federally chartered banks such as CIBC or Royal Bank. Credit Unions are provincially regulated and are not subject to OSFI guidelines.

"... almost every credit union operates outside the gambit of B-20 and, technically speaking, the new stress test does not apply to them," says Rob Martin, Deputy Director, Policy at the Canadian Credit Union Association.

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REAL ESTATE



"We want a cozy, secluded 20-acre farm surrounded by hills, trees, and streams, within walking distance of shops, restaurants, schools, theaters, and hot night spots."

LDCU

is calling you

Remind Me

Message



Decline



Accept



SAVE THE DATE
73rd Annual General Meeting
May 8, 2018

DIRECTOR NOMINATIONS

At the Annual General Meeting to be held on **May 8, 2018**, the terms of 2 directors will need to be filled, each for a three year term.

All candidates seeking election to the Board of Directors must complete and submit a nominations package to the Nominations Committee **by the nomination deadline of February 23, 2018**. Packages can be picked up at the Credit Union or downloaded from our website at www.ldcu.ca.

Each member in good standing of the Ladysmith & District Credit Union

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Ask us about

MORE than a
MORTGAGE

An amazing financial tool that lets you fund everything from your home renovations to your children's education, and even your retirement.

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who is 19 years of age or older, is entitled to sponsor the nomination of one candidate. According to our Credit Union Rules, a member in good standing is a member, who at the date on which good standing is determined:

- a) has purchased, paid for, and holds, the number of Membership Equity Shares required by the Rules;
- b) has been a member of the Credit Union for at least ninety (90) days;
- c) is not more than ninety (90) days delinquent in any obligation to the Credit Union; and
- d) has paid an annual membership fee as determined from time to time by the Directors, (if required).

Please note:
Where each member in joint tenancy individually holds sufficient Membership Equity Shares to meet membership requirements, (\$25 per separate member), both may nominate a candidate.

1. A member that is a legal entity and not an individual, (i.e. limited company, registered society, or other legal entity), may authorize in writing, one person, on its behalf, to exercise its right to nominate a candidate.
2. Credit Union members who are eligible to stand for election to the Board of Directors must qualify pursuant to the *Company Act, Financial Institutions Act, and the Credit Union Incorporation Act*. In addition, the must be a member in good standing for a period of 12 consecutive months, be a minimum of 19 years of age, and qualify subject to the Rules of the Ladysmith & District Credit Union.
- 3.

“What is the difference between LDCU and a bank?”



It's like comparing apples and oranges.

“A Credit Union is not an ordinary financial concern, seeking to enrich its members at the expense of the general public. Neither is it a loan company, seeking to make a profit at the expense of the unfortunate... the Credit Union is the expression in the field of economics of a high social value”

- Alphonse Desjardins-

Credit Unions How we have Grown

The first Credit Union in Canada was started in Quebec, where they are called: caisses populaires. The Caisse populaire de Lévis opened on January 23, 1901 with a ten cent deposit! Alphonse Desjardins, a parliamentary reporter, founded it because he was outraged when a Montrealer received a court order to pay nearly \$5,000 in interest on a moneylender's loan of \$150. Since those humble beginnings, the Credit Union system has grown into a global phenomenon.

Today there are almost 68,000 Credit Unions in 109 countries around the world serving 235 million members and controlling US \$1.7 trillion in assets.

Canada has 823 Credit Unions, including the caisses populaires in Quebec, servicing 10 million members through a network of over 3,000 branches. The

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New rules could help Credit Union

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For some homebuyers the following scenario could play out:

- Homebuyer Profile;
- you have other debts, eg a car loan
 - you have no way to raise a bigger down payment
 - you have no one to co-sign for you
 - a cheaper home won't meet your needs
 - you get average yearly raises (Canada's 20-year average annual wage growth is 2.6%), and
 - you can easily qualify for a prime mortgage today.

Come January 1st, OSFI's new stress test could easily boost your debt ratios 6 - 7 percentage points, enough so that you **no longer qualify** for the same mortgage you could get today. Other things being equal, if you had to wait until your income rose enough to bring your debt ratio below the maximum, *and* you wanted the best mortgage rates, you'd be waiting up to **7 years!**

That is, unless you choose a Credit Union.

At Ladysmith & District Credit Union, (LDCU), we can still approve you if you can afford your actual payments (based on your actual contract interest rate). We don't need a new stress test to do the right thing for our members. We have been doing the right thing for over 73 years.

Debt service ratios do not tell the whole story. We look at a borrower's overall financial and budgeting picture. We will continue to offer the same sound financial advice on whether a member can afford the home and mortgage they want. Because you're not just a face to us, we draw on the member's full information that comes from being totally invested in our local community. Our members know us, and we know them. We want our members to have peace of mind when interest rates inevitably start to trend upwards.

Our rates are very competitive, (see rate chart on page 4). So when the mortgage rules tighten in 2018, give us a call at 250-245-2247. Our Lending Services division is available to help you .

John de Leeuw
CEO, Ladysmith & District Credit Union



Nancy Hunter presents Fire Chief Ray Delcourt a \$350 cheque for their fire and safety presentations.



John de Leeuw presents \$2500 to Adam and Margaret Seymour for the Stz'uminus Canoe Race



Linda King present a cheque for Brits on the Beach Car Show



Shirley Louie presents Linda (LDCU) with a locally handmade and painted paddle for our support of the Stz'uminus Tribal Journey

Marlie Kelsey (far left) and Randy Huber Managing Director of Chemainus Theatre (far right) thanks David O'Connor, Brian Childs, John de Leeuw, Ross Davis, Rob Viala, for LDCU's sponsorship of Pride and Prejudice.



In the market for a new home?

Check out how our mortgage rates* stack up against Canada's major banks.

	1Yr	3Yr	5Yr
LCDU	2.99	3.19	4.79
CIBC	3.14	3.54	4.99
TD Cda Trust	3.44	3.24	4.99
Scotiabank	3.49	3.74	4.99
Royal Bank	3.34	4.00	4.99
Bank of Montreal	3.29	3.89	4.99

*First Mortgages, Closed Fixed Rates effective as of Dec. 5, 2017. Rates subject to change without notice



Kailee Robinson (LCUI) presents Jacquie Neligan a cheque for LAFF



Cindy Cawthra (LCUI) presents cheque to Heidi Hoffman for the Boys and Girls Club.

Credit Unions. How we've grown continued from page 2

combined assets of the Credit Union system in Canada has surpassed \$350 billion. In BC, there are 42 Credit Unions with 374 branch locations serving more than 1.9 million members, (approximately 42 per cent of the provincial population) with total assets of more than \$72 billion.

Throughout its history, the Canadian Credit Union system has maintained a record of sound, prudent financial management, solid growth and unparalleled service to members. At LDCU we have been serving the community of Ladysmith since May 19, 1944. Starting with our first deposit of \$5, we have grown to a full service financial institution with almost 5,000 members and assets exceeding \$170 million.

Since the 1930s, Canada's Credit Unions have led the banking industry in innovation: the first to offer payroll deduction service for deposits and loan payments; the first to let women take out loans in their own names; the first full-service ATM networks; the first fully functional internet banking; and many other firsts. That's all thanks to members, and the power of membership.



A picture is worth a thousand words

Let us review your Home, Auto, Motorcycle, Marine, or Business insurance policies to ensure you're getting the right coverage at the right price. Now that's smart.

SMART Insurance, available only at LCU Insurance.

Call or visit the branch today.



Exclusively from:
LCU Insurance Agencies Ltd.
www.lcuinsurance.ca

330 First Ave., Ladysmith, BC

Phone: 250-245-2268