



Mortgage report

Survey finds Canadians cautious yet keen on mortgages, home buying

Canadian mortgage holders are a resilient group, a fact affirmed by recent housing sales, according to findings of a Canadian Association of Accredited Mortgage Professionals' (CAAMP) Canadian mortgage market study.

"The recession and employment concerns have had an impact on mortgage volumes, but on the flipside it has never been a better time to have a mortgage, because rates are at all-time lows," said Jim Murphy, AMP, president and CEO of CAAMP.

The organization's annual survey, conducted by Maritz Research, reflects Canadians' mix of optimism tinged with concern about employment.

For example, 77 per cent of mortgage holders, who are

enjoying historically low rates, are either completely or somewhat satisfied with their mortgage. When it comes to recent mortgage consumers, Mr. Murphy noted, "Of those who renewed their mortgages over the past 12 months, 73 per cent of them actually got a lower mortgage rate than they had before."

Consumers also showed some negotiating prowess with lenders, on average negotiating discounts on posted five-year rates of 1.23 per cent. Fixed-term rates remain the top choice among Canadians, accounting for 66 per cent, while an increasing number of mortgage holders took out shorter-term mortgages in the past year because variable rate mortgages were so attractive.

"Rates are low, which is why we are seeing strong real estate activity in terms of sales and price increases in different markets across the country," said Mr. Murphy, who expects the activity to continue well into next year. "The Bank of Canada has indicated that it is likely to keep rates where they are until the spring of 2010, so there is a more positive view among consumers than there has been."

The CAAMP survey estimates that of the 5.4 million homeowners with mortgages, approximately 1.5 million have renewed their mortgages over the past 12 months and of those, 1.1 million have seen their rates decline while 150,000 to 200,000 have experienced no rate change.

"The one surprise was just how much interest rates had declined and how much discretionary income that has put back in the pockets of those with mortgages," said CAAMP chief economist Will Dunning.

The study also found most Canadians have considerable equity in their homes: homeowners with mortgages estimate the average current val-

ues of their homes at \$272,600 and hold an average of \$142,300 in equity, which equates to about 52 per cent of the homes' values.

For the approximately 3.75 million Canadian homeowners without mortgages, the average home value is about \$322,300.

"People have just huge amounts of equity in their homes while equity just disappeared in the States," said Mr. Dunning. "Canadian homeowners' equity really hasn't changed from a year ago."

With the financial crisis, the Canadian-U.S. housing divide has grown, noted Robert Daniel, managing director, Maritz Research Canada. "We have been constantly comparing Canadians to Americans, and we have been regularly thankful of our more conservative nature, particularly in the mortgage industry."

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To view a copy of the survey report, visit www.caamp.org

indicates continuing strong demand for mortgages. Homebuying activity surged during the spring and summer of 2009, and the current resurgence of mortgage demand will continue as long as sales remain strong.

A number of factors suggest 2010 will see weaker sales activity, however. Among its findings, the survey noted weak homebuying intentions among consumers, relatively low new listings in Canadian housing markets (currently 13 per cent lower than a year ago), and a drop in employment – the primary driver of homebuying – that occurred during the winter and spring is expected to slow sales.

While employment in Canada appears to be on a recovery path, prior job losses may negatively affect housing markets for some time.

As a result, the volume of residential mortgage credit outstanding will continue to grow, but at slower rates. Growth of 12.4 per cent in 2007 and 10.2 per cent in 2008 is predicted to slow to annual gains of about seven per cent for 2009 and 2010.

Canadian Mortgage Conference and Expo

Event offers mortgage professionals a blueprint for the future

The Canadian Association of Accredited Mortgage Professionals (CAAMP) 14th annual Conference and Expo, the flagship event for the mortgage industry, provides three days of education, professional development and networking. Currently taking place at the Metro Toronto Convention Centre, the conference is expected to attract some 1,500 mortgage professionals, organizers said.

"The national conference is the premier event for mortgage professionals in our industry," said Ronald Swift, AMP, this year's conference chairman and past chair of CAAMP.

The theme for this year's event – *Blueprint for the Future* – reflects the economic times in which mortgage professionals and homebuyers are operating, while also looking at the road ahead.

"We have seen major changes and challenges in the mortgage industry over the course of the past year. The conference represents an ideal venue for mortgage professionals to converge and share knowledge and insights about how best to meet the new realities that lie ahead," said Hali Strandlund, AMP, CAAMP chair.

The conference events have been designed to help delegates create a sound and balanced plan for the future, to uncover new business opportunities and succeed in today's changing economic climate, says Ms. Strandlund.

"Every year, we survey our members to get their input on what they want to see and hear at the conference. This year, our members were very clear that they wanted Canadian content that would help them build a more sustainable business," said Mr. Swift. "Our members want to understand more about our new economic reality, the risks and the opportunities and a better understanding of who our customers of the future are and ways to access them."

Speakers at this year's conference include economist Benjamin Tal, futurist Jim Carroll, finance expert Kelly Keehn, entrepreneur and Dragons' Den panellist W. Brett Wilson, personal branding expert Mitch Joel, two industry panels and economics professor Steven Levitt – the bestselling author of *Freakonomics* and the newly released *Superfreakonomics*.

Accredited Mortgage Professional

National designation raises bar for mortgage industry, clients

The only national standard for those in the mortgage industry, the Accredited Mortgage Professional, has gained widespread acceptance in its first years of existence with 3,600 professionals now holding the AMP designation across the country.

Created and administered by the Canadian Association of Accredited Mortgage Professionals (CAAMP), the AMP designation was designed to increase the knowledge base of people in the mortgage industry.

"The AMP designation was really created to raise the bar of professionalism as the gold standard of training for the industry," said Jim Murphy, AMP, president and CEO of CAAMP. "The training deals with the issues around disclosure, ethical issues and to provide the knowledge and expertise for

those who are going to be helping consumers with the largest purchase in their lifetimes – namely their mortgage."

A recent CAAMP survey found that three-quarters of Canadians supported the creation of a national accreditation program for mortgage professionals, and 80 per cent of those surveyed said that they would prefer to use the services of an Accredited Mortgage Professional.

The AMP is the only designation that crosses provincial boundaries. "The mortgage industry has grown enormously, and it is important that we provide the best standards to consumers and that they be comfortable when dealing with their mortgage professional," said Mr. Murphy.

There is a rigorous process to earn the designation, and not everyone in the mortgage industry is eligible to obtain

the AMP. In order to apply, professionals must first complete a proficiency course such as CAAMP's Ontario Mortgage Agent Licensing Course, complete a seminar on mortgage industry ethics, have more than two years of industry experience and commit to 12 hours of continuing education annually.

"The AMP is not for everybody," said Mark Webb, AMP, vice-president of education and professional affairs with CAAMP. "We have those who say that in order to move this sector forward we need to parallel the focus on professionalism that happened in securities, insurance and other sectors of financial services, but we also have those who are not yet ready to step up and earn the designation."

Of the 3,600 professionals who hold the AMP designation, the majority are mortgage brokers, with most of the

rest coming from mortgage lenders and insurers.

"The designation is probably of greatest benefit to mortgage brokers and mortgage agents as well as the banks' 'mobile mortgage' sales force," Mr. Webb said.

The creation of the new AMP standard was driven in part by members seeking to make CAAMP as much a professional association as a trade group. It enabled CAAMP to promote professionalism in the mortgage industry and raise the profile of the mortgage brokerage channel.

"Ten years ago, less than 10 per cent of mortgages would go through the mortgage broker channel; now the volume is more like 30 per cent," according to Mr. Webb, who said the creation of the designation was "a natural progression for the mortgage industry."

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- Provide mortgage peace of mind



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