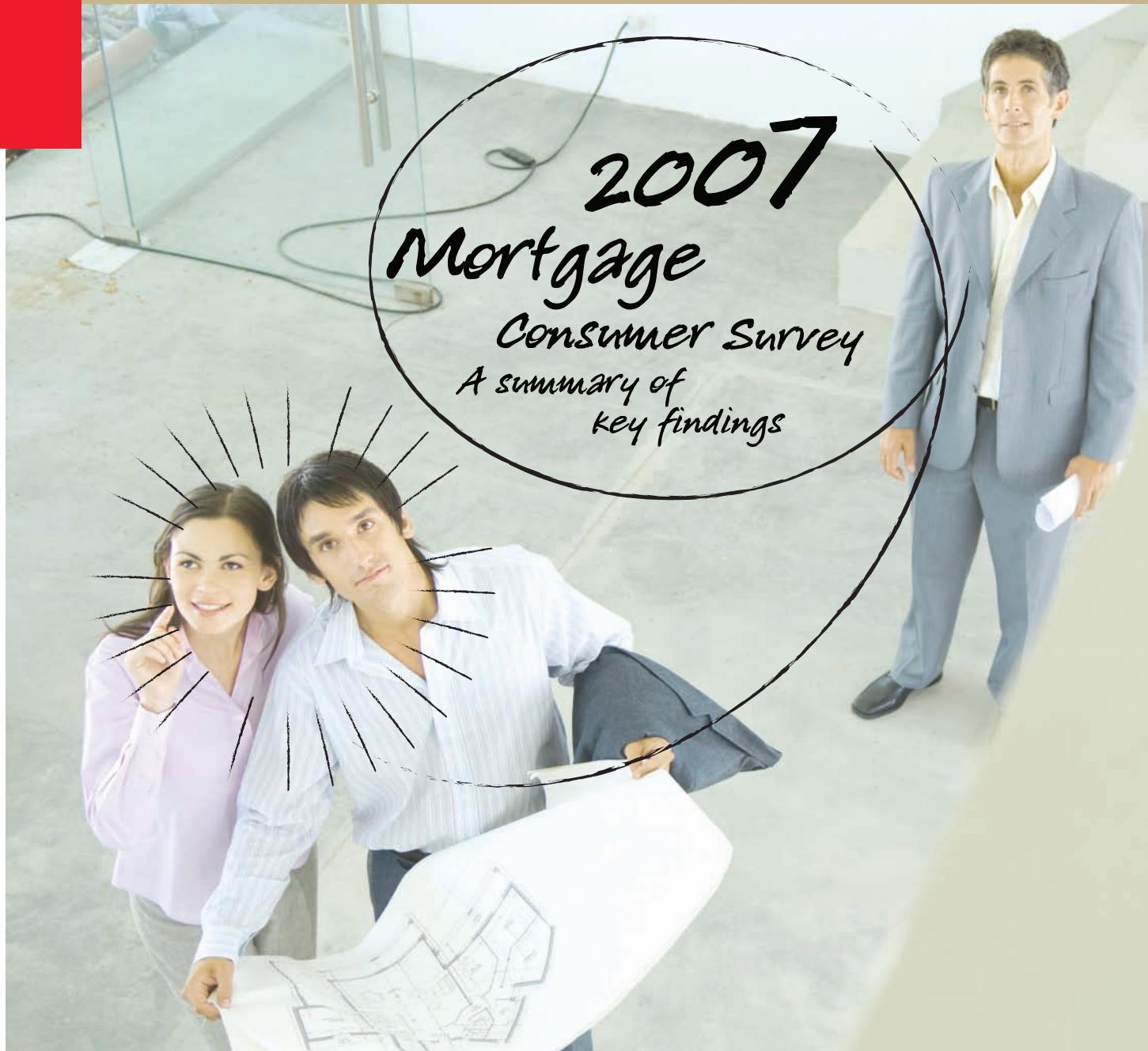


CANADA MORTGAGE AND HOUSING CORPORATION



Canada

CMHC SCHL  
HOME TO CANADIANS



When your goal is to comprehensively serve existing clients and find new ones, it's reassuring to know that you're backed by the wealth of Canada Mortgage and Housing Corporation (CMHC) information, insight, and industry-leading tools. Only CMHC delivers this complete support—support you need to confidently grow your business. After all, your clients aren't the only people who are looking towards the future.

The 2007 Mortgage Consumer Survey is a tool to help you identify opportunities to grow your business and build stronger relationships with your clients.

## Key findings from the 2007 survey

- Our industry is well positioned to serve Canadians
- Consumers have differing attitudes towards debt
  - Keeping in touch with your clients is critical
  - Consumer satisfaction and loyalty remain strong
  - 2007 was a good year for mortgage brokers

2007 was a great year for the Canadian mortgage industry and this was reflected in consumer responses in our Mortgage Consumer Survey. The consumer view of the Canadian housing market is a good news story: mortgage consumers are expressing positive opinions about the mortgage industry and about investment in real estate.

## Canadian mortgage consumers manage their debt responsibly

Canadians feel confident in their ability to manage mortgage debt. This confidence in debt management appears tied to repayment goals; more than 75 per cent of survey respondents who bought a home within the last year say their goal is to pay off their mortgage as quickly as possible. In fact, many are taking steps towards that goal: one-third of purchasers have, at some point, made a lump sum mortgage payment, and a similar proportion had shortened their original mortgage amortization period. Well over half reported making weekly or biweekly payments, and the majority of these payments (84 per cent) are being made on an accelerated basis, shortening the original amortization period and reducing overall interest costs.

Overall, Canadians remain fundamentally cautious with mortgage debt. That new homeowners intend to pay down principal early and are accelerating payments are good indications that their responsible behaviour will continue throughout the life of the mortgage.

## Our industry is well positioned to serve Canadians

Despite the recent negative press about the mortgage industry in the United States, the survey shows Canadians are not largely concerned about the Canadian mortgage industry with only one in seven respondents indicating that they are concerned. And a sizeable 70 per cent of respondents believe that the real estate industry is still as good an investment today as it was two years ago.

A large proportion of consumers (89 per cent) reported that the mortgage they chose was their best option, possibly reflecting the many choices available in today's mortgage market place.

Additionally, 84 per cent of respondents indicated that there were suitable housing options accessible to them.

**89%**

feel their mortgage choice was their best option

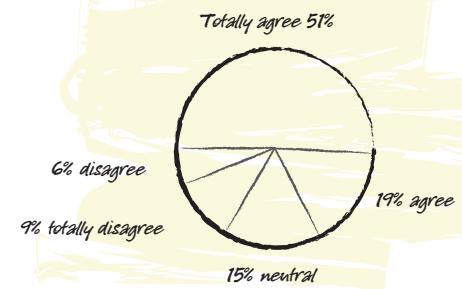
**88%**

are confident that they can manage their debt

**84%**

feel they had access to suitable housing options

"Real estate is as good an investment as it was two years ago."





## Consumers have differing attitudes towards debt

This year's survey provided insight into consumer opinions towards debt through closer examination of the respondents' attitudes. Two mortgage consumer groups were evident based on attitudes towards debt: those who are fiscally conservative and those who are comfortable with debt.

Based on responses to a series of statements about attitudes towards managing mortgage debt, some respondents gave answers that can be construed as being more fiscally conservative in nature. For example, 40% of respondents strongly disagreed that they would take longer to pay off their mortgage if it improved their monthly cash flow. On the other hand, 25% of respondents strongly agreed with this same statement, demonstrating a level of comfort with debt.

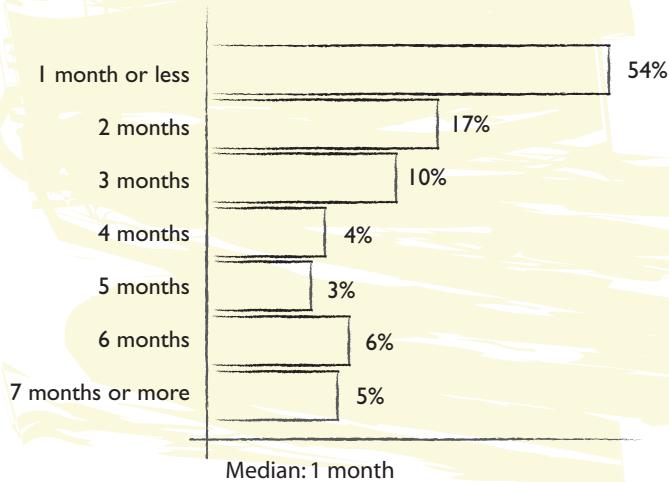
By understanding these segments by way of their attitudes, commonalities, and unique attributes, the mortgage industry can offer customized products and marketing through specialized channels, offering greater choice to the Canadian mortgage consumer.

## Keeping in touch with your clients is critical

A wide variety of products and features, combined with the large number of mortgage originators competing in the Canadian mortgage market creates greater choice and value for the Canadian consumer. However, mortgage consumers act quickly when they decide to buy—and the majority of mortgage consumers want their service representative to understand their total borrowing needs. Clearly, being in touch with customers and having an influence early on is vital for mortgage originators.

## You have a brief opportunity to exert influence

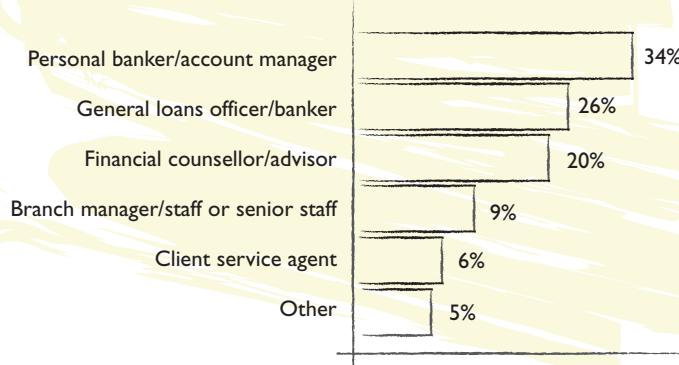
How quickly purchasers signed agreements after deciding to buy:



## Individuals specializing in mortgages are the popular choice of consumers

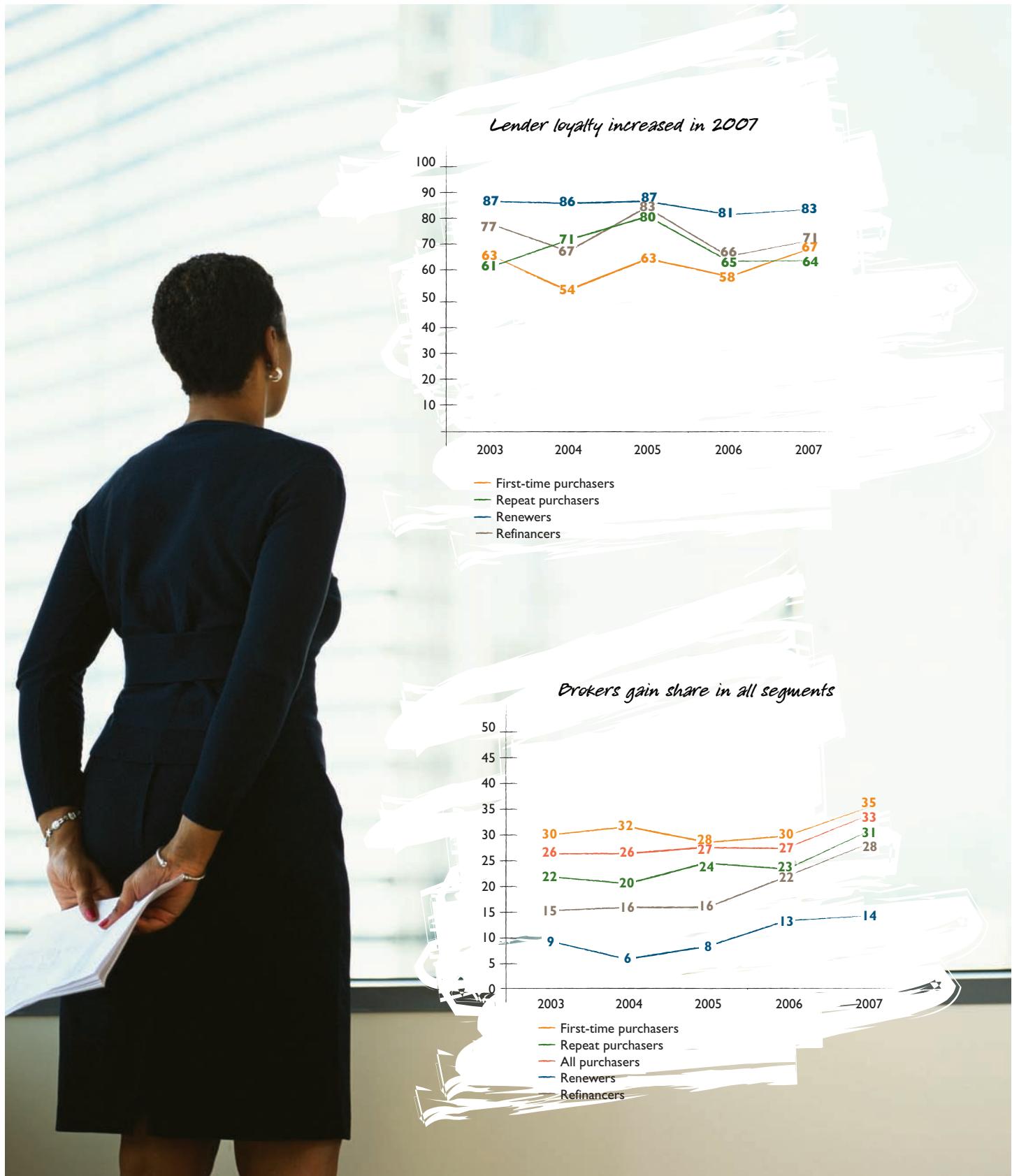
62% of mortgage originations were handled by a broker or a lender mortgage specialist (74% for first-time purchasers).

If not a specialist, then who?



Given the choice of mortgage products available, it is not surprising that in Canada most originations are done by either lender or broker representatives specializing in mortgages. Mortgage brokers and lender mortgage specialists are a clear preference

for those entering the housing market for the first time, where 74 per cent of first-time home purchasers in our survey arranged their mortgage through one of these specialist types.



## Consumer satisfaction and loyalty remain strong

Relationships with financial institutions remain very important to mortgage consumers and 2007 has seen an increase in consumer loyalty. On average, 74 per cent of respondents remained with their current lender (this increase was most pronounced among first-time purchasers and those who refinanced their mortgage). The main reasons given by respondents for staying include feeling they were getting a good rate or deal, combined with client service related factors including having an existing relationship with their lender.

On the flip side, the majority of consumers who chose to switch to another financial institution did so because they felt they were getting a better mortgage deal elsewhere. In this case, the mortgage deal includes the interest rate being offered along with other terms and conditions, and possibly other financial products.

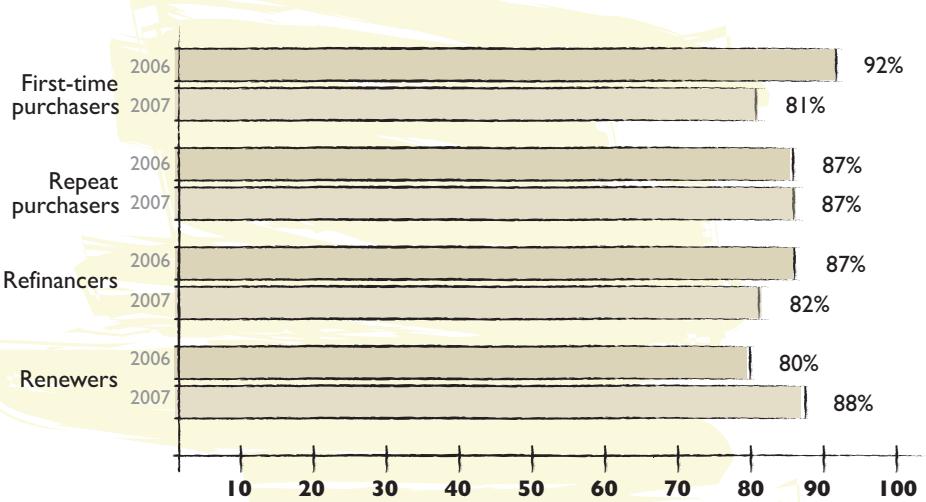
Satisfaction with the mortgage process was 85 per cent in 2007, with notable increases among renewers. Importantly, the influence of service-related factors collectively outweighed other reasons contributing to the high satisfaction levels. Fifty-nine per cent of respondents noted that the *main* reason for their satisfaction was the good service they received.

## 2007 was a good year for mortgage brokers

Broker share of origination in most segments showed gains in 2007 compared with 2006. Brokers gained most significantly within the purchasers segment, increasing from 27 per cent in 2006 to 33 per cent in 2007.

The survey also revealed that Canadians continue to be well served whether they arranged their mortgage through a mortgage broker or dealt directly with a lender.

## *Industry maintains strong customer satisfaction*



## *Lenders and brokers maintain high ratings on key drivers of satisfaction*

Driver	Lenders	Brokers
Arranging/renewing was easy/convenient	85%	79%
Representative listened to my needs	91%	93%
I would recommend my lender to a friend	84%	95%
Given good understanding of options	82%	93%
Received the best deal for my needs	82%	92%
I am sure I got the best possible rate	82%	84%

Brokers in particular made gains in key drivers of mortgage process satisfaction over 2006. According to more than 90 per cent of those using a broker recently, their broker listened to their needs, gave them a good understanding of the choices available, and found the best financing arrangements to meet their needs.

Lenders also continued their strong showing on the key drivers of mortgage process satisfaction. Gains were noticed over 2006 for ease and convenience of arranging a mortgage as well as ensuring their customers got the best possible rate.

## Key findings from the 2007 Mortgage Consumer Survey

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## About the survey

CMHC surveyed 1,404 active mortgage consumers—all prime decision makers—and the result is a unique perspective on attitudes and behaviours.

The survey findings are our contribution as your trusted partner in mortgage loan insurance. We trust that you can use these findings to identify opportunities and build stronger relationships with your consumers. CMHC has conducted this survey since 1999.

### A note on accuracy

Results for entire sample accurate to + or - 2.6%, 19 times out of 20.

## Definitions

For the purpose of this survey, active mortgage consumers are:

**First-time purchasers**—those who have purchased their first home in the past 12 months.

**Repeat purchasers**—those who own a home or have previously owned a home and who have purchased a home in the past 12 months.

**Renewers**—those who have renewed their mortgage in the past 9 months.

**Refinancers**—those who have refinanced in the past 12 months.

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