

Do you fret about your Mortgage?

May 2013



Bob Alexander
B.Comm, CMA, AMP

In the fall of 2012, the Canadian Association of Accredited Mortgage Professionals (CAAMP) carried out a series of customer surveys to determine how Canadians felt about the economy and in particular mortgage debt.

The resulting report detailed several key findings, many of which run counter to the negative press put forward by the media and politicians. It is not surprising then that, while many Canadians have an overriding confidence in their own financial situation, they are concerned with the economy overall, as shown by the survey results below:

The Good:

80% of Canadian's could handle an increase in their monthly mortgage payment of at least \$200.00

74% don't regret taking on the size of mortgage they did

70% would be well positioned to weather a housing downturn

The Worry:

89% of respondents felt that Canadians have too much debt

77% own homes who probably shouldn't

60% are concerned that we are in a housing bubble

These findings are a stark contrast to each other and paint a picture of Canadians who are financially comfortable, yet concerned that their neighbours may not have made fiscally responsible decisions and may not be in a position to weather a potentially rocky economic road.

The report then looks deeper and determines that Canadians are being prudent with their mortgages. Results showed that Canadians have a strong desire and intention to pay off their mortgages more quickly than their original amortization periods. Data suggests that Canadians may choose a longer amortization in order to maintain a current standard of living and provide them with a buffer should their financial situation change, however most do so with very real intentions of paying their mortgages off more quickly.

Intentions are one thing; actually doing something can be quite different. However, over the last year, nearly one-third of mortgage holders (32%) paid more into their mortgage than what was required. Data shows that mortgages that have been paid off in the past four years were done a full five years earlier than the original amortization period. Among those who currently have a mortgage, the average homeowner intends to pay off their mortgage more than eight years quicker than their mortgage commitment dictated.

One other area CAAMP looked at was to see if Canadians were satisfied with using a mortgage broker. The data showed 51% of homeowners were very satisfied with their mortgage broker while only 43% were happy when dealing with a non-broker. The study also determined that for Canadians who used a mortgage broker, 59% were satisfied when the broker was an Accredited Mortgage Professional (AMP) versus 35% satisfaction rate when the broker wasn't an AMP.

So, what does all this mean? In my mind, it shows that Canadians are focused on being fiscally prudent, at least when it comes to their mortgage. It also shows me that the efforts of CAAMP to bring more professionalism to this industry may be working!