



## PRESS RELEASE



*Canadian Mortgage News - National Archive 2003*

### **CMHC Reduces Homeowner Mortgage Insurance Premiums**

**OTTAWA, Ontario, July 14, 2003** — Canada Mortgage and Housing Corporation (CMHC) is making homeownership more affordable through a 15 per cent reduction in homeowner premiums for mortgage loan insurance, effective today.

Since 1954, CMHC mortgage insurance has helped one in three Canadians buy their homes, in most cases, their first home. The Corporation helps Canadians obtain financing to purchase a home when they have the ability to manage and carry the mortgage debt, but have less than a 25 per cent down payment.

"CMHC leads the market in using technology to improve client service and the efficiencies of its operations. In 1996, CMHC introduced **emili**, an automated insurance risking system that makes the application process for mortgage loan insurance faster and the risk assessment of the application more precise. Through innovations such as **emili**, and the experience we have gained through its use, we are now in a position to pass on the benefits to Canadians through reduced homeowner mortgage insurance premiums," said Karen Kinsley, President of CMHC. "In addition to making home ownership more affordable, CMHC offers a wide range of new and innovative mortgage insurance products and services that meet the changing needs and lifestyles of Canadians."

All Canadians looking to buy or refinance their homes using CMHC's mortgage loan insurance products will automatically benefit from the reduction in premiums. On a mortgage of \$100,000, this represents a reduction of \$500 based on a five per cent down payment.

CMHC is Canada's national housing agency with a mandate to help Canadians gain access to safe, quality and affordable housing. CMHC supports the Canadian housing industry and improves the living conditions of Canadians through its activities in mortgage loan insurance and securitization, assisted housing, research and information transfer and the promotion of Canadian housing exports.

#### **For more information:**

Wayne Proctor,  
CMHC  
(613) 748-4632

A backgrounder is attached.

#### **Backgrounder—CMHC Homeowner Mortgage Insurance**

Mortgage insurance protects the lender against payment default by the home buyer. It is required by most lenders if the home buyer has less than 25 per cent of the purchase price as a down payment. By providing mortgage loan insurance to lenders, CMHC enables home buyers to finance up to 95 per cent of the purchase price of a home.

## Canadian Mortgage News - CMHC Reduces Homeowner Mortgage Insurance Premiums

Over the years, CMHC mortgage insurance products have responded to the changing needs of Canadians. CMHC introduced innovations such as purchasing a home with just five per cent down, financing renovations at the time of purchase and most recently the opportunity to refinance up to 90 per cent of the equity in the home, to provide homeowners with greater choice and home financing flexibilities.

CMHC led the market with the introduction of **emili**, CMHC's automated insurance risking system, in 1996. This on-line system makes the application process for mortgage loan insurance faster and the risk assessment of the application more precise. Through innovations such as **emili**, and the experience we have gained through its use, CMHC is able to pass on the benefits to Canadians in the form of lower premiums, and make homeownership more affordable.

The premium for mortgage loan insurance is based on the amount of the loan in relation to the value of the home. The premium may be paid in cash or added to the mortgage.

The following are the new premiums:

<b>Loan Amount as a % of value of the home</b>	<b>Premium on total Loan Prior to July 14, 2003</b>	<b>Premium on total Loan Effective July 14, 2003</b>
Up to and including 65%	0.50%	0.50%
Up to and including 75%	0.75%	0.65%
Up to and including 80%	1.25%	1.00%
Up to and including 85%	2.00%	1.75%
Up to and including 90%	2.50%	2.00%
Up to and including 95%	3.75%	3.25%

See your lender for terms and conditions.