

2013

BROKER SENTIMENT

Exposing your concerns over mortgage rules, an attack by the banks and the government's next move

No, the sky isn't falling, say the majority of brokers responding to CMP's fifth-annual Sentiment Poll, but their answers – recorded over a six-month period ending early March – suggest headroom is getting tight. Even with interest rates falling instead of rising, broker worries have grown right along with economic uncertainty and the creeping slowdown in home sales more stringent mortgage rules have ushered in.

Topping the list of concerns for 2013 remains stricter underwriting guidelines and the “poorer service” of lenders, many of them grappling with B20 guidelines. Those broker fears have actually grown, with 66 per cent of respondents identifying them as a primary concern – up from the 56 per cent of 2012. Still fears of abandonment are also high on the list, prompting just under 49 per cent to identify concerns that other lenders will follow ING's lead and head for the channel's exit.

Still, the changing real estate market is

increasingly what's keeping brokers up at night, with concerns about new home sales (42.33 per cent) and, more specifically, falling home prices (32 per cent) rounding off the top four. They effectively supplant last year's worries around industry reputation and rogue brokers, which held those spots in 2012.

It was against that backdrop, CMP asked brokers, for the first time, to rank their lenders, associations and networks in terms of just how well they're helping promote mortgage professionals to consumers. It's a role more brokers want those players to take on as a way of helping create leads in a slower market.

The results suggest that brokers are less than impressed with both lenders and their associations, 39 per cent and 18 per cent, respectively, describing efforts to promote brokers as “very ineffective.” That supreme dissatisfaction falls to nine per cent for broker network attempts to promote mortgage professionals.

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T POLL

When it comes to changes in the industry, brokers feel they will most likely occur over the next 12 months. Here, lenders and their business practices grabbed the top three spots, just as they did in last year's poll. Big bank mobile sales teams competing with brokers.

Almost half (43 per cent) of those polled said mobile sales teams at the big banks and the competition they pose represent their No. 1 challenge for 2013, while one-third felt another big bank would say goodbye to brokers.

When it came to brokers sharing their feelings about the federal government's handling of mortgage rules and the impact those changes have had on broker business, the results suggest brokers are more and more disenchanted, as more than half gave Jim Flaherty a failing grade.

The assessment is even more unfavourable than in the weeks following the introduction of tighter mortgage rules.

A tougher environment notwithstanding, brokers



The Mortgage Centre

Proud sponsor of the **2013 Broker Sentiment Poll**

MCC has been growing its network for over 20 years and work continues.

Established in 1989, The Mortgage Centre FirstLine was one of the earliest mortgage broker networks operating throughout Canada. Through a combination of organic growth and strategic acquisitions, it have expanded market share to serve more Canadians, and more Canadian mortgage professionals.

That success and growth drew the attention of CIBC, a trusted Canadian financial institution, which acquired The Mortgage Centre in 1995. This special relationship has proven successful in giving MCC brokers and franchisees a high degree of stability while maintaining freedom in the local market.

Though it has experienced rapid growth, The Mortgage Centre has always maintained its goal of consistently providing its independent mortgage professionals with a stable and reputable environment to grow their careers.

THE BRAND

"The Mortgage Centre is the most reputable and understandable brand identity in the mortgage industry. It defines what we do. It is simple yet powerful. And with decades of helping consumers across the nation with their biggest financial decision, our immense brand equity has been built on the shoulders of continuous positive experiences."

VISION STATEMENT

The Mortgage Centre is committed to and believes:

- Competent, collaborative teamwork is the key to success
- Trust is earned through transparency, integrity, and respect
- "Mistakes remind us that we're reaching for success. We're never afraid to take accountability"

MISSION STATEMENT

Our mission is to be the leading mortgage broker company of choice in Canada in terms of quality and professionalism. We are dedicated to maintaining a superior network of top professionals within the mortgage channel.

1. WHAT ARE YOUR BIGGEST CONCERNS OVER THE NEXT 12 MONTHS?

Stricter underwriting guidelines and poorer service from lenders	66%
Fewer lenders operating through the broker channel	48.67%
Economy/new home sales	42.33%
House prices falling	32%
Consumer/household debt	31%
Reduced revenue due to lower commissions	27%
Industry reputation damaged by rogue brokers	23.33%
Interest rates rising	18%
Meeting the requirements of new regulations/licensing	16%
My brokerage failing	4%

OTHER CONCERNS: 

- “Bank reps putting themselves out as brokers”
- “Bank Reps, without Licensing being allowed to poach”
- “Banks gaining market share from brokers as they will loosen up their own lending guidelines”

3. ON A LEVEL FROM 1 TO 10 (1 BEING THE LOWEST) HOW DO YOU FEEL THE FEDERAL GOVERNMENT IS HANDLING THE ISSUE OF MORTGAGE REGULATIONS?

1	13.67%
2	11%
3	16%
4	13.33%
5	18%
6	7.67%
7	10.33%
8	7.67%
9	2.33%
10	0%

4. HAVE MORTGAGE RULE CHANGES OVER THE LAST YEAR HAD A POSITIVE OR NEGATIVE EFFECT ON YOUR BUSINESS?

POSITIVE	11.90%
NEGATIVE	88.10%

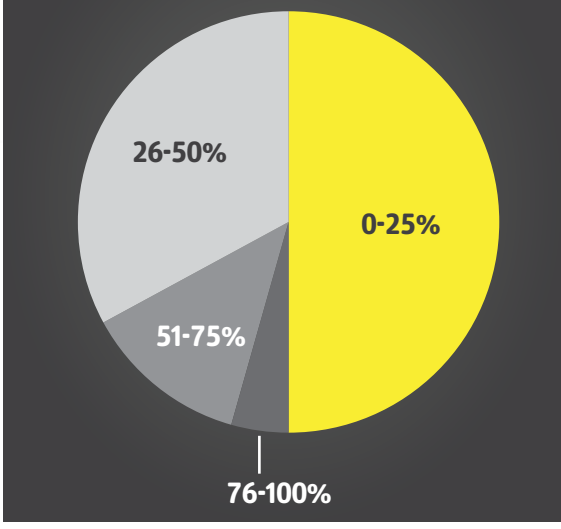
2. WHAT DO YOU THINK WILL BE THE BIGGEST CHANGES IN THE INDUSTRY OVER THE NEXT 12 MONTHS?

Big bank mobile sales teams competing with brokers	43%
A decline in home sales	39.67%
Remaining big banks leaving the broker channel	36%
New commission structures	35.67%
Lenders moving towards efficiency bonuses as opposed to volume bonuses	30.33%
A steep decline in overall broker numbers	20.33%
Brokers as multi-product sellers	17.67%
Brokers charging upfront fees	9%

OTHER CONCERNS: 

- “Bank reps putting themselves out as brokers”
- “Feds changing mortgage rules yet again”
- “Real Estate Agents being paid directly by banks .50 % or more”
- “First-time buyers difficulty to qualify with new rules killing the market”
- “Mobile sales reps putting themselves out as brokers”

5. WHAT PERCENTAGE OF YOUR LOANS WILL BE PUT THROUGH A BANK?



Introducing our next generation of solutions to support you.

Client Life Cycle




Lender Connect

MCC Lender Connect (powered by Lender Vault)
A custom product selection tool enabling newer agents to find lenders easily and experienced agents the ability to source out alternative lenders for those 'out-of-the box' deals.



Stay in Touch

Stay in Touch
A professional direct-mail program offering 6 personalized Homes and Cottages mail outs per year. H&C in the biggest home renovation and improvement magazine in the nation and will be sent out on behalf of you to each registered client bi-monthly.



Client Connect

MCC Client Connect (powered by Nexa)
A customized full CRM program designed for The Mortgage Centre. With a real-time linkage to D+H Expert, our agents are able to manage files on the go, prospect new leads, and stay connected with existing clients via branded emails, memos, and letters.



Metrics

MCC Metrics
Powered by CIBC World Markets, agents have access to real-time T-Bill, Bond, and Prime rate changes along with weekly world market insight from top CIBC economists Ben Tal and Avery Shenfeld.



Customer Survey

Customer Survey
A professional, easy to use satisfaction survey is sent out to your clients upon funding to help improve your best practices. Results are automatically stored, tracked, & analyzed for you to review.



Communicator

MCC Communicator (powered by Adfeathers)
A customizable automated newsletter sent out to your prospects and clients with a few simple clicks. We have exclusive content developed for The Mortgage Centre by renowned economists Benjamin Tal and Avery Shenfeld as well as top tax and estate expert Jamie Golombek.



Rate Watch

Rate Watch
Customizable rate sheets for clients and referral sources that can be updated individually or centrally.



www

www
The Mortgage Centre corporate web presence pushes all leads through to local franchises at no cost. We don't underwrite deals so you aren't competing with us.



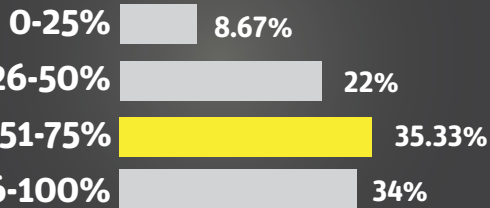
Media

MCC Media (Powered by MCC)
A customized advertising development engine allowing agents to create professionally developed printed ads, bulletins, or posters for prospecting.

Instant Brand Equality + Auto-Sync CRM + Exclusive Industry Content + Professional Ad Support = **The Right Choice.**

Contact info@mortgagecentre.com to learn more.

6. WHAT PERCENTAGE OF YOUR LOANS WILL BE PUT THROUGH A NON-BANK?



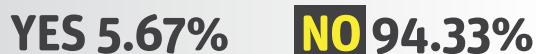
7. WILL YOU BE HIRING NEW STAFF OVER THE NEXT 12 MONTHS?



IF NO, WILL YOU BE REDUCING STAFF?



8. DO YOU THINK YOU MIGHT LEAVE THE BROKER INDUSTRY IN THE NEXT 12 MONTHS?



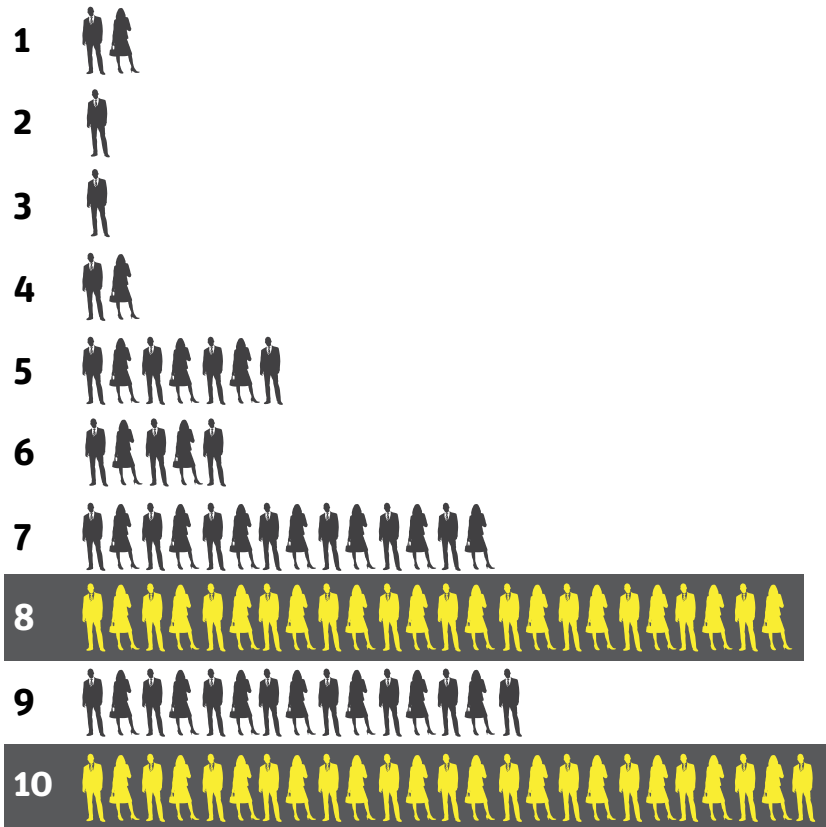
9. IF AN INDEPENDENT, WOULD YOU CONSIDER JOINING A NATIONAL NETWORK OR BROKERAGE IN THE NEXT 12 MONTHS?



10. IF PART OF A NATIONAL NETWORK OR BROKERAGE, WOULD YOU CONSIDER BECOMING INDEPENDENT DURING THE NEXT 12 MONTHS?



11. ON A SCALE OF 1 TO 10 (WITH 1 BEING THE LOWEST) HOW WOULD YOU RATE YOUR CURRENT BROKERAGE?



“CMP Broker Sentiment Poll puts out an open call to the Canadian broker community each year to participate in an online survey. This year’s anonymous poll received hundreds of responses from mortgage professionals across the country over a period of six weeks, ending March 6, 2013.”

12. RATE THE INDUSTRY (LENDERS, ASSOCIATIONS, NETWORKS) IN TERMS OF PROMOTING THE BROKER CHANNEL TO CONSUMERS:

1 BEING INEFFECTIVE; 4 BEING VERY EFFECTIVE:



LENDERS

1	39%
2	27.67%
3	19.67%
4	9%
N/A	4.67%



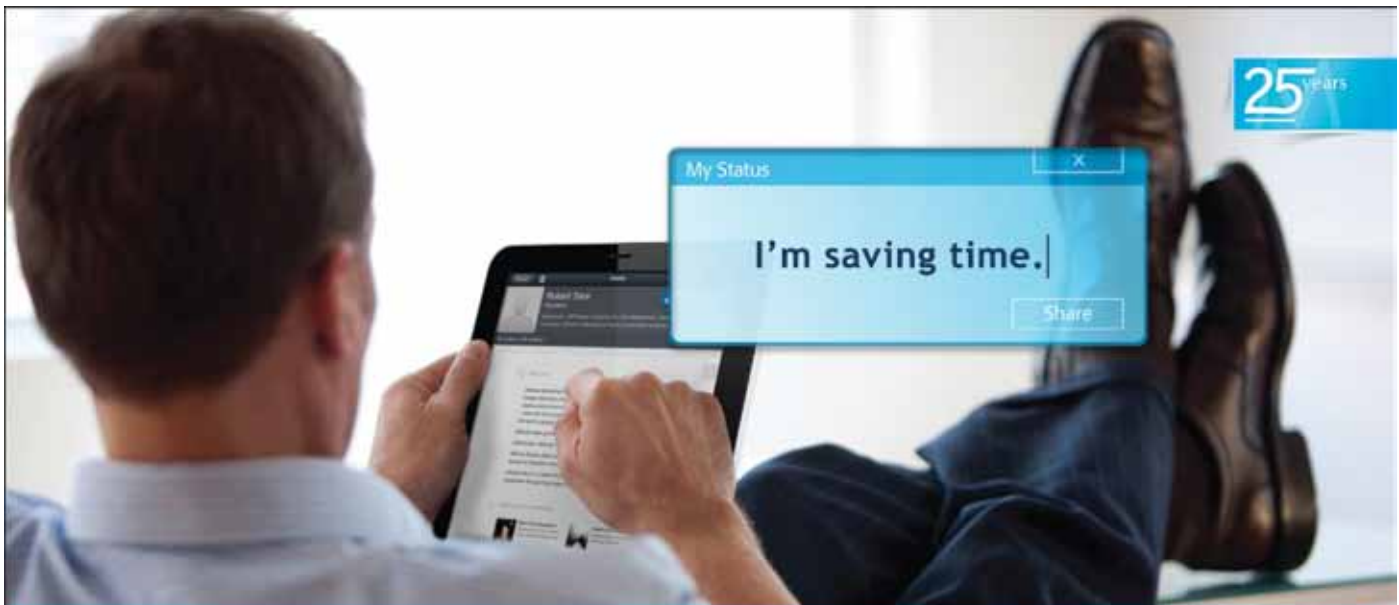
ASSOCIATIONS

1	17.67%
2	43.33%
3	27.67%
4	7.33%
N/A	4%



NETWORKS

1	9%
2	22%
3	35%
4	19%
N/A	15%

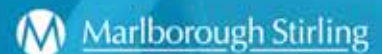


I'M RUNNING MY BUSINESS BETTER THANKS TO MARLBOROUGH STIRLING'S INNOVATIVE MORTGAGE SOLUTIONS.

mscanada.com

Marlborough Stirling Canada is dedicated to providing you with simple mortgage solutions—so you can provide your clients with exceptional service. Our innovative mortgage software not only adapts to the way you work—it also makes it that much easier for you to run your business, enhance your customers' experience and increase your bottom line.

Sit back, relax and let Marlborough Stirling do the work for you. So you can get on with yours.



11. PLEASE RANK IN ORDER OF IMPORTANCE (1 BEING MOST IMPORTANT) EACH MARKETING STRATEGY THAT YOU PLAN TO USE IN 2012:

	1	2	3	4	5	6	7	8	9	10
EMAIL NEWSLETTERS	30.58%	17.87%	7.90%	6.87%	6.53%	4.81%	3.44%	7.56%	7.22%	7.22%
SOCIAL NETWORKING	22.95%	18.15%	10.27%	6.16%	8.22%	4.11%	6.16%	7.53%	6.16%	10.27%
ADS IN PRINT	11.96%	9.78%	8.70%	11.96%	7.97%	10.87%	6.52%	11.59%	6.88%	13.77%
DIRECT MAIL	17.27%	11.15%	10.07%	8.99%	11.51%	5.04%	7.19%	7.91%	8.27%	12.59%
YELLOW PAGES	13.45%	5.82%	5.09%	4.36%	6.91%	3.64%	4.73%	7.64%	11.27%	37.09%
BLOGGING	10.47%	7.58%	11.55%	6.50%	11.19%	7.58%	9.03%	8.30%	9.75%	18.05%
ADS ON BROADCAST (TV/RADIO)	16.91%	5.88%	8.82%	2.57%	9.93%	2.94%	4.04%	5.51%	7.35%	36.03%
SEMINARS	12.86%	7.86%	9.29%	12.50%	14.29%	6.43%	10%	8.21%	7.14%	11.43%
COMMUNITY EVENTS /TRADE SHOWS	10.83%	9.03%	11.55%	7.58%	11.55%	9.75%	10.83%	9.39%	5.78%	13.72%
OTHER	24.53%	8.18%	5.66%	2.52%	9.43%	8.18%	1.89%	5.03%	7.55%	27.04%

A SENSE OF... RELIABILITY

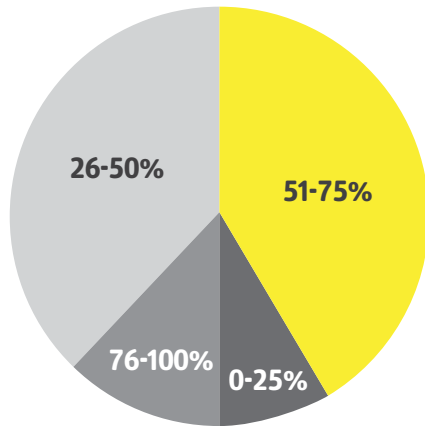
In an ever changing industry, the road ahead can be unpredictable. Recent regulatory changes to mortgage lending have made it even more important to have an Alternative Lending partner that you can count on to be by your side at every turn. At Optimum Mortgage, we specialize in Alternative Lending. Our policy is and always has been to confirm the affordability of the deal and find a solution that meets the needs of both the client and the broker.



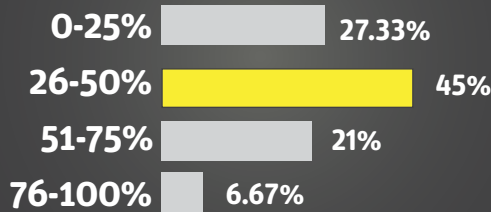
Contact your Business Development Manager for more information. 1.866.441.3775 | www.OptimumMortgage.ca

YOUR SENSIBLE LENDING PARTNER

12. WHAT PERCENTAGE OF YOUR BUSINESS WILL COME FROM REPEAT OR REFERRAL CLIENTS?



13. WHAT PERCENTAGE OF YOUR BUSINESS WILL COME FROM NEW CLIENTS?



14. WHAT PERCENTAGE OF YOUR BUSINESS WILL COME FROM (YOU MAY SELECT MORE THAN ONE):

Residential	97.65%
Commercial	34.90%
HELOCs	29.19%
Insurance	14.43%
Reverse mortgages	2.68%
Equipment leasing	3.69%
Referral (database)	72.48%
Referral (referral partners)	66.11%

15. WHICH SERVICES WILL YOU BE TAKING ON OR LOOKING TO BUILD IN THE NEXT 12 MONTHS? (YOU MAY SELECT MORE THAN ONE)

Financial planning	27.67%
Real estate	25.67%
HELOCs	23.67%
Mortgage insurance	36.67%
Commercial	32.33%
Equipment leasing	15.33%
Private lending	39%
Home, auto or life insurance	13%
Private mortgages	48.33%
Construction	19%
Development	11%

16. DO YOU USE ANY OF THE FOLLOWING SOCIAL MEDIA PLATFORMS? (YOU MAY SELECT MORE THAN ONE)



remain bullish on their jobs.

About 95 per cent of respondents said they would not be leaving the industry in the next 12 months, while 85 per cent of brokers affiliated with a national network have no plans of picking up stakes.

That last point translates into high scores for individual broker families, with a whopping 25 per cent awarding their network a 10 out of 10. A slower market appears to have slightly boosted that satisfaction.

That market reality means brokers are looking at diversifying their service to clients. Chief on the list

of possible addition to their business models is private mortgages (46 per cent), followed by mortgage insurance (37 per cent), financial planning (28 per cent) and – please, don't shoot the messenger – real estate (26 per cent).

But actual mortgage origination isn't going anywhere, with nearly 98 per cent of survey respondents agreeing residential mortgage will remain the cornerstone of business.

The idea of selling reverse mortgages and equipment leasing remains a very small part of the overall plan for most mortgage professionals. **CMP**