

**Letter to the National Post
Sept. 21/10**

To the Editor:

The article, "Banks hold most cards in housing game" (September 18, 2010), left readers with several wrong impressions about banks. The facts are that more than 20 banks share the mortgage market with many other financial institutions. Homebuyers benefit from a very competitive marketplace.

Readers were also left with the wrong impression about competition in the United States. While there are thousands of American banks, most of them are very small and operate only locally or regionally. Any one U.S. city would have a similar number of banks competing for business that we have in Canada.

The article also states that mortgage insurance provided by the Canada Mortgage and Housing Corporation (CMHC) takes the risk away from the lender and places it on the taxpayer: also not accurate. As with other types of insurance, CMHC mortgage insurance is completely funded through the premiums paid by those taking out the insurance – the homeowner.

CMHC's 2008 annual report explains it well: "We manage our mortgage insurance business at no cost to Canadian taxpayers, through sound business practices that ensure commercial viability without having to rely on the Government of Canada for support, even in less favourable economic times."

I would argue it is the consumer that actually holds most of the cards in the housing game because there is a great deal of competition and choice for them in the market, and at interest rates that are near historic lows.

Sincerely,

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