

## **Mortgage Brokers Find A Larger Niche**

Derek Sankey, Canwest News Service. Monday, Mar. 30, 2009

More than a decade ago, Bob Alexander was working as a professional accountant when he walked into a bank to get a mortgage. When he got turned down, he was completely baffled.

"My friend told me I should go see a broker," Mr. Alexander says. It was a perception that was prevalent at the time: Mortgage brokers were seen as the place you went when the banks turned you down.

Mr. Alexander went to see a broker, secured a mortgage and bought a home. He was so intrigued by this often-misunderstood field that he decided to switch careers and become a broker himself.

"Ten or 15 years ago, mortgage brokers used to be the lenders of last resort," says Jim Murphy, president and chief executive of the Canadian Association of Accredited Mortgage Professionals (CAAMP), the organization that certifies the AMP designation.

"The mortgage broker channel has grown enormously," Mr. Murphy says. "I think the consumer sees it in a much more positive light."

In fact, about 30% of all mortgages in Canada today are secured through mortgage brokers, according to a study from CAAMP. There are 3,800 certified professionals with the AMP designation working across Canada.

When CAAMP introduced the certification four years ago, Mr. Alexander-- whose been a broker for eight years now -- decided to earn his designation.

Banks used to compete directly with brokers, using their own sales forces to go out and source new leads. The brokers, meanwhile, would charge their own clients a fee to find them a mortgage.

Now, most banks have chopped those sales forces and instead enjoy a more mutually beneficial deal with brokers, who no longer charge the client a fee.

Mr. Alexander, like other AMP brokers, provides his services free to the client. The lending institution pays him a finder's fee based on the size and type of the mortgage he secures for his clients. "Lenders out there realize it was actually more efficient to get rid of their in-house sales force and use an independent person like myself to source their leads," says Mr. Alexander, who works for Canada Mortgage Direct in Calgary. "The finder's fee I'm paid is roughly the same across all lenders, so I'm not incented to take you to Lender A over Lender B."

No longer are brokers seen as the last resort, but just another player in the market working to find you a competitive mortgage. It's important for clients to know they're dealing with someone qualified and experienced.

The AMP designation requires two years of industry experience, an entry-level certification course plus 10 hours of continuing education every 12-month cycle to remain current.

"It's really important because a mortgage is the biggest financial investment most people will make in their lives, so they want to make sure the [broker] is knowledgeable, trained, knows the issues and the market and is able to give the consumer good advice," Mr. Murphy says.

Since brokers such as Mr. Alexander have access to 40 lenders offering upward of 400 different products, the field has evolved in recent years to become a viable option for anybody seeking a competitive mortgage.