



April 17, 2007

To: **Approved Lenders**

**Re: Change to the loan-to-value ratio for mandatory mortgage insurance under the Bank Act**

On March 29, 2007, Bill C-37 (an Act to amend the law governing financial institutions) received Royal Assent. The provision with the most immediate impact on the mortgage insurance industry is the change in the threshold triggering the requirement for mortgage insurance from 75% loan-to-value (LTV) to 80% LTV. The Department of Finance indicates that the change will take effect no later than April 24.

Of course, CMHC mortgage loan insurance, and all of the corresponding benefits to lenders, will continue to remain available for loan to value ratios under the 80% threshold with no changes to CMHC's premium schedules as a result of the legislative changes. In addition, CMHC's commitment to providing Approved Lenders with fast, efficient, quality service will remain unchanged as CMHC's processing of applications for mortgage loan insurance will not be impacted. CMHC has been working to accommodate this change in loan-to-value threshold such that a smooth transition will be assured. CMHC will continue to work closely with lenders, addressing questions and providing assistance with system implications as required as well.

CMHC is your proven and knowledgeable business partner committed to providing you with the support you want to confidently grow your business. Thank you for making CMHC Canada's mortgage loan insurer of choice.

For more information, you may contact Gord McHugh, National Manager, Underwriting, at 613-748-2672.

Sincerely,

Pierre Serré  
Vice President,  
Insurance Product and Business Development