

# Canadian versus U.S. Housing Finance: Comparison and Implications

A presentation by

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at the

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- **Encourage financial stability, not instability**

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    - **Both mortgages and mortgage debt relatively short term, creating some mortgage rollover risk**

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  - **The government assumes substantial mortgage credit risk through the CMHC, specifically on high-LTV mortgages**

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  - Lack of recourse to defaulting borrowers
  - Lack of prepayment penalties when refinancing fixed-rate mortgages creates undesirable cross-subsidies
  - **Homeowners often have the option to not escrow for real-estate taxes and insurance**

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- Subject defaulting homeowners to recourse on their mortgage debt
  - This is a state-law matter in the United States
- **The U.S. government should cease its overpromotion of home ownership**

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- The House Financial Services Committee held a hearing on covered bonds on December 15, 2009
- **Rep. Scott Garrett (R-NJ) will soon reintroduce legislation to create a statutory framework for covered-bond issuance in the United States**

**Thank you!**

**I am looking forward to  
questions and our discussion**