



March 14, 2022

Submitted Via www.fsrao.ca

On behalf of the Mortgage and Title Insurance Industry Association of Canada (MTIAC), we are pleased to respond to FSRA's consultation on proposed new licensing requirements guidance for mortgage agents and brokers.

MTIAC represents a group of private-sector mortgage default insurers and title insurers. Collectively, MTIAC members are proud to have helped millions of Canadian families and individuals realize the dream of homeownership. We are committed to building on that success by continuing to work to reduce barriers to responsible homeownership, including by improving housing affordability, and ensuring a safe, stable and fair real estate marketplace.

A major part of that commitment is our work to combat mortgage fraud and money laundering.

Fraud and money laundering can pose a risk to homeowners, buyers, real estate markets and the financial system. Accordingly, all professionals involved in a real estate transaction have a role to play in combating fraud.

We believe that the fight against mortgage crime begins with robust anti-fraud education for mortgage professionals. That's why we support and congratulate FSRA as they seek to improve the education of those professionals who fall under their mandate. Moreover, we agree with the necessity to ensure that the different categories of lending, as well as the risks and benefits associated with them, be well understood by those working directly with and advising borrowers.

Private lenders in particular can vary greatly in size and sophistication, making this category of lending particularly vulnerable to exploitation by fraudsters.

As FSRA seeks to design and implement new education requirements for Mortgage Brokers and Agents that reflect these differences and prepares licensees to offer the best possible advice to their clients, we are pleased to offer the following recommendations:

1. Ensure that Anti-Fraud Education Components are Robust and Regularly Updated:

The new licensing regime contemplated in the consultation document proposes specific education requirements and industry experience in order to progress to the next level of license and responsibility.



MTIAC supports robust and ongoing education for all mortgage professionals, and specifically recommends that the mandated curricula include up to date information about the following:

1. The heightened risk of fraud attempts through a private lender, as compared to a traditional lender;
2. ID verification best practices, including the weakness of relying solely on government-issued photo ID, and the benefits of authenticating identity through multiple channels;
3. Due diligence requirements and best practices to detect red flags; and
4. The potential liability risk associated with not taking adequate steps to verify the identity of a borrower.

Furthermore, we request that MTIAC members be consulted directly on the design of FSRA-approved anti-fraud curriculum, as well as any related continuing education materials.

As experts in the detection and prevention of mortgage fraud with nation-wide scope and real time exposure to changes in market trends, MTIAC members are exceptionally well positioned to offer the most up to date insights and information on how fraud can best be prevented and detected.

2. Clarify the Definition of Approved Lenders

In the outline of the proposed new licensing classes, licensees of all three levels would be authorized to deal and trade in mortgages provided by “lenders approved by Canada Mortgage and Housing Corporation (“CMHC”) under the National Housing Act (“NHA”).”

In order to ensure that brokers, agents and their clients have fair access to lenders, and in recognition that the mortgage insurance market includes three providers, two private and one Crown corporation, we recommend that the description of approved lenders and reference to mortgage insurance providers be amended as follows:

“lenders approved by a Canadian mortgage insurer under the National Housing Act (“NHA”), in the case of Canada Mortgage and Housing Corporation (“CMHC”), or under the Protection of Residential Mortgage or Hypothecary Insurance Act (“PRMHIA”), in the case of private mortgage insurers.”



3. Ensure Labour Mobility Provisions Support Consumer Protection

MTIAC agrees with the principle of labour mobility within the Canadian Federation and that the inclusion of guidance on how licenses issued by other Canadian jurisdictions are to be accommodated by Ontario's new tiered system is entirely appropriate.

In addition to the education requirements articulated in the consultation document, we also recommend that all mortgage brokers and agents seeking to transfer their out of province license to Ontario be subject to a search of their license history in their Province or Territory (PT) of origin. Such a search should seek to confirm that the license is in good standing and that the licensee is not currently subject to any disciplinary action or other restrictions by the issuing jurisdiction. If they are, FSRA should either uphold the disciplinary action imposed by the issuing PT or deny the application for an Ontario license, as FSRA deems appropriate given the unique circumstances of each application.

Such a practice will help to ensure that licensees with a history of perpetrating or facilitating mortgage frauds in other PTs are not permitted to continue such activities in Ontario, further bolstering the reputation and integrity of the sector and instilling greater confidence in consumers.

Thank you again for this opportunity to provide feedback on this important matter for Ontario real estate consumers and professionals. If we can offer any further advice or information, please feel free to follow up with us directly by contacting Ed Steel, Executive Director of MTIAC at ed.steel@mtiac-acahtc.ca at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to be "JR", written in a cursive style.

John Rider
President and Board Chair
MTIAC

A handwritten signature in black ink, appearing to be "Ed Steel", written in a cursive style.

Ed Steel
Executive Director
MTIAC