



MBRCC

Mortgage Broker Regulators'
Council of Canada

CCARCH

Conseil canadien des autorités de
réglementation des courtiers hypothécaires

Strategic Plan

2012 – 2015

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Foreword

The Strategic Plan 2012-2015 marks a pivotal step in the modernization of Canada's mortgage broker regulatory framework and the advancement of the mortgage consumer's interests. This strategic plan is a historic first: a supporting pillar accompanying the decision of the mortgage broker regulators from across Canada to establish a formal structure and organization for regulatory collaboration and cooperation.

Prior to the establishment of the organization, Canada's mortgage broker regulators had met informally on a bi-annual basis to exchange information and coordinate activities on issues of common interest. However, in 2011, the regulators engaged in a strategic planning session that resulted in a mandate calling for a greater degree of coordination and cooperation in the regulators' efforts to serve the public interest across Canada.

By agreeing to come together in a more structured manner under the banner of the Mortgage Broker Regulators' Council of Canada ("MBRCC"), the regulators will seek to increase information sharing and cooperation among themselves, promote harmonization of regulatory practices across the country and develop a unified approach to engaging stakeholders.

As a result, this strategic plan represents the foundational efforts in that process as it outlines the steps to be taken over the next three years to establish the MBRCC as an effective forum for collaboration among mortgage broker regulators and identifies the strategic priorities and initiatives to be undertaken to improve and promote the harmonization of mortgage broker regulatory practices across Canada.

Kirk Bacon
Chair
Mortgage Broker Regulators' Council of Canada

Mandate

The following is the mandate of the MBRCC:

The MBRCC is a forum for Canadian mortgage broker regulators to improve and promote the harmonization of mortgage broker regulatory practices to serve the public interest.

Vision

The MBRCC's vision is:

Effective regulation that supports consumer protection and an open and fair marketplace.

Mission

The MBRCC's mission is:

To work cooperatively among mortgage broker regulators and with stakeholders to identify trends and develop solutions to common regulatory issues.

Values

Organizations are driven by the shared values of their members. These values define acceptable behaviour and dictate how members relate to one another and to stakeholders.

The members of the MBRCC have a shared commitment to the following core values:



Environment

The establishment of the MBRCC as a formal organization comes at a critical juncture for mortgage brokers, the mortgage industry and the governing regulatory framework in Canada. It is a time marked by the modernization of regulations affecting mortgage brokers, increased interest in regulatory harmonization and the development of national standards as well as the widespread recognition of the role mortgages play in the overall prosperity of individual consumers and national economies as a whole.

As economies continue to recover from a financial crisis to which the proliferation of unchecked, unsuitable mortgages is considered a key contributing factor, the suitability of mortgages is attracting increased attention and scrutiny on a national scope.

However, the broadened perspective of the risks related to mortgages does not diminish the importance of mortgage suitability on an individual level as mortgages still generally represent the largest financial transaction and debt of most Canadians.

As the concern regarding the potential risks increases, it is important to ensure that the consumer is adequately informed. The need for informed consumers has never been so compelling given the rapid increase in market complexity in recent years coupled with soaring personal and family debt loads across the country. In order to assess the appropriateness of mortgage products based on their particular financial needs and circumstances, Canadians require certain types of information and disclosures in order to fully understand the products and their implications. Conversely, it is equally important to ensure the mortgage brokers, the other key party to the relationship, are adequately skilled, knowledgeable and abreast of pertinent developments in a rapidly changing market.

While these challenges lend themselves well to collaborative solutions among the provincial regulators, there are other factors that have encouraged the provincial regulators to establish a forum for cooperation to facilitate common and harmonized standards. These include the increasing ease with which mortgage transactions can occur across provinces as well as various trade and cooperation agreements to remove restrictions on doing business between and among the provinces.

The mortgage industry has also long encouraged a greater degree of regulatory collaboration and harmonization as this would pave the way for more efficient operations and reduced compliance costs. In addition, there has been a growing expectation among consumers for the regulatory framework to not only effectively safeguard their financial interests, but to also provide a level degree of protection for all Canadians.

Strategic Priorities

In setting the MBRCC's overall direction and strategic priorities for the next three years, the MBRCC has considered the relative risks among all the challenges that were identified and used this assessment to focus the MBRCC's efforts.

As a result, the following strategic priorities have been identified:

- 1. Establish the necessary governance for the MBRCC.**
- 2. Develop and facilitate the implementation of common practices and occupational standards as appropriate.**
- 3. Enhance structured information sharing and coordination among regulators.**
- 4. Enhance coordinated engagement with external stakeholders.**
- 5. Identify and address emerging issues.**

Strategic Initiatives

The MBRCC will pursue its strategic priorities by focusing on the strategic initiatives outlined below over the next three years.

Establish the governance framework for the MBRCC

- a. Develop and implement the governance structure and necessary resourcing to undertake the MBRCC's activities.
- b. Ensure the commitment of the regulators to the MBRCC and its future direction.

Develop and facilitate the implementation of common practices and occupational standards, as appropriate

- a. Review current practices regarding the disclosure of material risk factors to borrowers and develop and facilitate implementation of common practice standards.
- b. Review current practices intended to ensure the suitability of mortgage products for borrowers and develop and facilitate implementation of common practice standards.
- c. Review current proficiency requirements for agents and brokers (i.e., core competencies and curriculum) and develop and facilitate implementation of common occupational standards.
- d. Review and provide input and feedback where appropriate on legislative and regulatory developments of each jurisdiction in light of the principles reflected and obligations contained in the Agreement on Internal Trade as it applies to mortgage brokers.

Enhance structured information sharing and coordination among regulators

- a. Develop and implement a protocol for information sharing and coordination.

- b. Create an electronic platform for communication among regulators.
- c. Explore the feasibility of establishing an electronic, single-source access to information on regulatory enforcement action against mortgage brokers across Canada.

Enhance coordinated engagement of external stakeholders

- a. Develop and implement a communication strategy and plan for coordinated engagement with external stakeholders.

Identify and address emerging issues

- a. Work cooperatively to identify and address emerging issues of common interest as they arise.