



101 – 1765 West 8th Ave., Vancouver, BC V6J 5C6

May 19, 2016

REM | Real Estate Magazine
2255B Queen Street East
Suite #1178
Toronto, ON M4E 1G3

Dear REM Editor,

Re: Letter to the Editor: *Help your clients with mortgage shopping*

Please know that I write on behalf of the Canadian Mortgage Brokers Association, which is an association representing mortgage brokers and their lender and service partners throughout Canada.

I am writing in response to a REMonline.com article published on April 26, 2016 and entitled, “Help your clients with mortgage shopping”, which is authored by lawyer, Martin Rumack. This article was also published in the May 2016 issue of the magazine publication, REM. We are concerned that the article misinforms the public about obtaining mortgage advice, and exposes real estate industry members to an unnecessary risk of facing disciplinary measures with regulatory authorities or civil liability for providing poor mortgage advice.

Mr. Rumack starts this post by explaining the following:

“By definition, real estate professionals are on the front line of the home-buying process with their clients... real estate agents may also be an informal source of information and guidance to their clients on related topics as well.

Advising on mortgages is one common example. A client may depend on his or her agent to assist with finding the right mortgage. This is an important role, because the client’s commitment to the right (or wrong) mortgage is one that can last for years and can have a serious impact on his or her finances – and by extension on their ability to meet their other obligations and to maintain a suitable quality of life.”

He concludes with the following:

“Mortgage shopping has its complexities...So if your clients are relying on you, even just informally, to help them make this decision, make sure you completely understand the advice you are giving.”

We do agree that mortgage shopping is complex, but it is pure folly, perhaps even negligence to urge real estate agents "to provide mortgage advice. All provinces in Canada, with the exception of P.E.I. regulate mortgage brokering with licensing regimes. Just as no one other than a licensed lawyer should dispense legal advice, and no one other than a licensed real estate agent should provide advice relating to buying and selling real estate, only licensed mortgage brokers should provide consumers with advice on obtaining a mortgage.

Real estate regulators, such as the Real Estate Council of BC, even provide strong caution to realtors not to provide mortgage advice. For instance, the Professional Standards Manual for BC realtors states that:

“When a (real estate) licensee refers a client to a financial institution or a mortgage broker, the Registrar of Mortgage Brokers has determined that the licensee will be considered to have arranged the mortgage if the licensee does anything more than provide a name and contact information. If the licensee has any discussion with the client regarding mortgage terms, amounts, interest rates, etc., the licensee may be considered to have arranged the mortgage. If the licensee is found to have arranged mortgages and, in any one year, the licensee has received \$1,000 or more in fees, the licensee may be found to be in violation of the registration requirements of the *Mortgage Brokers Act*.”

Perhaps the author of the article and editorial staff are unaware of the role of mortgage brokers in assisting the public with mortgage financing. Here are some statistics which readers may find of interest:

- Mortgage brokers funded over 70 billion dollars across Canada last year¹— this includes residential, commercial and private mortgages;
- Over 55% of first time home buyers used a mortgage broker in 2015;² and
- Among first time buyers switching financial institutions, 72% arranged their mortgage through a mortgage broker.³

¹ CMBA estimate

² 2015 CMHC First Time Home Buyers Survey

³ 2015 CMHC First Time Home Buyers Survey

We urge readers to learn more about what mortgage brokers can do for home buyers and owners by talking to a member of the Canadian Mortgage Brokers Association – look up members at <http://www.cmba-achc.ca/locate.html>

Yours truly,

Samantha Gale
Executive Director, the Canadian Mortgage Brokers Association