MORTGAGE PROFESSIONALS CANADA

Hon. Brenda Bailey
Minister of Finance

RE: Concerns Related to the Mortgage Services Act Implementation

Dear Minister Bailey,

On behalf of Mortgage Professionals Canada and in support of similar concerns echoed by our membership and CMBA-BC, we would like to highlight some issues regarding the implementation of the Mortgage Services Act. While we support the objectives to strengthen consumer protection and modernize the regulatory framework, these issues have raised some unintended consequences for consumers and challenges for mortgage brokers.

A primary concern is the proposed branch office licensing fee of $3,100 per location, compared to the previous fee of approximately $200. Many brokerages maintain branch locations to accurately reflect where brokers operate and to provide consumers with transparency regarding local service availability. Members have indicated that the significant fee increase may lead brokerages to consolidate branch licensing under head offices to reduce costs. We have heard concerns that this may reduce the accessibility of mortgage services, particularly in rural and remote communities. We feel it is critical to ensure the new framework does not create additional barriers for consumers seeking mortgage advice and support, particularly in the context of challenges related to housing affordability and access to financing.

We are also hearing concerns regarding restrictions preventing Personal Mortgage Corporations (PMCs) from employing licensed assistants. While PMCs may employ unlicensed assistants, they cannot employ properly licensed assistants operating under supervision. This approach may create ambiguity and unintended incentives that run counter to the compliance and consumer protection objectives of the legislation.

There is also lack of clarity regarding mortgage teams. There is a lack of understanding why a personal corporation must also be separately licensed when the individual broker is already fully licensed, supervised, insured and responsible for all mortgage activities. Imposing a licensing requirement on the personal corporation appears to be duplicative. A corporation often functions primarily as an administrative and tax-planning vehicle rather than an independent brokerage. The compliance requirements, regulatory burden and associated costs do not seem proportionate to the benefit provided.

Furthermore, when a controlling individual passes away, their PMC ceases to be licensed. There is no clear direction on estate planning or continuity of business if the PMC holder wishes to pass their assets to another individual upon death.

We request that the Ministry and BCFSA;

1. Review the proposed branch office fee structure to ensure it supports accessible, locally connected mortgage services across the province.
2. Review the requirement for PMCs to be separately licensed and permit appropriately supervised licensed assistants to operate within the PMC framework.
3. Provide clarity on mortgage teams.
4. Provide clear guidance and certainty for those who relinquish their brokerages and become PMCs for their estate planning and continuity of business should they wish to pass those on to another individual.

The mortgage broker industry has played a vital role in expanding consumer choice, improving access to homeownership, and providing education and guidance to borrowers across British Columbia. The overall impact of the forthcoming changes is a level of complexity, cost, uncertainty, and administrative burden that risks affecting competition, accessibility, consumer choice, and the long-term sustainability of independent mortgage professionals and smaller firms.

We appreciate your leadership in modernizing British Columbia's financial services framework and look forward to continued engagement, as a supportive industry stakeholder.

Sincerely,

Lauren van den Berg, CEO and President, Mortgage Professionals Canada