



MORTGAGE  
PROFESSIONALS  
CANADA

# **Pre-Budget Submission**

August 28, 2025

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## About Mortgage Professionals Canada

Mortgage Professionals Canada (MPC) is the national, non-profit association representing over 15,000 members across the mortgage industry—including brokers, agents, banks, lenders, insurers, and service providers. We are committed to helping Canadians achieve homeownership while safeguarding integrity, security, and choice in Canada's housing market.



The mortgage broker channel generates **34%** of all mortgages in Canada



**46%** of first-time homebuyers used a mortgage broker



The highest use of a mortgage broker's services is in British Columbia at **37%**, followed by Alberta at **35%**



**15,000+** members and **1,000+** member firms



You can find one of our licensed broker members at [findmeabroker.ca](https://findmeabroker.ca)

## Policy Recommendations

### Recommendation 1: Deliver a digital income verification tool to be used in mortgage applications to combat mortgage fraud.

MPC commends the federal government for committing to implement an income verification tool in the 2024 Fall Economic Statement. This demonstrated progress on a commitment in Budget 2024 to fight mortgage fraud through income verification and consulting on the importance of CRA-enabled income verification. Despite the Fall Economic Statement indicating that implementation would begin by early 2025, little progress has been shown to date on the delivery of the tool.

**We request that the federal government re-prioritize this initiative and move quickly to deliver the tool, setting a clear timeline and pathway in Budget 2025 to build upon the important progress already made.**

CRA-enabled income verification in mortgage applications would support Canada's G7 presidency priority to fight transnational crime and coincide with FATF's assessment of Canada's AML/CFT regime scheduled for November 2025.

Furthermore, CRA-enabled income verification in mortgage applications has support from the Mortgage Broker Regulatory Council of Canada and provincial regulators across Canada. OSFI has also signalled support for this initiative indicating "we welcome any initiative that advances our B-20 expectation that FRFIs use income sources that are independently verifiable and difficult to falsify."<sup>i</sup>

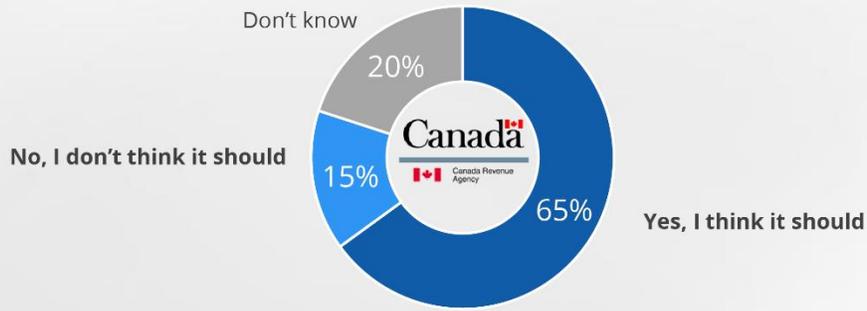
Canada's real estate sector is used by criminals to facilitate tax evasion and money laundering. An operational alert issued on August 2024 by FINTRAC, in partnership with the CRA explains how proceeds of crime are laundered through Canadian real estate. One method is the use of straw buyers to conceal the ultimate beneficiary of the property. "Fraudulent documentation such as altered T4 slips or pay stubs are frequently provided to mortgage brokers and banks from the straw buyer."<sup>ii</sup>

Recent public opinion polling conducted by Pollara in July 2025 found that nearly two-thirds of Canadians think the CRA should play a role in fighting mortgage fraud and:

- 58% of Canadians view mortgage fraud as a major issue
- 64% of Canadians view mortgage fraud as contributing to rising housing prices
- 78% of Canadians feel mortgage fraud creates an unfair advantage for dishonest buyers

## CRA Role: Nearly two-thirds feel that the CRA should play a role in helping to prevent mortgage fraud

Q. Do you think the CRA should play a role in helping to prevent mortgage fraud?



Q The Canada Revenue Agency (CRA) maintains official records of Canadians' income through tax filings. Do you think the CRA should play a role in helping to prevent mortgage fraud?  
Base: All respondents (n=2,022)

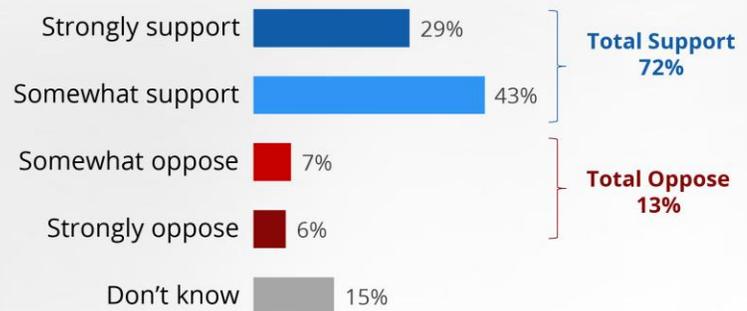
**pollara**  
40 years of strategic insights



**72%**  
of Canadians support allowing lenders and mortgage brokers to confirm tax information provided with the CRA

## Support for CRA Income Checks

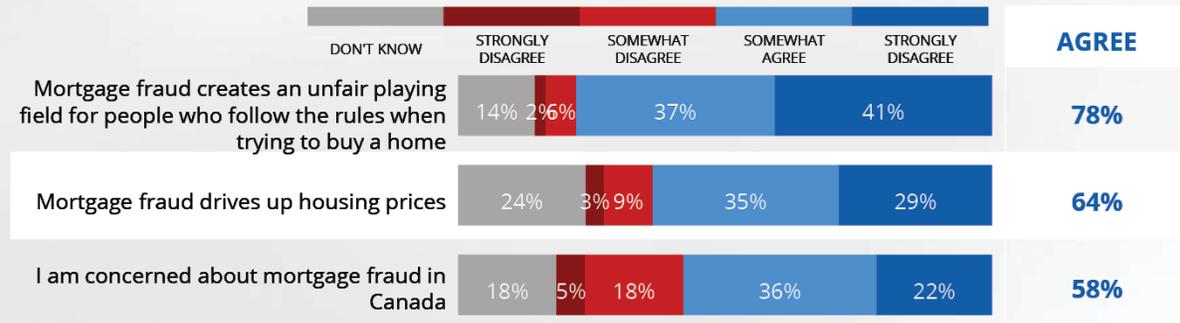
- Among those likely to buy in the next 5 years, 80% support and 10% oppose allowing their lender or mortgage brokers to confirm tax information provided with the CRA.



Q Would you support or oppose allowing your lender (e.g. your bank, credit union or mortgage finance company) or mortgage broker to confirm with the CRA that the tax information you provided in support of your mortgage application is accurate?  
Base: All respondents (n=2,022)

## Mortgage Fraud: Concern about mortgage fraud is widespread, with most agreeing that it creates an unfair playing field for those who follow the rules and contributes to rising housing prices

- Those likely to buy a home in the next 5 years show more concern about this issue (65% concerned); 81% of them believe mortgage fraud creates an unfair playing field for those who play by the rules and 68% believe it drives up the cost of housing.



Q Mortgage fraud can include misrepresenting income, assets, or property value to qualify for a larger mortgage than allowed. To what extent do you agree or disagree with the following statements?  
Base: All respondents (n=2,022)

**pollara**  
40 years of strategic insights

British Columbia's Expert Panel on Money Laundering estimated between \$800 million and \$5.3 billion was laundering through the province's real estate market in 2018 alone, raising prices by an estimated 5%.<sup>iii</sup> Criminal Intelligence Service Canada estimates scale of money laundering in Canada to amount to between \$45 - \$113 billion annually.<sup>iv</sup>

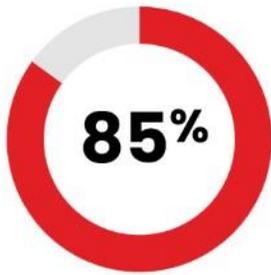
## Why Timely Implementation Matters

Mortgage fraud in Canada rose sharply to nearly 29.5% from the time period between the global pandemic to 2022 according to Equifax Canada.<sup>v</sup> Misrepresentation of financial information including tax slips account for over 90% of fraudulent applications.<sup>vi</sup>

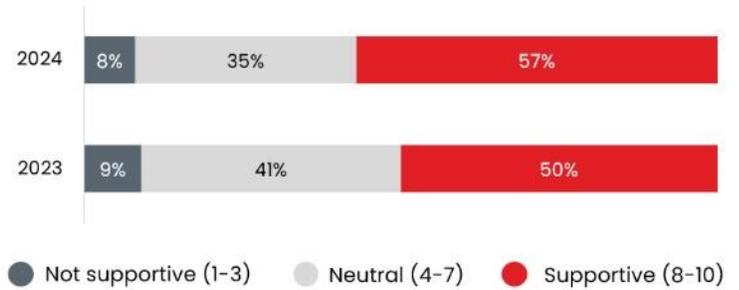
Mortgage fraud inflates home prices, erodes confidence in the mortgage system, and undermines fair access to homeownership, as fraudulent buyers may outcompete honest ones in an already challenging housing market. Research shows that the cost of fraud is increasing for lenders, with Canadian financial institutions now losing \$4.45 for every dollar of fraud in 2023, compared to \$3.49 for every dollar of fraud in 2022.<sup>vii</sup>

Canadians expect strong, decisive action to protect them during one of life's most significant financial milestones. In a recent Equifax survey, 88% Canadians believe the public and private sectors must work together to fight financial crime.<sup>viii</sup> Similarly, MPC's 2025 State of the Housing Market report found that 85% of Canadians believe the impacts of mortgage fraud are severe enough to warrant stronger security measures and support for CRA-enabled income verification has risen from 50 to 57% year-over-year.<sup>ix</sup>

**Believe mortgage fraud is serious enough to justify stronger security measures**



**Support for letting mortgage professionals verify income via the CRA**



Proven models from other jurisdictions demonstrate that digital income verification works. In the United Kingdom, HM Revenue & Customs, the Council of Mortgage Lenders (now UK Finance) and Building Societies Association created a tool to combat mortgage application fraud, The Mortgage Verification Scheme, which officially launched on September 1, 2011. The scheme was first announced in the 2010 Budget following stakeholder consultation. Lenders and brokers can request a SA302 'tax calculation' form, which is a detailed breakdown of a borrower's income, as well as other information including earnings from employment, income from self-employment, dividends from company shares, taxes owed, and information on UK pensions and received benefits.<sup>x</sup>

Unlike the UK example, our request is to be able to validate certain line items within a tax return, starting with line 15000 which comprises an individual's total income before any deductions, and gradually including additional income line items over time. This approach would be simpler, more effective and secure, enabling no more access than necessary, to assess that the information in a tax document received from a client is legitimate. Responses from the CRA consultation identify an initial starting point for validation as including the following information:

Q6: *What is the minimum information you would require from the CRA to verify the borrowers' income?*

- Name (74%)
- Total Income (line 15000) (84%)
- Net income (line 23600) (62%)
- Taxable income (line 26000) (54%)
- Debt owing to the CRA (raised by several survey participants and a concern in qualification for private mortgages)

Most participants in the CRA consultation indicated that to effectively verify a borrower's income, at least two years' worth of information would be required.

A digital income verification tool through the CRA, used with client consent and valid for a proscribed time-limited window, would allow banks, brokers, insurers, and lenders to securely confirm financial details—enhancing accuracy, protecting personal information, and helping to combat mortgage fraud. It is a practical way to strengthen the integrity of Canada's mortgage system, while maintaining client confidentiality and privacy.

At a time when housing demand remains high and homeownership is increasingly out of reach for many Canadians, timely implementation of this tool will help safeguard our housing market, strengthen consumer confidence, and reinforce Canada's reputation for financial integrity.

### **Recommendation 2: Create a permanent national roundtable on housing that brings together all orders of government, industry and civil society to develop harmonized solutions to the housing supply and affordability crisis.**

We recommend the federal government create a permanent housing roundtable that brings together representatives at all levels of government (federal, provincial, municipal and Indigenous stakeholders), industry (mortgage lenders and insurers, builders, boards of trade, real estate professionals, rental housing providers) and civil society to develop cohesive and practical solutions to the housing supply and affordability crisis.

Housing needs to be a national priority with a coordinated national effort. Achieving financial stability for Canadians is crucial to the strength of our economy, and at the heart of that stability is owning a home. Yet, homeownership is less attainable for Canadians today compared to previous generations. Skyrocketing home prices, high interest rates, and wages that aren't keeping pace with inflation have made homeownership feel more like a distant dream than an achievable goal.

The call for a permanent national housing roundtable is supported by other organizations as well, such as the Canadian Real Estate Association (CREA) and Canadian Banker's Association (CBA).

As pointed out by CREA, a lack of coordination and collaboration between all levels of government is further exacerbating the housing crisis. CREA has pointed to the recently successful secretariat model of the Federal Secretariat on Early Learning and Childcare (ELCC), which managed bilateral agreements with all levels of government and a commitment to childcare across Canada, as an example of a format the national housing roundtable could take.

A permanent roundtable would create a forum for sharing timely perspectives on obstacles and solutions to housing affordability.

### **Recommendation 3: Extend the amortization period for insured mortgages to 30 years for ALL homes, both existing and new, and for all classes of buyers.**

Extending the 30-year amortization period for all insured mortgages will make housing more affordable and accessible. Currently it is available to first-time home buyers and buyers of new builds, which leaves a small proportion of borrowers out of the scope of an advantage available to most homebuyers: having the option of selecting a 30-year amortization.

Housing costs are the fastest-growing expense for Canadian households, with prices rising faster than incomes. This surge disproportionately impacts middle-class families and young people. CMHC suggests that monthly housing costs should be no more than 32% of a household's income, but that is not the reality for most Canadians.

Allowing homebuyers to choose between 25-year and 30-year amortizations would make homeownership more attainable by lowering monthly payments. Extending the 30-year option to all homes and buyers will

increase housing options, improve accessibility, and offer some much-needed financial relief to Canadians. This change will boost affordability and opportunities for homeownership. It is also a matter of fairness as the vast majority of mortgage holders are able to choose between 25-year and 30-year amortization.

#### **Recommendation 4: Address the gap in insurable mortgage limits and its impact on Canadian borrowers and lenders**

In Canada, mortgage default insurance plays a key role in enhancing market liquidity and facilitating borrower access to competitive rates. Mortgages fall into three categories: insured, insurable, and uninsurable. Recent changes by the federal government have raised the maximum home value eligible for insured mortgages from \$1 million to \$1.5 million. However, the insurable mortgage category, used for low-ratio mortgages where lenders backend-insure loans meeting certain criteria, remains capped at properties valued at \$1 million or less.

We recommend the federal government consider raising the home value cap for insurable mortgages to \$1.5 million, matching the insured mortgage limit to align policy with market conditions and support a healthy, competitive lending environment. This change would:

- Restore competitive balance between lenders
- Increase consumer access to better pricing and terms
- Support responsible homeownership in high-cost regions
- Maintain appropriate risk controls through existing qualification criteria (e.g., stress tests, loan-to-value limits, and income verification)

#### **Misalignment Between Insured and Insurable Thresholds**

While high-ratio (insured) mortgages can now be issued for homes up to \$1.5 million, the insurable category is still restricted to homes valued at \$1 million or less. This inconsistency creates a disconnect in policy and market access.

#### **Competitive Disadvantage for Non-Balance Sheet Lenders**

Many lenders, especially monoline lenders or mortgage finance companies and other non-deposit-taking institutions, rely on portfolio insurance to securitize and competitively price their low-ratio mortgages. Setting the threshold at \$1 million effectively blocks these lenders from participating in a growing segment of the housing market, giving balance sheet lenders a monopolistic position relative to other lenders.

#### **Reduced Consumer Choice and Higher Costs**

With fewer lenders able to compete for mortgages on homes valued between \$1 million and \$1.5 million, borrowers are left with fewer financing options. This reduction in competition tends to result in higher interest rates and less flexible mortgage terms for consumers in this price range.

#### **Misalignment with Housing Market Realities**

Housing prices in major Canadian cities have steadily increased making the \$1 million threshold outdated as acknowledged with the recent change in the insured mortgage cap to \$1.5 million. Many modest family homes in urban centres such as Toronto, Vancouver, and increasingly Calgary and Ottawa, now exceed the current cap for insurable mortgages, even for low-risk borrowers with 20% or more down payments.

The current \$1 million cap on insurable mortgages creates an uneven playing field and limits consumer options. Adjusting the insurable threshold to \$1.5 million would reflect today's housing market realities and foster increased competition, leading to more affordable and flexible mortgage options for Canadians.

### **Recommendation 5: Avoid introducing a new loan-to-income (LTI) requirement for insured mortgages as it would have an adverse impact on homeownership and affordability.**

Within the insured space, we do not see loan-to-income (LTI) as an effective risk mitigant or good predictor of losses. The current regulatory framework for insured mortgages under the Protection of Residential Mortgage or Hypothecary Insurance Act ("PRMHIA") is significantly different than the rules in the conventional mortgage space. The PRMHIA GDS and TDS restrictions and existing underwriting policies for insured mortgages are effective measures to address borrower indebtedness.

The introduction of an LTI would have a large and disproportionately adverse impact on homeownership in urban areas, which are already struggling with affordability issues. It would also undermine some of the federal government's recently introduced affordability measures, which have made homeownership more attainable for young Canadians such as the extension of the insured mortgage cap to \$1.5 million, and the extension of 30-year amortization to insured mortgages applicable to first-time buyers and newly-built homes.

Further, the introduction of a more stringent LTI measure in a heightened rate environment, coupled with the economic uncertainty of tariffs and weaker GDP growth, creates the risk conditions of pushing average Canadians out of the federally regulated system and into riskier and more costly mortgage solutions. This is also a concern for provincial regulators, such as the Financial Services Regulatory Authority of Ontario (FSRA) which has indicated that "recent economic and market uncertainty, significant home price appreciation and more stringent underwriting criteria introduced by OSFI for federally regulated lenders have made it more difficult for consumers to obtain or maintain mortgages with traditional lenders. As a result, more consumers are turning to alternative and private mortgage financing options." FSRA indicates that some of these consumers tend to be more financially vulnerable and could be taken advantage of in private mortgage transactions. (Mortgage Brokering Supervision Plan 2021-2022).

If qualification requirements become too stringent for the average Canadian borrower, there is a risk of creating a federally regulated financial system that privileges the select few who are able to qualify for a loan at a federally regulated institution, while more Canadians are pushed to costly, riskier mortgage solutions. Additional restrictions in the current market context could exacerbate the growing concerns of mortgage fraud. Equifax Canada recently warned of the anticipated increase in mortgage fraud due to the increased difficulty in qualifying for a mortgage.

### **Recommendation 6: Allow homeowners to access insured refinancing in order to incentivize the creation of new rental units.**

We recommend the federal government allow homeowners to access insured refinancing in order to build additional housing units. Many homeowners are seeking to add additional units to their properties, either by renovating existing space or by creating an addition. When doing so, they often seek to refinance their properties in order to reinvest their equity into creating this new housing supply.

Currently, mortgage insurance is not permitted on these refinances, limiting the amount of capital available for these projects. To address this, we recommend that homeowners be allowed to access mortgage insurance for refinances, when the equity will be reinvested in the creation of new housing units. Doing so will encourage

and support the creation of additional housing units and provide additional avenues for Canadians to invest in their own homes.

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i [OSFI's response to Guideline B-20 initial consultation feedback on debt serviceability measures - Office of the Superintendent of Financial Institutions](#), October 2023.

ii [FINTRAC-2024-OA001](#), August 2024.

iii [Combatting Money Laundering in B.C. Real Estate](#), May 2019.

iv [Public Report on Organized Crime in Canada](#), Criminal Intelligence Service Canada, February 2021.

v [High Cost of Living and Credit Demand Could Lead to Higher Probability of Fraud](#), Equifax Canada Market Pulse Fraud Trends, November 2022.

vi [Fraud Concerns are Escalating with 89% of Canadians Saying Companies Must Do More](#), Equifax Canada, March 2025.

vii [LexisNexis® True Cost of Fraud™ Study: Financial Services and Lending Report — U.S. and Canada Edition](#), April 2024.

viii [Fraud Concerns are Escalating with 89% of Canadians Saying Companies Must Do More](#), Equifax Canada, March 2025.

ix [2025 State of the Housing Market Report: Annual Consumer Survey](#), Mortgage Professionals Canada, July 2025.

x [Working Together to Stop Mortgage Fraud Progress Report](#), National Fraud Authority, March 2010.