

CEO Update Transcript June 30, 2016



Hi there, it's Paul Taylor from Mortgage Professionals Canada with a brief update on your association's activities. Firstly, anglophones will be pleased to note I'll be sending separate French messages to our francophone members. This means only the francophones will have to endure my poor French. Those poor francophones. Sorry Francophones.

We've been busy lately and want to make sure you didn't miss any of the activity we've been conducting on your behalf.

Before I get too into that, I just want to reference the announcement yesterday of the BC premier Christy Clark that her government will end self-regulation of real estate brokers. It's a dramatic development that likely halts any notion of mortgage broker self-regulation in BC, at least in the immediate future. The fallout from the announcement also likely will occupy a great deal of FICOM's time and may deprioritize the mortgage broker disclosure. We will continue to discuss these issues with FICOM and keep you informed of any immediate developments.

To the rest of the country: There's been much talk in Ontario about a report issued by a task force that proposed the dissolution of FSCO and the creation of a new Financial Services Regulatory Authority or FSRA. The final report was submitted on June 21st although the consultation has been underway for a few months. You will actually see a quote in the final report from Mortgage Professionals Canada's initial comments to the draft report. The Ontario Ministry of Finance commissioned the report through an independent panel and asked for recommendations. Within this report, there is the suggestion that the oversight of syndicated mortgages should change, with a potential move to the Ontario Securities Commission, or a harmonization of requirements with OSC. It also calls for greater collaboration between other regulatory bodies in the province to better protect consumers. In addition, the Ontario Finance Minister also commissioned a report seeking guidance on how to implement regulations and standards of practice for Financial Advisors. This report also talks about the creation of a FSRA.

In speaking with George Cooke, one of the 3 authors of the first report referenced, he told me that the FSCO mandate review was already underway when the Financial Advisor report was commissioned and that the FA report creators had discussed the FSRA idea. Apparently, the second panel liked the idea so much they borrowed it for their own report. As such, the fact that both reports contain a reference to the FSRA does not mean it's a fait accompli. I also spoke to David McLean, Executive Assistant to the Deputy Minister of Finance who suggested that the ministry would likely take a number of weeks and digest the report before making any announcements itself and would consult all affected regulated sectors before making any changes based on the report's recommendations. Rest assured, we will continue to be part of the dialogue and will keep you informed of developments here too.

CEO Update Transcript June 30, 2016



Lastly for Ontario, we also responded to FSCO's statement of priorities last month. The report from FSCO was quite short this year and didn't contain anything of specific concern. Our comments will be on our website shortly – we'll be adding a page with all our government correspondence in a week or two. You'll be able to see who we're writing to, and about what, there soon.

Members who attended our Manitoba symposium this year will have heard directly from Terry Kirkham, the Manitoba registrar, that following a number of discussions with myself and Tom Antonick, they have reconsidered their position on the use of a URL that does not match a mortgage brokers legal name or business name as registered with the MSC. This is great news for mortgage brokers who conduct any business in Manitoba, and we're very thankful to Mr. Kirkham for taking the time to discuss the issue with us and ultimately, amending MSC's position. We look forward to working with him in the coming months on a number of other issues discussed and in the creation of an education day with MSC for brokers in that province.

Briefly, as I'll expand on this in the French video for our Quebec members, there is a move in Quebec to transfer the oversight of mortgage brokers from OACIQ to the AMF. We are working on the ground in Quebec through our Quebec Chapter and our Quebec lobbyist to ensure the transition is a positive move for our community. We're very excited by the possibility of a separate mortgage brokers' act in Quebec. We'll keep our Quebec members informed as these discussions also develop.

Federally, Finance Minister Morneau has advised that he has put together a housing focus group to address issues in the very hot Toronto and Vancouver markets. The participants are all government officials at various levels; Federal, Provincial and Municipal. Our expectation, and frankly hope, is that the discussions are to work with the provinces and respective municipalities to introduce incentives to encourage residential construction in these markets. I think we all acknowledge there is a significant supply issue. We have been invited by the Financial Sector Policy Branch to have discussions on this and related topics, such as additional down payment changes or amendments to qualifications, so once again, Jared Dreyer, Mark Kerzner and I will likely be headed to Ottawa in the next week or two for these continuing discussions.

Away from government relations specifically, this video is contained in an omnibus email outlining other activities we've been working on. Our most recent consumer survey was released on June 9th and its focus was specifically the next generation of home buyers. Understanding the demographic of the majority of our members' clients, we wanted to elicit information from the next group of individuals most likely to use a mortgage broker. We've received good media attention from the report and both Will Dunning, our Chief Economist and I have made appearances on BNN and CP24 (links are contained in the email) as well as interviews and quotes in the Globe and Mail and the Financial Post. Will has also written some follow-up commentary regarding the Canadian housing marketplace which provides some unique perspective in the face

CEO Update Transcript June 30, 2016



of the majority of the media decrying a bubble and imminent collapse. For you, the consumer report provides valuable insights into the mindset of the next home purchasers and we hope you take the time to read it to assist you with your own marketing efforts. Understanding these consumers' concerns will better allow you to massage your messaging to resonate with these individuals more directly. Links to this report are also included in the email.

By now, each of you should have received a lapel pin and a window decal for your office or car. The reason we've sent these to you is to help you make the most of the advertising spend we're making nationally. Your board of directors and I have doubled our budget for consumer outreach and are currently working through the media purchasing exercise. You've likely already seen our "Value of a Mortgage Broker" campaign online and in local newspapers across the country. We will also be purchasing TV and billboard space, with the majority of the spend happening between February and April next year. Strategically, it makes the most sense to us to reinforce the value of our channel to consumers then as the largest portion of potential homebuyers are likely getting serious enough in their investigation that they will heed our call to action and look to find a broker through our online directory. By displaying our branding, you'll be associating yourself and your business with the professionalism and customer service excellence we're promoting. Stay tuned for more activity in this regard, and please, display our logo and maximize the value of our spend on your behalf.

The Canadian Hall of Fame nominations are open. If you would like to see us recognize an exceptional individual whose contribution to the mortgage broker channel has aided us all, please submit your nomination before September 9th.

In closing, I'd like to talk about our preparations for our National Conference. We have begun to finalize our contracts with speakers and entertainment at the event, and I'm delighted to announce Scott Stratten will be one of our keynote speakers in Vancouver in November. We plan on a fully packed education schedule - 4 breakout sessions, each with 6 concurrent sessions. There's going to be something for everyone. Keep watching for more details as they are slowly revealed, and plan to join us in November for a not-to-be-missed event.

I apologize for the length of the chat today. I will try to keep the next one shorter.

As always, please don't hesitate to call or email if you have any questions, comments or suggestions. 416-644-5465 or <mailto:ptaylor@mortgageproscan.ca>.

Thanks for your attention and have a great Canada Day long weekend!