



NEWS RELEASE

Mortgage Brokers Association recommends stronger enforcement of existing regulations to control use of mortgages for money laundering

Vancouver, B.C. – (February 20, 2018) – The Canadian Mortgage Brokers Association - British Columbia (CMBA-BC) is urging Attorney-General David Eby to increase enforcement of regulations that prohibit unlicensed brokers from lending money. The association representing licensed mortgage brokers in British Columbia is responding to Mr. Eby’s announced intention to close loopholes allowing lenders to launder money through mortgages. Mortgage brokers arrange funding with private lenders.

“There are no loopholes to close,” says CMBA-BC Chief Operating Officer Samantha Gale. “We need to distinguish between private lenders who are licensed under the Mortgage Brokers Act and criminals who lend money as part of a money laundering scheme. Criminals do not comply with regulations and criminal law while trying to fly under the radar.”

There are already strict penalties under the Criminal Code of Canada that prohibit money laundering, excessive interest rates and fraud. “These laws need to be understood and enforced,” she says.

As well, private lenders are required to obtain licensing under the BC Mortgage Brokers Act (MBA) if they are in the business of lending money or lend on 10 or more mortgages a year. The MBA authorizes regulatory action against those who do not obtain the required licensing. The MBA already enables the Registrar to require annual financial reporting for its licensees, conduct investigations and audits of both licensed and unlicensed lenders and issue orders to remedy non-compliant conduct.

“Current financial reporting can be made more robust under existing legislative provisions,” Gale says. “We urge the government to have more robust financial reporting to better understand private lending activity.”

She points out the Mortgage Brokers Act dates to 1972 and has been on the legislative agenda for review since 2012, with little or no action taken by the provincial government.

“We have urged the government to proceed with its legislative review, as the legislation needs to be modernized,” Gale says. “Many smaller jurisdictions across Canada including Nova Scotia, Manitoba, New Brunswick and Saskatchewan now have modernized legislation to more effectively regulate the mortgage industry.”

Private lenders who raise capital from the public, which include mortgage investment corporations and many syndicators are also regulated under securities legislation.

“Their capital raising activities are already governed by the BC Securities Commission, which has a comprehensive regulatory scheme in place to ensure that investors are protected,” Gale says.

The public should always access private lenders through licensed mortgage brokers and are welcome to contact CMBA-British Columbia for more information.

Canadian Mortgage Brokers Association - British Columbia provides information, education, advocacy and support for approximately 1,500 members throughout British Columbia. It is a member of the national Canadian Mortgage Brokers Association, which unites provincial mortgage broker associations together under one umbrella.

For more information

<http://www.mbabc.ca>

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