

# CIMBL ICCPH

CANADIAN INSTITUTE OF MORTGAGE BROKERS AND LENDERS  
INSTITUT CANADIEN DES COURTIERS ET DES PRÊTEURS HYPOTHÉCAIRES

July 12, 2006

Mr. Gerry Salembier  
Director, Financial Institutions Division  
Financial Sector Policy Branch  
Department of Finance  
L'Esplanade Laurier  
15<sup>th</sup> East Tower  
140 O'Connor Street  
Ottawa, Ontario  
K1A 0G5

Dear Mr. Salembier:

**Re: 2006 Financial Institutions Legislation Review**

On behalf of the over 9,000 members of the Canadian Institute of Mortgage Brokers and Lenders (CIMBL) who represent in excess of \$660 billion in mortgage credit across the country, we wish to provide the following comments on the recently released white paper entitled "*2006 Financial Institutions Legislation Review*".

CIMBL will focus its comments on two areas highlighted in the white paper, consumer disclosure and residential mortgages exceeding 75% of property value.

**Disclosure**

Under section e, subsection i) of the proposed disclosure rules (Disclosure to Co-Borrowers) it is recommended that changes to the federal cost of borrowing regulations be made to clarify that all co-borrowers receive required disclosure documentation. CIMBL is aware that the Financial Consumer Agency of Canada (FCAC) is responsible for the enforcement of this measure and has already informed interested parties that this measure will become effective January 1, 2008.

CIMBL would like to offer several comments in this regard. First that consent by a co-borrower to allow for one set of records be highlighted. While all lenders will provide two accounts to co-borrowers as part of the first statement this may in many cases be duplicative. Where co-borrowers are in agreement that only one set of statements be provided this should be encouraged so as to avoid duplication and cost. CIMBL would recommend that the Department of Finance and FCAC provide communication materials in advance of this new regulation coming into effect so that lenders across the country are aware of its requirements.

Secondly, CIMBL has been working on an enhanced mortgage borrowing disclosure form that would cover issues such as incentives, fees and commissions as well as conflict

of interest situations. These enhanced disclosure requirements will be required by regulators in Alberta effective October 1, 2006 and by Ontario when the new Ontario Mortgage Brokerages, Lenders and Administrators Act comes into effect likely in mid-2007. CIMBL has produced a "*Mortgage Borrower Disclosure Document*" that the federal government may find of interest and would be pleased to meet and discuss further its purpose and implementation. A copy is attached.

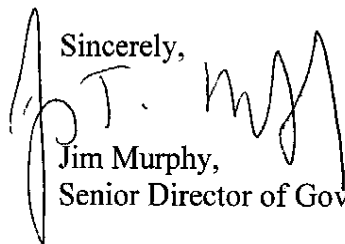
### Mortgage Insurance

The white paper is proposing that the threshold for mandatory high loan to value (LTV) ratio mortgages be raised to 80% from the current 75% ratio. In practical terms this would mean a borrower who has a mortgage with a federally regulated deposit taking corporation would not have to pay mortgage insurance for downpayments of 20% or above. In consultation with our members CIMBL supports this proposed change to further assist with the costs of home ownership.

CIMBL would note as we did in response to the previous Department of Finance consultation on this issue after the 2005 budget, "that policy makers be careful before changes are made to a system that has provided Canadians with a high level of home ownership while maintaining a strong financial system." This is particularly important due to the statement in the current white paper that "Further increases to the threshold will be examined in future five year legislative reviews".

Should you have any questions please do not hesitate to contact me at [jmurphy@cimbl.ca](mailto:jmurphy@cimbl.ca) or by phone at (416) 385-2333. Thank you in advance for the opportunity to comment and provide input on key issues affecting the mortgage industry in Canada.

Sincerely,



Jim Murphy,

Senior Director of Government Relations and Communications

Cc: Mr. Kevin McCarthy, Minister's Office, Department of Finance  
Mr. Kevin Wright, Department of Finance  
Ms. Beth Woloski, Department of Finance  
Mr. Jim Callom, Financial Consumer Agency of Canada