



**Comments on Bill 152 – Ministry of Government Services Consumer Protection and Service Modernization Act – December 4, 2006**

Good afternoon.

My name is Jim Murphy and I am Senior Director of Government Relations and Communications for the Canadian Institute of Mortgage Brokers and Lenders or CIMBL.

CIMBL has over 9,600 members across Canada with approximately 60% here in Ontario. CIMBL represents all facets of the mortgage industry including lenders such as the banks and credit unions, mortgage insurers, title insurers and mortgage brokers and agents.

Research CIMBL has recently undertaken, copies of which you have, show that by the end of 2006 there will be \$700 billion in outstanding mortgage credit in Canada, of which roughly half is here in Ontario. This total is expected to grow by a further 10% in 2007. Our industry helps Canadians and Ontarians meet their dream of home ownership.

CIMBL has also established an Accredited Mortgage Professional (AMP) designation as part of our ongoing commitment to increase the level of professionalism in Canada's mortgage industry through the development of educational and mortgage standards. The AMP designation sets a single national proficiency standard for Canada's mortgage professionals. Over 3,000 CIMBL members have their AMP designation.

**Real Estate Fraud**

There has been much attention paid to the subject of real estate fraud recently. The media has reported on several cases in which innocent homeowners have become the victims of fraudsters. Bill 152 proposes legislative changes that will benefit innocent victims of fraud. Before commenting on these changes, we wish to note the measures that CIMBL has undertaken to combat real estate fraud.

First, CIMBL has produced a paper on fraud avoidance standards in the mortgage industry. This paper has been updated and was forwarded to all of our members across the country. The paper educates members by telling them what to watch for when completing a mortgage application and suggests measures to follow that will reduce the amount of real estate fraud.

Secondly, at our regional symposiums across the country CIMBL provides a seminar session where we present an update on real estate fraud. These sessions include examples of the types of fraud and what mortgage professionals can do to avoid or ameliorate the number of occurrences.

Thirdly, CIMBL recently updated its website providing an overview under the consumer section on helpful tips for homeowners and perspective homebuyers to avoid real estate fraud.

Fourthly, CIMBL is an active participant with Teranet on the REDX system which aims to combat real estate fraud. As a subscriber to REDX background checks on professionals or firms, and periodic reviews of real estate or mortgage professionals can be undertaken to contain inconsistent information.

Lastly, CIMBL also recently strengthened its ethics by-laws by, for example, creating the position of CIMBL Investigator in addition to the ability to publish names of those who may violate the code of ethics.

Due to its complexity and sophistication real estate fraud has many victims. Innocent homeowners, third party purchasers, lenders and insurers are all impacted by this crime.

### Bill 152 – Legislative Changes

CIMBL welcomes the fact that the government has and continues to consult with stakeholders on this important issue. The legislation before you is one that CIMBL supports, although there are still outstanding issues that have yet to be finalized and that I will address in a moment.

Basically the notion set out in Bill 152 is that mortgages attained by fraudulent means have no standing. This is one we support. This change will benefit innocent homeowners. Victims of real estate fraud should not have to be the ones to track down fraudsters.

Bill 152 also increases penalties for real estate fraud and again this is a measure we strongly support. CIMBL has recommended that in fact the government go further and apply additional resources to fighting fraud including dedicated counsel.

Unfortunately, the subject of real estate is complex and has other aspects that also need to be addressed.

#### Access to LTAF and to Teranet

Two outstanding issues that the government is currently examining, and which CIMBL has a stated interest in, are access to the Land Title Assurance Fund or LTAF and access to the land registry system or Teranet.

I have included in our package a recent letter we forwarded to the Minister of Government Services that addresses these two important issues.

On the subject of access to the LTAF, CIMBL welcomes the fact that lenders will continue to have access to the fund through aggrieved innocent registered owners or purchasers. CIMBL believes that there should be due diligence standards associated with access to the LTAF and looks forward to continuing to work together with the government to finalize these standards.

CIMBL has also taken the view that the LTAF process should be as transparent and efficient as possible. The government has made suggestions that will expedite the process considerably. CIMBL still believes, however, that government officials should not be judge and jury, that is to collect the data for cases that access the fund and also make decisions. We believe that adjudication should rest with either a quasi judicial body or some form of independent third party.

In terms of access to the land registry system, our position has always been that this issue should be based on standards and not title. We support enhanced standards for access to the land registry system that would raise the overall bar. We do not support limiting access based on title.

Thank you for your time. I would be pleased to answer any questions that you may have.