



July 10, 2007

Mr. Roger Sobotkiewicz
Legal Analyst
Saskatchewan Financial Services Commission
6th Floor, 1919 Saskatchewan Drive
Regina, Saskatchewan
S4P 3V7

Dear Mr. Sobotkiewicz:

Re: Regulations concerning Mortgage Brokerages, Mortgage Investment Brokerages, Mortgage Administrators, Mortgage Brokers and Agents

As a follow up to earlier correspondence and previous discussions, on behalf of the Canadian Association of Accredited Mortgage Professionals (CAAMP), we wish to provide comments on the drafting of regulations associated with the new mortgage brokerages Act. As you know, CAAMP is the national voice of the mortgage industry in Canada. We represent all facets of the industry including mortgage lenders, mortgage insurers, mortgage brokers and agents and title insurers. We have over 10, 000 members nationally, including 170 members in Saskatchewan.

At the outset we wish to thank the Saskatchewan Financial Services Commission (SFSC) for your ongoing availability leading up to the drafting and adoption of the new legislation dealing with mortgage brokerages, brokers and agents in Saskatchewan.

CAAMP provides the following comments:

Exemptions

As noted previously, exemptions for lawyers require clarification. If a lawyer checks a borrower's credit or provides advice on mortgage options then in our opinion they are undertaking mortgage activity and should be registered under the provisions of the Act. CAAMP's position is that if an individual participates in mortgage activity, including the filling out of a mortgage form, provides mortgage advice or undertakes credit checks then they should be licensed. This is a common issue in several other provinces.

The above comment also applies to the mobile mortgage sales force of federally regulated deposit taking institutions and provincially regulated financial institutions. If these individuals are placing mortgages with their employer, then they need not be licensed, but if they are placing mortgage products with someone who is not their employer, then CAAMP believes they are participating in brokering activities and should be licensed.

Licensing

In most other provinces in Canada, there exists a tiered registration system similar to the one proposed in the Saskatchewan legislation. The concept of a principal mortgage broker in each brokerage is also one that is common in other provinces. The principal broker is the main contact for the SFSC on changes to the brokerage and implementation of the legislation. Other licenses should include broker, agent and mortgage administrator. CAAMP believes that mortgage practitioners should also have a mailing address in Saskatchewan for their business.

Education

Related to the licensing issue is that of education requirements for mortgage professionals in Saskatchewan. As noted previously, CAAMP believes there must be minimum education requirements for mortgage brokers and mortgage agents to obtain a license. Currently there are none in the province. Borrowers need to know that the person they are dealing with on the most important investment decision of their lives - buying a home - has met an educational proficiency standard and is capable of representing their best interests.

CAAMP requests Saskatchewan recognize CAAMP's course and text "*Canadian Mortgage Industry Course*" for agent licensing.

The regulator in Ontario recently approved CAAMP's course as a mortgage agent license course on a transitional basis. The CAAMP text is also used to train mortgage agents at community colleges in Ontario and Nova Scotia. If the CAAMP course is recognized by Saskatchewan for licensing agents, CAAMP will create a supplemental module to provide detailed coverage of Saskatchewan regulatory issues.

You will know that three years ago, CAAMP developed the Accredited Mortgage Professional (AMP) designation as part of an ongoing effort to raise the level of professionalism in Canada's mortgage industry through the development of educational and ethical standards. CAAMP urges Saskatchewan to include in its requirements for broker licensing, the stipulation that brokers hold the AMP designation or, as a minimum, that for transitional purposes, those who have attained the AMP do not have to meet new educational requirements.

Disclosure

CAAMP supports disclosure. Indeed CAAMP supports enhanced disclosure beyond cost of borrowing requirements. We recently produced an enhanced disclosure form that was forwarded to all regulators across the country, including the SFSC. We believe the best way to deal with remuneration issues is through disclosure. The draft Act suggests mortgage brokers and agents list each lender. CAAMP believes that this would be difficult as they change on a constant basis. Informing consumers/borrowers on the number of lenders that the mortgage broker or agent deals with is a better approach as is listing any potential conflict between the mortgage broker/agent and lender. CAAMP's enhanced disclosure form was recently adopted by the Real Estate Commission of Alberta. CAAMP would encourage a common form to meet the needs of disclosure.

Sale of Other Financial Products and Simple Referral

We believe mortgage brokers and agents should be able to sell other financial products as long as standards are established and upheld. As you know, in all other provinces the sale of insurance on a mortgage is allowed. Mortgage brokers and agents are simply providing an option for the borrower to consider. Saskatchewan may wish to examine the structure in Alberta where the Insurance Commission issues a special or restricted license. This license mandates E & O insurance coverage.

Further, CAAMP has taken the position in other provinces that a “simple referral” should be allowed. Under this provision which is allowed in British Columbia, Alberta and Ontario, mortgage brokers or agents can receive leads in the form of addresses or business cards from other professionals who may not be licensed as long as those individuals are not offering mortgage advice including quoting mortgage options or undertaking credit checks. Such leads can include a referral fee which can be disclosed to the borrower.

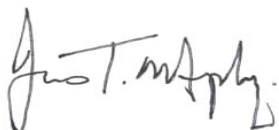
Errors and Omission Insurance Coverage

CAAMP supports making errors and omission insurance coverage mandatory for brokerages in Saskatchewan. Ontario recently adopted such a regulation under its new legislation. We believe it raises the bar on professionalism and enhances consumer protection. We would recommend similar limits as outlined in the Ontario regulation.

The insurance or other assurance must be sufficient to pay a minimum of \$500,000 in respect of any one occurrence involving the corporation or any mortgage broker or agent authorized to deal or trade in mortgages on behalf of the corporation and \$1 million in respect of all occurrences during a 365 day period...

These are CAAMP’s comments on regulations under the new legislation. We would welcome the opportunity to continue to work with SFSC as it finalizes legislation affecting mortgage brokerages, brokers and lenders in Saskatchewan.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim T. Murphy". The signature is written in a cursive, somewhat stylized font.

Jim Murphy, AMP
President & CEO