



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

February 8, 2006

Hon. Ty Lund, MLA
Minister of Government Services
Province of Alberta
#203 Legislative Building
10800 - 97th Avenue
Edmonton, Alberta
T5K 2B6

Dear Minister:

Re: Final Report - Advisory Committee on Mortgage Fraud

On behalf of our more than 900 members in Alberta, the Canadian Institute of Mortgage Brokers and Lenders (CIMBL), wishes to offer the following comments on the final report of the Advisory Committee on Mortgage Fraud, dated November 14, 2005 that was established by the government.

CIMBL commends the government for taking this initiative. Mortgage fraud is a serious problem which impacts all parties to a mortgage transaction including lenders, brokers and the actual homebuyer. Implementing measures to crack down on this practice are welcome. As noted in the report, CIMBL has been active on the subject of mortgage fraud by developing a white paper in 2001 and more recently amending our "*Origination Standards for Fraud Avoidance*", a copy of which is attached. This document was recently forwarded to all 8,300 CIMBL members across the country and includes several guidelines for reducing mortgage fraud within the industry. The document is continually reviewed and is also posted on our website. The more than 3,300 CIMBL members who have earned the Accredited Mortgage Professional designation will be required to successfully complete an online course that tests their knowledge of the fraud avoidance practices in the Origination Standards.

In regard to the specific recommendations of the advisory committee and the mortgage fraud prevention Task Force, CIMBL supports the proposed recommendations.

Recommendation 1 CIMBL supports formal recognition of the Task Force working group with active government support. The Task Force should continue its work and be broadened to include representatives of the law enforcement community.

Recommendation 2 CIMBL supports the desire to establish and fund a separate integrated investigation unit with the intent of investigating all mortgage fraud cases in Alberta.

Recommendation 3 CIMBL supports measures that would try and quantify the magnitude of mortgage fraud. This remains an ongoing challenge. Any system that Alberta authorities develop could be expanded across the country.

Recommendation 4 CIMBL supports amending the RECA legislation to ensure it has the proper regulatory powers to share information on mortgage fraud with law authorities.

Recommendation 5 CIMBL supports a review of current privacy legislation to see if information can be shared, while still respecting privacy rights.

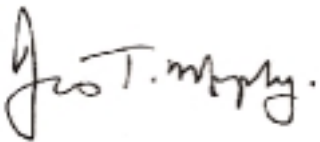
Recommendation 6 CIMBL endorses an enhanced communications effort to raise awareness of mortgage fraud among various parties. CIMBL would offer any assistance to aid with this effort, both internally with our members and externally with the public.

Recommendation 7 CIMBL supports further amendments to the Law of Property Act. The province recently changed the legislation to cover defaults when less than a 25% downpayment is made. The recommendation to allow lenders to sue on covenant except on a principal residence or farm is positive, as is that for rental properties. CIMBL would recommend that the Task Force be asked to examine the issue of having lenders be protected on all residential mortgages.

Recommendation 8 CIMBL supports additional measures by the Land Titles Office to track down suspected incidences of mortgage fraud.

CIMBL commends Alberta for having undertaken this important initiative. The province is leading the country in instituting measures to detect and prevent mortgage fraud. CIMBL offers any assistance the province may want to ensure that these and additional measures are adopted and enacted.

Sincerely,



Jim Murphy
Senior Director
Government Relations and Communications



Mark Webb
Senior Director
Professional Affairs

Cc: RECA
AMBA