



MORTGAGE BROKER INDUSTRY COUNCIL

10:30 am, Friday, June 10, 2022

In Person, Nakiska Room, RECA Office,
1506 11 Avenue SW, Calgary, AB

MINUTES

In Attendance: Gord Appel
Paul Bojakli
Clarence Lee, *Chair*
Nkem Onyegbula
Guy Ouellette

Resources: Russ Morrow
Stacy Paquin
Charles Stevenson
Bryan Douey, *(Item #8)*
Gary Siegle *(Item #10)*

Recording Secretary: Christina Harrington

1. Call to Order and Approval of Agenda

The Chair called the meeting to order at 10:34 am.

***MOTION:** The Mortgage Broker Industry Council adopts the June 10, 2022 meeting agenda as presented.*

Moved by Guy Ouellette

Seconded by Nkem Onyegbula

Carried

2. Conflict(s) of Interest Declared

No conflicts of interest were declared.

3. Consent Agenda

The Mortgage Broker Industry Council ("Industry Council") reviewed the consent agenda, including the March 17, 2022 meeting minutes, the Action Register, and the Regulatory Activity Scorecard.

***MOTION:** The Mortgage Broker Industry Council approves the minutes of the meeting of March 17, 2022, and receives the Action Register Update, and the Regulatory Activity Scorecard as information, as presented within the meeting package.*

Moved by Nkem Onyegbula, Seconded by Gord Appel

Carried

4. **2022/2023 Calendar – RECA Board and Industry Council Meetings**
Management introduced the 2022/23 RECA Board of Directors (“Board”) and Industry Council calendar. In accordance with the *Real Estate Act (REA)* Bylaws, the Chair will propose the schedule to the RECA Board Chair for approval.

5. **RECA Board of Directors Report**
The Industry Council’s Board member reported on the activities of the RECA Board.

6. **Education & Communications Report**
Management advised that pre-licensing education consists of the *Fundamentals of Mortgage Brokerage* and the *Practice of Mortgage Brokerage* courses. The *Practice of Mortgage Brokerage* course is offered by the Alberta Mortgage Brokers Association (“AMBA”), and must be completed within six months of the *Fundamentals of Mortgage Brokerage* course. RECA continues to offer the *Fundamentals of Mortgage Brokerage* course until such time as a third-party course provider applies and is approved to be an educator, or until the current divestiture of education deadline of November 30, 2022.

7. **Re-licensing Education Options**
Management presented re-licensing education options. The prescriptive model requires a licensee to complete a specific course, as deemed relevant to the public interest by the Industry Council. The courses are provided by a third-party course provider. In the reflective model, a licensee creates a self-reported professional development plan tailored to their learning objectives. The third model is a hybrid of both. The Industry Council considered potential education gaps (transacting commercial mortgages, mortgage administration, and private lending).

ACTION: Management will provide the Industry Council with a proposed motion regarding re-licensing education options, for the Industry Council’s consideration at the September 2022 meeting.

8. **Stakeholder Engagement**
Management reported that the May Stakeholder Engagement Session, originally planned to be a hybrid in person and online event, was held virtually due to scheduling conflicts. Discussions were constructive. The Industry Council will consider alternative meeting models for next year’s Stakeholder Engagement Session.

RECA held in-person broker forums in Calgary and Edmonton for managing brokers and broker delegates. The forums were well-attended

and encouraged robust discussion. Discussions focused on possible *REA* Rule changes to incentives, private lending & flexibility in collecting fees.

Management presented emails from the Industry Council general mailbox, RECA Regulator news articles, and an overview of upcoming RECA engagements. The RECA Proposed Strategic Priorities survey closed June 9/22 with considerable participation.

9. *REA* Rules Review Discussion

Management presented the *REA* Rules Review initiative. RECA will undertake a fulsome review over a two-year period, in consultation with stakeholders, and in several different stages and beginning with licensing rules. Management asked the Industry Council to appoint a qualified Industry Council Member to represent the Mortgage Broker industry sector on the Rules Review Steering Committee.

ACTION: The Industry Council appointed Council Member Gord Appel to serve as the industry sector representative on the Rules Review Steering Committee.

10. Proposed New Rules (Private Lending)

RECA's Mortgage Regulatory Compliance Advisor, Gary Siegle, advised that the former Mortgage Broker Advisory Council completed considerable work to address private lending in Alberta, before the former RECA Council was disbanded in 2019 by ministerial directive. Management wishes to leverage previous consultation feedback and gather new feedback to determine the current industry sentiment on private lending.

Management presented a timeline to convene virtual meetings of interested mortgage brokers, including those who arrange mortgages for private lenders as part of their business, to discuss *REA* private lending rules and practices in Alberta.

ACTION: The Industry Council directed Management follow the *Proposed Consultation Plan* as presented at the meeting.

The Industry Council observed a short recess for lunch

11. Industry Council Chair Elections

Management advised that *REA* section 7.1(6) and *REA* Bylaw sections 3.18 and 3.19, require the Industry Council elect a member as Chair for a two-year term. The current Chair's term will expire on November 30, 2022. An election will be held in September to fill the officer position. Nothing precludes the current Chair from running as a candidate in the September election.

12. Commission Profit Disgorgement

Management presented the *Report of the Independent Advisory Group on conduct and practices in the Real Estate Industry in British Columbia* (June 2016)(the "Report"). The Report explores probable causes of extreme price escalation conditions in the BC real estate market. The Report recommended the use of commission profit disgorgement; being the clawing-back of proceeds gained through misconduct.

The Industry Council does not have the legislative authority to recuperate funds through profit disgorgement. Such authority would require a legislative amendment and ministerial consultation. The Industry Council considered current brokerage/commission practices, penalty and sanction maximums, REA Rules, and potential harm to consumers.

ACTION: The Industry Council directed that Management add the topic of Commission Profit Disgorgement as a standing item on the Action Register.

ACTION: The RECA Registrar will distribute the Cullen Commission Report on Anti-Money Laundering (British Columbia) to the members of the Industry Council.

13. In-Camera Session with the CEO

The Industry Council moved in-camera with the CEO.

14. In-Camera Session with the Industry Council only

The Industry Council moved in-camera.

15. Termination

MOTION: *That the Mortgage Broker Industry Council meeting of June 10, 2022 is terminated.*

Moved by Nkem Onyegbula

Seconded by Gord Appel

Carried

The meeting terminated at 1:30 pm

16. Next Meeting(s)

- Thursday, September 15, 2022

Approved at Calgary, Alberta on September 15, 2022

Clarence Lee,
Industry Council Chair