



MORTGAGE BROKER INDUSTRY COUNCIL

9:30 am, Thursday, September 15, 2022

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

MINUTES

In Attendance:	Gord Appel Clarence Lee, <i>Chair</i> Guy Ouellette
Resources:	Russ Morrow Janice Harrington Warren Martinson Stacy Paquin Kyle Schaub (<i>Item #14</i>) Gary Siegle (<i>Item #15</i>) Rina Hawkins
Guests:	Assistant Deputy Minister Ronda Goulden, <i>Service Alberta (item #7)</i> Executive Director, Lois Flynn, <i>Service Alberta (item #7)</i>
Absent:	Paul Bojakli Nkem Onyegbula
Recording Secretary:	Christina Harrington

1. Call to Order

The Chair called the meeting to order at 9:31 a.m.

2. Approval of Agenda

The Mortgage Broker Industry Council ("Industry Council") reviewed the agenda. The Industry Council postponed the item of Industry Council Chair Election to a special meeting, to be held prior to December 1, 2022, as the *Real Estate Act* ("REA") Bylaw 3.17 requires the presence of all Industry Council members at the meeting during the election of the Industry Council Chair.

***MOTION:** The Mortgage Broker Industry Council adopts the September 15, 2022 meeting agenda, as amended.*

Moved by Guy Ouellette

Seconded by Gord Appel

Carried

3. Conflict(s) of Interest Declared

No conflicts of interest were declared.

4. Chair's Opening Remarks

The Chair advised that on July 6, 2022, the Industry Council hosted a discussion session with industry members dealing in private lending or syndicated mortgages. Strengthening REA Rules and brokerage practices will encourage consistency. On September 7, 2022, a preliminary review of Private Lending forms was conducted which will inform the rules review initiative.

5. Consent Agenda

The Industry Council reviewed the consent agenda, which included the June 10, 2022 and July 19, 2022 meeting minutes, the Action Register, and the Regulatory Activity Scorecard.

MOTION: The Mortgage Broker Industry Council approves the minutes of the meetings of June 10, 2022 and July 19, 2022, and receives the Action Register Update, and the Regulatory Activity Scorecard as information, as presented within the meeting package.

*Moved by Gord Appel,
Seconded by Guy Ouellette
Carried*

6. RECA Board of Directors Report

The RECA Board of Directors ("Board") report was provided to the Industry Council for information. The Industry Council and RECA's CEO reviewed the meeting calendar and the number of meetings per year. RECA Management raised concern regarding the demands of staff resources when all the Industry Councils are meeting quarterly versus tri-annually. The Industry Council requested flexibility to call special meetings as required to respond to industry demand and the rules review initiative.

7. Government of Alberta Discussion

Ronda Goulden, Assistant Deputy Minister of Consumer, Registry and Strategic Services, of Service Alberta (ADM Goulden) and Executive Director, Lois Flynn, of Consumer Services, Service Alberta (ED Flynn) joined the meeting.

Service Alberta and the Industry Councils discussed the Industry Council's mandate of consumer protection, efforts of red-tape reduction, the establishment of the RECA Rules Review Steering Committee, the impact of high interest rates on the mortgage industry, private lending, and RECA's divestiture of education.

8. Industry Council Chair Description

Management presented the Industry Council Chair Position description. The Industry Council Chair Position description will be recommended to the Board for approval in accordance with Bylaw 3.20 and will be included in the RECA Governance Manual. The Industry Council received the Industry Council Chair Position description as information.

9. Education Report

The Registrar presented re-licensing education models. The prescriptive model requires licensees to complete course(s) deemed relevant to the public interest by the Industry Council. The reflective model allows an individual practitioner to choose a self-directed, professional development plan.

***MOTION:** The Mortgage Broker Industry Council recommends the prescriptive re-licensing education model to the Real Estate Council Board of Directors, relating to the mortgage broker industry sector.*

*Moved by Guy Ouellette,
Seconded by Gord Appel
Carried*

10. Stakeholder Engagement Report

RECA's COO presented the Stakeholder Engagement & Communications Report (June 7-Sept 9 /22). RECA will conduct licensing surveys and benchmarking workshops to gather stakeholder perspectives.

11. Publication of Licensee Names Prior to Expiration of 30-day Right of Appeal Period

In accordance with s. 55 of REA, the RECA Board, Industry Council and the Registrar share equal authority to publish information respecting prosecutions and disciplinary actions taken under REA. The Registrar introduced a process to bring uniformity to publication practices, in response to industry request.

The Industry Council discussed withholding the names of licensees prior to the expiration of the 30-day right of appeal period. The Industry Council expressed the importance of publishing serious infractions immediately to safeguard consumers.

The Industry Council supports withholding the publication of licensee name(s) prior to the expiry of the 30-day right of appeal period, except where matters are egregious and would support earlier publication in the interests of consumer protection.

12. Update on Pilot for Graduated Licenses for Condominium Managers

RECA's CEO presented the proposed tiered and/or graduated licensing pilot program for the Residential Property Manager Industry Council, as information. The proposal will be put to the Residential Property Manager Industry Council for approval to respond to industry need. The Industry Council received the report as information.

13. Rules Review Steering Committee

The RECA Board established the Committee in June 2022, consisting of a public chair and seven industry sector representatives. The Committee will conduct a review of the REA Rules to identify areas of red tape reduction, propose recommendations to the relevant Industry Councils, and to set and enforce standards of conduct for licensees and the business of licensees. The Committee will consult with industry associations, stakeholders and the greater public over a two-year period. The Committee will have its first meeting on September 28, 2022.

The Committee is chaired by public member, Neil McCrank, former Alberta Deputy Justice Minister (1989-1998), former chairman of the Alberta Energy Resources Conservation Board (1998-2007), and retired Senior Counsel of BLG Canada. Mr. McCrank brings with him a wealth of regulatory insight, and formerly authored the "McCrank Report" or *Road to Improvement* which examined best governance practices and structures of Alberta public agencies, boards and commissions.

14. Regulatory Orientation

Kyle Schaub, RECA Practice Review Manager, outlined the RECA trust audit (fiscal reporting) and practice review process. Formerly a "compliance audit", the practice review examines the records and activities of a brokerage to ensure statutory compliance. The RECA Risk Assessment Tool operates as a scoring matrix and assigns values to responses on forms completed by brokerages. RECA endeavours to complete audits on all brokerages every 3 – 5 years, and sooner where risks are identified.

Practice Reviews may result in recommended changes in control, policy, and procedures of a brokerage. RECA's auditors work constructively with brokers to develop sound accounting practices and procedures that comply with the REA and the Rules to safeguard the public interest, and to reduce claims against the Assurance Fund. If necessary, matters are referred to the conduct department for investigation.

15. Proposed New Rules (Private Lending)

RECA's Mortgage Regulatory Compliance Advisor, Gary Siegle, presented the Private Lending Consultation Plan progress. On September 7, 2022, the Industry Council hosted a select group of industry leaders in the private lending sector to review the borrower/lender relationship, the

existing RECA Private Lender Disclosure Form, and a potential Know-Your-Client Form. The group discussed a possible tiered private lending license structure, with the potential grandfather in tenured practitioners. The group defined an individual private lender as “an individual, or corporation solely owned by an individual, that lends money secured by a mortgage”. Recommendations from the group will be widely consulted on with industry. RECA’s COO will propose a broader consultation framework to reduce the potential of survey-fatigue.

16. In-Camera Sessions

The Industry Council moved in-camera with the CEO.
The Industry Council moved in-camera.

17. Termination

***MOTION:** That the Mortgage Broker Industry Council meeting of September 15, 2022 is terminated.*

Duly moved and seconded, Carried

The meeting terminated at 1:10 p.m.

18. Next Meeting(s)

- Thursday, December 8, 2022

Approved at Calgary, Alberta on December 8, 2022

Clarence Lee, Industry Council Chair