

April 2004

Please Note:
As of **April 2005** the Financial Institutions Commission of BC address changed to:
1200 – 13450 – 102 Avenue Surrey BC V3T 5X3

OPEN LETTER FROM THE REGISTRAR OF MORTGAGE BROKERS

Enclosed you will find new Bulletins MB 04-001 and MB 04-002, issued by the Registrar of Mortgage Brokers (the “Registrar”) relating to upcoming changes in legislation which will affect the mortgage brokerage industry in British Columbia.

In conjunction with the Government’s streamlining initiatives, the Legislature has passed various amendments to the Regulations of the *Mortgage Brokers Act*. The amendments included herein will take effect **June 1, 2004** and specifically relate to Division 2 – Fees (MB 04-001) and Division 3 – Statements and Records (MB 04-002).

Attached as well are Bulletins MB 04-003 and MB 04-004.

MB 04-001: FEES

Effective **June 1, 2004**, fees as detailed in Division 2 of the *Mortgage Brokers Act Regulations* are increasing. In addition, new fees are being implemented for late financial filings pursuant to the Conditions of Registration and late renewals of registration for mortgage brokers and submortgage brokers.

MB 04-002: CONDITIONS OF REGISTRATION – FINANCIAL FILINGS

Effective **June 1, 2004**, the financial filing requirements under section B of the Conditions of Registration for mortgage brokers who do not handle trust funds are changing. The changes will streamline the filing requirements which will now be solely the responsibility of the mortgage broker.

MB 04-003: APPLICATIONS FOR REGISTRATION

Bulletin MB 04-003 addresses several areas of concern with respect to filing of registration applications with the Registrar and is designed to streamline communication between the mortgage broker community and FICOM. Over the past year, in excess of 40% of applications submitted have been deficient of information. As many of you are aware, incomplete or inaccurate applications lead to unnecessary delays. The most common errors and omissions as well as frequently asked questions are summarized in this bulletin.

**Financial
Institutions
Commission**

- Superintendent of Financial Institutions
- Superintendent of Pensions
- Superintendent of Real Estate
- Registrar of Mortgage Brokers
- Credit Union Deposit Insurance Corporation of British Columbia

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MB 04-004: CONFLICT OF INTEREST

It has come to the attention of the Registrar of Mortgage Brokers that some lenders are offering incentives in the form of “points” or “bonuses” to brokers who refer business to them. Under these programs, it is possible for one borrower to benefit at the expense of another, or for the referring broker to receive cash incentives. Such situations represent a conflict of interest, which must be disclosed. MB 04-004 examines this issue in detail.

BUSINESS PRACTICES AND CONSUMER PROTECTION ACT

We anticipate that the *Business Practices and Consumer Protection Act* (“BPCPA”) will be in force on **July 5, 2004**. At that time, the requirement under section 16 of the *Mortgage Brokers Act* to provide a Form 6 – Disclosure Statement will be repealed. Instead, mortgage brokers will be required to comply with the disclosure requirements of the BPCPA.

The format for this new disclosure will not be mandated under the BPCPA. It will be up to each mortgage broker to develop a form in order to comply with the disclosure requirements of the BPCPA. **The Registrar of Mortgage Brokers will not be developing a form for use by registrants.** Failure to comply with the BPCPA may result in regulatory action against the mortgage broker.

If mortgage brokers are unclear of the requirements of the BPCPA, we recommend they seek legal counsel. Further updates concerning the BPCPA will be provided on our website as information becomes available.

FINANCIAL SERVICES TRIBUNAL (“FST”)

The FST was created to partially replace the Commercial Appeals Commission, which was eliminated as part of the BC Government’s Core Review.

The FST hears appeals from individuals and institutions who want to contest enforcement decisions made by the Insurance Council of BC, Real Estate Council of BC, Superintendent of Real Estate, Superintendent of Pensions, Registrar of Mortgage Brokers, and Superintendent of Financial Institutions.

Implementation of the FST is anticipated to be **June 1, 2004**.

Information on the appeal process and contact information will soon be available as a link on our website at www.fic.gov.bc.ca.