



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

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

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TITLE: MISLEADING INFORMATION

LEGISLATION: MORTGAGE BROKERS ACT

DATE: OCTOBER 2004

Increasingly this office is being made aware of occasions where mortgage brokers are failing to verify client information that is being passed on to lenders. As a result, instances where lenders are receiving misleading or false information is becoming more frequent. Occurrences of this nature can tarnish the reputation and professional image mortgage brokers have within the lending community and amongst the general public. As a result of our investigations into these incidents disciplinary action has been taken against mortgage brokers in a number of occasions. In addition, charges of forgery, uttering a forged document, and obtaining credit by false pretences have been laid. We are not suggesting that most mortgage brokers are conducting their business in this manner, but rather we wish to ensure that the few who act improperly are identified and dealt with promptly and appropriately.

Mortgage brokers need to recognize that lenders rely on the information they receive regarding potential borrowers. Mortgage brokers cannot say that it is not their responsibility to verify the information being given to them during the application process. Lenders indicate they assume that mortgage brokers have verified the information before forwarding it on. This office takes the position that a mortgage broker has a duty to ensure the information being sent to a lender has been verified.

Although no one is suggesting that mortgage brokers need to conduct in-depth investigations of every transaction that they process, reasonable due diligence must be undertaken to ensure that the information being passed on to lenders is accurate. Applications containing errors or omissions need additional verification and under no circumstances should brokers be referring applications that have been shown by another mortgage broker or lender to contain false or inaccurate information. If mortgage brokers do not verify the information they are forwarding to lenders, then mortgage brokers should advise the lenders in writing that none of the information has been verified.

Your cooperation and diligence will result in the mortgage broker industry continuing to maintain a professional and respected image in the community.

If you have any questions with respect to the contents of this Information Bulletin, please contact Ms. Jay Mitchell, Deputy Registrar of Mortgage Brokers at 604 660-0108