



BRIEF

On the subject of:

**Mortgage brokerage supervision
to be transferred to the
Autorité des marchés financiers (AMF)**

Document presented to:
L'Autorité des marchés financiers

November 16, 2019



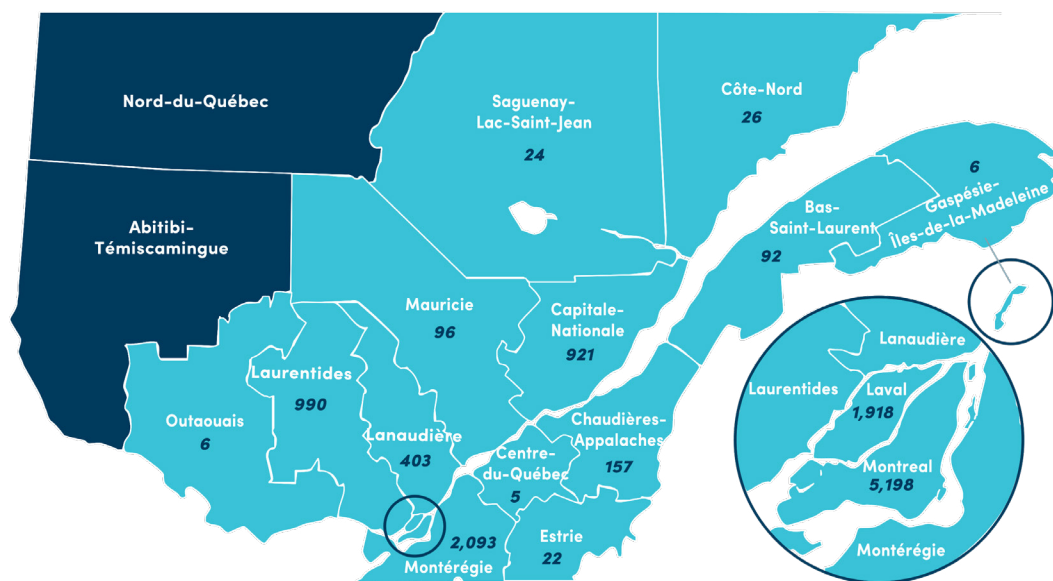
Note to readers:

This brief was presented to the AMF in its original language of French.
This translation is provided by the QPAREB for information purposes.



ABOUT THE QPAREB

The Quebec Professional Association of Real Estate Brokers (QPAREB) is a non-profit association formed on January 1, 2019, following the merger of the Greater Montreal, Quebec City and Laurentides real estate boards. It is incorporated under Part III of the Companies Act (Quebec), RLRQ, c. C-38. The QPAREB now represents 12,000 real estate brokers and 700 real estate agencies, which accounts for 90 per cent of the province's brokers and agencies.



Distribution of members of the Quebec Professional Association of Real Estate Brokers, September 2019

Its governance is highly representative of the diversity of its members' geographic backgrounds and a minimum of eight of the province's administrative regions are represented on the QPAREB's board of directors. The fifteen directors are elected by all member brokers.

The QPAREB is responsible for promoting and defending the interests of real estate brokers while taking into account the issues facing the real estate brokerage profession and the various professional and regional realities of its members. Our professional association is also an important player in the implementation and promotion of measures that promote homeownership. It provides training, tools and services relating to real estate, and facilitates the collection, dissemination and exchange of real-estate-related information.

The QPAREB has 50 permanent employees between its head office in Quebec City and its administrative offices in Montreal (L'Île-des-Sœurs). In addition, it has two subsidiaries: Société Centris inc. and the Collège de l'immobilier du Québec.

The economic weight of the real estate industry is substantial. In the Quebec real estate market, we note that:

- **86,500** real estate transactions were concluded in 2018 by real estate brokers;
- Each transaction in Quebec generates more than **\$46,000** in related expenses;
- This represented an injection of **3.98 billion dollars** in Quebec's economy in 2018;
- **31,000** jobs are created in Quebec every year through the resale of homes.





CONTEXT OF THE QPAREB'S COMMENTS

Since the assent on June 13, 2018, the *Act mainly to improve the regulation of the financial sector, the protection of deposits of money and the operation of financial institutions has led to several amendments to the Act respecting the distribution of financial products and services* (the Distribution Act). As a result of these changes, the supervision of mortgage brokerage will be transferred to the Autorité des marchés financiers (AMF) as of May 1, 2020. Consequently, agencies, mortgage brokers and full-service real estate brokers who currently hold a licence issued by the Organisme d'autoréglementation du courtage immobilier du Québec (OACIQ) will, as of May 1, 2020, carry on their activities in accordance with the Distribution Act and its regulations.

IMPACT ON QPAREB MEMBERS

Based on the information obtained and our understanding, here are the main points that directly affect our member brokers, as well as our opinion on these statements.

A) Transfer of supervision to the AMF

Mortgage brokers act as intermediaries between people who are looking for a mortgage and the financial institutions that lend money for this purpose, which is directly related to the AMF's mission.

QPAREB's comment

The QPAREB therefore does not disagree with the fact that the supervision of mortgage brokers will now be carried out by the AMF, and this transition seems logical to us.

B) Holding of two separate licences

As of May 1, 2020, the exercise of mortgage brokerage and real estate brokerage activities will therefore require two separate licences, namely a real estate broker licence issued by the OACIQ and a mortgage broker certificate issued by the AMF.

Brokers who already hold a mortgage broker licence will automatically have their file transferred to the AMF on May 1, 2020. As for other licenced real estate brokers or real estate agencies who want to continue to carry on mortgage brokerage activities, they had until August 1 to inform the OACIQ.

However, in a situation where a real estate broker decides by himself to register with the AMF while his affiliated real estate agency decides not to do so, that real estate broker has until December 1, 2019, to notify the OACIQ.

QPAREB's comment

We find it regrettable that the AMF does not recognize the acquired right of real estate brokers who hold a full-service licence that entitles them to practice either real estate brokerage or mortgage brokerage, without allowing them to do both simultaneously as part of a real estate transaction.

C) Training

Real estate brokers who chose to continue to carry on mortgage brokerage activities after May 1 will need to successfully complete additional training.

In addition, real estate brokers who received their licence before May 1, 2010, and who become mortgage brokers on May 1, 2020, will be required to accumulate six additional continuing education units (CEUs) relating to mortgage brokerage activities in addition to the 24 CEUs proposed by the Autorité for holders of licences that do not meet the requirements of the OACIQ's continuing education program.



QPAREB's comment

We believe that real estate brokers who wish to improve their mortgage brokerage skills with the AMF represent an added value for our industry. It would be interesting if some training courses were accredited by the AMF for mortgage brokers and by the OACIQ in real estate.

D) Referral and remuneration

In order to receive remuneration following the making of a mortgage loan, a real estate broker will need to have a mortgage broker certificate. However, real estate brokers who do not hold a mortgage broker certificate will still be able to refer clients directly to mortgage lenders and be remunerated by them, provided that the remuneration is not contingent on the making of the loan granted.

QPAREB's comment

Referrals have been enshrined in law since 1994, and the notices required by law ensure that clients are informed that their real estate broker will receive a remuneration for this purpose.

Referrals by real estate brokers allows them to direct their client to several financial institutions and thus put their own financial institution in competition. This is directly related to the real estate broker's duty to properly advise their client. It would be important for the government and the AMF to distinguish between the act of referring a client, which is always done in the client's interest, and the act of mortgage brokerage by a mortgage broker. When a real estate broker makes a referral to financial institutions, there are only benefits to the client.

CONCLUSION

The Quebec Professional Association of Real Estate Brokers thanks the Autorité des marchés financiers for giving us the privilege of expressing our comments through this consultation. As you can see from this document, we welcome many of the changes announced.

Professionals in Quebec's real estate brokerage industry are committed to protecting the interests of the public and the people of Quebec. Rest assured that we will collaborate fully so that this transition of supervision is carried out as smoothly as possible and in the interests of all concerned.