



2011 ANNUAL REPORT



www.mbabc.ca

M B A B C M I S S I O N S T A T E M E N T

The Mortgage Brokers Association of British Columbia's mission is to provide its members with the best educational opportunities, ethical guidance and professional representation, while increasing consumer awareness by advocating mortgage brokers as the number one choice for mortgage financing.

C o n s t i t u t i o n

The purposes of the Mortgage Brokers Association are to:

- ~ Do all things necessary to advance and improve the relations of the members with the public.
- ~ Advance and promote the interest of those engaged in mortgage financing as brokers, agents, dealers and valuers and to increase public confidence in and respect for those engaged in the calling of mortgage brokers.
- ~ Gain recognition and support of lending institutions, private investors and government agencies.
Set uniform standards and establish a code of ethics to govern the members of the association for the protection of the public.
- ~ Encourage the study of mortgage financing and all its aspects and to promote the exchange of views between the members among the members of publications, data, and forms.
- ~ Institute, promote and manage a system or systems with the object of rendering better service to the public and to the members of the association by providing them with a wider potential market.
- ~ Institute, promoted and manage plans or systems for the benefit of the members of the association in the conduct of their business connected with all aspects of mortgage financing.

G o v e r n a n c e

2 0 1 1 B O A R D O F D I R E C T O R S

E X E C U T I V E C O M M I T T E E



GEOFF PARKIN, AMP
PRESIDENT



JARED DREYER, AMP
VICE PRESIDENT



LOREN HAWKINS, AMP
SECRETARY



ROB HAFER, AMP
TREASURER



JOANNE VICKERY, AMP
PAST PRESIDENT



TAMERA OLSEN
EXECUTIVE DIRECTOR

D I R E C T O R S



CALLUM GREIG, AMP



ROGER LEVESQUE, AMP



HOLLY MACPHAIL



KEVYN OYHENART, AMP



SUSAN SHANNON, AMP



JASON SUTTIE, AMP



DEB WHITE, AMP



GEOFF WILLIS, AMP



DARYL HARRIS, AMP – DIRECTOR AT LARGE



PRESIDENT'S MESSAGE

The past year has been one of continuous change within our industry, heightened competition between channels, tightening credit conditions and lending standards, and historically low and aggressive rate pricing. These changes created both challenges and opportunities, and our members have continued to excel in this environment, providing exceptional service and value to our clients.

At our planning session early in the year, your Board spent time discussing and debating the short and long term future of mortgage brokering in BC. The key message coming out of this planning session was the recognition of the need to create efficiencies in the association operations and to expand our relationships with other associations across Canada. In particular, we have taken significant steps with CAAMP to eliminate overlaps in what each group does to support the industry, while working collaboratively as associations rather than competing with one another. The financial support of our members and industry sponsors simply warrants such initiatives. One of the main outcomes was the first ever joint membership billing process, and the creation of discounts for members of both associations. We have also started similar undertakings with the other provincial associations, and we appreciate the amount of forethought, vision, and leadership they too are providing our industry.

MBABC has also continued to support operational activities throughout the year including: coordinating educational and networking events and opportunities, working with BC government and regulators to provide input and information on areas that impact mortgage brokering, and delivery of our annual conference and trade show.

A review of the Mortgage Broker Act is scheduled in the legislative schedule for 2014. Your Board has started a review of the act and proposed changes to law to more appropriately reflect the current environment.

We also continued to work with and support the Mortgage Brokers Institute of BC (MBIBC) in their goal of expanding the continuing education delivery that is critical to the ongoing professionalism of our industry.

As I complete my term as President, I would like to thank the MBABC Board of Directors for their commitment and support throughout the year. I would also like to extend my appreciation to MBABC management and staff. The hard work of this small but dedicated group is the foundation of the success of our organization. I know I will look back on this year with fond memories.

Thank you to everyone for their enthusiasm and support.

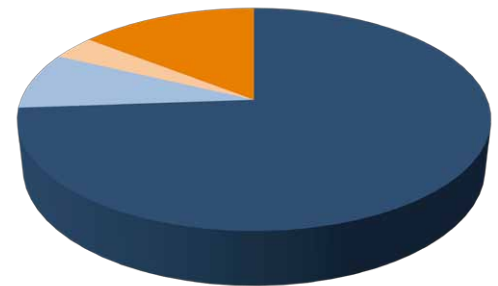


EXECUTIVE DIRECTOR REVIEW

MBABC continues its mission to provide professional growth opportunities, build collaborative relationships with our industry partners and strengthen our position with the Regulator and BC Ministry. Government Relations remains high on our agenda and our efforts include focus on a review of the Mortgage Brokers Act in British Columbia. Member programs developed the previous year have grown to include strong participation in our Errors & Omission Insurance and Health & Dental Insurance options and are exclusive benefits. Professional development has extensive committee involvement and education delivery that focuses on practical knowledge based solutions to business. Further success can be attributed to the MBABC/CAAMP Task Force for addressing economies of scale and joint member concerns. Our joint efforts are ongoing and the task force meets regularly to enhance the benefits of joint membership and effectively represent the interests of all BC brokers. The MBABC Board of Directors is actively seeking input and participation from members. You are encouraged to contact any director with concerns, ideas and volunteer interest. The following pages give a snapshot of our activities and financial position.

Membership

Membership remains stable at 1600 from throughout BC as well as our members in Alberta and Ontario. MBABC supports the AMP designation for all BC mortgage brokers and looks forward to membership growth to include all BC Accredited Mortgage Professionals (AMP). Annually we facilitate a membership drive intending to capture the sub brokers who have no affiliation with a professional industry organization. We will target this audience so that we can better ensure that the highest ethical standards are embraced and professional development is considered an imperative in the working life of industry professionals. This membership goal is possible with the help of our existing members by word of mouth and by example. We want you to advocate for your industry's professionalism and encourage your peers to participate with us. Ultimately the consumer will benefit, but as important, the industry will be elevated. A unified industry speaks volumes at the provincial and national level.



- Individual Members
- Corporate Members
- Voting Associate Members
- Non-Voting Associate Members

think MORTGAGE
think **AMP**™

Some of the many MBABC Member Benefits include:

- ~ Legislative Advocacy
- ~ Professional Development
- ~ Comprehensive Errors & Omission insurance
- ~ Customizable Health & Dental insurance
- ~ Club MBABC Affinity Program for travel, shopping and activities
- ~ The BC Mortgage Broker quarterly magazine
- ~ Philanthropy events
- ~ Industry representation with FICOM / BC Securities Commission / Interprovincial Associations
- ~ Communication Updates and Best Practices information
- ~ Consumer Awareness through regular Press Releases, a Social Media platform and Media Relations
- ~ Much more

BE INVOLVED AND
STAY CONNECTED



Government Relations

MBABC has a strong working relationship with our provincial regulator, the Financial Institutions Commission. Open communication on regulatory issues and changes as well as meeting regularly ensures that the industry is actively participating in defining the landscape in which we operate.

MBABC continues to work with government to resolve issues regarding National Instrument 31-103. The deadline has been extended while policy is under review and we are consulting with them on a regular basis. We've also spoken out against the federal government's plans to tighten qualification requirements for mortgage applicants.

The process of legislative consultation with the provincial government continues with one aim being an overhaul of the Mortgage Brokers Act to bring it up to date with today's market realities. Amongst the many items that MBABC will be looking for will be enhanced oversight of unlicensed bank representatives working in BC and the ability for sub-brokers to operate as corporations. MBABC is preparing an expansive evaluation of the Act for submission to the Ministry of Finance.

Professional Development

We continue to strengthen our educational offerings, and saw considerable success with our Applied Information Course in 2011. This practical component to brokering is an essential tool for the new graduate and young sub-mortgage broker to help them with their day-to-day work. Our Professional Development committee strives to ensure that information is current, relevant and comprehensive. Our presenters are seasoned professionals with a wealth of knowledge and experience. Included among them is Samantha Gale, Manager Mortgage Broker Regulation at FICOM. Each and every committee member does an outstanding job and this program is successful because of their contributions. Our Designated Individual Course is essential to the DI for every office. It is updated regularly and will be offered twice in 2012. Seminar Series Pro D is focused on optimizing your business with strategies that simplify processes and give you the time to expand your client base. Professional Development Seminars travel to major communities in BC. Our 2012 calendar of events is online and registration is available. The Professional Development Committee is always looking for experienced teachers, writers and extra help. Catherine Barry is our Education Coordinator and is also coordinating relicensing education for the MBIBC.

Pro D Committee Members include: Roger Levesque, DLC Rochar Financial and Jason Suttie, DLC as Co-Chairs / Ajay Soni, Invis Inc / Tim Ashby, Equifax / Kevin Mercier, The Mortgage Alliance Company of Canada / Etienne Beaudoin, CMHC / Kevin Dear, Origin Home Financial Partners, Inc / Tony Spagnuolo, Spagnuolo and Company Legal Services / Samantha Gale, Manager Mortgage Broker Regulation FICOM / Rob Regan-Pollock, Invis Team Rob Regan-Pollock

Relicensing Education

With the recent regulations mandating relicensing every two years for BC registered sub-mortgage brokers, the Mortgage Brokers Institute of BC [MBIBC] was created and acts as the delivery agent for this important initiative. 2011 marks the first full year of activity for the institute. MBIBC was formed as a non-trade association, specifically to interact with all licensees in BC. MBIBC firmly believes that ensuring all brokers in BC are trained to the best professional standards possible will benefit our members by enhancing public confidence in the industry, reducing fraud, and reducing errors and omission insurance costs for BC brokers. MBIBC board members serve as the membership of MBIBC. MBIBC is governed by a board of directors appointed by the MBIBC board.

Under Bulletin MB 10-002, registrant's with a renewal dates in 2011 were required to participate in a Regulatory Update seminar facilitated by the Registrar's staff and one online module offered by the MBIBC. As at January 1, 2012, registrants must participate in the seminar and complete three online courses. The Institute is unveiling several additional online modules over the coming months. The Institute recognizes the Real Estate Foundation of BC for their support of early digitization of modules with a grant.

In 2011, the Regulatory Update seminar realized 1492 participants. The seminars have been an opportunity for brokers to interface with the Registrar's staff and present issues of concern. Some issues raised by brokers include the following:

- ~ Many brokers have found that section 4(3) of the Business Practices and Consumer Protection Act appears to be very restrictive as it requires that broker fees paid by residential borrowers be paid when the mortgage transaction completes. This means that advance fees are not permitted and may make collecting contingent fees (for deals that do not proceed with the broker) a problem to collect.
- ~ Conflicts of interest can be very challenging to identify, and disclosure of those conflicts to clients can therefore be a difficult.
- ~ Brokers discussed some of the issues and problems that they have in completing the Forms 10 and 11. New Forms:
<http://www.fic.gov.bc.ca/pdf/mortgagebrokers/mb-11-003.pdf> <http://www.fic.gov.bc.ca/pdf/mortgagebrokers/mb-11-007.pdf>
- ~ Brokers have been very vocal about losing market share for mortgage originations to the banks, as the banks are being very competitive and sometimes approving deals which do not seem plausible to brokers.

Our 2012 calendar of events is online and registration is available.

Educational



- ~ Also, many of the banks appear to have roving mortgage brokers who do not seem to always be held to the same market conduct standards as registered mortgage brokers. They are regulated by a different ACT: <http://laws-lois.justice.gc.ca/eng/acts/B-1.01/FullText.html>
- ~ Co-brokering issues across the provinces and whether brokers require licensing in other provinces has been widely discussed. BCSC extended BCI 32-517 so it expires December 31, 2012.
- ~ Brokers also raised questions about how to obtain client consent s and protect client data [Bulletin MB 10-001]
- ~ Credit card payment for registration applications and late filing fees [Bulletin MB 11-006]
- ~ Licensing reciprocity for current licensees in other provinces [Bulletin MB 11-004]
- ~ Electronic filing is now available at <https://mb-efile.fic.gov.bc.ca/>
Relicensing education receives 2 AMP compulsory credits per module/regulatory update.

Ethics

British Columbia is fortunate to have among the lowest ethical violations in Canada. We attribute this to our regulatory compliance obligations and our high standards of education. While there are still issues for our provincial regulator to manage, we are pleased that they rarely involve members of the MBABC. Our Ethics Chairman, Roger Levesque, actively follows up on complaints and concerns and liaises with the regulator on many issues. In part, due to the high practice standards of BC brokers, we have created a highly competitive Errors & Omission insurance program for our members.

Errors & Omission Insurance

Through partnership with the MBABC, Jones Brown has constructed a policy that offers the most comprehensive coverage and is exclusively available to our members practicing throughout Canada. It is underwritten by Royal Sun Alliance. We are proud of this opportunity for MBABC members to obtain the most financially competitive and comprehensive policy available today. Membership is required to take advantage of this program. Complete information can be obtained through the MBABC web site.



Health and Dental Coverage

MBABC is the first association to create a health coverage program customizable for our membership. From offices of one to many, Granville West Group can create a program that best meets your needs. This affordable and comprehensive member benefit is exclusive to MBABC members and is affordable due to the buying power of our association. Coverage is available for companies, individuals, family members, and includes AD&D, critical illness, life insurance, basic health and dental and alternative care. Premiums are affordable with quality customer service. Find our more on our web site under the Membership heading.

Communications

MBABC was picked up by local and national press throughout 2011. Radio and television interviews, press releases and advertisements are effectively educating consumers on the benefits of using a mortgage broker as their home financing specialist. MBABC supported consumer financial literacy and collaborated with the Financial Consumer Agency of Canada to provide valuable tools and a messaging platform to use with existing and potential clients – improving financial literacy among consumers and enhancing the quality service our members provide. Materials were mailed to all licensed members who now have online access to materials to include debt management solutions for their clients.

We actively utilize social media platforms including Youtube, twitter and facebook with plans to continue to build our presence and exposure. Our web site features a Media Library where we are posting videos, MBABCtv and more. MBABCtv was launched in early 2012 and provides a forum for discussion on issues pertaining to the industry and consumers. It airs monthly and is a LIVE telecast.

Advertising opportunities expanded with the launch of online ad space within our Member Directory and has been well received. Our Media Kit was developed to meet the needs of our growing roster of advertisers and provides the most essential opportunity to reach the industry through our quarterly publication, The BC Broker. This publication has a circulation of up to 4000 during our annual member drive effort. It is an effective means of communication to the BC industry and showcases your company and product to a captive audience.

BC Updates is an online messaging forum with outreach every 6 weeks. Key industry information on our activities, media engagement and government relations issues, as well as professional development opportunities, is circulated to all members.



Granville West Group





EVENTS

Conference & Trade Show

MBABC's 2011 Conference tightened our schedule of events and created an awards luncheon to replace our gala dinner. We routinely garner 30% or more of our membership as attendees. We have strong support among exhibitors and our sponsors ensure the overall success of this important provincial event. Participants are surveyed and we respond. Each year we engage with members to improve this event, working hard to deliver practical education and timely information while offering our members the opportunity to network with peers and industry suppliers. It is also our chance to honour those among us who serve the industry and their communities selflessly and with vigour.

2011 AWARD RECIPIENTS :

- ~ Pioneer Award – Hali Strandlund
- ~ Outstanding Contribution Award – Rob Regan-Pollock
- ~ Community Service Award – Jack Oyhenart
- ~ Corporate Partnership Award – Dominion Lending Centres and Invis, Inc.

Charity Golf Tournament

MBABC is extremely proud of the generosity of our members and sponsors for this annual event. In 2011 we raised \$24,500.00 for the BC Children's Hospital Foundation at the lovely Fairmont Chateau, Whistler. Over the last six years our donation to the BCCHF has exceeded \$145,000.00. We can all be proud of this important philanthropic function of our association while we chip away, network and have fun with industry supporters.



2012 CALENDAR OF EVENTS

- | | |
|---------------|--|
| April 2-3 | Applied Information Course |
| April 17 | Designated Individual Course |
| April 26 | Back to the Future: BC's Return to the GST/PST |
| May 7-8 | Conference & Trade Show |
| May 8 | Annual General Meeting |
| May 28-29 | Board of Director Strategy Session |
| June 7 | Okanagan Networking / MBABC Treasure Quest |
| September 10 | Charity Golf Tournament Mayfair Lakes |
| September | Professional Development Seminar Series |
| October 11-12 | Applied Information Course |
| October 17 | Designated Individual Course |

Additional offerings anticipated



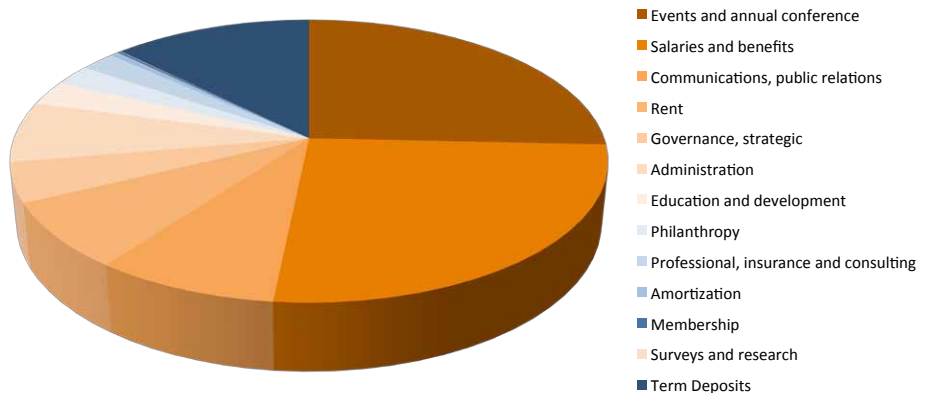


FINANCIAL HIGHLIGHTS

MBABC performed well through a year of meaningful initiatives. Increased expenses this year were reflective of a full year with additional staff and larger office space. Revenues were strong within education, events and membership. The Mortgage Brokers Institute of BC provides recovery against management and facilities fees on a contractual basis. The MBABC has also set aside funds to ensure a buffer against challenging economic conditions and new initiatives.

Membership fees and the cost of events and education are carefully scrutinized so that value to the member is appropriate and remains affordable. We will continue to make every effort to keep the cost of participation reasonable for BC members. Collaboration goals within the industry have already begun to address economies of scale with the best interests of our members at stake. Joint membership on a company wide basis offers savings to the individual and parent company. We strongly encourage every DI to consider this tremendous membership benefit for those interested in joint membership with MBABC and CAAMP.

Corporate member dues were reduced to match that of individual dues, naming every DI a corporate member in the process. This important initiative increases the opportunity to collaborate with DI's on industry issues and reduces your company's overall expense.





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Report of the Independent Auditor on the Summary Financial Statements

The Members,
Mortgage Brokers Association of British Columbia

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2011, the summary statement of surplus and net assets and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of Mortgage Brokers Association of British Columbia for the year ended December 31, 2011. We expressed an unmodified audit opinion on those financial statements in our report dated March 6, 2012.

The summary financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Mortgage Brokers Association of British Columbia.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the criteria described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Mortgage Brokers Association of British Columbia for the year ended December 31, 2011 are a fair summary of those financial statements, in accordance with the criteria described in Note 1.

Chartered Accountants
March 6, 2012

Mortgage Brokers Association of British Columbia

Summary balance sheet

December 31

	2011	2010
	\$	\$
Assets		
Current	353,609	378,390
Property and equipment	11,604	16,519
Other	-	78,871
	365,213	473,780
Liabilities		
Current	85,599	213,965
Net assets	279,614	259,815
	365,213	473,780

Summary statement of cash flows

Year ended December 31

	2011	2010
	\$	\$
Operating activities		
Operating surplus for the year		
before amortization expense	25,373	89,199
Change in non-cash operating working capital	(45,305)	(201,130)
	(19,932)	(111,931)
Investing activities	16,493	(85,944)
Change in cash for the year	(3,439)	(197,875)
Cash at beginning of the year	85,427	283,302
Cash at end of the year	81,988	85,427

Note 1.

Management's criteria for preparation of the summary financial statements was to provide condensed financial results in the Association's published annual report.

Mortgage Brokers Association of British Columbia

Summary statement of surplus and net assets
Year ended December 31

	2011	2010
	\$	\$
Revenue		
Events and education	428,515	526,960
Membership dues	255,858	276,751
Publication and other	121,474	146,308
Management and facility fees	136,062	77,331
	941,909	1,027,350
Operating expenses		
Administration	73,239	46,106
Amortization	5,574	11,510
Communications, media and online	90,426	94,721
Charitable donation	24,500	29,500
Education	30,321	35,500
Events	271,241	370,922
Governance and strategic direction	47,855	49,002
Membership	1,997	6,307
Professional, insurance and consulting	23,269	23,843
Rent	79,700	60,020
Salaries and benefits	273,488	222,042
Surveys and research	500	188
	922,110	949,661
Operating surplus for the year	19,799	77,689
Net assets at beginning of the year	259,815	182,126
Net assets at end of the year	279,614	259,815

FINANCIAL INFORMATION EXTRACTED FROM
THE ASSOCIATION'S AUDITED FINANCIAL
STATEMENT. IF YOU WOULD LIKE A COPY OF
THE COMPLETE REPORT, PLEASE CONTACT
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