THE EDGE REPORT

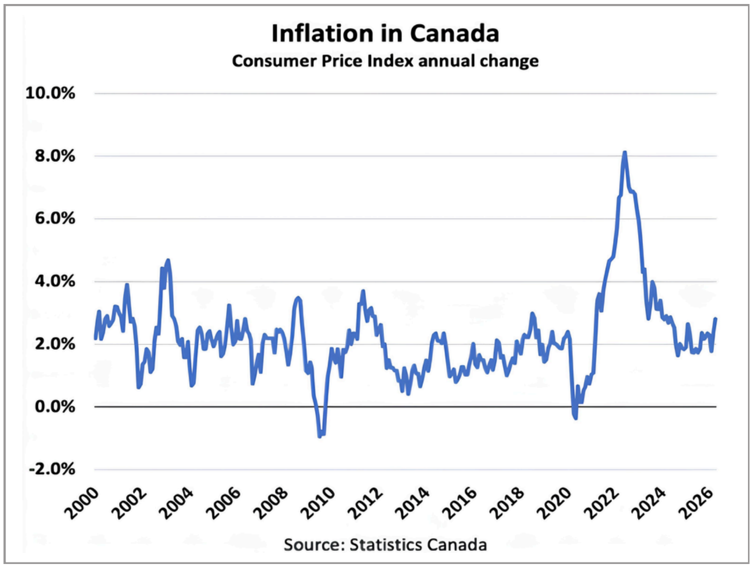
May 2026 Part 1

CASHIN™ MORTGAGES
FSRA # 12543

1) Rate watch: CPI less bad than expected but pressures are building

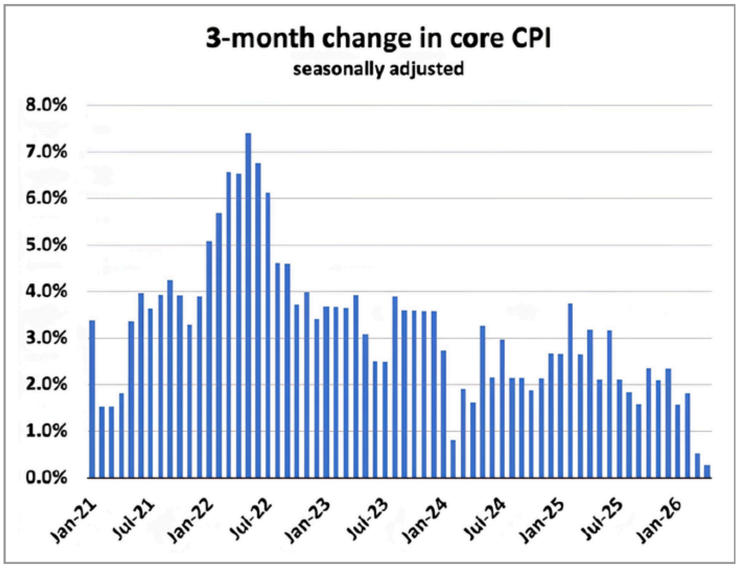
This morning's inflation reading came in at 2.8% y/y for April. That's pushing the upper bound of the Bank of Canada's 1-3% target, but it was considerably "less bad" than the 3.1% that markets had expected.

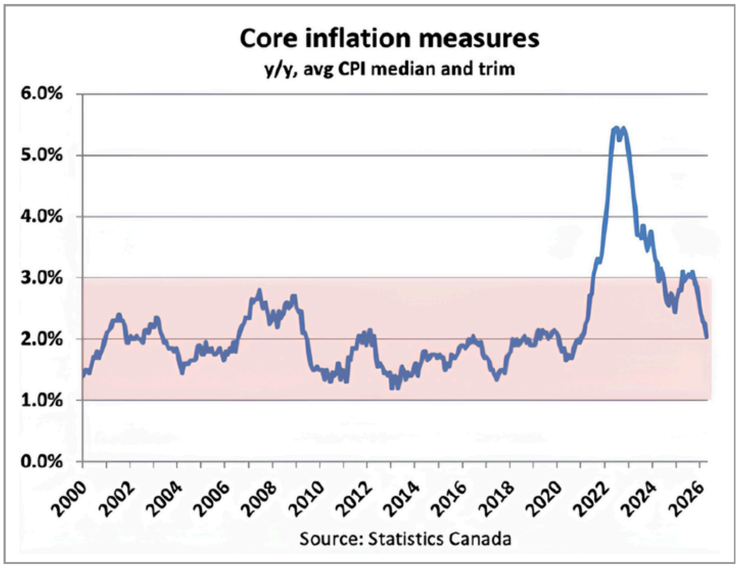
Still, that leaves CPI at 2-year highs, and you can bet there will be some scary media headlines this week that may drive some panicked client calls:



The culprit, of course, was gasoline prices which jumped 28.6% y/y and are now contributing 0.9% to the headline number. It was just 0.2% in March for context.

But remember, the Bank of Canada is much more focused on CORE inflation (ie ex-gasoline and food), as this is less volatile and gives a better signal of underlying trends. That measure was extremely tame, with the 3-month annualized rate coming in a just 0.3%... the weakest reading since it dipped negative during the COVID lockdowns. And on an annual basis, their preferred measures cooled top 2.0%, the lowest since 2020.

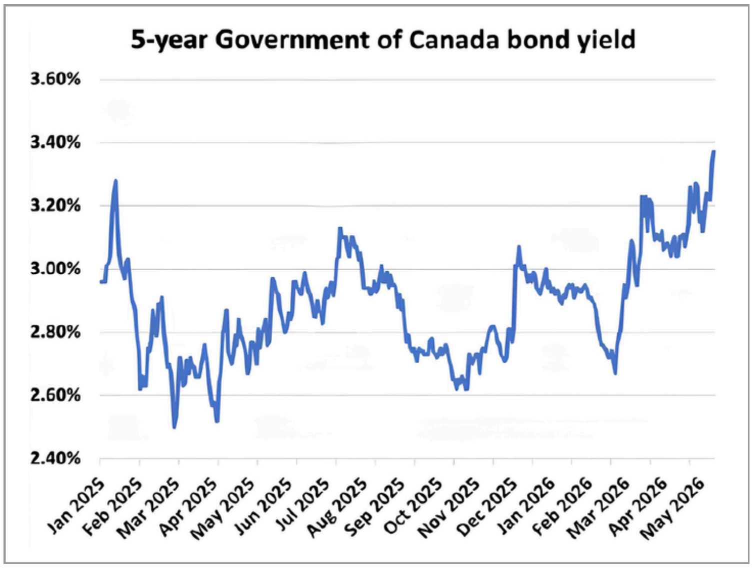




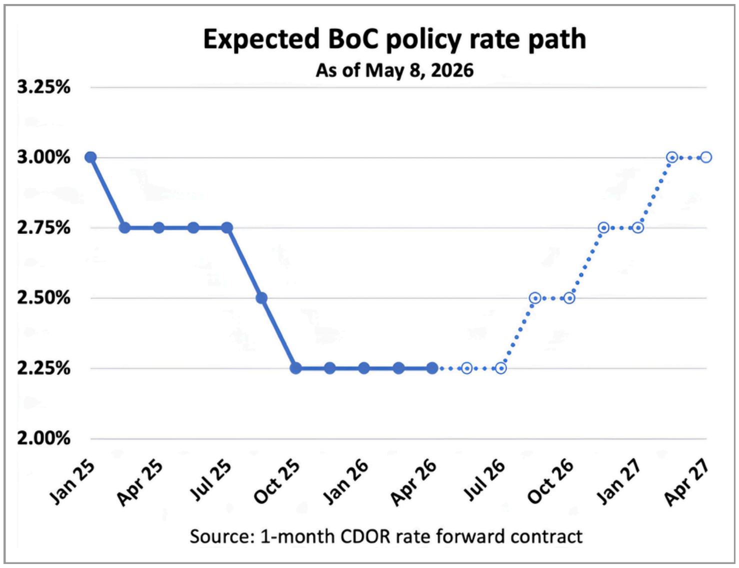
This tells us that price pressures are ENTIRELY a gas/energy story, and the underlying trend beyond that is very weak, which means if we get a resolution to the Iran conflict, any rate hikes will quickly be priced out of the market.

All of that is little comfort to bond investors who understand that sustained high oil prices will filter through the economy and lead to broad inflation in due time. We are up against a clock here, and the market knows it.

The bellwether 5-year bond yield was effectively unchanged at time of writing and is holding at 3.36%...the highest since the middle of 2024. This tells us that fixed mortgage rates will likely drift higher from here:



Interest rate expectations were unchanged following the CPI print, with two rate hikes expected by the end of the year and another two in early 2027.



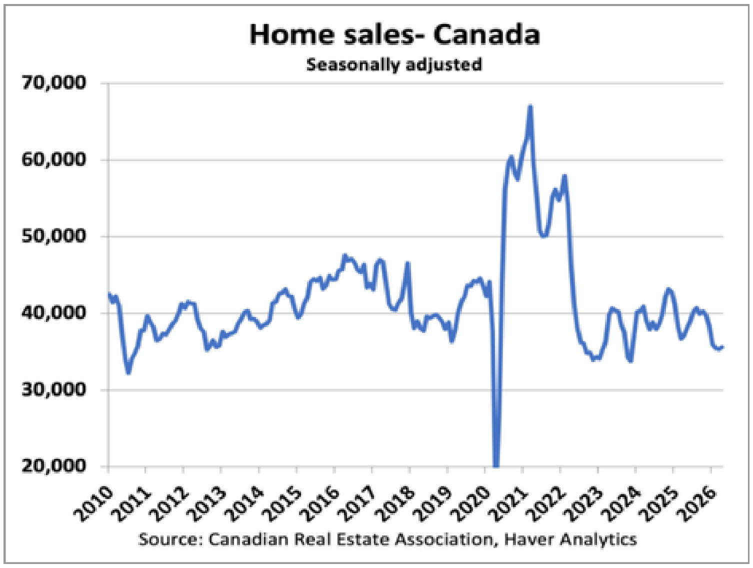
The story here remains the same as before: The Bank of Canada will wait as long as possible to hike but will be forced to IF inflation expectations start to creep higher over the next 3 months or so. It is a very real risk if the current conflict drags on much longer.

2) *Home sales rise in April but market balance deteriorates*

The good news:

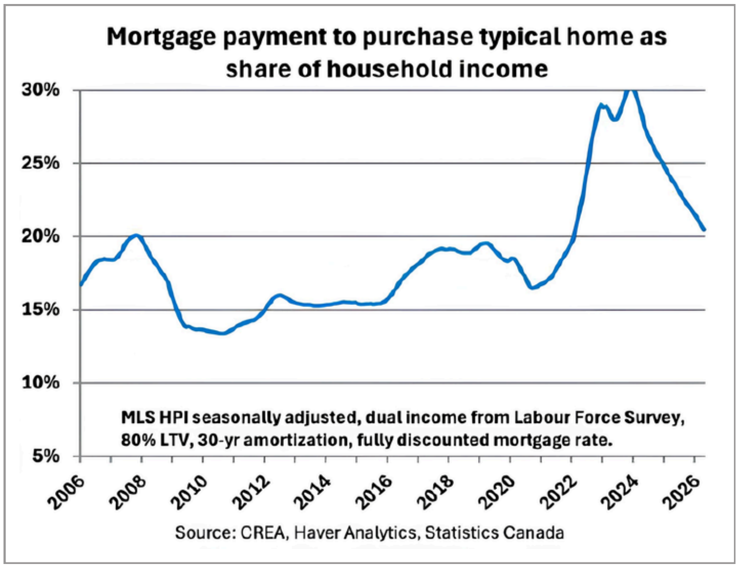
It was generally a disappointing month for home sales across the country, but there were some bright spots.

For starters, seasonally adjusted home sales were up 0.7% m/m across the country in April led by big increases in Alberta (+3.6% m/m) and Ontario (+4.3%), offset by softness in Quebec (-2.9% m/m) where a deteriorating macro backdrop is now clearly weighing on demand.



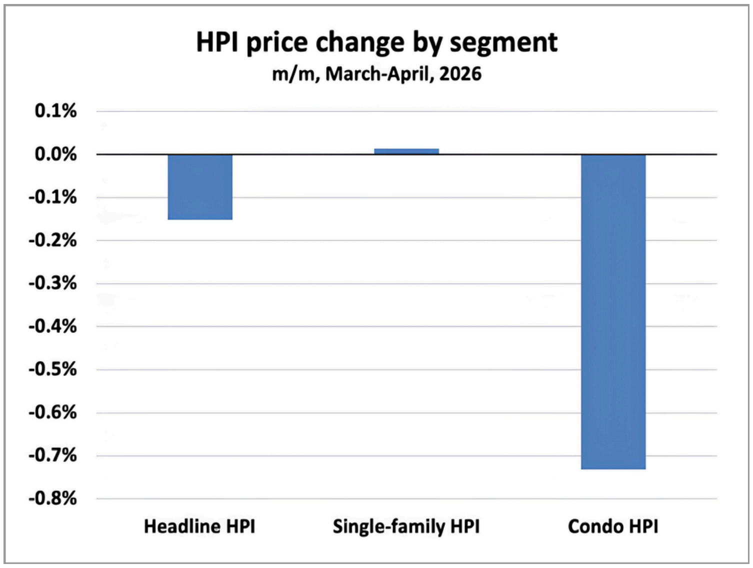
I continue to believe that we've seen the lows for home sales nationally, and it wouldn't surprise me if we see y/y sales increases every month for the remainder of the year.

Affordability has improved to the point now where we are only marginally above the 2016-2022 average. That's not great, but it tells us there's plenty of room for sales to improve from here. Yes, rate hikes would change this dynamic, but as we stand today, affordability is not nearly as bad as we're led to believe:



Further, housing sentiment is perking up. The weekly Real Estate Outlook Index has jumped 8 points in the past 3 weeks.

Finally, we are seeing signs of stabilization in the single-family market where I've long expected an inflection in the back half of this year. The headline HPI was down 0.1% m/m, but ALL of that decline is due to weakness in condos. The single-family benchmark was actually slightly positive for the first time in 15 months:



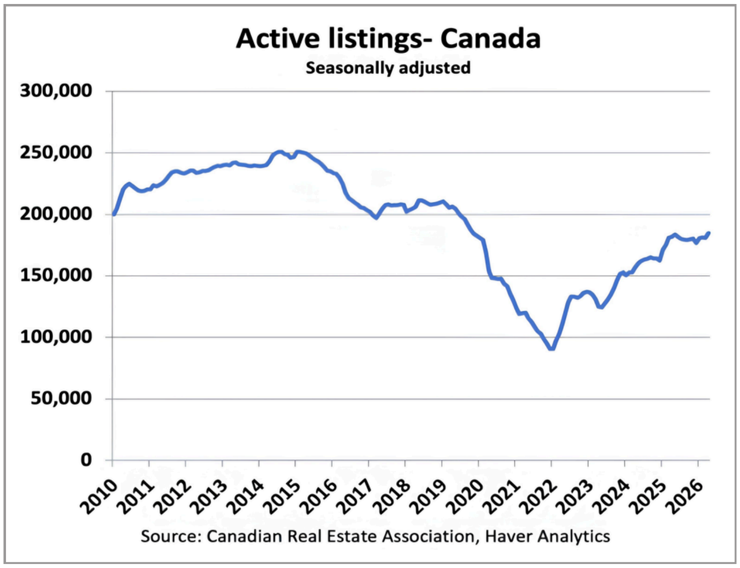
The bad news:

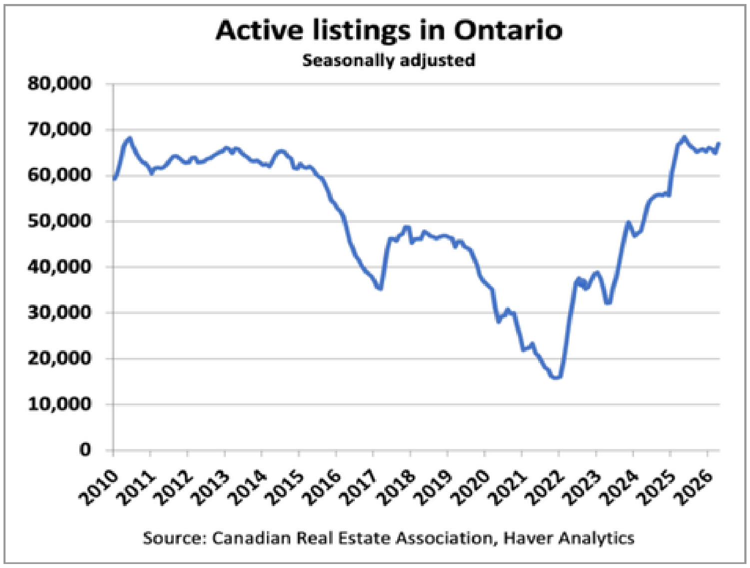
Now the reality check. Yes, sales were up on a monthly basis, but last month's home sales tally was the lowest of any April since 2003 outside of the COVID lockdowns.

Much more concerning is that seasonally adjusted new listings jumped 4.1% m/m, with big increases registered in every province. I did not expect that.

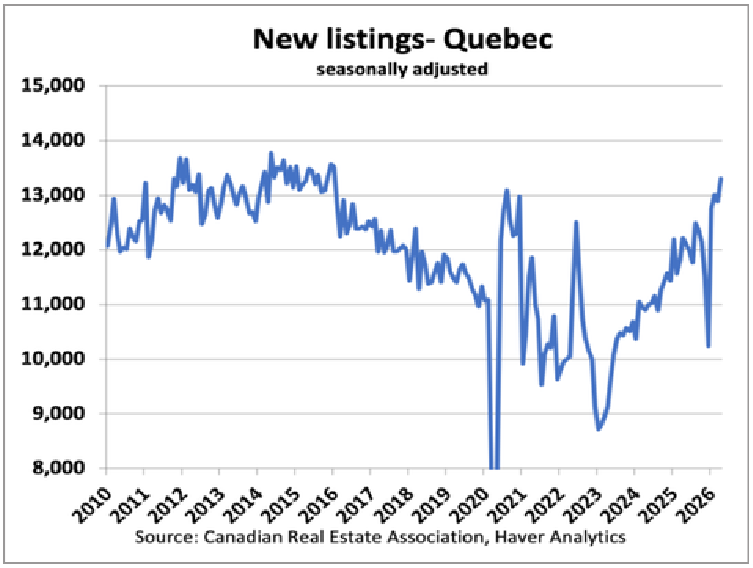
This pushed the sales-to-new listings ratio to just 45.6% nationally….a new cycle low for that metric. Outside of COVID and the Financial Crisis, you have to go all the way back to the early 1990s for the last time it was at these levels.

Active inventory jumped 2.0% m/m including a surprise 3.2% increase in Ontario, the largest seasonally adjusted monthly increase since March of last year. Months of inventory nationally rose to 5.2 in April, the highest in 7 years outside of COVID.

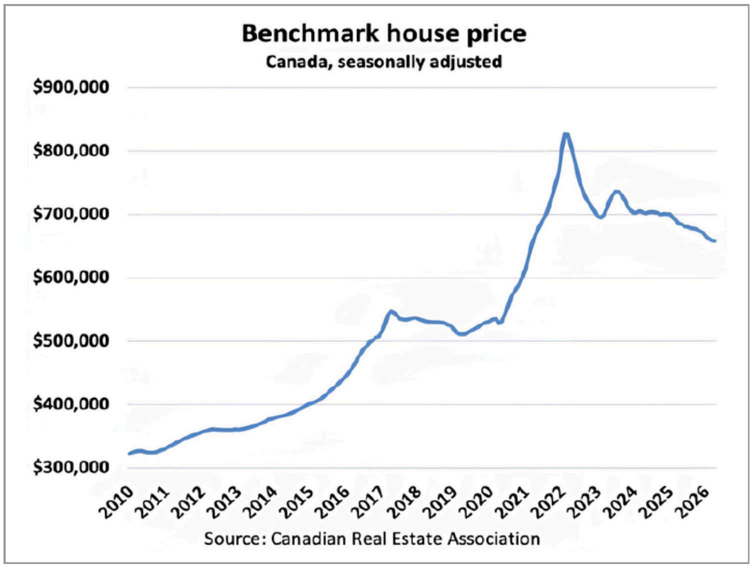


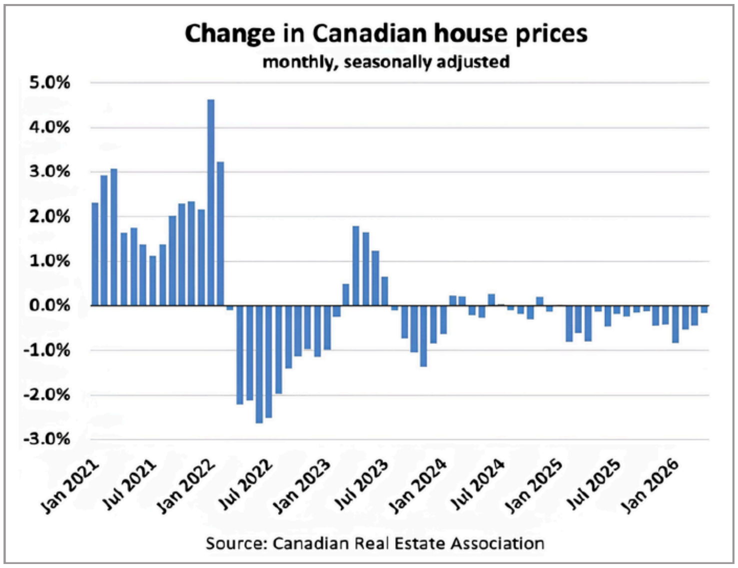


Special focus again on Quebec where the market is shifting fast. New listings set a fresh 10-year high in April, and that pushed active inventory up another 2.7% last month and up 15.6% so far this year. Montreal's seasonally adjusted HPI has now declined for 2 consecutive months.

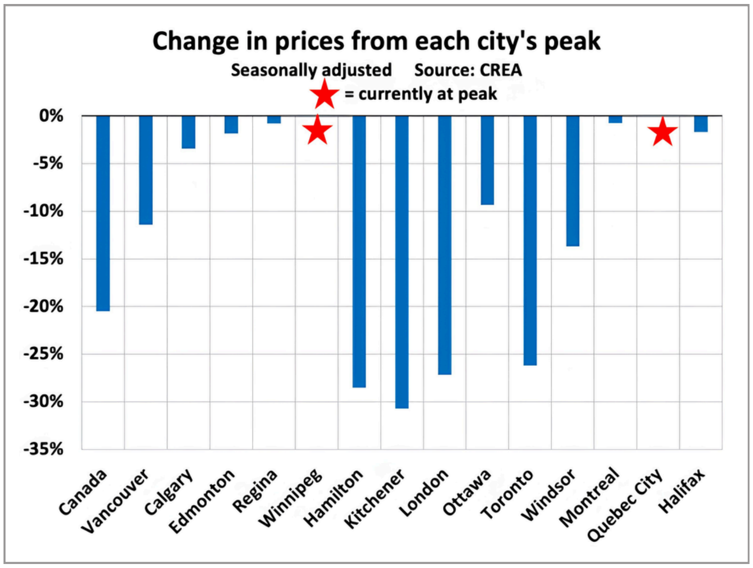


On the pricing side, the MLS HPI was down a modest 0.1% m/m nationally in April…the 15th straight monthly decline.

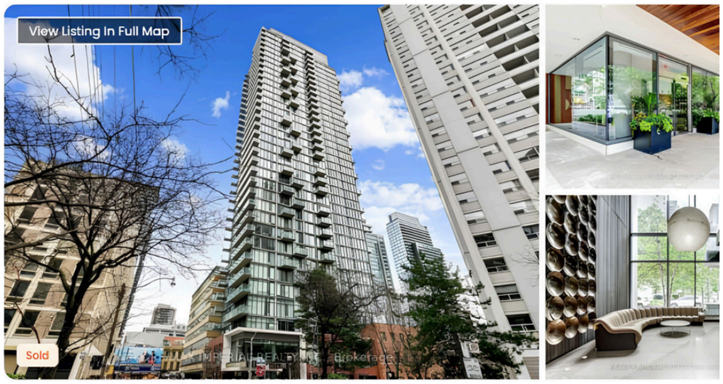




Cumulative losses now amount to 20.5% from peak but with considerable regional variation. Winnipeg and Quebec City are the only two major metros with prices still holding at record highs while Kitchener (home of infamous Conestoga College) has seen prices collapse by nearly a third:



We're now seeing more examples of homes and condos selling for effectively the same price as a decade ago. Two recent examples from Toronto are below:



Unit 602 - 75 St Nicholas Street
Toronto - Bay Street Corridor
Condo Apartment

Price unchanged over 10 years

Sold: $ 692,000
Listed: ~~$ 788,000~~
Sold 13 days ago

2 Bedrooms | 2 Bathrooms | 1 Garage

Listing History | Price Changes (0)

Buy/sell history for Unit 602 - 75 St Nicholas Street, Toronto (Condo Apartment)

Date Start	Date End	Price	Event	Listing ID
2026-03-27	2026-05-02	$692,000	Sold	C12927258
2016-07-05	2016-07-29	$688,800	Sold	C3543679

246 Main Street E
Grimsby
Single Family Residence

Sold: $ 649,000
Listed: ~~$ 729,900~~
Sold 11 days ago

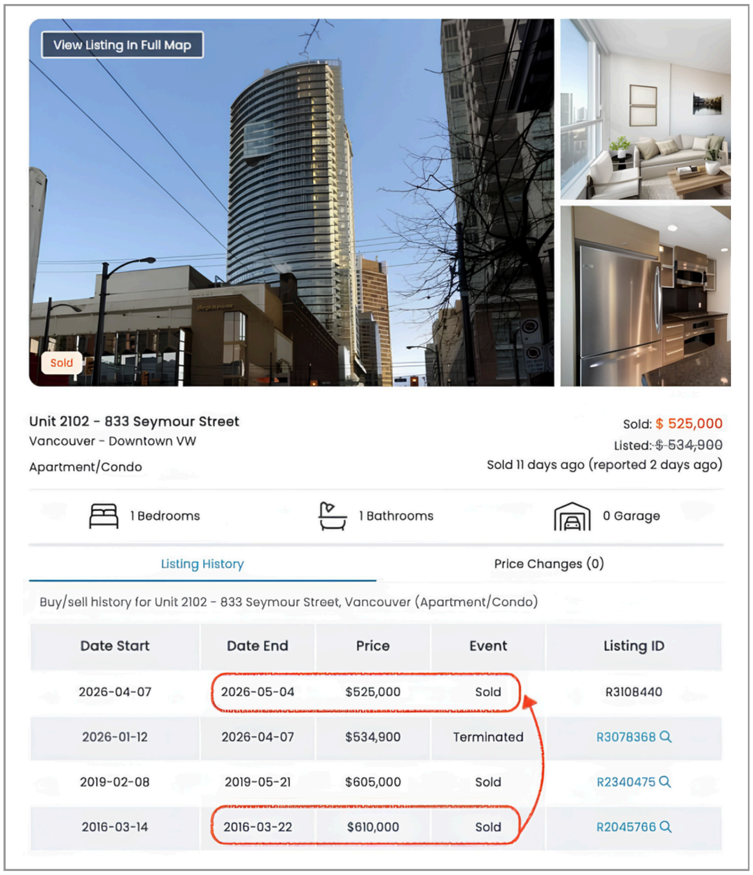
2 Bedrooms | 1 Bathrooms | 1 Garage

Listing History | Price Changes (0)

Buy/sell history for 246 Main Street E, Grimsby (Single Family Residence)

Date Start	Date End	Price	Event	Listing ID
2026-04-13	2026-05-02	$649,000	Sold	40820244
2025-05-22	2026-01-01	$789,900	Expired	40732852
2025-02-14	2025-05-17	$780,000	Terminated	40698008
2024-12-04	2025-02-06	$829,900	Terminated	40683328
2020-11-30	2020-12-07	$1,900	Leased	H4093929
2019-10-02	2020-04-30	$4,700,000	Terminated	H4064900
2017-07-25	2017-08-03	$1,800	Leased	H3213572
2016-04-11	2016-05-06	$1,790	Leased	H3179083
2015-10-04	2015-12-14	$626,000	Sold	H3168913

…and one from Vancouver from earlier this month for good measure:



View Listing In Full Map

Sold

Unit 2102 - 833 Seymour Street
Vancouver - Downtown VW
Apartment/Condo

Sold: $ 525,000
Listed: ~~$ 534,900~~
Sold 11 days ago (reported 2 days ago)

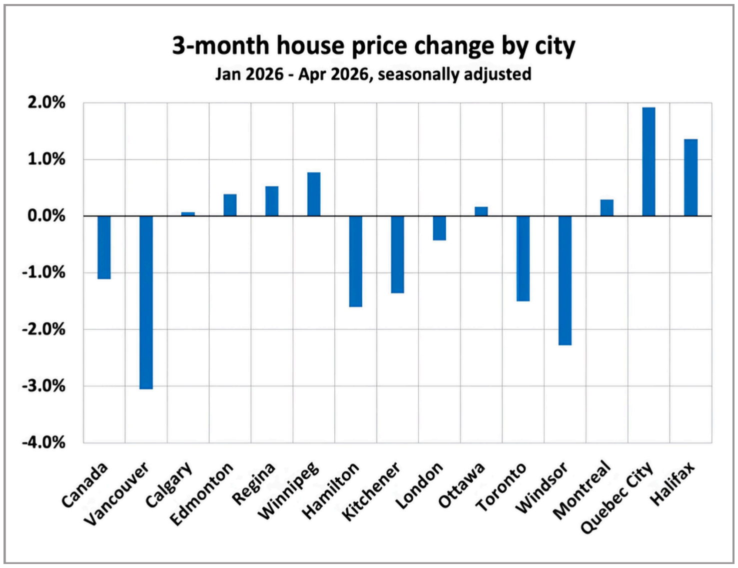
1 Bedrooms | 1 Bathrooms | 0 Garage

Listing History | Price Changes (0)

Buy/sell history for Unit 2102 - 833 Seymour Street, Vancouver (Apartment/Condo)

Date Start	Date End	Price	Event	Listing ID
2026-04-07	2026-05-04	$525,000	Sold	R3108440
2026-01-12	2026-04-07	$534,900	Terminated	R3078368
2019-02-08	2019-05-21	$605,000	Sold	R2340475
2016-03-14	2016-03-22	$610,000	Sold	R2045766

Most of the price decline last month can be attributed to worsening trends in BC where prices fell 0.4% m/m. Vancouver is now seeing the steepest price decline of any major metro over the past 3 and 6 month period:



Forced sales into a low liquidity environment continue to drive the price declines. Consider the article below which also hints at the ongoing tightening in the private lending space:

> **Ontario power of sales surge as desperate homeowners run out of runway -*Toronto Star*** [1]
>
> Distressed home sellers are popping up more and more in Toronto's real estate market as prices continue to tumble, leaving hundreds of homeowners with no equity in their homes.
>
> Jonathan Alphonso, principal broker at Mortgage Broker Store and real estate agent with Royal LePage Terrequity, put together a site called Power of Sale Listings that collects and organizes all publicly declared power of sale listings by scanning public listings and flagging anything that indicates a property is a forced sale (within what's allowed to be disclosed).

[1] https://www.thestar.com/real-estate/ontario-power-of-sales-surge-as-desperate-homeowners-run-out-of-runway/article_d907f044-05d8-4d4c-8e89-655fa4be1650.html?utm_medium=SocialMedia&utm_source=Twitter

But the data collected is just "the tip of the iceberg," Alphonso said, as he can only capture listings that disclose the power of sale, which many banks don't do.

"I'd say, I'm maybe capturing 25 to 30 per cent of all power of sales," he said. "We're seeing a ton of power of sales and a lot more severe power of sales because many people owe more than the property is worth."

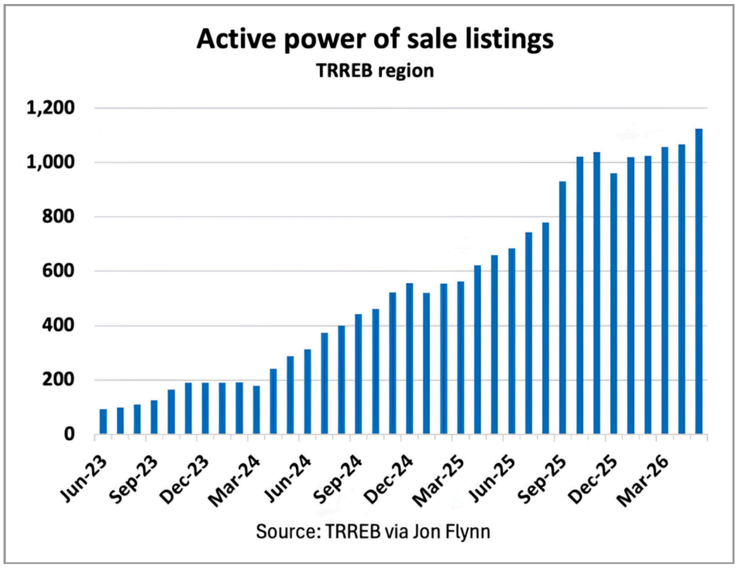
[…] "We're getting new calls every week from people that have a home underwater and are falling behind on their mortgage payments," he said. "For those who bought preconstruction condos, we're hearing that one in five aren't able to close right now. It's a really tough conversation."

[…] Real estate lawyer Matthew Gibson has had to turn down a lot of power of sale cases due to his practice being "maxed out" by the work.

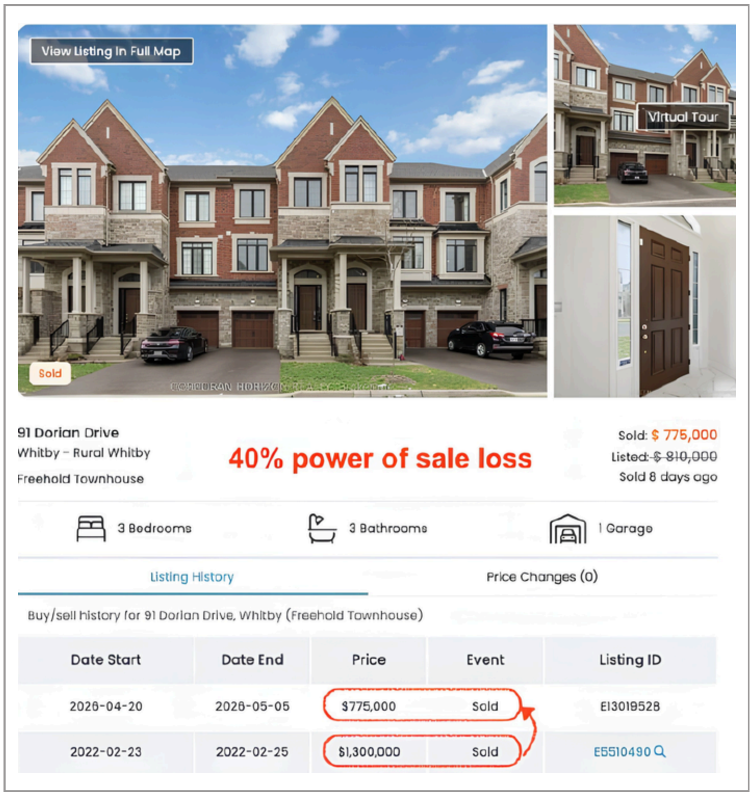
Dealing primarily with mortgage investment corporations and private lenders, Gibson sees firsthand the significant increase in homeowners who can't afford to keep their property.

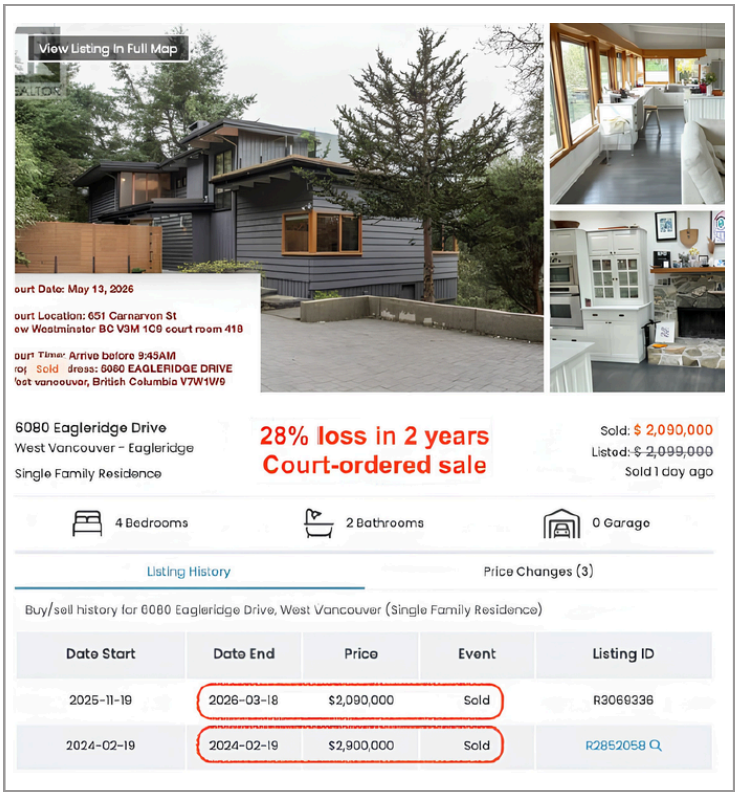
[…] "What we're seeing now is that property values have dropped and the larger systemic issues people are having financially, many of those mortgages come due, the lender wants their money back, but the owner is unable to pay it," he said.

New data from my friend Jon Flynn shows active power of sale listings in the GTA are up 70% y/y and up 360% compared to same month in 2024 so far in May.



And we know what these do to prices. Below left is one sale in the GTA this month, while below right comes from Vancouver and highlights how quickly prices are now falling in that market:





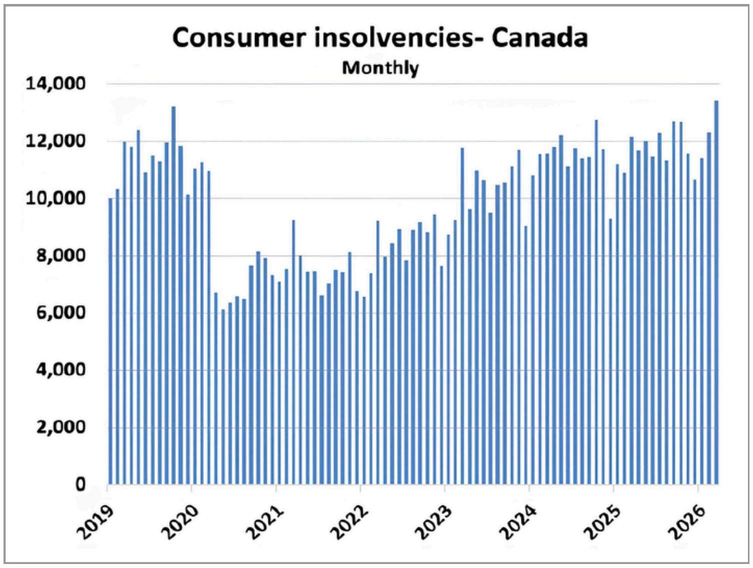
Summary stats for key provinces are shown below:

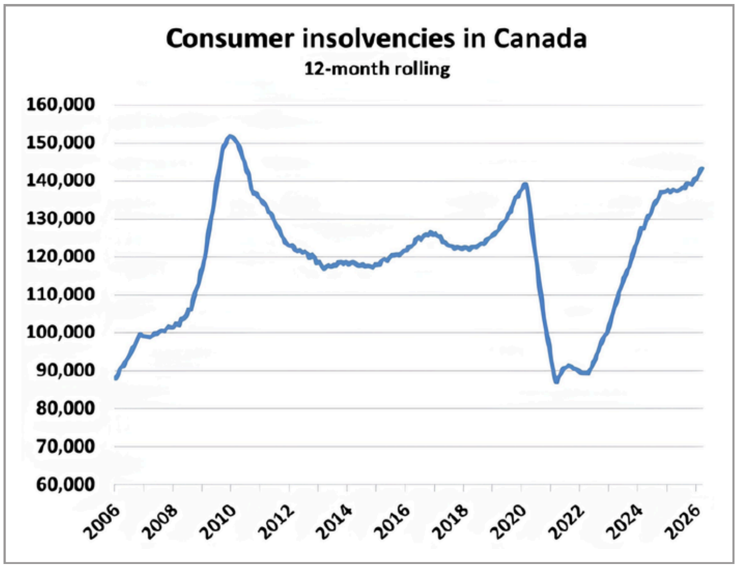
	Sales		New Listings		Active Inventory		House Prices (HPI, seasonally adjusted)	
	y/y	m/m seasonally adjusted	y/y	m/m seasonally adjusted	y/y	m/m seasonally adjusted	y/y	m/m seasonally adjusted
Canada	-4.0%	+0.7%	-0.8%	+4.1%	+2.2%	+2.0%	-4.2%	-0.1%
BC	-1.9%	-1.1%	-5.4%	+2.3%	-2.2%	+0.0%	-5.7%	-0.4%
AB	-8.4%	+3.6%	-0.5%	+5.1%	+9.2%	+1.5%	-2.5%	+0.4%
ON	+1.3%	+4.3%	-2.4%	+5.0%	+0.3%	+3.2%	-5.7%	-0.1%
QC	-6.0%	-2.9%	+8.9%	+3.2%	+11.6%	+2.7%	+5.0%	+0.1%

3) *Consumer check: Insolvencies hit 2009 highs, rough week for Canadian retailers*

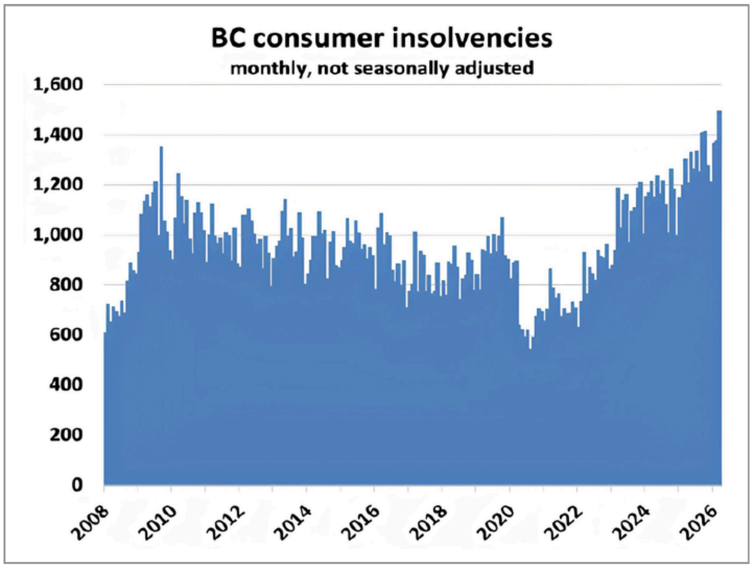
Consumer insolvencies jump in March

There were 13,400 consumer insolvency filings in March, up 10.6% y/y and the highest of any month going all the way back to June of 2009. Granted this isn't adjusted for population growth, but it's still notable that we haven't seen this level of filings since the last true credit cycle:

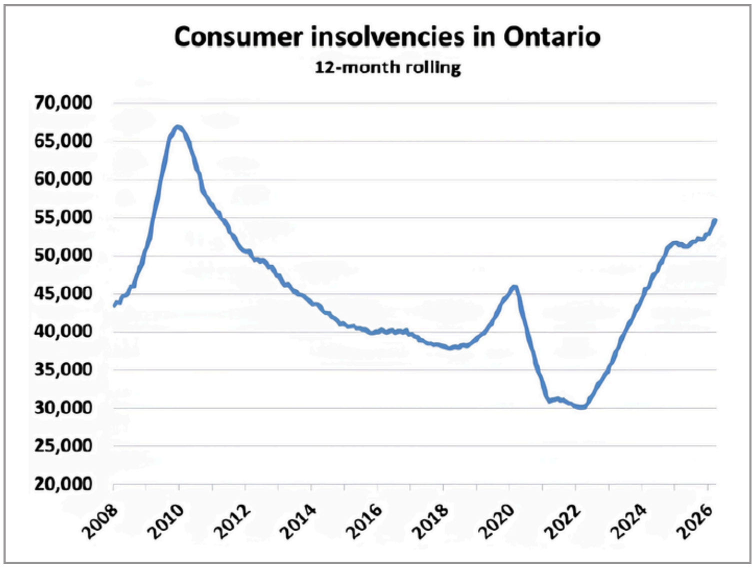


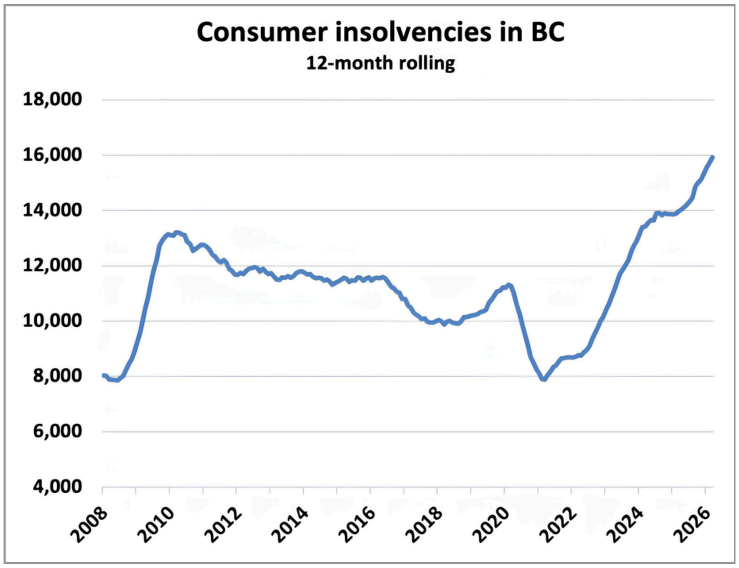


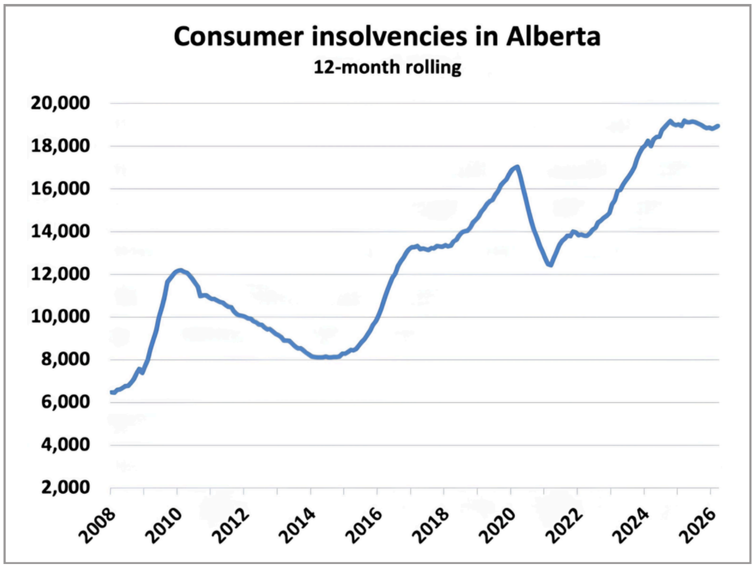
The increase was driven by Ontario (+19.4% y/y) and BC (+14.9%) which just set an all-time high for filings in any month:

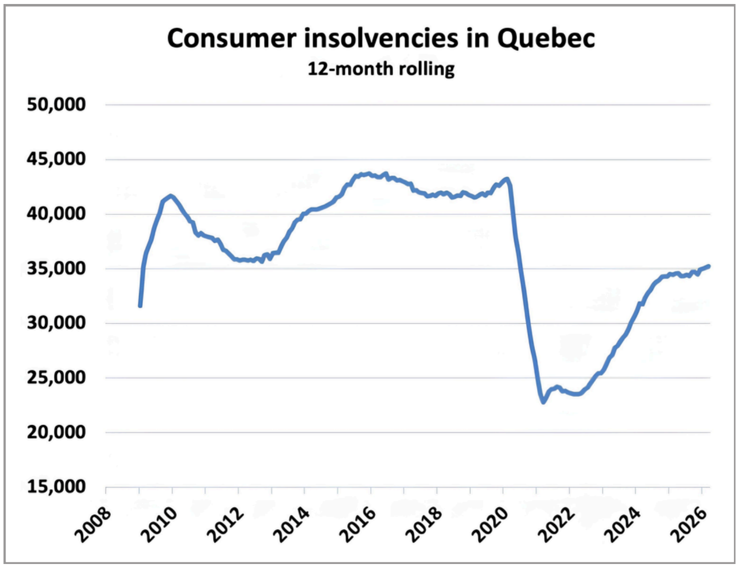


The trend in filings by province is shown below. The notable outlier in the group is Quebec where filings remain roughly 20% below pre-COVID levels, but that looks set to change based on the recent deterioration in the labour market:

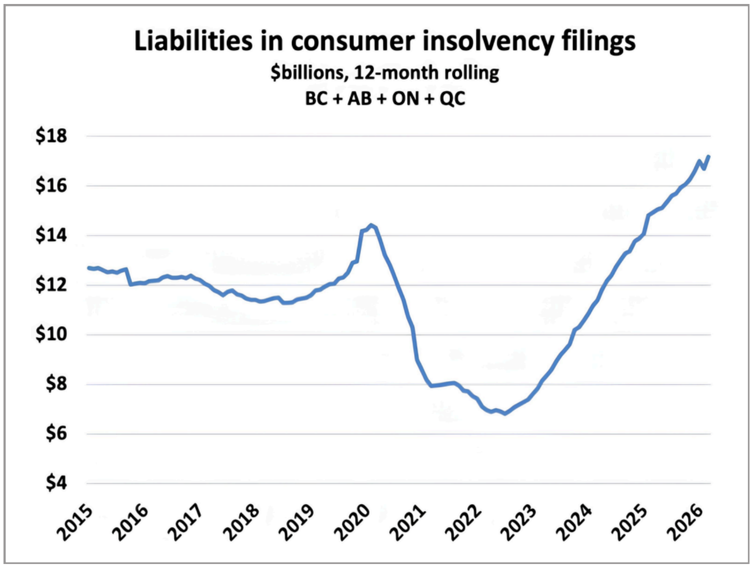


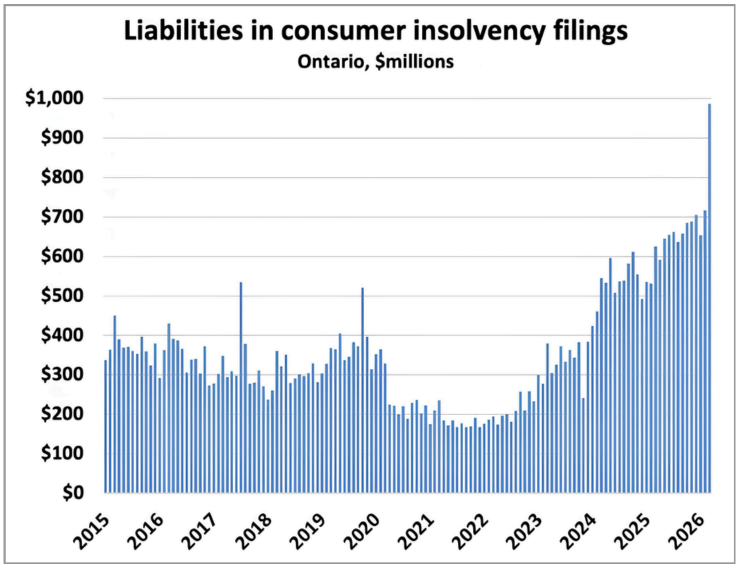




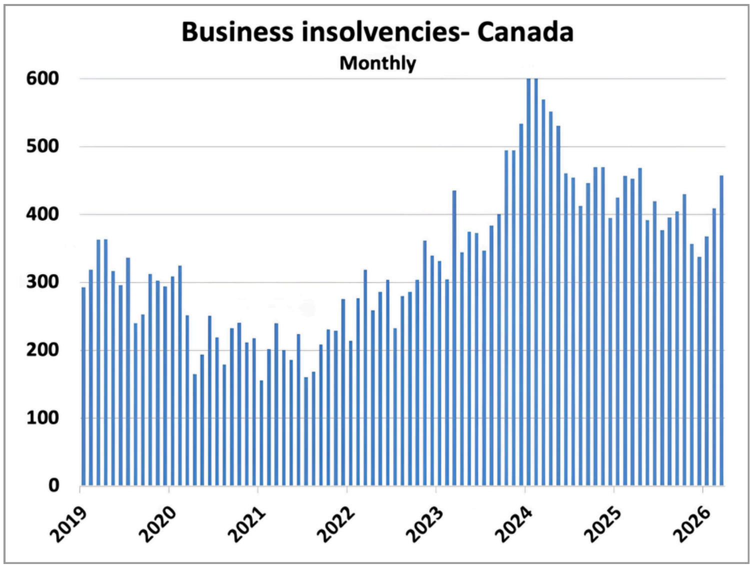


Potential losses to lenders is ultimately a function of the liabilities in insolvency filings rather than the actual number of filings themselves. On that point, liabilities were up 37% y/y in March including +58% in Ontario where they surged to unprecedented highs:

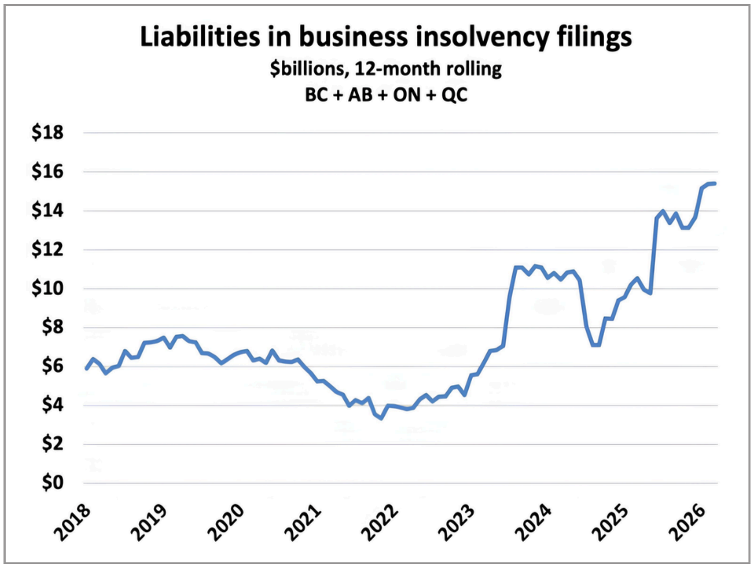


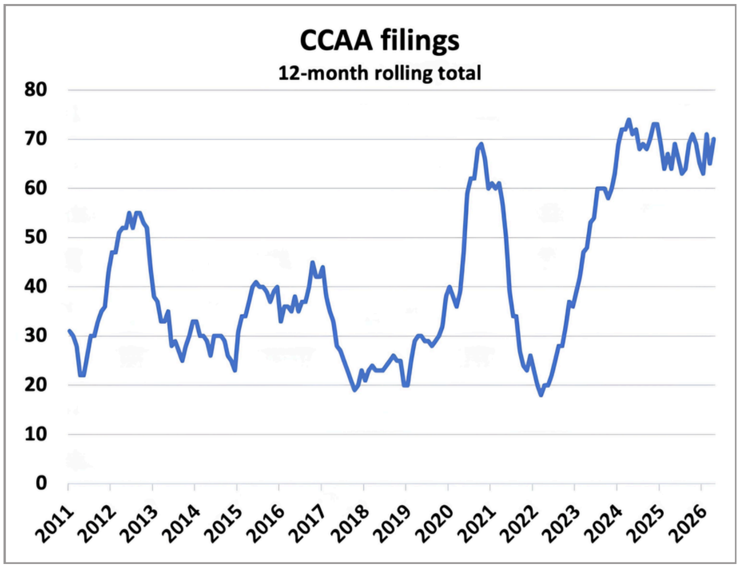


On the business side, insolvency filings came in at the highest level since early 2025 and were up 1.0% y/y in March but up 16.9% in Ontario specifically:

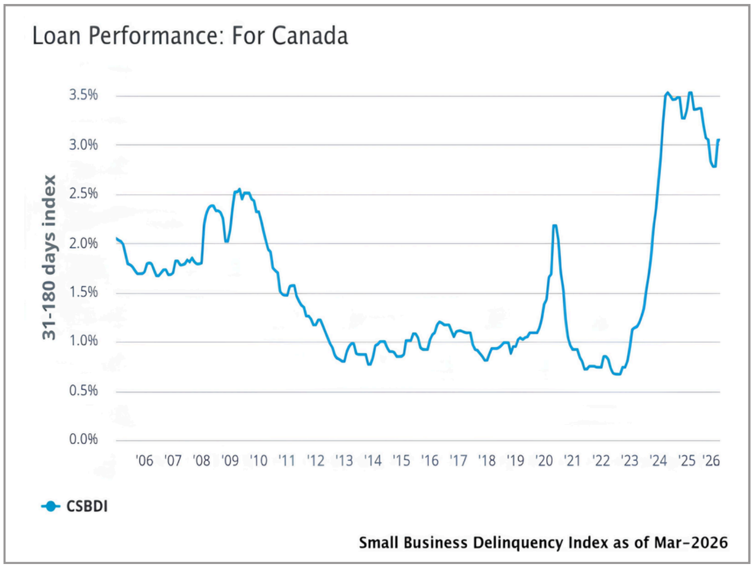


Liabilities in those filings were up 4.2% y/y in part due to a continued elevated number of CCAAs involving larger, more complex insolvencies.





Looking forward, small business loan performance from Paynet/Equifax shows the delinquency rate has perked up over the past 2 months after declining for most of last year:



Gas prices hold at $1.90/L

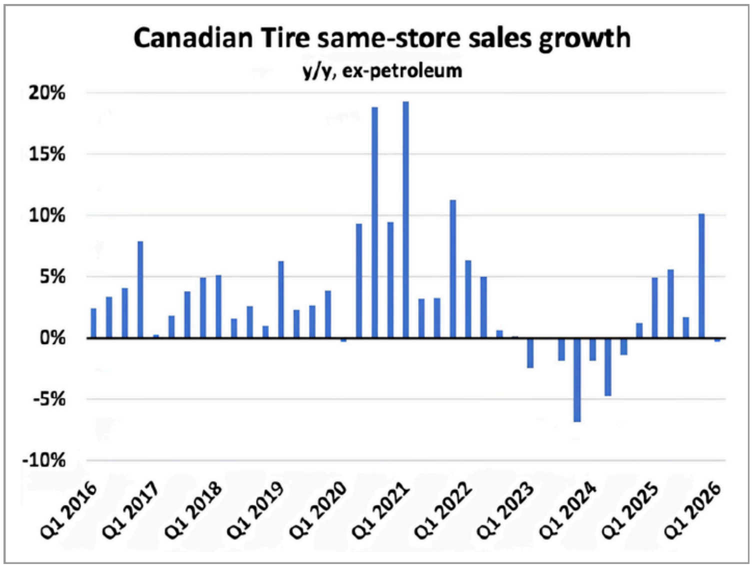
No reprieve for consumers at the pumps. Gasoline prices nationally continue to hold just over $1.90/L this week.

Rough week for Canadian retailers

We had some Canadian retailer/consumer names report last week. To get a sense of the general trend, here's the weekly stock performance:

Ticker	Price change this week
CTC.A	-10.2%
ACQ	-8.4%
GSY	-14.0%

Starting with Canadian Tire, they reported comparable retail sales that declined 0.4% y/y in Q1 (ex-petroleum), the first negative comp since 2024:

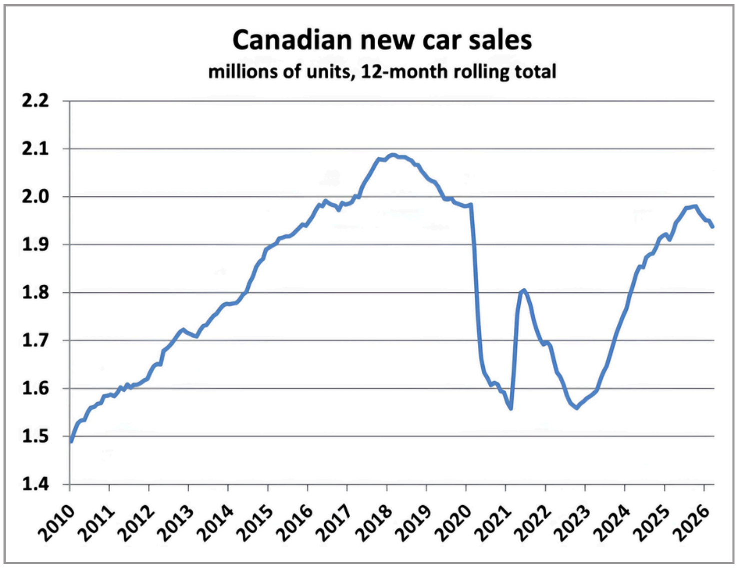


Over at AutoCanada, they reported same-store revenues down 4.3% y/y amid a steep decline in new vehicle sales (-17.9% y/y).

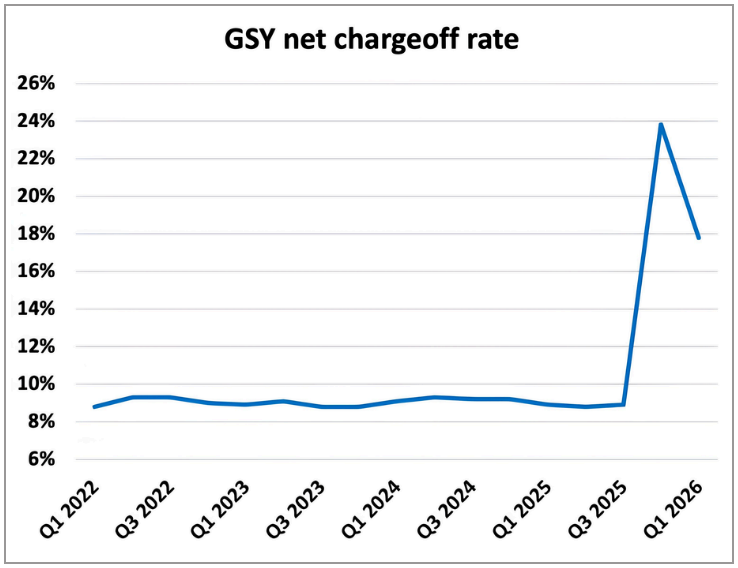
From management:

> Canadian new light vehicle demand remained soft into the early part of the second quarter, extending trends observed in Q1 2026. Preliminary April industry data indicates a continued year-over-year decline in sales volumes (mid-single digit range), reflecting persistent macroeconomic headwinds, including elevated vehicle pricing, higher fuel costs, and ongoing consumer uncertainty. On a seasonally adjusted basis, national sales volumes remain below prior expectations and continue to normalize following demand pull-forward in early 2025.

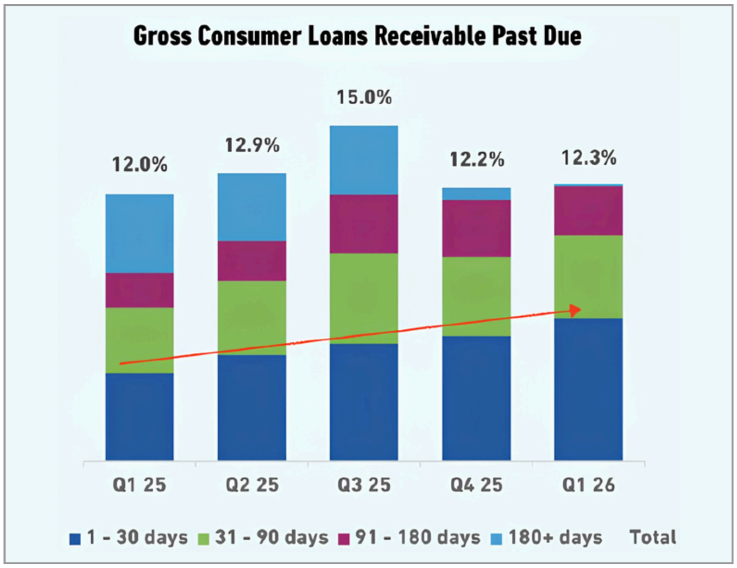
This is indeed an industry-wide trend. New data this week from Stats Canada shows new vehicle sales down 6.6% y/y in March:



Meanwhile at subprime lender goeasy, the net charge-off rate is showing signs of stabilization…



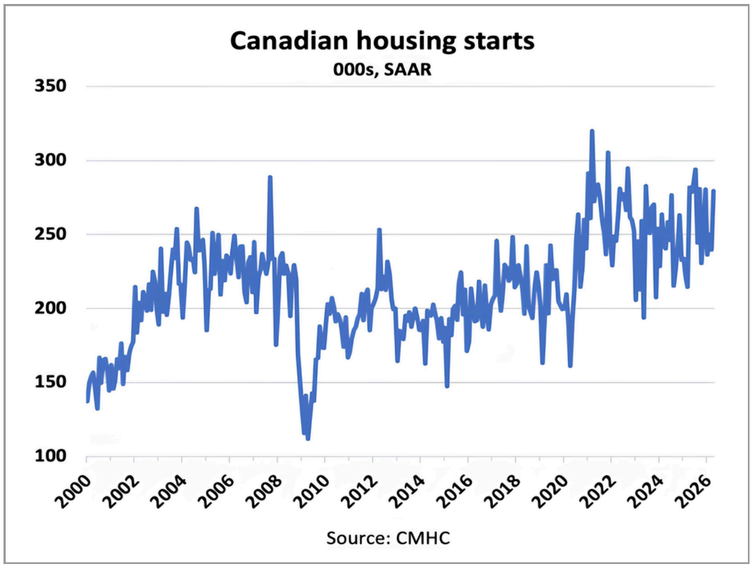
…but the bigger concern now is the sharp increase in early stage delinquencies, suggesting that we have not seen the end of consumer stress in their portfolio.

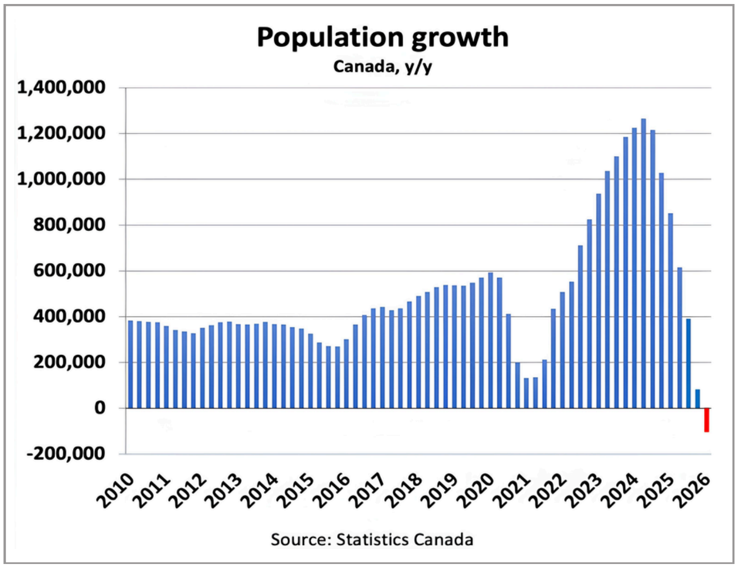


4) "Go home developers…you're drunk": Rental starts hit record levels again

Every month I look at housing starts data and wonder what the heck these developers are thinking.

April data from this morning showed a 16.5% m/m increase in total starts which hit 279k on an annualized basis. For context, let's remember that population growth is NEGATIVE at the moment.

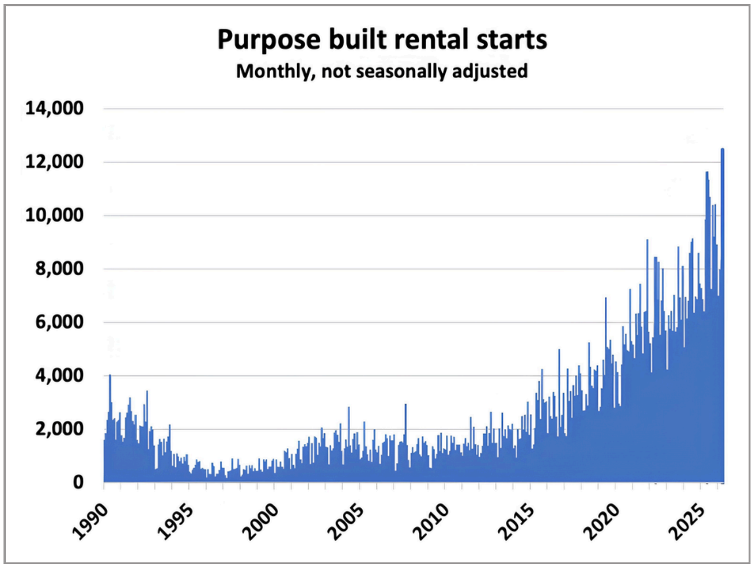


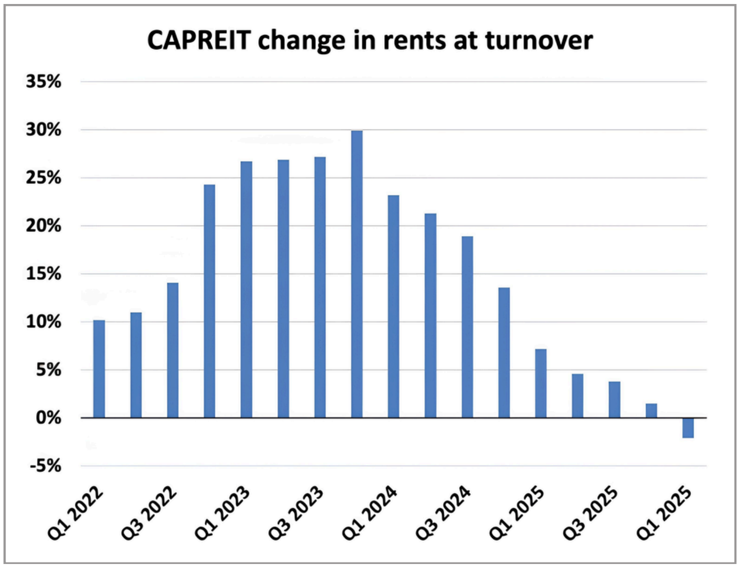


But it gets WAY weirder. April saw the 12,500 rental units started across the country….a record by a wide margin.

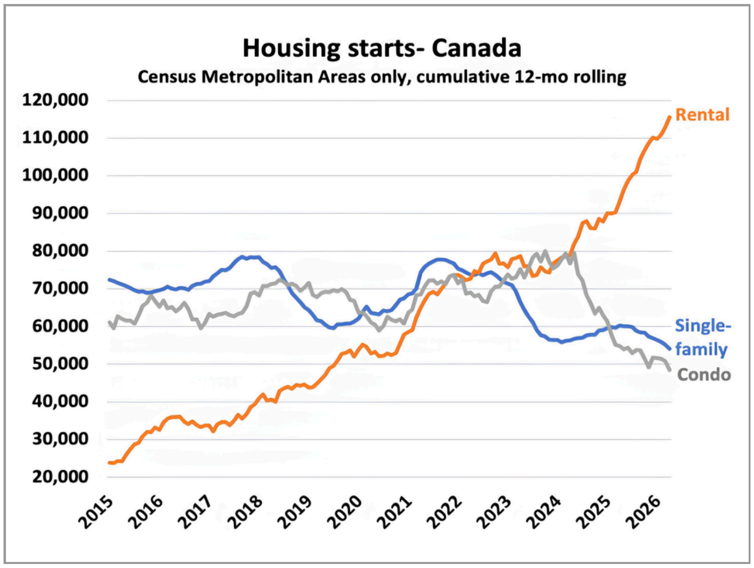
Nearly 2/3 of all starts last month were in the rental segment….something we've never seen before.

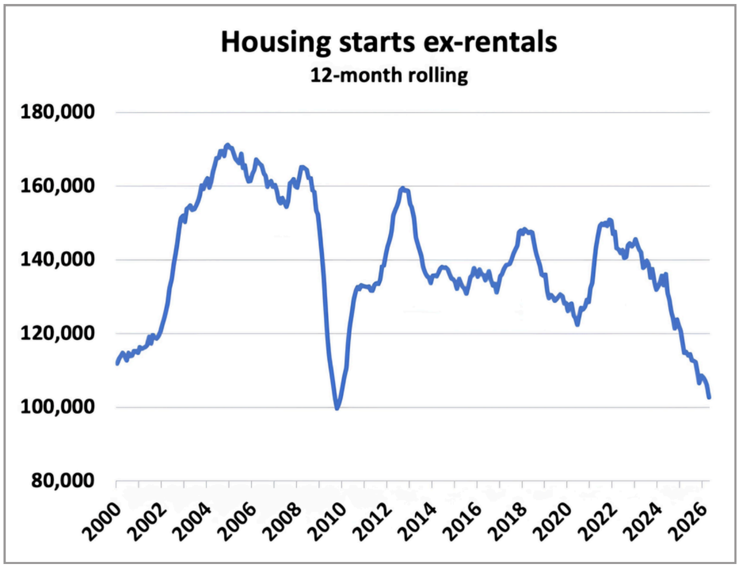
So we have a situation where the largest apartment REIT in the country is already reporting declining rents at turnover AND we have developers starting construction on a record number of new rental units. It….makes…no…sense!



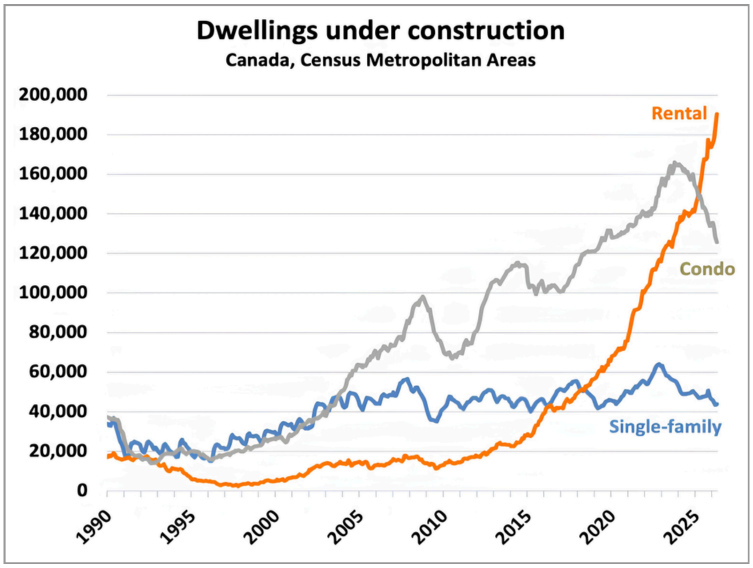


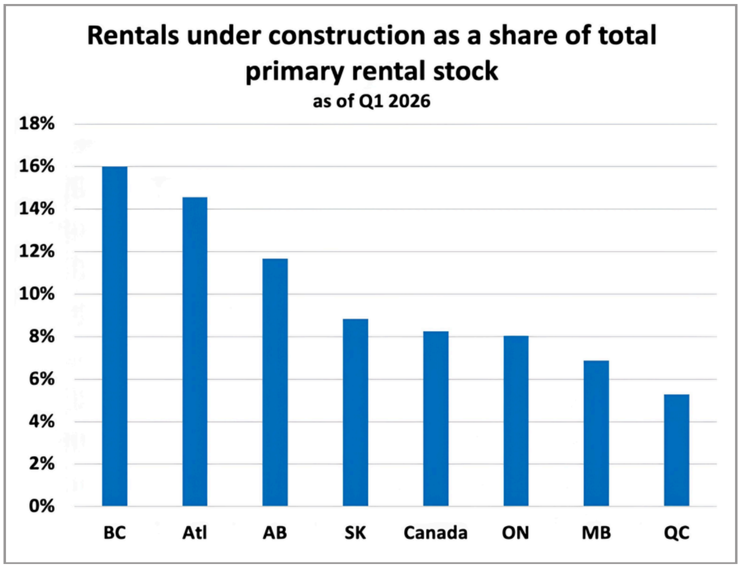
We have rental starts completely off the charts, up 26.7% y/y in April, while homeowner starts are down nearly 30% y/y and have fallen to levels last seen in 2009. <u>This argues strongly that the single-family market will likely tighten- at least marginally- in the back half of the year even as developers do their best to blow out the rental market:</u>





If you're an apartment REIT, you can't be thrilled about rental construction surging to new all-time highs while there's already the equivalent of 8% of the existing rental supply in the construction pipeline:





It's not just developers either. With tremendously favorable financing terms from CMHC, anyone with spare land is throwing up rental supply…and remember, the Spring Economic Update announced an EXPANSION in the MLI financing program as discussed previously.

Heck, even boring old telecom companies are getting into the rental construction game. From the Globe:

Telecom giant Telus flexes its real estate development muscle [2]

[…] With the advent of fibre optics, however, those facilities are now being phased out, leaving Telus with a bunch of prime pieces of real estate. More than 2,000 pieces, according to Telus vice-president of corporate real estate Manasweeta Bhatia.

"The evolution of our development story actually goes back to our core business," she said. "As we transition our network over from copper to fibre, there is a significant reduction in the space requirements. Signals can be transferred much faster and over much longer distances. To use the subway line example, you can take out certain stations in the middle that are not as prominent."

2 https://www.theglobeandmail.com/real-estate/article-telus-living-flexes-redevelopment-muscle/?intcmp=gift_subscribed

The question then was what to do with those excess pieces of real estate, much of which Telus has held for more than 50 years. The locations gave Telus the answer.

"Given the residential nature of the communities, we felt that these highly valuable centrally located sites – usually on amenitized transit-friendly corridors – would be a great opportunity for housing," Ms. Bhatia said.

These housing projects are now advancing under the Telus Living brand, with two six-storey projects – one in Nanaimo on Vancouver Island and one in Sechelt on the Sunshine Coast – in British Columbia set to complete construction this year and deliver a total of 254 rental units.

[…] All in all, Ms. Bhatia said 40 properties have been targeted for redevelopment, and that about half of them are in the planning process or under construction. Together, they will deliver 3,000 rental units. A vast majority of these initial sites are located in B.C., but the program may expand to Alberta and Quebec, where Telus owns a handful of properties. Ms. Bhatia says they are aiming for a portfolio of 10,000 rental units.

Compounding the problem, we learned this week that ANOTHER is fund seeking to buy unsold condo units to turn them into rentals:

Real estate firm plans to turn $500M worth of Toronto condo stock into rentals - *CBC* [3]

A Montreal-based private equity firm says it's planning to buy $500 million worth of unsold condo units and turn them into rentals in a bid to "stabilize" the housing market.

Jesta Group, a family-owned global real estate firm, announced its entry into the Toronto housing market on Tuesday when it acquired a "bulk condominium portfolio" valued at $30 million located near Toronto Metropolitan University.

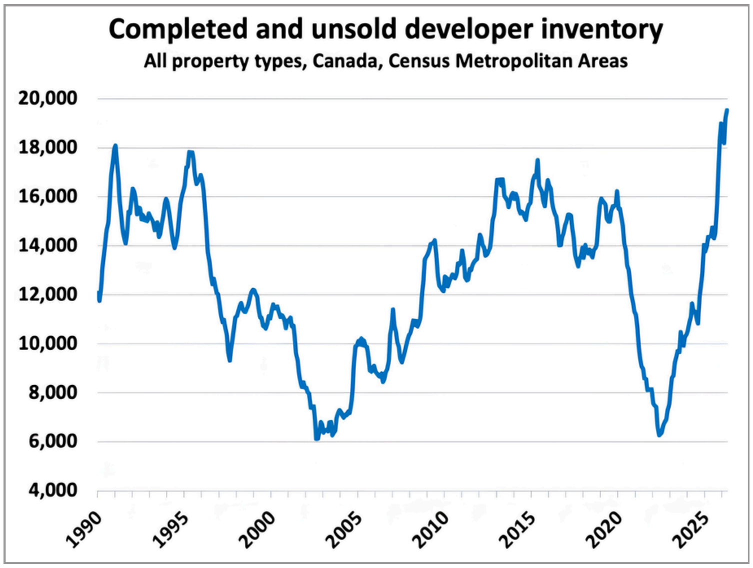
It now aims to spend nearly 17 times that amount to acquire 1,000 unsold condo units over the next year, according to the firm's news release. The group also designs luxury yachts and owns hotels and resorts, according to its website.

[3] https://www.cbc.ca/news/canada/toronto/real-estate-500-million-toronto-condo-stock-9.7199507

> "We've been looking at the market for years … in our opinion, there is a really significant opportunity right now in Toronto," Anthony O'Brien, the firm's senior managing director, told CBC Radio's Metro Morning.
>
> "Our strategy is to buy it, rent it and then resell the units back into the market," said O'Brien.

Good for the resale market, good-ish for developers (depending on sale price), but certainly not good for the rental market.

Back to the "homeowner" market for a moment. You can't fault developers for pulling back hard. The resale market is well-supplied and highly illiquid, and they're already sitting on a record number of completed and unsold units….hitting a fresh high again in April:



We know the rental market is suffering from both a surplus in supply AND a steep falloff in demand owing to Canada's crackdown on non-permanent residents.

There's plenty of valid skepticism around the reported outflows of temporary residents. After all, they "model" these numbers rather than actually track exits. It's embarrassing. This was from just earlier this month:

Ottawa to start tracking which temporary foreign residents have left Canada after permits run out

MARIE WOOLF >
OTTAWA
PUBLISHED MAY 4, 2026
FOR SUBSCRIBERS

Immigration Minister Lena Metlege Diab told the House of Commons immigration committee Monday that the government is conducting a pilot program to track entries and exits by temporary residents.
ADRIAN WYLD/THE CANADIAN PRESS

But we can at least triangulate secondary data to confirm the trend directionally. I'm a fan of net cell phone user growth, but here's another I just found: Transit ridership in Brampton.

Make no mistake, Brampton was the epicentre of the foreign worker/international student debacle. Here's the trend[4]:

4 https://www.brampton.ca/EN/residents/transit/About-Us/pages/ridership.aspx

Month	2026	2025	2024	2023	2022	2021	2020
January	2,420,125	3,237,050	3,516,269	3,082,775	1,641,260	1,084,059	2,822,536
February	2,293,627	2,787,683	3,435,180	2,768,046	1,736,563	1,018,409	2,544,244
March	2,645,644	3,325,611	3,594,498	3,288,926	2,287,524	1,354,344	1,900,000
April	2,603,643	3,203,008	3,654,037	3,081,501	2,246,724	1,236,782	640,000
May	-21% y/y so far	3,328,871	3,942,310	3,659,719	2,623,893	1,342,581	790,000
June	in 2026.	3,275,551	3,644,865	3,490,842	2,734,724	1,557,357	990,000
July	-30% from 2024	3,392,136	3,901,895	3,408,441	2,692,512	1,679,044	1,292,093
August	levels	3,119,305	3,609,602	3,520,428	2,860,018	1,804,426	1,423,229
September		3,336,131	3,957,624	3,906,922	3,295,371	2,045,907	1,543,710
October		3,303,499	4,027,201	3,838,697	3,234,525	2,142,462	1,522,300
November		3,068,624	3,281,637	3,730,150	3,236,663	2,193,016	1,420,870
December		2,530,229	3,034,882	3,131,037	2,725,162	1,964,622	1,209,254
TOTAL		37,907,698	43,600,000	40,907,484	31,314,940	19,423,009	18,098,238
% Change		-13.1	6.6	31	61	8	-43.29

So the absolute number may be in question, but the direction is not.

Canada's rental market will not bottom until:

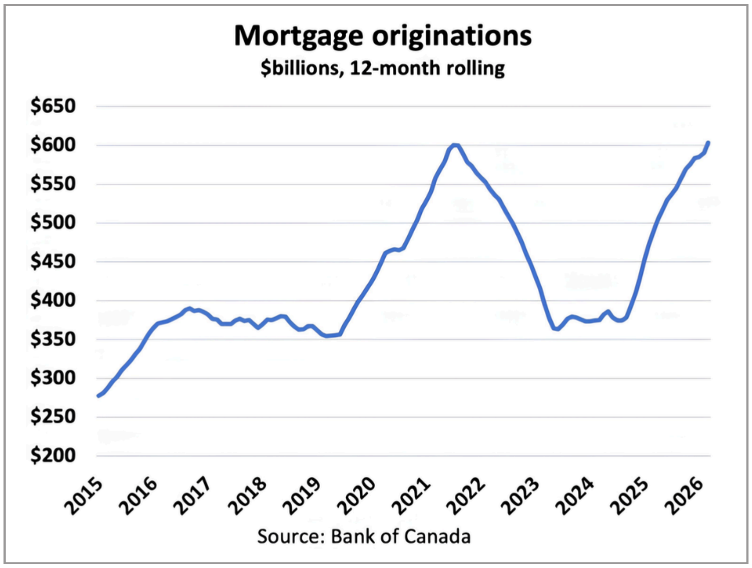
i) Developer regain their senses and pull back hard on rental starts
ii) The flood of new supply is absorbed
iii) Temporary resident growth resumes

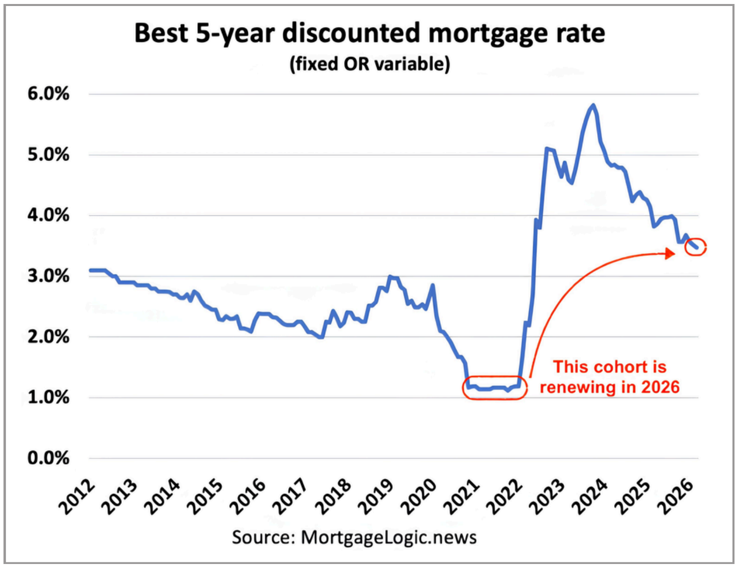
This likely won't be for at least another year, and the trend in rents likely gets considerably worse in the interim.

5) *Mortgage tidbits: Originations set record, alt-A "big bang"*

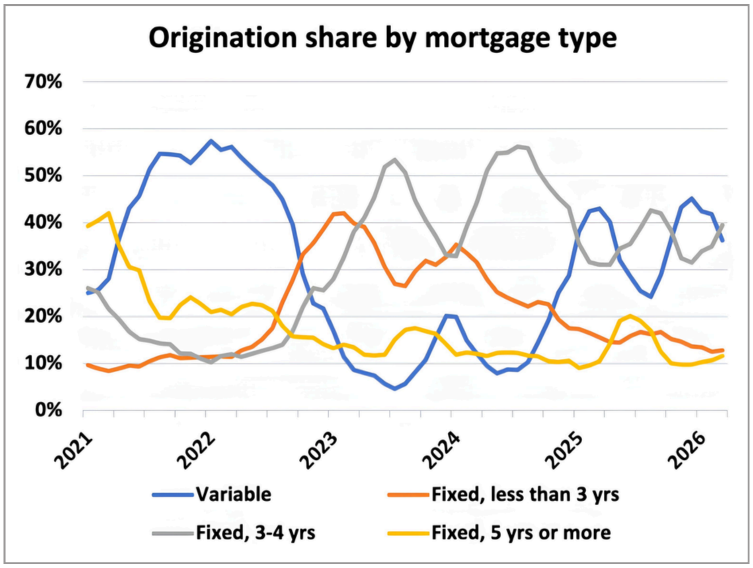
Originations hit record

We did it! We just surpassed the 2021 high for mortgage originations over a 12-month period at just over $600B…up 29.8% y/y in March. This is the crescendo of the "great renewal wave" as loans originated in the 2020-2021 period finish renewing. It will be over by early 2027, but the impact on consumer cash flows will linger well beyond that.



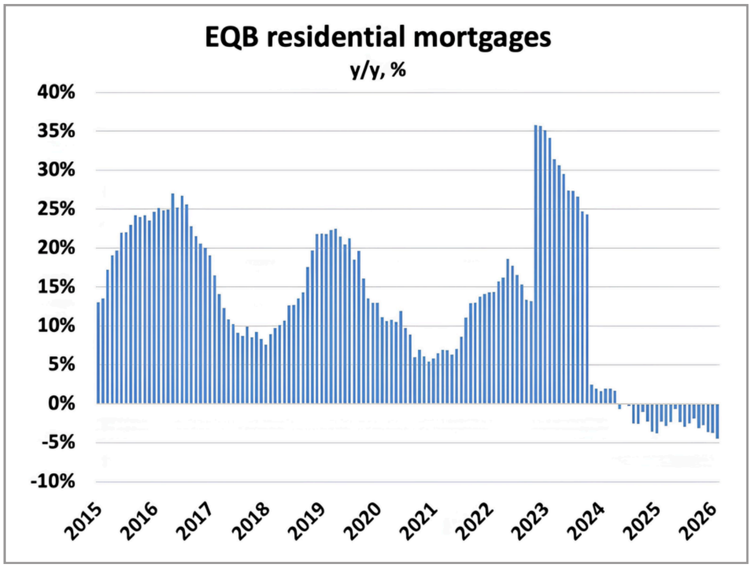


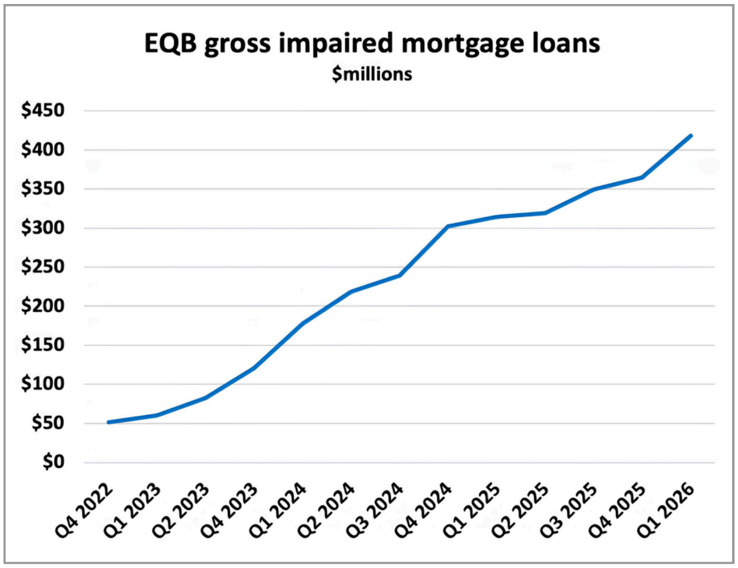
With the onset of the Iran war in March and the risk of BoC rate hikes suddenly materializing, consumers shifted preferences into fixed rates, particularly 3-4 year terms which overtook variable for the most popular product in March:



Alt-A "big bang"

We know Alt-A lenders have had a rough go of late. Consider EQB where loan balances are shrinking and nonperforming mortgages are surging:





But maybe things are set to get a bit brighter? Below is a fascinating article from Rob McLister at MortgageLogic.news:

Did Canada's Alt-A Mortgage Market Just Have a Big Bang Moment?

Something with long-term implications for non-prime lending just happened, and almost no one is talking about it publicly.

With negatives crowding the headlines—war, tariffs, a listless real estate market, renewal risk, regulatory hassles, yada yada—it stands out as a clear positive.

On April 30, Fairstone Bank of Canada issued $425 million of AAA-rated mortgage-backed securities backed by Home Trust mortgages. It was the first such issuance since 2022, and its first since merging with Home. To that, many might reasonably think, "So what?"

Well, the 'what' is that the sale drew over $900 million in orders from 19 institutional investors, oversubscribed 2.2 times.

The final spread over government bonds was a mere 90 basis points.

In other words, sophisticated investors wanted a piece of this deal and paid up for it.

The AAA notes ended up pricing inside of Fairstone's own senior unsecured deposit notes.

In plain English, Fairstone borrowed money against non-prime mortgages more cheaply than it could borrow on its own credit.

"This is very positive news for the development of the Canadian RMBS market," said securitization expert and CEO of Highclere Capital, Leon Dadoun.

"What this does is that it demonstrates that there is sufficient demand at good enough pricing that an RMBS can now, in certain circles, be seen as providing economic advantage to some other deposit-based funding sources."

Until now, that had never been the case for Home Trust's "Classic" non-prime RMBS. Dadoun says the first Classic deal, around 2018–2019, was materially more costly relative to Home Trust's deposit notes. As a result, subsequent issuance was sparse.

[…] For Fairstone and a handful of peers with the balance sheet to retain junior notes (e.g., possibly MCAP and Equitable), the marginal cost of funding alternative mortgages is now more competitive with deposits.

[…] The beauty is, if you're a balance sheet lender that can retain the juniors, you're potentially funding that 15% slice at your deposit cost, and the 85% AAA slice at sub-deposit cost. Blend the two, and the whole deal can come out cheaper than plain deposit funding. That's the magic.

[…] Two signals to watch, he says, are:

- Foreign investor participation, which is the long-run path to meaningfully tighter spreads, and
- Whether subordination drops below 15% on the next deal (hopefully it does, given how oversubscribed Fairstone's deal was).

If both of these things happen, and a peer like MCAP or Equitable follows with similar economics, Canada's Alt-A funding outlook will look structurally better than anything the market has seen since the pre-financial crisis days of asset-backed commercial paper (ABCP).

Government still "evaluating options" on mortgage income verification tool

Mortgage Professionals Canada, the industry lobby group, was in Ottawa earlier this month meeting with Members of Parliament. You would think a lobby group would be pushing for looser underwriting, first-time buyer assistance, or more government mortgage loan guarantees. But no! To her credit, CEO Lauren Van den Berg was very clear on their priorities in an interview with CTV[5]:

"We're here to advocate for 3 things...the first is to combat mortgage fraud through a CRA-enabled direct income verification tool"

That brings us to the latest, reported by Canadian Mortgage Trends[6]:

Ottawa still "evaluating options" on mortgage income verification tool, CRA says

A federal plan to introduce a mortgage income verification tool remains in the evaluation stage, despite being first proposed in 2024 and previously targeted for early 2025 implementation, according to a new response from the Canada Revenue Agency.

After going unmentioned in last week's spring economic update, drawing criticism from some industry participants, the issue was raised in an Order Paper Question from Conservative MP Michael Chong.

In its latest response, the CRA said it "remains committed to evaluating options to create a secure digital tool that addresses the needs of the mortgage industry, while ensuring the protection of taxpayer privacy and security."

[5] https://www.ctvnews.ca/ottawa/video/2026/05/05/mortgage-minute-mortgage-experts-meeting-with-mps/
[6] https://www.canadianmortgagetrends.com/2026/05/ottawa-still-evaluating-options-on-mortgage-income-verification-tool-cra-says/

[…] Industry consultations conducted by the CRA found broad support for a centralized, digital system that would allow mortgage professionals to verify borrower income directly through the agency.

Participants said such a tool could help reduce fraud risk and streamline the mortgage approval process, particularly by allowing lenders and brokers to confirm income data with borrower consent rather than relying solely on documents provided by applicants.

On timing, the CRA said that "initial steps towards an income verification tool could be delivered approximately 12 to 18 months after the necessary authorities and safeguards are secured," citing the need to integrate privacy, security and consent-based features into the system.

The issue has been raised in recent discussions between industry participants and federal policymakers, including during advocacy meetings in Ottawa involving Mortgage Professionals Canada.

Mortgage broker and MPC board member Clinton Wilkins told Canadian Mortgage Trends following the spring economic update that the lack of progress on an income verification tool stood out, noting, "That's something that industry folks might be interested in actually seeing, but obviously there was no real news on that."

MPC CEO Lauren van den Berg said the association has been actively pushing the issue with government, adding that "mortgage fraud is a serious issue and while we appreciate all of the work that has been done on this, the fight against fraud cannot wait. We need a solution sooner than CRA's proposed timeline."

The government will eventually get this right, and I suspect well before the 12-18 month timeline from the CRA. When they do, it will represent a "shadow tightening" that few see coming.