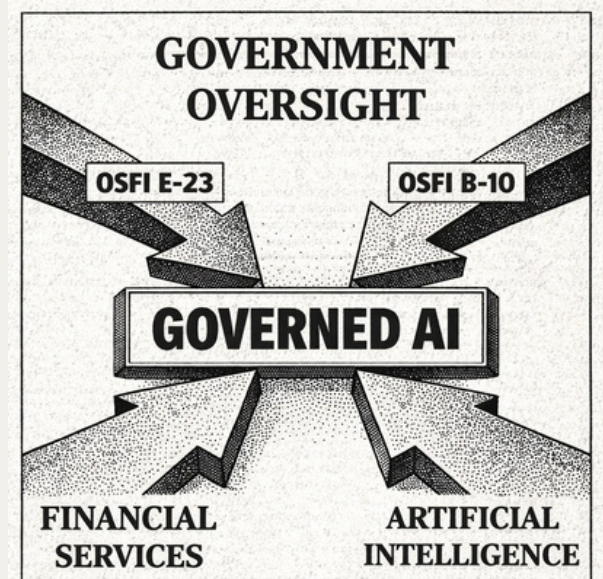


THE MORTGAGE TIMES

SPECIAL EDITION • Governed AI in Canadian Financial Services • 10 April 2026

GOVERNED AI IN MORTGAGES



On September 11, 2025, OSFI rewrote the rules of AI in Canadian financial services. What followed is dividing the mortgage industry in two: Governed AI with bank access, and everyone else. The window to choose a side is closing.

Matthew Dobson | April 10, 2026

Guideline E-23 is not a proposal. It is not a consultation paper. Since September 11, 2025, it has been the operating rulebook for how every federally regulated bank in Canada must treat artificial intelligence, including the AI being used by the mortgage professionals who send them business.

E-23 did not emerge overnight. Years of consultation preceded the September 11, 2025 release. What appears sudden to the mortgage channel is the formalization of a direction that has been building inside banks for years. Most brokers don't know it exists.

The banks are already deploying Governed AI systems internally and are writing the policies that will govern their broker networks.

OSFI is Canada's federal regulator for banks, insurers, and large financial institutions. Its authority does not extend to mortgage brokers directly. It does not need to.

Guideline E-23 governs every system that takes data in and produces a result — including AI. Guideline B-10 governs the third parties banks depend on, specifically the broker networks that generate material volumes of their mortgage business.

Together, these two guidelines do something the channel has never faced before: they make the banks responsible for what their broker partners do with AI. Every mortgage professional using AI on a bank-bound file is now operating inside that bank's risk perimeter.

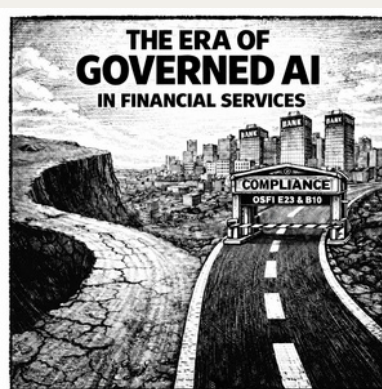
That is the mechanism. Banks must now document and control every AI model that touches their files, including those introduced by external parties. They must evaluate their most critical distribution partners under a formal risk framework. They must embed governance requirements into the agreements that govern those relationships.

In the channel, this is becoming known as Governed AI. And when a broker sends a deal touched by AI, lenders are asking three questions at the door: Do you know which AI tools your people are using? Can you prove how they are using them? Is a human being accountable for the output before it reaches us?

A "no" to any of these is no longer just a process gap. It is a regulatory exposure for the bank.

This is big.

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In the era of Governed AI, many mortgage professionals are still learning on basic, public AI tools. The banks are not. Canada's largest financial institutions are already operating Governed AI systems internally and are writing the policies that will govern their broker networks. AVA's Workbench delivers what banks will require: model inventory, usage logging, data governance, and human review, on every client-file interaction. Now running on live files under Mortgage Architects GTA, within the DLCC Mortgage Group network (TSX: DLCC). The full story, Page 3.



For decades, brokers originated and banks decided. The tools brokers used to get there were invisible, unlogged, unaudited, and unremarkable. E-23 ended that arrangement. Our editorial explains why the division of accountability just collapsed, what "inside the perimeter" actually means for every agent in the channel, and why the brokerages that grasp this first will own the next decade. Page 4

THE GOVERNED AI TIMELINE

Governed AI. Or not.
The path you choose determines your access in the era of Governed AI.

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AVA CREDIT INC.

AI Credit® filed 2017.
Company founded 2023. The track record behind the AI Workbench.

Page 3.

THE LAW FIRMS THAT INFORMED US

Law firms and lawyers mapped exactly where Governed AI was heading.

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GOVERNED AI IN MORTGAGES

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The four things banks now require

The industry has already distilled E-23 and B-10 into four practical requirements. To remain a trusted partner of a federally regulated lender, a broker or network must demonstrate all four:

1. **Model inventory:** A documented list of every AI tool used on or around client files, with risk ratings attached.
2. **Usage logs:** Records showing who used which tool, on which file, and when.
3. **Data governance:** Demonstrated proof that client data is protected and not introduced into public AI models, with a clear boundary between bounded client data and open AI tools.
4. **Human review:** A qualified person reviews AI output before anything reaches the lender. AI does not drive credit decisions.

E-23 and B-10 map almost exactly onto this list. Banks must maintain an enterprise-wide model inventory, track usage, enforce data-governance controls, and ensure that every model — including those sourced from third parties — operates under proper human oversight. This is Governed AI.

Three phases: where the industry stands today

Phase I: The Ungoverned Era (pre-2023 to September 2025)

ChatGPT, Gemini, Claude, Copilot, Grok, and dozens of other tools entered mortgage workflows with no governance, no documentation, and no accountability. Every AI prompt touching a client file created risk that nobody recorded. This was the norm across the industry. It was called experimentation. It was encouraged. Almost nobody flagged it.

Phase 2: The Transition Window (late 2025 to May 1, 2027)

E-23 is in force. Banks are deploying Governed AI, building internal model-risk frameworks, and beginning to rewrite the agreements that govern their distribution relationships. The work is happening now, largely out of view. And 2026 is the window when updated broker agreements and AI attestation requirements begin arriving in inboxes prior to the May 1, 2027 compliance deadline.

This is not a grace period. It is the window in which the division between governed and ungoverned firms becomes permanent.

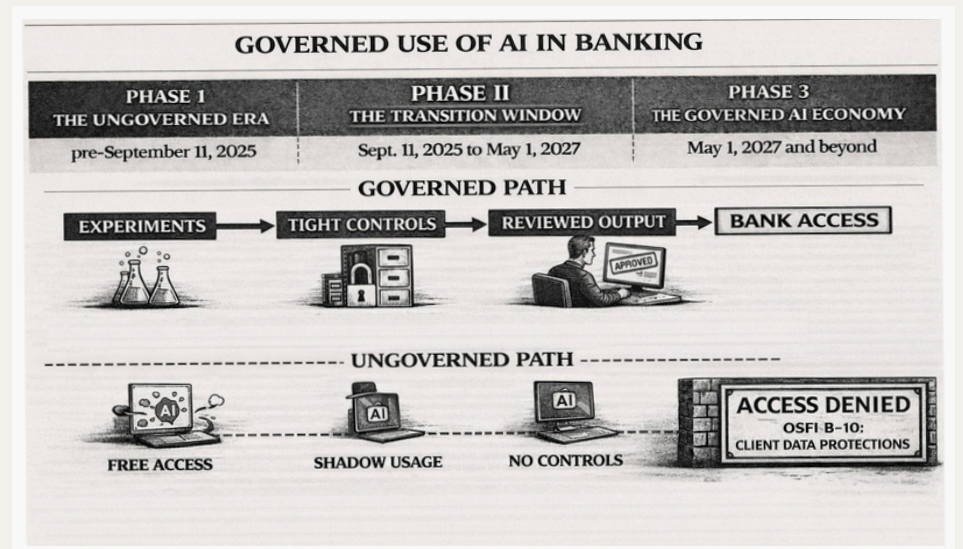
Phase 3: The Governed AI Economy (2027 and beyond)

The logical end state of Governed AI is deeper integration — broker operations that can demonstrably satisfy bank governance requirements moving closer to lender workflows, not further from them. Governed brokers are positioned for faster decisions, preferred access tiers, and stronger lender relationships as that integration develops. That future is not guaranteed in its specifics. But brokers outside the governed path will not be part of it regardless of how it unfolds.

May 1, 2027 is the OSFI E-23 compliance date. A regulatory hard stop. Not a starting line. A deadline. By that date, lenders are expected to have their model-risk houses in order and their material third-party relationships cleaned up. Brokers who are not part of that picture will know it clearly by then.

What the banks are doing right now

Major Canadian law firms advising the country's largest financial institutions have published detailed bulletins describing how banks are constructing full model-risk frameworks: cataloguing every AI system in use, rating each one for risk, documenting data flows, and establishing review and monitoring protocols. Those frameworks explicitly cover models and data sourced from external parties, including mortgage brokers, under B-10.



There are two direct consequences for the mortgage channel

First, large broker networks will be classified as critical third parties. A national brokerage group that generates material daily mortgage volume for a bank is a core distribution channel. Under B-10, banks must formally evaluate that relationship, strengthen their contracts, and monitor performance and incidents on an ongoing basis.

Second, banks will set the AI rules for their partners. To remain compliant under E-23, lenders will embed specific AI requirements into broker agreements: model inventories, usage logging, data segregation, incident reporting, audit rights, and explicit human-review obligations. These will not be optional provisions.

The industry is moving from "don't ask, don't tell" on AI to "show us your governance or we limit your access." That shift is already underway. Late 2026 is when it becomes visible to the broader channel.

The line that is being drawn

OSFI does not regulate mortgage brokers. It regulates the banks that fund their clients' real estate, and it now requires those banks to govern what their broker partners do with AI.

Brokers on the governed path turn that into an advantage. Their AI use becomes a signal of lower risk, stronger documentation, and smoother lender integration. They move toward preferred status in a system being deliberately restructured to reward governance.

Brokers who are not governed become a liability calculation. Lenders must either absorb the compliance cost of cleaning up their inputs or reduce their exposure to them. In a market where every basis point and every exception matters, that is not a subtle distinction.

The Governed AI economy is not a future scenario. The rules that define it are already in force. The agreements that will enforce them are being written now. The brokers and networks that move in this window will be positioned inside that economy when it fully activates. Those who wait will be on the outside looking in — and the door, once closed, is not designed to easily reopen.

The question for every broker, agent and firm in this industry is no longer whether Governed AI applies to them. It is whether they are ready.

The Workbench is Running

AVA Workbench

A Toronto firm has been quietly constructing a Governed AI infrastructure for secured lending professionals. It is not a course. It is not a framework document. It is a working system.

AVA Credit Inc. does two things. It conducts applied AI research in mortgage and secured credit, and it builds the AVA Workbench, a Governed AI operating environment for licensed mortgage professionals. The company has been actively working at the intersection of artificial intelligence and mortgage finance since 2019, long before OSFI formalized what governance requires.

The Workbench is currently in active proof of concept. A licensed agency operating as Mortgage Architects GTA under the Mortgage Architects (TSX: DLCG) umbrella is running every governed AI interaction on live client files through the system. All four pillars that E-23 and B-10 require of banks, and by extension their broker partners, are in operation: model inventory, usage logging, data governance, and human review. Nothing touches a client file without passing through the secured gateway. Nothing reaches a lender without a human sign-off on record.

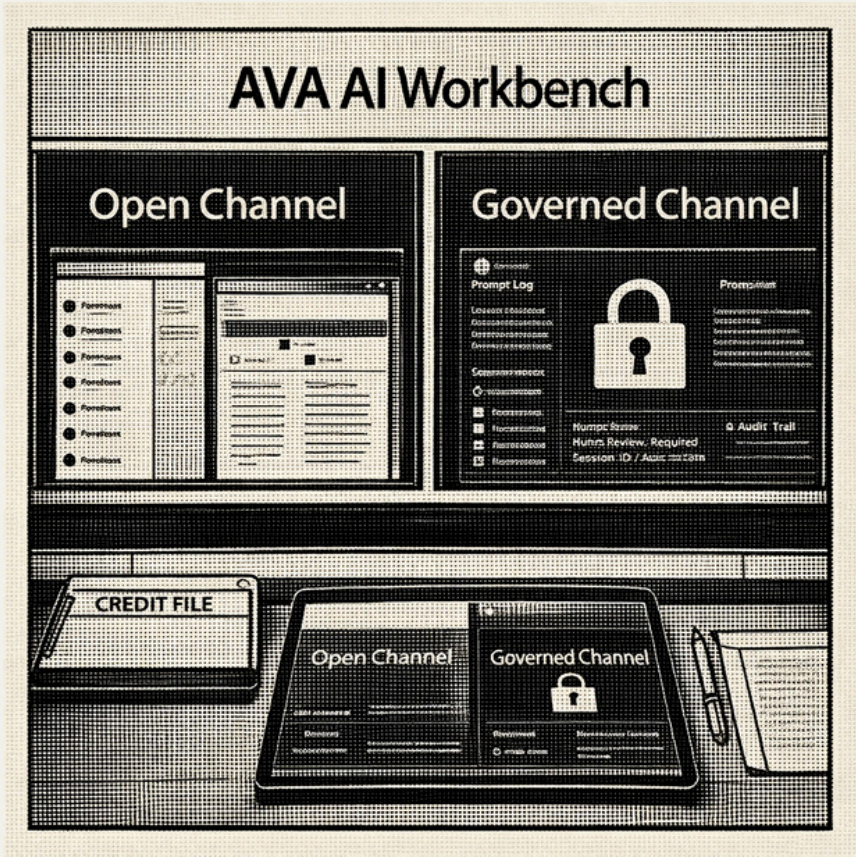
This is not a demonstration environment. These are funded transactions.

The architecture emerged from AVA's 2025 enterprise contract with DLCG Mortgage Group (TSX: DLCG), the build-out of the dlcg.io AI Systems Laboratory, and the regulatory advisory work that accompanied it. Delivering AI governance infrastructure to a national broker network of 9,000 professionals made the Workbench's requirements concrete: what the banks would eventually require of their partners, AVA was already building toward with DLCG.

The problem AVA is solving is not a compliance nuisance. It is an access problem. Every mortgage broker in Canada who uses AI on a bank-bound file is now operating inside that bank's model risk perimeter — whether they know it or not. Banks are required to govern what flows in. Brokers who cannot demonstrate governed AI use will be de-prioritized, restricted, or removed from lending relationships that took years to build. There is no workaround. There is no grace period. The infrastructure to remain a viable trading partner with Canadian financial institutions either exists or it does not.

The question E-23 asks of every agent and broker network is whether a qualified person reviewed the AI output before it reached the lender. AVA's answer is architectural. The review is not a policy. It is an organized gateway. The file does not move until a human has signed off.

That is what Governed AI looks like in practice.



AVA CREDIT INC. - CORPORATE PROFILE

AVA CREDIT INC. is a Toronto-based AI and financial services company founded by Matthew Dobson in 2023.

The Research Record

Between 2020 and 2023, AVA conducted nine systematic AI trials across 145 commercial lending transactions totalling approximately \$150 million in deal value — real files, real borrowers, real credit decisions. Every interaction was logged. Every output was reviewed by a qualified human before it touched a lender.

In January 2023, that work produced a documented first: the initial known AI-generated credit writeup submitted, approved, and funded through the U.S. Small Business Administration's 504 program. SBA Loan #47353491-02 was authorized January 10, 2023. The AI disclosure appears in footnote 1 of the Credit Analysis Memorandum. Source documents are available to qualified parties on request.

Enterprise Validation

In 2025, AVA delivered the AI Essentials program for DLCG Mortgage Group (TSX: DLCG), parent network of Mortgage Architects, DLC, and MCC. Across 29 live sessions, 2,271 licensed mortgage professionals were trained on AI governance fundamentals. The program achieved a 97% positive response rate. That same year, Matthew Dobson was named a 2025 Perplexity AI Business Fellow, alongside CEOs from Perplexity, NVIDIA, Databricks, Box, Bloomberg, leading VCs and leaders in enterprise AI adoption.

The AI Workbench by AVA

The AI Workbench is AVA's current primary development focus: a Governed AI operating environment built to satisfy the four compliance requirements E-23 and B-10 impose on broker networks: model inventory, usage logging, data governance, and human review.

The architecture is in active use. Matthew Dobson, founder and CEO of AVA Credit Inc., is a licensed Mortgage Agent Level 2 operating under Mortgage Architects GTA, within the Mortgage Architects (TSX: DLCG) umbrella. Every AI interaction on live client files runs through the Workbench's secured API gateway. All four pillars are in operation on every file. Nothing reaches a lender without a human sign-off on record. These are funded transactions using Governed AI.

The Workbench operates across two channels. The Open Channel handles tasks with no credit file exposure: sales, marketing, research. The Governed Channel handles all credit file activity, including credit analysis, underwriting, credit notes, and lender submission preparation, with every interaction logged, inventoried, and gated behind human review.

The Founder

Matthew Dobson, founder and CEO, holds 25 years of institutional lending experience at GE Capital and TD Bank, including service as Chief Credit Officer for a top-100 U.S. SBA 504 lender. He is a licensed Mortgage Agent Level 2 in Ontario under Mortgage Architects (TSX: DLCG), holder of the AI Credit® registered trademark (2019), and publisher of Work with AI: Foundation book, released March 2026.

For more information, visit avacredit.ca

OPINION

You're Inside the Perimeter Now

The most important thing about OSFI E-23 isn't the compliance checklist. It's that the relationship between banks and brokers just changed at the structural level, and most of the industry still hasn't realized it yet.

By the Editor / April 10, 2026

For as long as the modern mortgage brokerage model has existed in Canada, the relationship between brokers and banks has operated on a simple premise: brokers originate, banks decide. The division of labour was clear, and so was the division of accountability.

Brokers were distribution partners. They operated their own systems: spreadsheets, personal email, ad-hoc calculators, whatever CRM they preferred. The tools that produced the data lived outside the bank's line of sight. Logging was incidental. It was never designed, never audited, never expected to be. The banks didn't ask, and brokers didn't tell.

That era is over.

OSFI Guideline E-23 requires every federally regulated financial institution in Canada to identify, inventory, risk-rate, and govern every non-negligible model in its operations, including models sourced from or operated by third parties. Guideline B-10 requires those same institutions to apply rigorous due diligence, ongoing monitoring, and contractual controls to all high-criticality third-party arrangements.

Read those two sentences together and the implication is unavoidable: when a mortgage broker uses AI tools that shape the data flowing into a bank's credit process, that broker's technology is no longer outside the bank's concern. It is inside the bank's model risk perimeter. Anyone who has ever worked at a bank knows what those words mean.

Inside the perimeter, tools get inventoried. Usage gets logged. Outputs get validated. Evidence gets retained. You don't get to say "trust me" — you get to say "here's the file."

The shift is structural, not cosmetic. Before E-23, banks saw brokers as distribution partners whose tools were a black box, and the banks were comfortable with that. After E-23, that black box is a risk. Every AI touchpoint that influences lender-facing data now needs defined scope, structured logging, and human-in-the-loop validation. Banks must treat broker-side AI as a third-party model risk question, with oversight, contractual expectations, and the option to limit partnerships that can't meet those standards.

Applying B-10 criticality criteria to a large national brokerage generating material daily mortgage volume across thousands of agents produces a straightforward risk profile: high-criticality third party under B-10, material external model user under E-23. Without a deliberate AI governance program, the ability to continue trading at scale with major banks is materially at risk. That is not a compliance problem. That is a business model problem.

The banks see the sorting that E-23 creates not as an inconvenience but as a strategic opportunity. Partners who can evidence governance, logging, and model discipline get access. Partners who can't are quietly de-prioritized or dropped. It is a commercial gating factor dressed in regulatory language.

The shift, in a sentence: from loosely governed, person-centric tooling to workflow-centric, logged, and reviewable AI systems that brokers run explicitly inside the banks' emerging model risk perimeter.

The era of the broker as an independent operator, running personal tools on personal accounts with no one watching, is not ending because regulators are heavy-handed. It is ending because the technology brokers now use is powerful enough to materially affect what flows into the banks' own credit models. And once something affects a bank's models, it is, by definition, inside the perimeter.

OSFI didn't create this reality. OSFI just made the banks write it down.

It is worth saying clearly: Canadian mortgage professionals have navigated every major technology and regulatory transition this industry has produced, and have done it compliantly, professionally, and at scale. Licensed brokers and agents already operate within dozens of regulatory frameworks. The bank-broker partnership funds more loans every month than any single lender in the country. That record matters. It is the foundation this transition builds on.

What makes this moment different is not the professionalism of the people in the channel. It is the nature of the technology. AI operates at a speed, scale, and depth of influence that previous tools never approached. And borrowers, not just banks and regulators, now independently expect that the systems handling their financial data are governed, auditable, and under human control.

The professional response is the same one it has always been. Get informed. Get organized. Turn the wheel. The brokers and networks that move through this transition with the same discipline they have applied to every one before it will find that Governed AI is not a burden. It is the next competitive advantage.

That conclusion follows directly from the regulatory architecture: governed partners reduce bank risk, reduce compliance cost, and integrate more smoothly into lender workflows. The preference that follows is structural, not discretionary.

The ones who don't engage will find those doors closing. Governed AI is not something you retrofit. The track record either exists or it does not.

The Law Firms & Lawyers That Informed Us



McCarthy Tétrault (Sookman) — January 2026. Most advanced commercial analysis. Showed E-23 captures all data-driven systems, including cloud and IT tools. Proved governance obligations extend downstream into vendor contracts.

Torys (Ramsey, Reynolds, Wall, Prado, Flynn, Sanathkumar) — October 2025. Most complete structural analysis. Governance must span the full lifecycle. Directly named the third-party gap.

Blakes (Molino, Bellofiore, Marshall, Langevin) — September 2025. First comprehensive analysis of the final guideline. Principles-based and technology-agnostic. Warned static compliance fails. Confirmed B-10 vendor scope applies.

McMillan (Ammerman, Paransky, Wen) — October 2025. Elevated MRM into organizational design. Made clear that compliance requires multi-disciplinary teams. Governance intensity must dynamically match model risk.

Borden Ladner Gervais (Feltrin) — November 2025. Clearest E-23/B-10 integration. Made explicit that third-party model governance is contractually enforceable. Flagged that many AI vendors can't yet meet regulatory expectations.

Dentons (Coggin) — October 2025. Defined the model anatomy: input, processing, output. Clarified that residual risk is unavoidable by design. Shifted focus from elimination to continuous governance and board oversight.

Torkin Manes (Lifshitz, Crimi) — November 2025. Translated E-23 into plain language. Covered risk-based governance, inventory, lifecycle controls, and monitoring. Framed AI governance as an enabler, not just a constraint.

Norton Rose Fulbright (Brake, Poisson) — October 2025. First to frame E-23 as enterprise-wide risk, not a niche function. Models sit at the core of decision-making. Confirmed third-party and vendor models are fully in scope.

What They Got Right:

- Third-party disruption predicted
- Multi-disciplinary teams essential
- Static compliance fails
- Timeline adequate with early action
- Governance intensifies, not plateaus

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