



Financial Services
Commission
of Ontario

Commission des
services financiers
de l'Ontario

Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA)

Licensing Overview



Mortgage Brokerages, Lenders and Administrators Act, 2006

- Any corporation or other business, carrying on the business of:
 - dealing or trading in mortgages;
 - administering mortgages; or
 - lending money on the security of real estate in Ontario, must be licensed with FSCO, unless an exemption applies.
- Any individual acting as a Mortgage Broker or Mortgage Agent must also be licensed.



Mortgage Brokerages, Lenders and Administrators Act, 2006

The MBLAA Licensing Model

- Under the Act, there are four types of licences:
 - **Mortgage Brokerage**
 - Mortgage Broker
 - Mortgage Agent
 - **Mortgage Administrator**



Mortgage Brokerages, Lenders and Administrators Act, 2006

A Mortgage Brokerage:

- Is a corporation, partnership or sole proprietorship that has a Mortgage Brokerage licence, allowing it to carry on the business of dealing and trading in mortgages in the province of Ontario.
- May also lend money for mortgages under its licence.
- Appoints one Principal Broker to act as its Chief Compliance Officer.
- May authorize or allow licensed Mortgage Brokers and Mortgage Agents to deal in mortgages on its behalf.



Mortgage Brokerages, Lenders and Administrators Act, 2006

A Mortgage Broker is a person who:

- Deals or trades in mortgages for a Mortgage Brokerage.
- May be responsible for supervising the activities of Mortgage Agents.

A Mortgage Agent is a person who:

- Deals or trades in mortgages for a Mortgage Brokerage, **under the supervision of a licensed Mortgage Broker.**



Mortgage Brokerages, Lenders and Administrators Act, 2006

A Mortgage Administrator:

- Receives mortgage payments from borrowers and sends them to investors.
- Takes steps on behalf of investors to enforce payments under mortgages.



Mortgage Brokerage Licence Requirements

A Mortgage Brokerage must:

- Be incorporated or formed in Canada (for partnerships and corporations) or be a resident of Canada (for sole proprietors).
- Have a mailing address in Ontario that can receive registered mail.
- Have errors and omissions insurance which covers fraudulent acts up to a minimum of \$500,000 for any one occurrence and \$1 million for all occurrences during a 365-day period.



Mortgage Brokerage Licence Requirements

A Mortgage Brokerage must:

- Be licensed in the Brokerage's legal name, or in both its legal name and one trade name registered under the *Business Names Act* with the Ministry of Government and Consumer Services (MGCS).
- Meet the suitability requirements that are listed in the regulations along with its sole proprietor, partners or officers and directors (as applicable).
- Designate a Principal Broker



Mortgage Brokerage Principal Broker

A Principal Broker must:

be a licensed Mortgage Broker and

- a director or officer, if the Brokerage is a *corporation*;
- a partner, if the Brokerage is a *partnership* (other than a limited partnership);
- a general partner, or a director or officer of a corporation that is a general partner, if the Brokerage is a *limited partnership*;
- the owner/sole proprietor, if the Brokerage is a *sole proprietorship*.



Mortgage Brokerage Principal Broker

The Principal Broker:

- Makes sure that Mortgage Brokers and Mortgage Agents are adequately supervised.
- Ensures that the Mortgage Brokerage and each Mortgage Broker and Mortgage Agent follow all the regulations and requirements that apply under the Act.
- Ensures that the Mortgage Brokerage takes reasonable steps to deal with any breaches of the Act.



Mortgage Brokerage Principal Broker

The Principal Broker:

- Reviews the Mortgage Brokerage's policies and procedures to ensure the Mortgage Brokerage follows the Act and that Mortgage Brokers and Mortgage Agents are adequately supervised.
- Signs and approves any trust account reconciliation statements prepared by the Mortgage Brokerage to confirm that they are accurate.



Mortgage Brokerage Principal Broker

The Principal Broker:

- Initiates applications for appropriate candidates for a Mortgage Broker or Mortgage Agent licence.
- Reviews applications for completeness, background suitability, and education and equivalency requirements.
- Provides final approval for all licence applications.
- Is FSCO's primary contact at the Mortgage Brokerage concerning licensing applications.

Application Process: Brokerages

Brokerage Application Review Process

- FSCO will review applications for Mortgage Brokerage licences. Incomplete applications will be returned.
- After an initial review, the Mortgage Brokerage will be granted limited access to *Licensing Link*.
- Access to *Licensing Link* will allow the Mortgage Brokerage to:
 - Submit the application for the Principal Broker and declarations for Directors and Officers.



Application Process: Brokerages

Brokerage Application Review Process

- The Principal Broker's application and declarations for Directors and Officers must be submitted before the Mortgage Brokerage application can be finalized.
- Once the application is finalized, the Mortgage Brokerage will be granted full access to *Licensing Link*, allowing applications for Mortgage Brokers and Mortgage Agents to be initiated and submitted.



Application Process: Brokerages

Brokerage Application Review Process

- No hard copy licence will be issued.
- FSCO's online registry of licencees is posted on FSCO's website.



Application Process: Brokers

An applicant for a Mortgage Broker licence must:

- be 18 years of age or older;
- be a resident of Canada;
- have a mailing address in Ontario that can receive registered mail;
- be authorized by a Mortgage Brokerage to deal or trade mortgages on its behalf (may only work for only one Mortgage Brokerage);
- meet education and experience requirements; and
- have a valid e-mail address.



Application Process: Agents

An applicant for a Mortgage Agent licence must:

- be 18 years of age or older;
- be a resident of Canada;
- have a mailing address in Ontario that can receive registered mail;
- be authorized by a Mortgage Brokerage to deal in mortgages (may only work for one),
- meet Mortgage Agent education and equivalency requirements; and
- have a valid e-mail address.



Application Process: Brokers and Agents

Broker and Agent Application Process

- Applications are initiated by an established Mortgage Brokerage via *Licensing Link*.
- Completed applications are submitted back to the Mortgage Brokerage electronically.

IMPORTANT:

- The Principal Broker reviews the application, addresses deficiencies, and gives final approval of the application.

Remember:

- Each Mortgage Broker and Mortgage Agent may only work for one Mortgage Brokerage.



Application Process: Brokers and Agents

Broker and Agent Application Review Process

- FSCO reviews applications submitted by Brokerage for applicant education and equivalency requirements, and suitability.
- No hard copy licences will be issued.
- FSCO's online registry of licencees is posted on FSCO's website.



Mortgage Administrator Licence Requirements

A Mortgage Administrator must:

- Be incorporated or formed in Canada (for partnerships and corporations) or be a resident of Canada (for sole proprietors).
- Have a mailing address in Ontario that can receive registered mail.
- Have errors and omissions insurance which covers fraudulent acts up to a minimum of \$500,000 for any one occurrence and \$1 million for all occurrences during a 365-day period.



Mortgage Administrator Licence Requirements

A Mortgage Administrator must:

- Be licensed in the Administrator's legal name, or in both its legal name and one trade name registered under the *Business Names Act* with the Ministry of Government and Consumer Services (MGCS).
- Meet the suitability requirements that are listed in the regulations along with its sole proprietor, partners or officers and directors (as applicable).
- Prove it has a financial guarantee for \$25,000 (unimpaired working capital or some other financial guarantee in a form approved by the Superintendent).



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