



# MORTGAGE INTELLIGENCE<sup>®</sup>

February 24, 2011

Ms. Cara Melbye  
Senior Policy Analyst  
Licensing and Market Conduct Division  
Financial Services Commission of Ontario  
5160 Yonge St, Box 85,  
Toronto ON M2N 6L9.

Ref: CE Consultation for the Mortgage Broker Sector

Dear Ms. Melbye,

We at Mortgage Intelligence Inc. wish to avail ourselves of the opportunity provided for input into FSCO's proposed mandatory CE program for mortgage brokers and agents in Ontario.

In answer to Q1 of the proposal, we do whole heartedly support the principals 1-5 as outlined. However, we respectfully remind FSCO that while the principles for mortgage brokers and agents may be consistent with those for life insurance agents, the products we provide are substantially different from those of the life insurance industry, and life insurance industry standards should not necessarily be applied to mortgage brokers and agents. Statistically, the large majority of mortgage clients tend to renew with the same institutional lenders that the broker/agent originally placed them with, so it is important to ensure that clients are getting suitable placements in the initial instance. Life insurance agents tend to have a longer term relationship with their clients. Also brokers/agents who engage in private mortgage placements have no corresponding equal in the life insurance model and this is an area where we feel that continuing education is of paramount importance.

Q2 – We believe that the topics as outlined represent a good starting point. Future topics might include specific ways of handling complaints and more importantly, how to avoid them. While FSCO has stated that Sales and Marketing are outside FSCO's mandate, we respectfully remind that FSCO does regulate advertising standards and accordingly does have some influence on sales and marketing by brokerages, brokers and agents. For that reason we suggest that it would be appropriate to in some way include sales and marketing as related to the regulations in a CE program

Q3 – Yes.

Q4 – We believe that the advisory body of stakeholders should be confined to those directly involved in mortgage brokering, administration and mortgage lending.

Q5- Five hours per topic should be considered as maximum. Ideally, these topics should be able to be taught in three and a half to four hours.

Q6 – Similar to Alberta, the courses should have uniform content no matter the provider and should be primarily completed “on line”. Note that currently in Alberta, mandated CE courses are administered by the Alberta Mortgage Brokers Association, (AMBA) and consequently are uniform across the province. A similar situation exists in British Columbia. Ontario, being substantially larger in number of licensed brokers/agents it is reasonable that there should be more than one course provider. However we suggest that uniformity could be better provided if the courses were done through or administered by CAAMP, IMBA and Seneca as is largely the case now.

Q7- See our answer above.

Q8 – Monitoring and reporting measures could include absence report ( to guard against someone just going in and writing the exam without having put in the required number of hours) and a completion report to FSCO and broker’s / agent’s current registered brokerage. Brokerage (Principal Broker) should have the responsibility of monitoring enrollment and completion by the brokerage’s agents but should be able to check brokerage’s own records against those of FSCO through online access.

Q9- No – FSCO needs to have exclusive course content approval and sole discretion as to what extra-provincial courses would qualify for licensing in Ontario.


Q 10- We agree with the approach as outlined ;however, at the point where the Ontario registration comes due, the agent/broker if living in another province, should be required to complete the current Ontario CE requirement not withstanding the individual may also have completed the CE requirement in his/her own province ( using the B.C. example).

Additionally, we would like to take this opportunity to raise the following questions:

- a) Could there be an exemption from mandatory CE in the case of non-engaged principal brokers, i.e. an individual who is involved only in the day to day administration of the brokerage and does not personally engage in any way in the business of arranging mortgages?
- b) Could approved CE courses be offered “in house” by an individual approved by FSCO? The thought behind this is that in a larger brokerage, it could be an opportunity to provide refresher material on brokerage policies and procedures that could be directly tied to the particular CE topic.

We thank you for the opportunity to provide input on this consultation and for your consideration of the content herein.

Sincerely,



Stan Falkowski  
Principal Broker- Mortgage Intelligence Inc.