

# Mortgage Agent Qualifying Standards (MAQS)

STREAM	LEARNING OUTCOMES	LEARNING OBJECTIVES	Bloom's Level	DACUM REFERENCE(S)
A Applications	A1 Analyze the contextual framework in which mortgages are transacted in Ontario.	A1.1 Explain the roles of the various participants in the mortgage brokerage industry.	2	A, B, Knowledge: "Standards and Practices and how these apply to the mortgage application process", "different funding sources (prime/sub-prime/MBS/private lenders)", "overview of the industry; key players and the roles they play; regulation
		A1.2 Discuss the parameters of the agent's advisory role in interactions with clients and with private lenders.	2	A, B, Knowledge: "Standards and Practices and how these apply to the mortgage application process", "different funding sources (prime/sub-prime/MBS/private lenders)", "overview of the industry; key players and the roles they play; regulation
		A1.3 Explain the market in which mortgages are transacted in Ontario.	2	Knowledge: "financial and legal history of the mortgage industry"
		A1.4 Explain the steps involved in the application process.	2	B
		A1.5 Describe the procedures for mortgage lending and servicing.	2	B1, B2, Skills: "sales", Knowledge: "mortgage administration"
		A1.6 Explain the components and mechanics of a mortgage.	2	
		A1.7 Discuss the means by which present and future values of cash flows are calculated.	2	Skills: Mathematics
		A1.8 Explain how interest and principal portions of payments and payment	2	

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		streams are calculated.		
		A1.9 Analyze the requirements, process, security documentation and remedies for residential and commercial mortgages.	4	
		A1.10 Review print communications used in the industry such as product manuals, publications and rate sheets.	3	B1, B3

	A2 Determine borrower's needs.	A2.1 Analyze the role of the agent as advisor and the principles and techniques involved in needs analysis to assess product suitability.	4	A1, A2, A4, Knowledge: "hidden application (relevant information about client situation)", Skills: "interview skills", Tools: "client relationship".
		A2.2 Assess borrower documentation.	3	
		A2.3 Working with case studies, select the most appropriate mortgage products and strategies to match a specific client's needs.	4	A3, Knowledge: "Product knowledge (Lenders, Mortgage Insurers, Other Related Insurers such as title insurers and creditor insurers); Products, Programs, Trends" "Lender specifications, conditions", "basic underwriting principles" Knowledge: "Second mortgages and other variations"  Note: could include private

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				mortgages.
	A3 Qualify the borrower.	A3.1 Describe the mortgage underwriting process.	2	Knowledge: "Basic underwriting principles"
		A3.2 Explain the role of appraisals in determining value.	2	B8
		A3.3 Read an appraisal to determine how value was assessed.	2	
		A3.4 Explain the purpose and content of documents related to the mortgage application process.	2	B1, B2, B3, B4, B6, B7, B9, B10, B11, B12
		A3.5 Discuss the role of the credit report in validating an application.	2	B1, Knowledge: "credit reports"
		A3.6 Assess the impact of a given credit report on an application.	3	B1, B2, Knowledge: "credit reports"
		A3.7 Gather supporting documentation to qualify a client against lender guidelines (e.g., financial statements, notice of assessments, net worth statements).	3	B3.
		A3.8 Perform required calculations to qualify the borrower.	3	B8 Skills: Math
		A3.9 Discuss the circumstances in which an application is rejected or referred elsewhere.	2	A4.
		A3.10 Analyze a scenario to identify potential solutions to the borrower's requirements.	4	Note: This objective relates to A4.3 in which an agent is required to analyze a situation and determine

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				when to seek the assistance of the broker.
		A3.11 Complete all documentation accurately and completely.	3	
	A4 Obtain commitment from an appropriate lending source.	A4.1 Discuss differences in submitting applications to private and institutional lenders.	2	B5, Knowledge: [investor disclosure]; "Second mortgages and other variations".
		A4.2 Explain the advantages and disadvantages of mortgages as investment.	2	Knowledge of private lenders and investors, different funding sources
		A4.3 Discuss strategies for completing an application so lenders can make an informed decision.	2	B5
		A4.4 Explain the documentation and analysis required to make a competent decision to lend or not to lend.	2	Knowledge: commercial mortgage, private lenders, different funding sources Note: Private mortgages are a small percentage.
		A4.5 Recognize when to seek help from a broker.	3	Note: This objective links to A3.10. The specific scenarios, including complex ones, in which an agent should seek assistance from a broker must be covered here.
		A4.6 Explain private, commercial and residential mortgage transactions.	2	
		A4.7 Submit applications to an appropriate lender in accordance with lender requirements.	2	G7, Knowledge: "Investor Lender Disclosure", the Act, G12.

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		A4.8 Describe the purpose and content of the forms used to make disclosure to the borrower and lender.	3	B7 , Knowledge: “form 1” [Investor Lender Disclosure], the Act,
		A4.9 Review the commitment letter for institutional lenders to address a given application in accordance with lending practices.	3	B9, B12
		A4.10 Prepare a letter of commitment for a private lender.	3	

	A5 Disclose terms and conditions to borrower.	A5.1 Explain the terms, conditions, costs and strategies of the commitment clearly and effectively to the borrower.	2	B10
		A5.2 Describe the need for and implications of obtaining proper dates and signatures on documents from the borrower.	2	B13, B14
		A5.3 Complete a Cost of Borrowing disclosure.	3	B12, Knowledge: “amortization schedule, lender’s commitment, letter of direction , mortgage insurance, PACs, [finder’s fee disclosure]”; knowledge of the law (the Act) and other laws”, Criminal Code Section 426; Knowledge Cost of Borrowing
		A5.4 Explain the Cost of Borrowing disclosure, reviewing all terms and costs with the borrower.	3	B11

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	A6 Facilitate the mortgage closing process.	A6.1 Describe the methods used to track and monitor applications.	2	B16
		A6.2 Discuss the terms and conditions that must be fulfilled by the agent within the lender timeframes.	2	B9, B10, B12, B13, B15
		A6.3 Prepare documents for the insurance company, as applicable.	3	B14, B16, Knowledge: "basic understanding of the closing process". Brokers and agents offer life and disability insurance to mortgagors. Commissions and disclosures are involved. The software used directs the agent or broker to prepare these documents.
		A6.4 Review lender and borrower documents for consistency and accuracy.	4	B2, B5, B7, B9
B Compliance and Consumer Protection	B1 Recognize the impact of regulation and legislation on the mortgage industry in Ontario.	B1.1 Explain the licensing requirements for mortgage brokerages, brokers, agents and administrators in Ontario, and licensing exemptions.	2	E1, E4, E5, knowledge: "knowledge of the law (Act) and other laws" "Regulated Activities", "Dealing in Mortgages", Trading in Mortgages", exemptions to licensing, "Carrying on Business as a Mortgage Lender", Carrying on Business as a Mortgage Administrator", types of licenses,

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				"Licensing Process", "E & O insurance", "Administration and Compliance", "Enforcement"
		B1.2 Describe the statutory reporting and filing requirements for mortgage brokerages, brokers and agents.	2	The Act
		B1.3 Explain an agent's disclosure obligations to a client as outlined in the practice standard regulations.	2	Knowledge: "knowledge of the law (the Act) and other laws"
		B1.4 Define what constitutes an "offence" under the Act.	1	"Enforcement", "Offences"
		B1.5 Discuss the practice standard obligations of an agent under federal and Ontario legislation relevant to the operation of mortgage brokerages.	2	Knowledge: "knowledge of PIPEDA and other relevant Ontario legislation and standards"
		B1.6 Recognize Fraud.	4	
		B1.7 Explain requirements to verify the identity of the borrower, lender and investor, and the accuracy of information contained in mortgage documents as a strategy for fraud prevention.	2	

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		B1.8 Summarize the standards (print and electronic) related to advertising and representations to the public that apply to the mortgage brokerage industry.	2	E3 Knowledge: "Advertising standards, basic marketing principles/standards", Skills: "marketing,
		B1.9 Explain the role of FSCO as the industry's regulator.	2	E2, Role of the Superintendent, Role of the Financial Services Tribunal
		B1.10 Discuss syndicated mortgages in Ontario.	2	Knowledge: "syndications"; "Syndicated Mortgages"
		B1.11 Describe both the foreclosure and Power of Sale remedies and their use.	2	Knowledge: "mortgage default and remedies"
		B1.12 Explain the notice requirements prerequisite to commencement of remedial proceedings.	2	
		B1.13 Assess transactions in the mortgage industry to assess compliance and consumer protection.	3	E2
		B1.14 Assess the consequences to a mortgage agent of failing to comply with applicable legislation and the Regulations in a given scenario.	3	E2

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B Compliance and Consumer Protection	B2 Distinguish between ethical and unethical behaviours of brokers and agents	B2.1 Describe the legal relationship between an agent, a broker and a lender on which ethical decision-making is based.	2	Attitude: "ethical" responsibility/professionalism
		B2.2 Predict problems faced by mortgage agents (e.g. conflict of interest, misrepresentations, client's interest first) in which ethical choices must be made.	3	Attitude: "ethical behavior" Skills: Problem Solving
		B2.3 Determine appropriate solutions to ethical issues in the mortgage brokerage industry.	3	Attitude: "ethical behaviour" Skill: Problem Solving
	B3 Recognize the impact of the legal requirements related to the ownership and disposition of land and property on the mortgage industry.	B3.1 Describe the impact of estates and interests in land on the mortgage lending process.	2	Knowledge: "Knowledge of the law, real estate" Note: Knowledge of rank of title and ownership of real estate is included here.
		B3.2 Describe the systems of land division and land registration in Ontario including the electronic registration system as applied to the registration of charges and fraud implications.	2	Knowledge: "real estate" Note: Knowledge of fraud is included here.

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		B3.3 Describe the purpose and effect of purchase and sale agreements in the mortgage application process.	2	Knowledge: "real estate"
		B3.4 Discuss government controls related to the use and disposition of land as applied to the mortgage lending process.	2	Knowledge: "real estate"
		B3.5 Identify the elements of the following standard real estate transactions: purchase, sale and mortgage in order to ensure compliance with legislation.	2	Knowledge: "real estate and contract law"
		B3.6 Explain the requirements of a condominium purchase that apply to the mortgage application process and compliance with legislation.	2	Knowledge: "real estate"
		B3.7 Describe the legislation related to residential and commercial tenancies which affect the mortgage application process.	2	Knowledge: "commercial mortgage: real estate"

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	B4 Recognize the impact of tort law on the mortgage brokerage industry.	B4.1 Discuss legal liabilities that are inherent in the mortgage application process.	2	
		B4.2 Describe sources of and defenses to legal liability in tort law as applied to the mortgage application process.	2	
		B4.3 Describe the potential liabilities arising specifically from agent/broker/lender relationships.	2	
		B4.4 Discuss the laws related to fiduciary duty, duty of care and trust relationships which affect mortgage brokers and agents.	2	Knowledge: "agency and fiduciary duty"
		B4.5 Demonstrate knowledge of tort law through case studies.	2	

	B5 Manage contracts and agreements in accordance with legislation including PIPEDA.	B5.1 Explain the role of contracts, essential components, and formal requirements for a contract to be valid.	2	F6 Knowledge: "basic contract law" Note: includes commitment letter, Cost of Borrowing disclosure.
		B5.2 Describe the remedies for breach of contract.	2	F6, Knowledge: "basic contract law"

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		B5.3 Discuss the conditions in which and process by which a contract may be lawfully terminated.	2	F6, Knowledge: "basic contract law"
		B5.4 Review contracts and agreements for adherence to compliance with regulatory requirements.	4	F6, E4, Knowledge: "Mortgage Act, Interest Act", "mortgage documentation", "basic contract law"

C Document Management	C1 Manage borrower and lender documentation	C1.1 Describe the requirements related to documentation	3	The Act and other applicable legislation
		C1.2 Describe the need to maintain and retain documents for audit purposes	2	
		C1.3 Describe strategies to maintain security and privacy of files	2	Knowledge: "PIPEDA"
		C1.4 Discuss the use of electronic document management systems	2	Tools: "Internet, mortgage origination software"
		C1.5 Generate the documentation requirements in any given transaction in the application process	5	B12, B13, B14, B5

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## LEVEL OF LEARNING LEGEND (BLOOM'S - COGNITIVE)

Numeric	Category	Characterized by these kinds of verbs:
1	KNOWLEDGE	Defines, describes, and identifies, labels, lists, matches, names, reads, records, reproduces, selects, states, views.
2	COMPREHENSION	Classifies, cites, discusses, estimates, explains, generalizes, gives examples, restates, summarizes, understands
3	APPLICATION	Assesses, charts, computes, determines, establishes, predicts, produces, reports, shows, solves, teaches, uses
4	ANALYSIS	Breaks down, calculates, correlates, differentiates, discriminates, distinguishes, prioritizes
5	SYNTHESIS	Adapts, categorizes, combines, compares, compiles, generates, integrates, modifies, negotiates, revises, validates
6	EVALUATION	Appraises, compares and contrasts, critiques, decides, defends, interprets, judges, justifies, supports