



*The Mortgage Broker e-Info Newsletter provides updates on the implementation of Ontario's new Mortgage Brokerages, Lenders and Administrators Act, 2006, regulations, and new education requirements for mortgage brokers and agents.*

*The Newsletter is produced and distributed by the Financial Services Commission of Ontario.*

July 9, 2007

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*The new Act will require individuals and businesses conducting any of the regulated activities to be licensed by the Financial Services Commission of Ontario.*

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## Effective date for new Act

The Mortgage Brokerages, Lenders and Administrators Act, 2006, is set to take effect on July 1, 2008. At that time, any person or entity carrying on the business, in Ontario, of dealing or trading in mortgages, administering mortgages or as mortgage lender, and any individual dealing or trading in mortgages in Ontario for remuneration, must be licensed with the Financial Services Commission (FSCO), unless an exemption applies. Ontario mortgage broker registrations under the current Mortgage Brokers Act will expire on repeal of the Act.

## Transitional period

A four-month transitional licensing period will begin on March 3, 2008, and will enable mortgage brokers registered under the current Act and mortgage agents to apply for a licence in anticipation of the commencement of the new Act. As a first step in the transition process, brokerages will need to apply for a brokerage licence from FSCO. Licensed brokerages will then be able to initiate and submit applications for their agents and brokers. More details on the licensing requirements and process will be made available when the related regulations are approved by the Government.

### *Fee schedule*

To avoid overpayment of fees from now until July 1, 2008, FSCO has modified the current fee schedule for new broker registrations, renewals and new officers/directors or authorized agents. The current fee of \$275 will be pro-rated as per the following chart.

Aug 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008
\$252	\$229	\$206	\$183	\$160	\$138
Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	
\$115	\$92	\$69	\$46	\$23	



**Example:** A brokerage with a renewal date in October 2007, would pay fees for 9 months (October 2007 - June 30, 2008), not 12 months. If the brokerage has 10 staff/agents, renewal fees payable would total \$2,060 (10 x \$206 pro-rated fee per person).

Renewal notices sent by FSCO will clearly indicate the pro-rated amount that should be used in calculating the fee owed.

A new schedule is currently being drafted for fees under the new Act, and will be published as soon as it is finalized.

## Interim application forms

To accommodate the pro-rated fee schedule, interim application forms have been posted on the FSCO website under the Forms section. These forms are to be used from August 1, 2007 to June 30, 2008. Renewal packages sent by FSCO will include the new interim form.

The *Application for Registration (of a mortgage broker)* and *Notification Form for New Officer/Director or Authorized Agent* have been updated with the pro-rated fee schedule and other information. These forms must be used when:

- applying for a new mortgage broker registration as of or after August 1, 2007
- renewing a mortgage broker registration as of or after August 1, 2007
- adding a new officer/director or authorized agent as of or after August 1, 2007

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*A pre-licensing phase will commence on March 3, 2008, four months prior to the July 1, 2008, effective date of the new Act.*

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## Frequently asked questions

*Q. Is the Mortgage Brokers Act still in effect?*

A. Yes. The current Mortgage Brokers Act will continue to be in force until it until the new Act is effective.

*Q. What will happen on July 1, 2008?*

A. The current Mortgage Brokers Act will be repealed, and the new Act will become effective. At that time, any person or entity carrying on the business, in Ontario, of dealing or trading in mortgages, administering mortgages or as mortgage lender, and any individual dealing or trading in mortgages in Ontario, must be licensed with FSCO, unless an exemption applies.

*Q. When can I get an application to apply for a mortgage brokerage, administrator, mortgage agent, or mortgage broker licence under the new Act?*

A. A four-month transitional licensing period will begin on March 3, 2008, and will enable mortgage brokers registered under the current Act and mortgage agents to apply for a licence in anticipation of the commencement of the new Act. More details on the licensing requirements and process will be made available when the related regulations are approved by the Government.

*Q. Why are you pro-rating fees?*

A. Ontario mortgage broker registrations under the current Mortgage Brokers Act will expire with the repeal of the current Act. To avoid overpayment of fees, FSCO has modified the existing fee schedule for broker renewals and adding new Officers/Directors/Authorized Agents. Fees will be pro-rated to June 30, 2008.

*Q. Who is affected by the pro-rated fee schedule?*

A. Any mortgage broker submitting a new or renewal application as of August 1, 2007.

*Q. Are there forms to use from now until the effective date of the new Act?*

A. Yes. New versions of the Application for Registration form and the Notification for a New Officer/Director/Authorized Agent form have been updated with the pro-rated fee. Go to [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca) and click on Forms. These forms must be used when renewing a registration or adding new Officers/Directors/Authorized Agents under the current Act from August 1, 2007, until June 30, 2008.



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## Frequently asked questions (continued)

*Q. What is the fee for adding new Officers/Directors/Authorized Agents?*

A. Refer to the pro-rated fee table on the interim application form to determine the required fee. The fee will depend on the broker's next renewal date.

*Q. Has the current annual fee for mortgage broker registrations changed?*

A. No. The current annual fee is still \$275. The \$275 fee will be pro-rated depending on the month in which the broker is renewing or adding new officers/directors/authorized agents.

A new schedule is currently being drafted for fees under the new Act, and will be published as soon as it is finalized.

*Q. How can I stay up to date on what's new?*

A. Subsequent newsletters will provide detailed information on the licensing and education requirements and the application process. FSCO will also be developing brochures and information packages for the industry, copies of which will be sent to you when finalized.

## What to watch for

- Approval of licensing regulations.
- Updates on the education review.

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