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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.

The Mortgage Broker Edition

The new Mortgage Brokerages, Lenders and Administrators Act, 2006 (new Act) will come into full effect on July 1, 2008. To facilitate the new licensing process, a four-month Advance Application Period (March 1, 2008 to June 30, 2008) has been approved.

During this period, individuals who wish to be licensed as mortgage brokers under the new Act need to submit their licensing applications to FSCO. Once approved, a licence will be issued and will be effective on July 1, 2008. Applications received after July 1, 2008 will be processed, and licences issued after review and approval by FSCO.

Licensing Link

Starting March 1, 2008, FSCO's online licensing system, Licensing Link, will process all mortgage broker and agent licensing transactions. All licensing transactions, including applications and transfers for mortgage brokers under the new Act, will need to be completed online via Licensing Link.

Licensing Link can also be used to confirm or search for the licensing status of a mortgage brokerage, administrator, broker or agent.

The Licensing Link system will be available 24 hours a day, seven days a week.

Applying for a Mortgage Broker Licence via Licensing Link during the Advance Application Period

Your online application process begins after your brokerage and its principal broker have been licensed by FSCO. Your brokerage will start the application process by entering your basic contact information on Licensing Link. (You will need an e-mail address so that the licensing application can be sent to you.) You will then receive an e-mail message containing a link to the electronic application form.

You will need to complete the application and verify your contact information, confirming you have the appropriate education or exemptions, answer past conduct questions, and declare the information you provided is correct.

You will need to submit your completed application electronically. It will then automatically be sent through Licensing Link to your brokerage for approval and submission to FSCO. Once it has been submitted, FSCO staff will review the application. During this process, your brokerage can monitor the status of your application through the company section on Licensing Link.



Once your application has been approved, your name and business information will automatically be included on FSCO's new website listing of licensed mortgage brokers, starting on July 1, 2008.

If you are an active officer, director, partner or sole proprietor, and work for more than one business that is registered under the Mortgage Brokers Act, you can only apply through one mortgage brokerage. Mortgage brokers licensed under the new Act may work for only one mortgage brokerage.

Mortgage Broker Licensing Requirements

In order to be licensed as a mortgage broker, you 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,
- work for only one mortgage brokerage,
- have been licensed as a mortgage agent for at least 24 months, during the 36-month period preceding the application for the mortgage broker licence,¹ and
- successfully complete an approved educational course and exam for mortgage brokers, up to three years before applying for a mortgage broker licence.

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

Mortgage Broker Licensing Criteria

The new Act's regulations require that for each application for a mortgage broker licence, FSCO consider the following:

- Whether your past actions provide reason for believing that you will not deal or trade in mortgages in a lawful or honest way.
- Whether you currently are, or will be doing, any business that will not comply with the new Act if you are licensed.
- Whether you have made any false statements on your mortgage broker licence application.

Other issues or facts may also be considered by FSCO's Superintendent.

Qualifying for a Mortgage Broker Licence in the Advance Application Period

Mortgage broker education requirements are different under the new Act than the current Act. As a transition measure, certain qualifications will be recognized.

Only mortgage brokers who have been approved for a licence during the Advance Application Period will be authorized to carry out mortgage activities for their mortgage brokerages on July 1, 2008.²

¹ Experience under the Mortgage Brokers Act may satisfy this requirement.

² For individuals entering the industry after July 1, 2008, different education requirements will apply.



To obtain a mortgage broker licence under the new Act during the Advance Application Period, you must satisfy one of the following:

Option # 1 - You are an active officer/director, partner or sole proprietor of a business that is registered with FSCO under the Mortgage Brokers Act. (You must have available for confirmation proof of status, for example, corporate filings/articles of incorporation that have been filed with the Ministry of Government and Consumer Services.)

Option # 2 - You currently work as a registered mortgage agent and have successfully completed one of the following approved mortgage broker courses:

Course currently being offered:

- Seneca College - Financial Services Underwriting Program

Courses previously offered:

- Ontario Mortgage Brokers Association (OMBA) - Mortgage Brokers Course before 1995
- Seneca College - Mortgage Brokers Program in 1994, 1995, 1996, 1997 or 1998.

(You must have this available for confirmation, for example certificates, transcripts.)

Option # 3 - You are a real estate broker who is registered with the Real Estate Council of Ontario (RECO). (Confirmation is required. You need to present your brokerage with a valid RECO Real Estate Broker Certificate. You must be registered as a real estate broker with RECO on the date you apply for your mortgage broker licence, or on July 1, 2008, whichever comes first. You have until July 1, 2009 to apply for a licence, at which time this exemption expires.)

Real Estate Brokers

Starting July 1, 2008, real estate brokers will need to be licensed under the new Act if they wish to deal in mortgages. In order to be licensed on July 1, 2008, real estate brokers need to apply for a licence during the Advance Application Period, between March 1 and June 30, 2008.

As a transition measure, real estate brokers who are registered with the Real Estate Council of Ontario (RECO) as of July 1, 2008, may take advantage of a mortgage broker education exemption when applying for a licence. The education exemption is available to all registered real estate brokers who apply for a mortgage broker licence before July 1, 2009.

Note: an education exemption does not mean you are exempt from the other licensing requirements.

Mortgage Lenders

A mortgage lender business will require a mortgage brokerage licence. The brokerage must have a principal broker who has a mortgage broker licence.



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Principal Brokers

Under the new Act, each mortgage brokerage must appoint one principal broker. A mortgage brokerage must have a principal broker at all times and there may only be one principal broker at a time.

A mortgage broker can be a principal broker as long as he/she meets the following criteria:

- If the brokerage is a *corporation*, he/she must be a director or officer of the corporation.
- If the brokerage is a *partnership* (other than a limited partnership), he/she must be a partner.
- If the brokerage is a *limited partnership*, he/she must be a general partner, or a director/officer of a corporation that is a general partner.
- If the brokerage is a *sole proprietorship*, he/she must be the owner or sole proprietor.

Additional information regarding the duties and responsibilities of principal brokers will be available in upcoming issues of the Mortgage Broker e-Info Newsletter.

Key Dates for Mortgage Brokers

March 1, 2008

- Start of Advance Application Period.

March 1, 2008 to June 30, 2008

- Broker applications submitted to FSCO, through the brokerage, via Licensing Link.
- FSCO reviews/approves licensing applications.
- Approved licensing applications receive a licence number.
- FSCO informs brokers of their new licence numbers by e-mail.

July 1, 2008

- New Act comes into full effect.
- All licences take effect.
- Any person or entity carrying on the regulated business, or any individual engaging in regulated activity, must be licensed with FSCO unless an exemption applies. (For information on exemptions please visit FSCO's Mortgage Brokers Frequently Asked Questions web page at www.fSCO.gov.on.ca.)
- A list of licensed mortgage brokers will be available online on FSCO's website at www.fSCO.gov.on.ca. No hard-copy licences will be issued.



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Frequently Asked Questions

Q: I am a real estate broker. Am I exempt from the mortgage broker education requirements under the new Act?

A: As a transition measure, real estate brokers are exempt from the education requirements under the Mortgage Brokerages, Lenders and Administrators Act, 2006, until July 1, 2009. However, to qualify for this exemption you must be registered as a real estate broker with RECO the earlier of the date you apply for a licence or July 1, 2008.

Q: I currently work for multiple businesses who are registered under the Mortgage Brokers Act. Can I apply for a mortgage broker licence with each business?

A: No. The Mortgage Brokerages, Lenders and Administrators Act, 2006 states that a mortgage broker can only work for one mortgage brokerage.

You will need to decide which brokerage you wish to work for, and have the brokerage submit an application for a mortgage broker licence on your behalf, during the Advance Application Period.

Q: I currently work as a mortgage agent for a business that is registered under the Mortgage Brokers Act. I also have an OMBA certificate. Can I apply for a mortgage broker licence?

A: Yes, you may apply for a mortgage broker licence during the Advance Application Period. As a transition measure, the OMBA course will be accepted until June 30, 2008. As of July 1, 2008, the OMBA course will not be accepted. (Please ensure you have a copy of your OMBA certificate.)

Q: What is FSCO's screening process for brokers?

A: To ensure all licence applicants are suitable to deal with the public, FSCO conducts criminal background checks (CPIC) during the application process, and reviews each applicant's professional and educational background to ensure they meet the Act's requirements.

If there are questions regarding an applicant's suitability, the principal broker must take reasonable steps to satisfy himself/herself that the applicant is suitable for licensing.

Additional information on the duties of the principal broker will be discussed in a future Newsletter.

Q: I am currently enrolled in the Seneca College Financial Services Underwriting course to become a mortgage broker. If my course ends after July 1, 2008, can I still use this course to become a mortgage broker once the new Act is in effect?

A: As long as you are enrolled in the course before July 1, 2008, you can still use the course to become a mortgage broker, once the new Act is in effect. You will need to apply for a mortgage broker licence within one year of successfully completing the full course, and by July 1, 2011, at the latest. You will also be exempt from the two year mortgage agent experience requirement.

Q: How many principal brokers can a brokerage have?

A: A mortgage brokerage can only have one principal broker at a time.



Frequently Asked Questions (continued)

Q: I am a sole proprietor. Do I need to apply for both a mortgage broker and a mortgage brokerage licence?

A: Yes. Your brokerage may use a trade name and be featured in advertising, therefore your business is required to be licensed under the new Act. You will need to submit a one-time application for a mortgage brokerage licence, which is continuous until it is cancelled. As the business owner, you will also be considered the principal broker and need to apply for a mortgage broker licence.

Q: Is there a licence for a lender?

A: Lenders carrying on the business of lending money on the security of real property must be licensed as a mortgage brokerage unless an exemption applies. A brokerage must have a principal broker who has a mortgage broker licence.

Industry Training

The Independent Mortgage Brokers Association of Ontario (IMBA) is holding legislation seminars to help mortgage professionals learn about the requirements for full compliance with the new Mortgage Brokerages, Lenders and Administrators Act, 2006. There will be a special focus on borrower and investor disclosure requirements, new cost of borrowing calculations, duties of the principal broker, etc.

The seminars will be held from February to April 2008 in cities across Ontario. FSCO staff will join with IMBA to present the licensing process and will answer audience questions. To learn more about the seminars visit www.imba.ca.



FSCO's Information Sessions for Mortgage Brokers and Brokerages

If you are interested in learning about the new Act's licensing process, FSCO invites you to register for one of the following free information sessions:

Information Session # 1	Information Session # 2	Information Session # 3
<u>February 15, 2008</u>	<u>March 7, 2008</u>	<u>May 26, 2008</u>
8:30 am - 12:00 pm	8:30 am - 12:00 pm	8:30 am - 12:00 pm
900 Bay Street	900 Bay Street	900 Bay Street
Simcoe Room	Ontario Room	Simcoe Room
Toronto, Ontario	Toronto, Ontario	Toronto, Ontario

To register and learn more about the information sessions, visit www.fSCO.gov.on.ca and click on *Mortgage Brokers*.

Monitoring and Enforcement Online

FSCO is improving access to information about FSCO's prosecution activities, decisions arising out of hearings, and other regulatory activities regarding financial services professionals and entities, including mortgage brokers. Monitoring and Enforcement Online provides information on the latest regulatory developments in a format that is searchable, easy to use, and available via the Internet at any time. Visit FSCO's new Monitoring and Enforcement web page at www.fSCO.gov.on.ca and click on *Monitoring and Enforcement Online*.

Future Newsletters

- What brokerages and administrators need to know to become licensed (application process, forms, required supporting material, etc.).
- Agent & broker education update.
- Principal Broker Duties
- Licensing exemptions and fees.
- FSCO Information Sessions (February/March 2008).
- Information on regulations:
 - Standards of Practice for Brokerages, Administrators, Agents and Brokers
 - Administrative Penalties, Filing Requirements
- Using Licensing Link.



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