



The Mortgage Broker e-Info Newsletter is produced and distributed by the Financial Services Commission of Ontario (FSCO). It provides updates on Ontario's Mortgage Brokerages, Lenders and Administrators Act, 2006, regulations and requirements.

All licensed mortgage brokerages, administrators, brokers and agents in Ontario automatically receive this newsletter from FSCO via the e-mail address provided in Licensing Link.

For more information, or to access past issues of this Newsletter, visit FSCO's website at www.fSCO.gov.on.ca.

October 5, 2011

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Mortgage brokers and agents now have full labour mobility

The [Agreement on Internal Trade](#) (AIT) is an intergovernmental trade agreement signed by Canadian Premiers. Its purpose is to encourage improved interprovincial trade by reducing barriers to the free movement of persons, goods, services, and investment within Canada and to establish an open, efficient, and stable domestic market.

Changes to the AIT and to the [Ontario Labour Mobility Act](#), which implements the AIT in Ontario, now make it easier for mortgage brokers and agents to be licensed across provinces.

Here is a summary of the key changes which came into effect on July 1, 2011:

- An individual who holds a licence in good standing as a mortgage broker, mortgage agent, insurance agent or adjuster in Ontario may qualify as equivalent in another province without having to complete additional material training, experience, examinations or assessments.
- Individuals may apply to be licensed in a province without having to reside in that province.
- Regulators in each province are required to provide information on how individuals already licensed in another province, can become licensed in that regulator's province.

FSCO's website provides information on how individuals [already licensed in another province](#) can become licensed in Ontario. It also includes links to websites of other financial services regulators.



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Mandatory Re-licensing Education 2012 for mortgage brokers and agents

To renew licences in 2012, all mortgage brokers and agents including principal brokers and agents employed by finance companies are required to complete the MB Re-licensing Education 2012 course.

The course will focus on complying with the Mortgage Brokerages, Lenders and Administrators Act, 2006 and Regulations. It will be available from November 2011 and will be approximately five hours in duration. A list of the course providers approved by FSCO, is below:

- [Canadian Association of Accredited Mortgage Professionals \(CAAMP\)](#)
- [IMBA \(Independent Mortgage Brokers Association of Ontario \(IMBA\)\)](#)
- [Real Estate and Mortgage Institute of Canada Inc. \(REMIC\)](#)
- [Seneca College of Applied Arts and Technology](#)

For more information, contact the providers directly.

Mandatory condition of licensing

This re-licensing requirement applies to the 2012 licence renewal. Brokers and agents are therefore advised to complete their MB Re-licensing Education 2012, by March 31, 2012 in order to be relicensed. Without a valid licence, mortgage brokers and agents are not permitted to deal or trade in mortgages. Individuals who deal or trade in mortgages without a licence are subject to fines of up to \$100,000 or imprisonment for up to one year, or both.

Principal brokers to ensure compliance

Principal Brokers are required to take all reasonable steps to ensure their brokers and agents comply with this re-licensing requirement. This includes:

- informing brokers and agents of the requirements and how to comply;
- monitoring who has not completed the course and following up with them before the licence renewal period begins on February 1, 2012; and
- documenting the steps taken.

FSCO will monitor compliance. Brokerages with low levels of compliance may be subject to further review to ensure necessary procedures are in place.

The re-licensing requirement followed extensive consultation with mortgage broker stakeholders. The Superintendent approved MB Re-licensing Education 2012 as the course required for licence renewal in 2012 pursuant to section 9 of Ontario Regulation 409/07, Mortgage Brokers and Agents: Licensing.

Visit FSCO's [website](#) for the course outline of Re-Licensing Education 2012

For more information
[Mandatory Re-licensing Education for Ontario Mortgage Brokers and Agents: Final Decisions and Consultation Summary](#)



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Mortgage brokering industry complaint experience

Licence Statistics for April-June 2011

Number of new licences:

- Mortgage agents 874
- Mortgage Brokers 16
- Mortgage Administrators 2
- Mortgage Brokerages 23

Number of licence surrenders:

- Mortgage Brokerages 32
- Mortgage Administrators 2

FSCO reviewed 280 complaints and compliance reviews regarding mortgage brokerages, administrators, brokers and agents from January 1, 2011 to July 31, 2011. Of these:

- 97 per cent were within FSCO's jurisdiction as they dealt with the mortgage brokering industry in Ontario. The remaining 3 per cent were not within FSCO's jurisdiction, as they dealt with other laws (e.g. employment, other jurisdictions);
- 32 per cent were from consumers;
- 18 per cent were from brokerages/brokers/agents;
- 47 per cent were compliance cases generated from the proactive reviews of licensees filings, advertisements and other assessments originated by FSCO.

The top four causes were:

- 24 per cent about advertising;
- 15 per cent about unlicensed activity;
- six per cent about mortgage suitability;
- four per cent about agent suitability.

The 2011 year-to-date activity exceeds levels for the same period in 2010 and 2009. This represents an increase of 24 per cent from 2010 and 12 per cent from 2009.

The Market Conduct Analyst Section (MCAS) at FSCO is responsible for identifying and assessing allegations of contraventions of the Mortgage Brokerages, Lenders and Administrators Act, 2006. Complaints are a key starting point in identifying emerging issues and in screening brokerages/brokers or agents for potential market conduct or compliance problems. In addition, the MCAS actively reviews Annual Information Return filings and other sector related materials and extracts potential compliance issues from this data, for further review.

MCAS also studies potential systemic issues and their effect on non-compliant conduct.

To learn more about FSCO's enforcement activities, refer to [Compliance and Enforcement Activities for the Mortgage Brokering Sector](#)



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Mandatory Errors & Omission (E&O) insurance for Alberta mortgage brokerages

The Real Estate Council of Alberta has introduced E&O insurance for mortgage brokerages. All Alberta mortgage brokerages are required to show coverage for loss resulting from fraudulent acts in the carrying on of their business. Mortgage Brokerages can no longer renew their licences without providing proof of coverage to RECA, the industry regulator.

See [RECA](#) for more information.

FSCO's website makes it easier for the mortgage brokering industry



This past July, FSCO redesigned its website to give mortgage brokerages, brokers, agents and administrators one-click access to content important to their sector.

It's now easier for mortgage brokerages, brokers, agents and administrators to access services for licensing and registration, get important sector updates, and reference current and historical information, publications and forms.

Take a look at www.fSCO.gov.on.ca.

Future Newsletters

- MB re-licensing update (renewals start February 1, 2012)

[Licensing FAQs](#)

E&O Insurance is a licensing requirement in Ontario.

For a list of providers, refer to FSCO's

[E&O Insurance Providers](#)



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