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*The Mortgage Broker e-Info Newsletter provides updates on Ontario's Mortgage Brokerages, Lenders and Administrators Act, 2006 and regulations.*

*The Newsletter is produced and distributed by the Financial Services Commission of Ontario (FSCO). For more information, visit FSCO's website at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca).*

## March 31<sup>st</sup> is an Important Deadline for Licensees

The Financial Services Commission of Ontario (FSCO) would like to remind all licensees that March 31, 2010 is the last day for licence renewals, fee payments and the submission of Annual Information Returns (AIRs).

### Mortgage Broker and Agent Licences Need to be Renewed by March 31, 2010

All mortgage broker and agent licences will expire on March 31, 2010, unless the mortgage brokerage's principal broker applies for a licence renewal before that date. Individuals who wish to continue conducting mortgage brokering activities after March 31, 2010 should contact their mortgage brokerage's principal broker to ensure that their licence renewal application is sent to FSCO no later than March 31, 2010.

Principal brokers are responsible for initiating the licence renewal application in Licensing Link and paying the \$700 fee on behalf of the mortgage broker or agent. If a licence is renewed, it will be in effect for a two-year period, from April 1, 2010 to March 31, 2012.

#### If a licence is not renewed

If the principal broker does not submit the broker or agent licence renewal application by March 31, 2010:

- The individual's licence will expire on March 31, 2010.
- The individual will not be authorized to deal or trade in mortgages after March 31, 2010.
- The individual will need to apply for a new mortgage broker or agent licence and pay the new applicant fee if he/she wishes to conduct mortgage brokering activities.

#### Act Now

Completing a licence renewal application is a multi-step process that may take several days. Principal brokers are strongly advised not to wait until the last day.

For more information, visit FSCO's [web page on applying for a mortgage broker or agent licence renewal](#).



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## Fees for Existing Mortgage Brokerages and Administrators

All mortgage brokerage and administrator licences are continuous and do not need to be renewed. However, all mortgage brokerages and administrators are required to pay a fee every two years, to cover FSCO's costs for regulating the mortgage brokering industry in Ontario.

A fee of \$700 must be paid by all existing mortgage brokerages and administrators. This fee covers a two-year period (April 1, 2010 to March 31, 2012) and must be paid by March 31, 2010.

Mortgage brokerages are required to pay this fee through [Licensing Link](#). Since mortgage administrators do not have access to the [payment feature](#) in Licensing Link, FSCO has sent an invoice to all administrators. Fee payment must be made by March 31, 2010. Mortgage brokerages and administrators that do not pay this fee may be subject to enforcement action. For more information, visit FSCO's [web page on fees](#).

## Revised Mortgage Brokerage and Administrator Licensing Applications

FSCO has updated the licensing application forms for mortgage brokerages and administrators, to reflect the new fee schedule for the 2010-12 licensing period. To access these new forms, visit [FSCO's forms web page](#).

## How Principal Brokers Can Prepare for the Industry's First Licence Renewal

Principal brokers can help ensure that the first licence renewal goes smoothly by ensuring that the e-mail addresses of their mortgage brokers and agents are up-to-date in Licensing Link. Incorrect e-mail addresses lead to problems, such as not being able to complete a licensing application because the broker or agent never received an e-mail from Licensing Link. Under Ontario Regulation 193/08, if a licensee changes his/her e-mail address, the licensee is required to give the Superintendent particulars of the new address no later than five days after the change occurs.

Principal brokers should also make sure their brokers and agents complete their licence renewal applications as soon as possible. Since FSCO is anticipating approximately 10,000 licence renewals during the months of February and March, licensees should submit their applications as soon as possible to avoid licensing delays. If a mortgage broker or agent licence renewal application is not submitted to FSCO by March 31, 2010, the individual will need to apply for a new mortgage broker or agent licence and pay the new applicant fee of \$800.

## Annual Information Returns Must be Submitted by March 31, 2010

Each mortgage brokerage and administrator is required to complete and submit an Annual Information Return (AIR) no later than March 31<sup>st</sup> of each year. This is a reporting requirement for all licensed mortgage brokerages and administrators under Ontario Regulation 193/08 - Reporting Requirements for Licensees and section 29 of the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA).

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As of March 12, 2010, approximately 65 per cent of licensees still need to submit licence renewal applications to FSCO

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Principal brokers should ensure that their mortgage brokers' and agents' e-mail addresses are up-to-date in Licensing Link

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Mortgage brokerages and administrators need to complete and submit Annual Information Returns by March 31, 2010

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The AIR is designed to collect information from mortgage brokerages and administrators about their business practices, internal controls, and market conditions for the previous calendar year. The information is used to assist FSCO in its risk assessment and oversight of mortgage brokerages and administrators.

Mortgage brokerages and administrators that fail to submit an AIR by March 31, 2010 may be required to pay an administrative monetary penalty of \$1000.

#### Last Year's AIR Compliance Rate

Last year, 17.4 per cent of brokerages and administrators were not compliant with this filing requirement, as they either filed after the March 31, 2009 deadline, or they did not file at all. As a result, FSCO took enforcement action, such as ordering \$1000 administrative monetary penalties.

#### How to Complete the AIR

This year, FSCO will be vigorously enforcing the AIR requirement. All brokerages and administrators need to ensure they complete the AIR. Non-compliance increases FSCO's regulatory costs and impacts the fees that all licensees pay.

Principal brokers and mortgage administrators should visit [Licensing Link](#) between February 1 and March 31, 2010 to fill out the online form.

#### Helpful Resources

Prior to filing the AIR, principal brokers and administrators are encouraged to review the following resources:

- [Frequently Asked Questions on AIRs](#)
- [Questions that Appear on the Mortgage Brokerage AIR](#)
- [Questions that Appear on the Mortgage Administrator AIR](#)

### Audited Financial Statements

Each mortgage administrator is required to provide FSCO the following documents within 90 days of its fiscal year end:

- Audited financial statements for the year prepared in accordance with the Generally Accepted Accounting Principles, as set out in the *Handbook of the Canadian Institute of Chartered Accountants* and audited by a licensed public accountant.
- The auditor's report on books, records and accounts of the mortgage administrator for the year.
- The auditor's report about the mortgage administrator's trust account, as well as assets and liabilities under administration for the year.

#### Important Notes:

- The auditor's report about the books, records and accounts, including the mortgage administrator's trust account, must be prepared by the same person who audits the financial statements for the year, in accordance with section 3(3) of [Ontario Regulation 193/08](#).
- In 2010, FSCO will be assessing mortgage administrators' compliance with these and other regulations through on-site visits.

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Mortgage administrators are required to provide FSCO audited financial statements within 90 days of their fiscal year end

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## FSCO's Webinar on Complaint Handling

If you're a principal broker, mortgage administrator or an individual who is designated to handle complaints, it's more important than ever to know how to deal with customer complaints effectively.

The old ways of doing business no longer apply – the MBLAA significantly changed how your mortgage brokerage or administrator needs to operate. Under the MBLAA, borrowers and lenders have more rights, which could result in increased complaints. It is essential for you to be informed of the new complaint handling requirements.

Register for a free webinar on complaint handling hosted by FSCO and learn how to:

- Improve your complaint handling practices.
- Reduce the chance of being sued by an unhappy client.
- Prevent errors and omissions insurance claims.
- Reduce the likelihood of being non-compliant with the MBLAA.
- Avoid enforcement action by FSCO.

Topics covered by this webinar will include:

- Why complaints are important to your brokerage or administrator.
- The top five complaints made by consumers to FSCO.
- Best practices for dealing with consumer complaints.
- FSCO's role and expectations in the complaint handling process.
- Your brokerage's or administrator's obligations under the MBLAA and regulations.
- Ways to improve your brokerage's or administrator's compliance with the MBLAA and regulations.
- The connection between complaints and fees.

Date and Time: Tuesday, April 20, 2010 from 1 - 2 p.m.

To register or learn more about this webinar, visit [FSCO's webinar web page](#).

## Future Newsletters

- Compliance sweeps update
- Compliance tips



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