



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.

June 30, 2010

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

Inside this issue:

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The Compliance Issue

This issue of the Mortgage Broker e-Info Newsletter focuses on compliance with the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA) and regulations. It includes:

- a report on the Financial Services Commission of Ontario's (FSCO's) compliance reviews of mortgage brokerages;
- tips from the compliance reviews;
- an update on FSCO's first licensing renewal cycle;
- compliance rates for the 2009 Annual Information Returns (AIRs); and
- information on accessing the webinar recording on complaint handling.

Report on FSCO's Compliance Reviews of Mortgage Brokerages

During the spring and summer of 2009, FSCO conducted a review of the mortgage brokering industry as part of its compliance review initiative. This review focused on how the overall industry – particularly at the individual brokerage level – had prepared itself to meet the compliance requirements under the MBLAA; with specific focus on sections 40 to 48 of Ontario Regulation 188/08 - Mortgage Brokerages: Standards of Practice.

A random sample of 128 mortgage brokerages (or approximately 10 per cent of all brokerages in Ontario) was selected for the on-site reviews, in order to obtain a broad representation of the industry as a whole.

A report on these findings was recently posted on FSCO's website. To learn more about the reviews, read the [Report on FSCO's Compliance Reviews of Mortgage Brokerages](#).



Tips from the Compliance Reviews of Mortgage Brokerages

The list below provides several compliance tips for mortgage brokerages that were identified during FSCO's 2009 compliance reviews.

- Mortgage brokerages should have policies and procedures that are tailored to their unique operational requirements.
- Mortgage brokerages should focus more attention on the following high risk areas:
 - syndicated mortgages;
 - restrictions on payments by the brokerage;
 - provisions covering payments of incentives other than money; and
 - records retention.

By addressing weaknesses in these high risk areas, brokerages can achieve a higher degree of compliance with sections 40 to 48 of Ontario Regulation 188/08.

Update on FSCO's First Licensing Renewal Cycle

Mortgage brokers and agents had until March 31, 2010 to submit applications to renew their licences before they expired. As of April 1, 2010, FSCO renewed 6,868 mortgage agent licences and 2,408 mortgage broker licences.

If a mortgage broker or agent did not apply to renew by March 31st, the licence expired on March 31, 2010. This means the individual is no longer authorized to deal or trade in mortgages in Ontario. If the individual wishes to continue dealing or trading in mortgages, he or she needs to work with his or her principal broker to submit a new licence application to FSCO.

Compliance Rates for the 2009 Annual Information Returns

For the 2009 fiscal year, 81 per cent of mortgage brokerages and 79 per cent of administrators submitted an Annual Information Return (AIR) by March 31, 2010. Since each brokerage and administrator is required to complete and submit an AIR no later than March 31st of each year, FSCO will take enforcement action against non-filers. This includes issuing Letters of Warning, Letters of Caution, and administrative monetary penalties against non-filers.

If your brokerage or administrator received an e-mail from FSCO that says the Superintendent proposes to impose an administrative monetary penalty of \$1000, you are entitled to make a written submission to FSCO before the penalty is imposed. For more information, refer to the e-mails that were sent to your brokerage or administrator in April 2010.

Want to learn about FSCO's compliance activities?

Read the [Report on FSCO's Compliance Reviews of Mortgage Brokerages](#)

19 per cent of brokerages and 21 per cent of administrators did not submit an AIR by March 31, 2010



Financial Services
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Webinar Recording on Complaint Handling

If you're a principal broker, mortgage administrator or designated complaint handling officer, it's more important than ever to know how to deal with customer complaints effectively.

If you missed FSCO's Webinar on Complaint Handling in April 2010, make sure you view the [webinar recording](#), which is now available online.

Future Newsletters

- Update on FSCO's enforcement activities



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