

Mortgage Agents & Brokers: New Licensing Classes and Education Requirements

FSRA

Financial Services Regulatory
Authority of Ontario

Date: Wednesday, November 9, 2022
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Ontario



Agenda

- Overview
- Background
- New licensing classes
- New education requirements
- Upgrading a licence
- Transition requirements for current agents and brokers
- Key Dates and Resources

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Overview

Goals of this Principal Broker Webinar



Confirm what you need to do to **maintain your broker licence**



Understand the changes to **support your agents & brokers** through the transition period



Obtain resources to assist with **updating your brokerage's operations** effective April 1, 2023

Effective **April 1, 2023**, there will be new licensing classes and education requirements:

- 1. Agent Level 1**
- 2. Agent Level 2**
- 3. Mortgage Broker – remains in place**

Complete the new **education requirements** before you renew your licence in 2024:

- **Level 2 Agents and Brokers** must complete a private lending education program

Background



Background

MBLAA Review

- 2019 Report to Minister of Finance of the Legislative Review of the MBLAA
- Recommendation: licensing schemes that better respond to the unique practices required by certain segments of the mortgage market

Desired Outcomes:

1. **Education requirements** that better align with activities in the mortgage market
2. **Enhanced consumer protection** as borrowers and lenders/investors receive appropriate levels of information and recommendations to make informed decisions relevant to their mortgages/mortgage investments
3. **Enhanced confidence in the mortgage brokering industry** as licensees are prepared for their career in the mortgage brokering sector

New licensing classes

New Licensing Classes

1

Level 1 Mortgage Agent licence: deal and trade in mortgages with lenders that are FIs (as defined by MBLAA; approved by CMHC)

2

Level 2 Mortgage Agent licence: deal and trade in mortgages with all mortgage lenders

B

Mortgage Broker licence: deal and trade in mortgages with all mortgage lenders

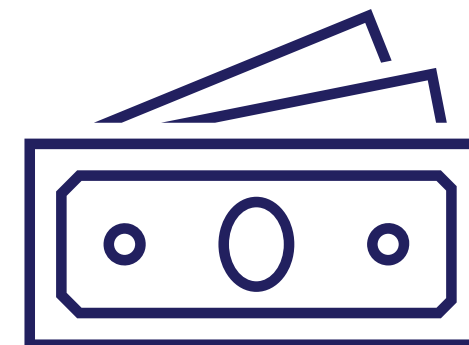
◆ Lenders that all agents & brokers can transact with

- Financial institutions, as defined in section 1 of the MBLAA:
“financial institution” means a **bank or authorized foreign bank** within the meaning of section 2 of the Bank Act (Canada), a **credit union** to which the Credit Unions and Caisses Populaires Act, 2020 applies including a central within the meaning of that Act, an **insurer** licensed under the Insurance Act, a **corporation** registered under the Loan and Trust Corporations Act or a **retail association** as defined under the Cooperative Credit Associations Act (Canada); (“institution financière”)
- Financial institutions approved by the Canada Mortgage and Housing Corporation (“CMHC”) under the *National Housing Act* (“NHA”)
 - List of lenders is available on CMHC’s website



Lenders that only Level 2 Agents and Brokers can transact with

- All other mortgage lenders, such as
 - mortgage investment companies,
 - syndicates,
 - private individuals,
 - agents, brokers, and brokerages



Recap: Level 1 Agents are not authorized to deal & trade in mortgages with the above lenders.

Job Shadowing for Level 1 Agents

- Level 2 mortgage agents and brokers may engage level 1 mortgage agents in private mortgage transactions for **training purposes**
- The level 1 mortgage agent **must not hold out or represent** to clients that they are qualified to complete private mortgage transactions
- The **level 2 mortgage agent and/or the mortgage broker are accountable** to clients for these transactions

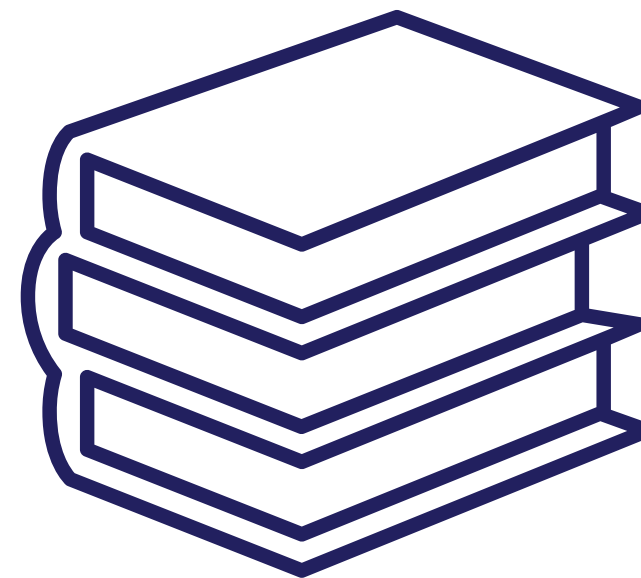


New education requirements

New Education Requirements

Private Lending Education Program

1. Private Lending Course; or
 2. Challenge Exam
- The private lending education program must be completed by all Level 2 Agents and Brokers before the 2024 renewal
 - If you do not complete the private lending education, you will transition to a Level 1 Agent



New Education Requirements cont'd

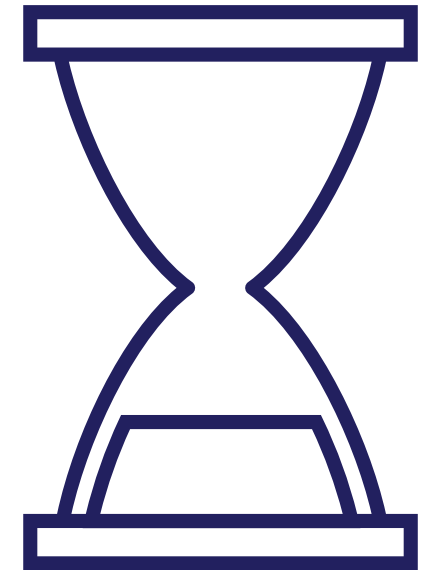
1. Private Lending Course

- Includes a course and an exam
- Available early 2023 – course providers to be announced

2. Challenge Exam

- Only available to level 2 agents and brokers who have **5 or more years of continuous licensing experience**
- Available early 2023 – exam providers to be announced
- Only one attempt – if unsuccessful, must complete private lending course
- Only available until October 31, 2023

Recap: All Level 2 Agents and Brokers must complete the private lending course **or** pass the challenge exam before they renew their licence in 2024.



Upgrading a licence

Upgrading a licence



No change to entry level licence (Agent Level 1)
→ complete mortgage agent program



To become a Level 2 Agent
→ 12 months experience as a Level 1 Agent and complete the private lending education program

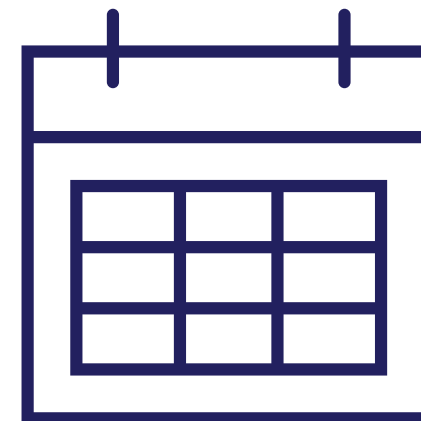


To become a Broker
→ 24 months experience as a Level 2 Agent and complete the broker education program

Transition requirements for current licensees

Transition – Who is impacted?

- All active Agents and Brokers, including Principal Brokers
- Agents and Brokers whose licence expired between March 31, 2022 and March 31, 2024



Transition – How will you be impacted?

1. Agents with less than 1 year of continuous licensing

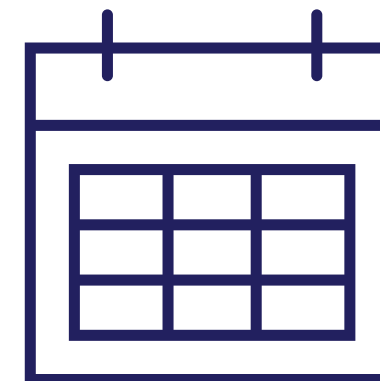
- a) Will obtain a Level 1 Agent licence
- b) May only arrange mortgages with lenders that are FIs or NHA-approved

2. Agents and Brokers with 1 to 5 years of continuous licensing

- a) Agents → will obtain a Level 1 or Level 2 Agent licence
- b) Brokers → continue to maintain their broker licence
- c) All level 2 Agents and Brokers must complete the private lending education program to maintain their licence after March 31, 2024.

3. Agents and Brokers with more than 5 years of continuous licensing

- a) Agents → will obtain a Level 1 or Level 2 Agent licence
- b) Brokers → continue to maintain their broker licence
- c) All level 2 Agents and Brokers must complete the private lending education program to maintain their licence after March 31, 2024 or pass the challenge exam by October 31, 2023.



Changes to Licensing Link

2023 Renewal:

- Principal Brokers will select their agents and brokers' licence type on the renewal application
- For your Agents who have more than 1 year of continuous licensing experience, you may renew their licence as Level 1 Agent or Level 2 Agent
- FSRA will share instructions with Principal Brokers closer to the renewal date

As of April 1, 2023:

- New applicants will be licensed as a Level 1 Agent
- New licence upgrade applications will be available
 - Level 1 Agent to Level 2 Agent
 - Level 2 Agent to Broker

Key Dates & Resources

Key Dates

Early 2023
Private Lending
Course &
Challenge
Exam Available

Apr 1, 2023
New licensing
classes come
into force

Feb - Mar 2024
L1 & L2 Agents
and Brokers renew
their licence

Feb - Mar 2023
Agents and Brokers
renew their licence

Oct 31, 2023
Deadline to
complete the
Challenge Exam

Mar 31, 2024
Deadline to
complete the Private
Mortgages Course

Next Steps for Principal Brokers



Confirm what you need to do to **maintain your broker licence**



Understand the changes to **support your agents & brokers** through the transition period



Obtain resources to assist with **updating your brokerage's operations** effective April 1, 2023

Resources



All information about the new licensing classes & education requirements in **FSRA Guidance No. MB0047INT**:
<https://www.fsrao.ca/industry/mortgage-brokering/regulatory-framework/guidance-mortgage-brokering/new-mortgage-agent-and-broker-licensing-requirements-0>



Dedicated webpage for Licensing Classes Updates:
<https://www.fsrao.ca/NewMortgageLicensing>

This webinar is being recorded and will be available on FSRA's website.

Coming Up: Tuesday, November 15 @ 11AM
Licensing Classes Webinar for all mortgage agents and brokers



Thank you!

Questions?

Please submit any questions by pressing the Q&A Button.