



FSRA 2019 Mortgage Brokerages and Administrators Annual Information Return

January 25, 2021

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Introduction

The Financial Services Regulatory Authority of Ontario (FSRA) is an independent regulatory agency created to improve consumer and pension plan beneficiary protections in Ontario.

FSRA is self-funded and capable of responding to the dynamic pace of change in marketplace, industry and consumer expectations.



This report summarizes the information provided in the 2019 Annual Information Return (AIR) by licensed mortgage brokerages and administrators about their activities during the 2019 calendar year.

About the Annual Information Return

The AIR collects information about mortgage brokering business volumes, practices, internal controls, and market conditions for the previous calendar year. The AIR filings help FSRA to obtain a better understanding of the mortgage brokering sector as a whole. They are also used to help assess mortgage brokerages' and administrators' overall compliance with the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA).

Under the MBLAA, all licensed mortgage brokerages and administrators are required to file the AIR by March 31 of each year, for the previous calendar year, even if they did not do any business during that year.

This report includes responses from 1,150 mortgage brokerages and 186 mortgage administrators, who filed their 2019 AIR. The compliance rate for filing was 95 per cent for mortgage brokerages and 89 per cent for mortgage administrators.

To reduce regulatory burden for mortgage brokerages and administrators, the 2019 AIR questionnaire was revised. Over 25 per cent of the previous year's AIR was removed or simplified.

FSRA recognized that in 2020, the normal course of business, at FSRA and in the sector, was disrupted due to the COVID-19 pandemic.

To support the industry during this time, FSRA extended the 2019 AIR filing deadline by three months to June 30, 2020.

FSRA uses data from the AIR to inform consumer protection measures and pursue regulatory action where there is evidence of non-compliance.

About the Annual Information Return *Continued*

Depending on the findings, FSRA may flag an entity for examination. FSRA may also take enforcement action where necessary. Enforcement actions may include licence conditions, suspension or revocation and/or administrative monetary penalties. Repeated instances of non-compliance would result in progressive enforcement action.

This report provides an overview of the mortgage brokering market in Ontario by providing data insights, highlights of market segments that FSRA is monitoring, and compliance with the MBLAA by mortgage brokerages and administrators.

All licensed mortgage brokerages and administrators must meet their legal requirements under the MBLAA. FSRA encourages licensed brokerages and administrators to visit the [Mortgage Brokering section on FSRA's website](#) to learn more about their legal obligations.

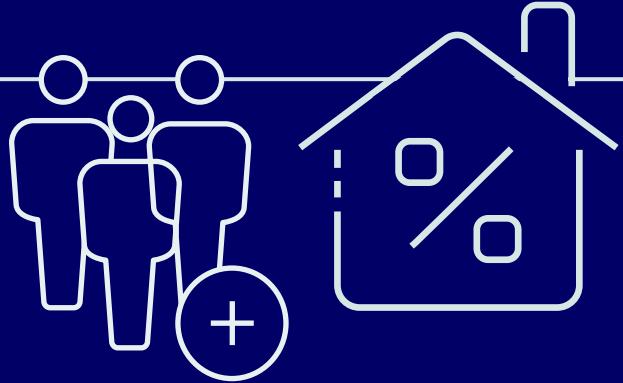


Mortgage Brokerages Overview

1,150

Brokerages filed AIR

- 95% compliance rate
- 2,080 offices in Ontario



8.8% (101) of mortgage brokerages also held a mortgage administrator license:



345,514

Total # of mortgages brokered

- ↑ 4.9% compared to 2018. Excluding NQSMI's.



\$139,501,156,153

Total \$ of mortgages brokered

- ↑ 13.5% compared to 2018. Excluding NQSMI's.



2,698

of mortgage brokers

- ↑ 1.8% compared to 2018.



12,497

of mortgage agents

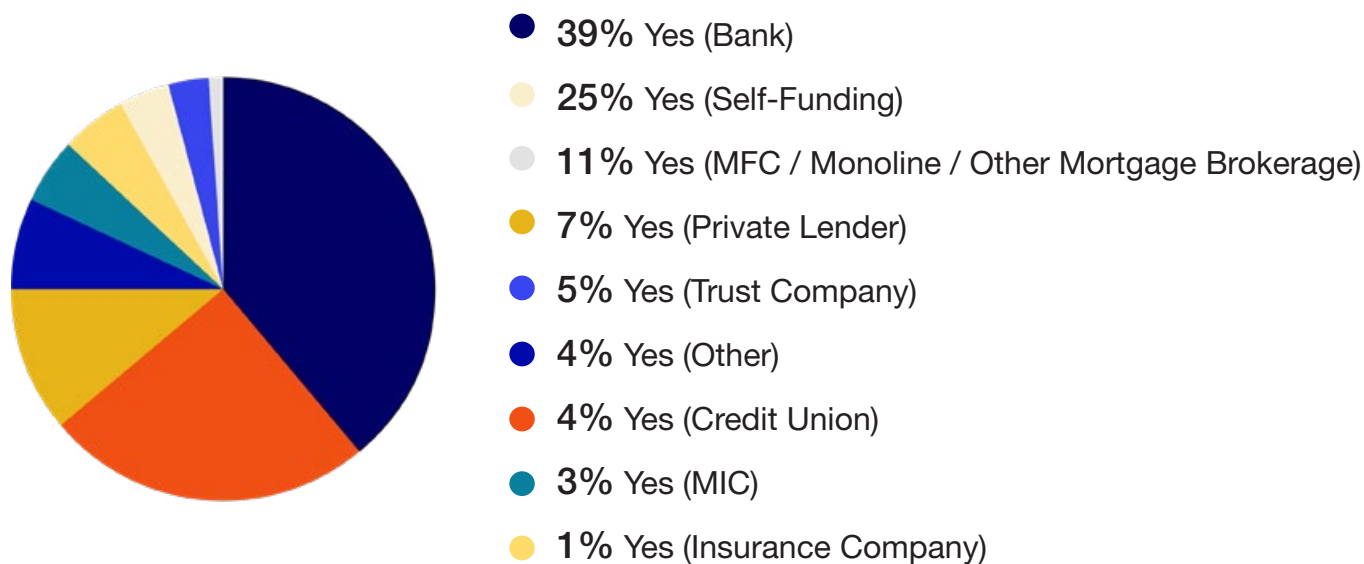
- ↑ 6.7% compared to 2018.



Total 15,195 broker/agents

- 74% of brokers work full-time in the industry
- 63% of agents work full-time in the industry
- 1 mortgage broker/agent per 963 Ontarians (Stats Can Q4 2019 Population)

Mortgages Brokered by Lender Type by \$ of Mortgages

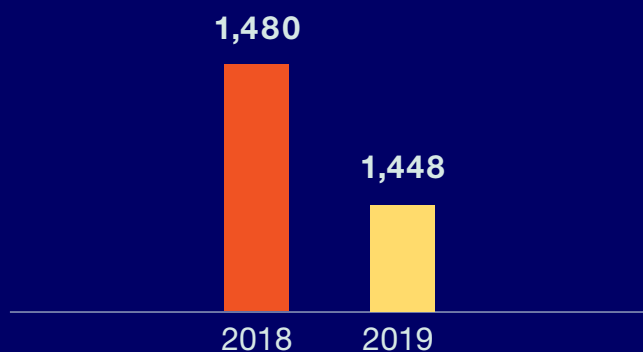


Non-Qualified Syndicated Mortgage Investments (NQSMI)



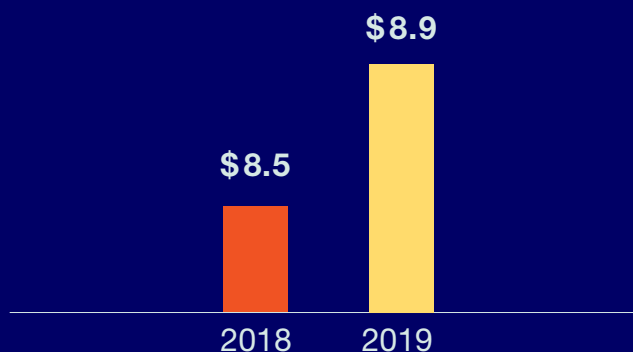
1,448
NQSMI Transactions

2.2% decrease compared to 2018.



\$8.9 Billion
NQSMI Transactions

5.2% increase compared to 2018.



Lending Sources and Volume of Mortgages

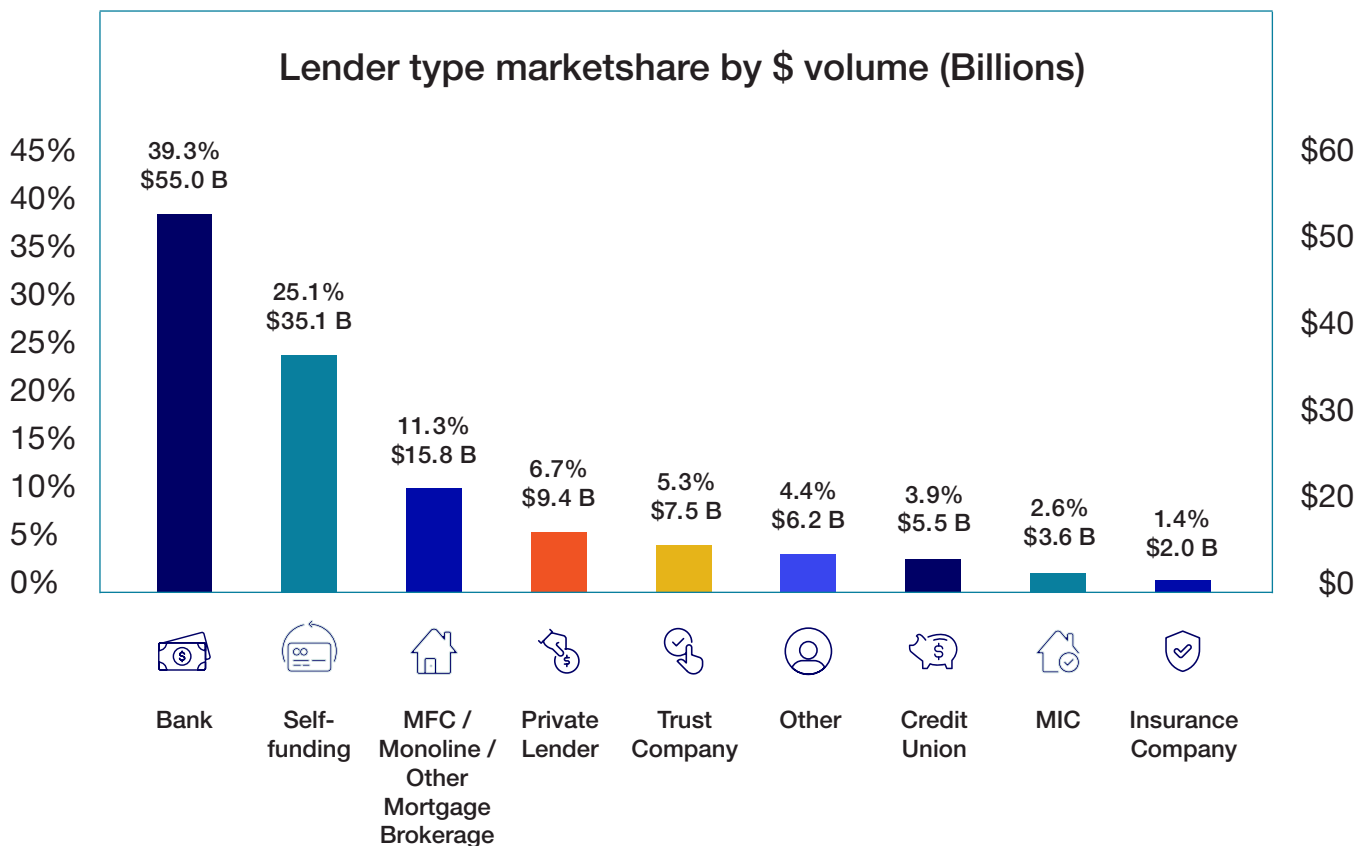
The 2019 AIR data revealed the following about sources of funding and volume of mortgages in Ontario: **Except where indicated, all numbers and figures exclude Non-Qualified Syndicated Mortgages.**

- The total number of mortgages arranged increased by 4.9 per cent to 345,514 from 329,422 in 2018.
 - The number of residential mortgages arranged increased by 5 per cent to 339,659 from 323,502 in 2018.
 - The number of commercial mortgages arranged increased by 6.7 per cent to 4,682 from 4,387 in 2018.
 - The number of other mortgages arranged decreased by 23.5 per cent to 1,173 from 1,533 in 2018.

- The total dollar value of mortgages arranged increased to \$139.5 billion from \$122.9 billion in 2018.
 - The dollar value of residential mortgages arranged increased by 10.2 per cent to \$109.1 billion from \$99.1 billion in 2018.
 - The dollar value of commercial mortgages arranged increased by 28.8 per cent to \$28.6 billion from \$22.2 billion in 2018.
 - The dollar value of other mortgages arranged increased by 9.4 per cent to \$1.8 billion from \$1.6 billion in 2018.

- Banks funded the largest share of brokered mortgages, representing 39.4 per cent (\$55 billion) of the total dollar value of mortgages and 38.6 percent (133,480) of the total number of mortgages.

- The second largest lender category is Self-Funding representing 25.1 per cent (\$35.1 billion) of the total dollar value of mortgages and 32.2 per cent (111,091) of the total number of mortgages. These lenders are licensed mortgage brokerages that engage in mortgage lending using their own funds. 95 per cent of mortgages by dollar value in this category are made by large non-bank lenders.
- The third largest lender type are Mortgage Finance Companies (MFCs)¹ which funded 11.3 per cent (\$15.8 billion) of the total dollar value of mortgages and 12.3 per cent (42,333) of the total number of mortgages.



¹ A Mortgage Finance Company is a non-depository financial institution that underwrites and services mortgages sourced through brokers.

Non-Bank Financial Intermediaries / Alternative Lending

Non-bank financial intermediaries are an alternative lending source providing mortgages to consumers through the mortgage brokering sector.

FSRA collects some information about alternative lending through the AIR. Brokerages report their use of non-bank lenders, which are categorized in the AIR as follows: *Mortgage Finance Companies*, *Self-funding* (licensed mortgage brokerages funding their own mortgages), *Mortgage Investment Corporations*, and *Private Lenders*.



Mortgage Finance Companies

Mortgage Finance Companies (MFC) was introduced as a category of non-bank lenders in the 2019 AIR. Prior to 2019, FSRA observed that mortgage brokerages reported funding through MFCs across various lender categories (i.e., not reported consistently in one category of lender). The addition of MFCs as a distinct lender category will support a better understanding of MFC lending in the market.

In 2019, MFCs funded \$15.8 billion in mortgages representing approximately 11.3 per cent of total mortgage broker transactions.

Self-Funding (Brokerage's, broker's or agent's own funds)

Mortgages that were self-funded by a licensed brokerage, broker, or agent within the brokerage itself represented approximately 25.2 per cent (\$35.1 billion) of the total dollar value) of mortgage transactions reported by mortgage brokerages.

The number of mortgage brokerages that reported they self-funded a mortgage decreased by 2.8 per cent to 138 in 2019 from 142 in 2018.

During the same period, the number of self-funded mortgages decreased by 5.9 per cent (6,971), while the total dollar value increased by 5.7 per cent to \$35.1 billion from \$33.2 billion in 2018.

Analysis of the names reported by mortgage brokerages on the top three lenders that self-funded mortgages indicate that:

95 per cent of the dollar value of mortgages in the Self-Funding category were by large non-bank lenders that are licensed brokerages.

The remaining licensed brokerages funded 4.5 per cent of the dollar value of mortgages in this category.

Individual licensed mortgage brokers and agents funded 633 mortgages totaling \$187 million to make up the remaining 0.5 per cent of mortgages in the self-funding category.

Mortgage Investment Corporations



9,390
of MIC mortgages



Total \$3.6 Billion.

Mortgage investment corporations (MICs) funded 9,390 mortgages valued at approximately 2.6 percent (\$3.6 billion) of the total dollar value of mortgage transactions reported by mortgage brokerages.

The number of mortgage brokerages that reported using a MIC as a lender increased by 10.7 per cent to 352 in 2019 from 318 in 2018.

During the same period, the number of mortgages funded by MICs increased by 8.6 per cent (743), while the total dollar value decreased by 11.5 per cent to \$3.6 billion from \$4.1 billion in 2018.

Analysis of the names reported by mortgage brokerages on the top three MICs that funded mortgages indicate that there were more than 150 different MICs that funded mortgages in 2019.

Mortgage brokerages reported there was a relationship between the MIC and the mortgage brokerage, broker or agent on approximately half of all MIC transactions.

Relationship	Percentage	# of Mortgages (Top Three Lenders)
Arm's Length	51.1%	3,704
Related Entity	48.9%	3,549



Brokerages that had interest / managing relationships with a MIC

- 6.1 per cent of mortgage brokerages (70) reported that their principal broker, director or officer had equity interest in a MIC.
- 5.4 per cent of mortgage brokerages (62) reported that their principal broker, director or officer held a management role within a MIC.
 - 26 of these brokerages reported that the MIC was fully managed by the principal broker.

Private Lenders

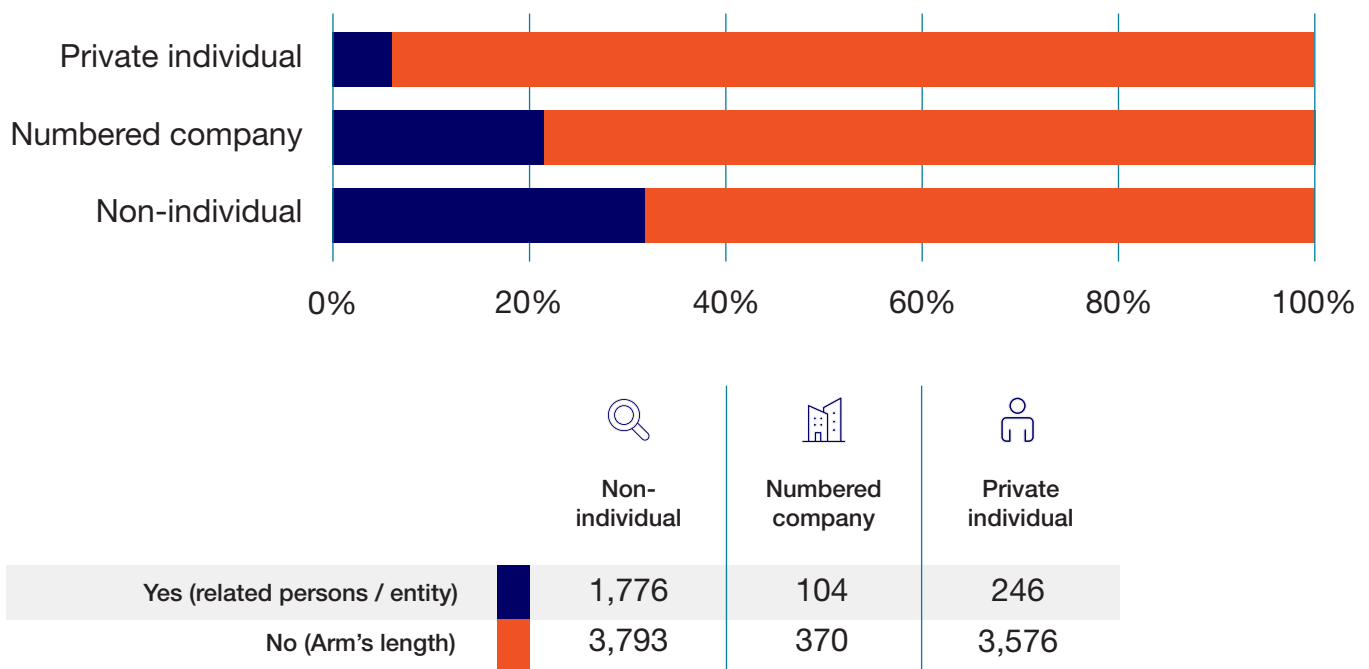
Private lenders funded 21,045 mortgages valued at approximately 6.7 per cent of the total dollar value (\$9.4 billion) of all mortgage transactions reported by mortgage brokerages.

The number of mortgage brokerages that reported using a private lender decreased by 4.9 per cent to 596 in 2019 from 627 in 2018.

During the same period, the number of mortgages funded by a private lender increased by 2.9 per cent (596), while the total dollar value increased by 9.2 per cent to \$9.4 billion from \$8.6 billion in 2018.

Analysis of the names reported by mortgage brokerages on the top three private lenders that funded mortgages indicate there were more than 1,000 private lenders that lent money on mortgages through a mortgage brokerage in 2019. These private lenders can be categorized into individual persons, numbered companies, and non-individuals.

Relationship between private lender and mortgage brokerage from top 3 private lenders.



Closing commentary on MICs and Private Lenders

Market share for mortgages by dollar amount through MICs and Private lenders decreased from 10.4 per cent to 9.4 per cent between 2018 and 2019. Although the market share remains relatively small, FSRA will continue to monitor activity in this segment for any changes, including its rate of growth, marketing and lending practices of these lenders.

Disclosure of relationships and potential conflicts of interest

FSRA reminds brokerages, brokers and agents of their duty to comply fully with the requirements of the MBLAA. This includes disclosing any actual or potential conflicts of interest in connection with a mortgage, or trade in a mortgage, that a brokerage presents for consideration to a borrower, lender, or investor. Where conflicts of interest exist, brokerages, brokers and agents should manage them properly in order to put consumers' interests ahead of their own.



Non-Qualified Syndicated Mortgages

4.8 per cent of mortgage brokerages (55) reported transacting in 1,448 non-qualified syndicated mortgages, representing approximately 6 per cent (\$8.9 billion) of the total dollar value of all mortgage transactions reported for the year.

15 brokerages transacting in non-qualified syndicated mortgages arranged 86.7 per cent (\$7.7 Billion) of all non-qualified syndicated mortgages by dollar amount.

Of the brokerages transacting in non-qualified syndicated mortgages, 33 per cent of brokerages (12) reported transacting exclusively in non-qualified syndicated mortgages and arranged approximately 41.6 per cent (\$3.7 billion) of all non-qualified syndicated mortgages.

- The total number of non-qualified syndicated mortgages transactions arranged decreased by 2.2 per cent to 1,448 from 1,480 in 2018.
- The total dollar value of non-qualified syndicated mortgages arranged increased by 5.2 per cent to \$8.9 billion from \$8.5 billion in 2018.

Mortgage Brokerages Compliance with the MBLAA

Errors and Omissions Insurance

Under the MBLAA, each mortgage brokerage must have Errors and Omissions (E&O) insurance, to protect the brokerage, brokers and agents from acts arising from the business of dealing, trading or lending in mortgages (such as negligence, misrepresentation, or fraud). The coverage must be a minimum of \$500,000 per occurrence and \$1 million for all occurrences in a year and must be provided by a FSRA-approved insurer.

- 99.7 per cent of mortgage brokerages (1,146) held the minimum mandatory E&O insurance coverage amounts.
- 22.8 per cent of mortgage brokerages (263) had E&O insurance coverage greater than \$2 million for all occurrences.
- 2.8 per cent of mortgage brokerages (32) reported a total of 55 E&O claims made against the mortgage brokerage itself or the brokerages' brokers and agents — an increase when compared to the 2.4 per cent of brokerages (28) that received a total of 42 claims in 2018.



Supervision of Operations

Mortgage brokerages reported a variety of methods used to supervise their brokers and agents:

- Policies and procedures / best practices (90%)
- File review / audits (86%)
- Onsite supervisor / manager (84%)
- Regular meetings (77%)
- In-person training / support (74%)
- Individual performance reviews of agents/brokers (63%)
- Training/support (by phone/email/fax/online) (63%)
- Other (12%)

For brokerages that have only the principal broker licensed under the brokerage, some of the supervision methods above may not apply. Not applying one of the above methods in isolation does not indicate inadequate supervision.

Mortgage brokerages are required to organize their operations in a way that facilitates adequate supervision of their mortgage brokers and agents to ensure they are compliant with all regulatory requirements in the MBLAA.

FSRA expects that principal brokers carry out their responsibility to ensure the brokerage, and each broker and agent within the mortgage brokerage, is authorized to deal or trade in mortgages on the mortgage brokerage's behalf, complies with the MBLAA and its regulations, and receives adequate supervision.

The principal broker is also responsible for regularly reviewing the mortgage brokerage's policies and procedures and updating them to include changes in legislation or new market conditions, or to address deficiencies identified through internal compliance reviews and complaint handling.

FSRA also expects that principal brokers have the appropriate authority and resources to fulfill their obligations as described above.



Suitability

- 14 mortgage brokerages reported that a complaint was made against the brokerage to a regulatory body for allegations of fraud, theft, deceit, misrepresentation, or forgery.
- One mortgage brokerage reported that the brokerage was fined or had a monetary penalty imposed on it by a Canadian financial services regulator other than FSRA.
- One mortgage brokerage reported that the brokerage was fined or had a monetary penalty imposed on it by a Provincial/Federal court.
- Two mortgage brokerages reported that the brokerage was subjected to a charge laid under the law in a Canadian province or territory.

- Three mortgage brokerages reported a licence they held from another regulatory body/ professional organization was revoked or suspended.
- 57 mortgage brokerages reported the brokerage was named in a lawsuit (Statement of Claim, Counterclaim, or Third-party Claim).



Referrals

In the 2019 AIR, mortgage brokerages reported the following referral activities to other brokerages, and payment for referrals received from other brokerages:

Referrals Made

- 8.4 per cent of mortgage brokerages (97) reported making a total of 1,085 referrals to other brokerages.

Referrals Received

- 9.4 per cent of mortgage brokerages (108) reporting they received a total of 1,594 referrals from other brokerages.
- The average compensation paid per referral to another brokerage was \$3,620.

Simple Referrals Received

- 5 per cent of mortgage brokerages (57) reported receiving a total of 8,491 simple referrals from unlicensed entities.
- The average compensation paid for each simple referral was \$441.

A simple referral is the provision of only the name and contact information to a prospective lender or borrower. The person or entity that provides the contact information (referral) does not need to be licensed under the MBLAA.

While payment to individuals and/or entities that provide a simple referral is permitted under the MBLAA, FSRA reminds brokerages, brokers and agents that if they are paying or receiving referral fees in the course of their business, they must comply fully with subsections 44(1) and 44(2) of Ontario Regulation 188/08 and sections 1 and 2 of Ontario Regulation 407/07.

Mortgage Administrators Overview



186

Administrators filed AIR



89%

Compliance rate



226

Offices in Ontario



-0.9% compared to 2018



752,598

of mortgages
under administration



\$289.5 Billion

\$ value of mortgages
under administration



+6.6% compared to 2018.



+14.4% compared to 2018.

Administrators Portfolio Details

The 2019 AIR data revealed the following about mortgages under administration by mortgage administrators in Ontario: All numbers and figures include Non-Qualified Syndicated Mortgages:

- The total number of mortgages under administration increased by 6.6 per cent to 752,598 from 706,070 in 2018.
- The total dollar value of mortgages administered increased by 14.4 per cent to \$289 billion from \$253 billion in 2018.
- 29 per cent of mortgage administrators (54) reported that they administered non-qualified syndicated mortgages.
 - 15 per cent of these mortgage administrators (8) did not have policies and procedures in place related specifically to the disbursement of funds to the borrower for a non-qualified syndicated mortgage.
- 27 per cent of mortgage administrators (50) reported that they operated a Mortgage Investment Corporation (MIC) during the reporting period.
- 26 per cent of mortgage administrators (55) reported that they conducted other types of business from their premises. Examples of other types of businesses included mortgage brokerage, real estate brokerage, law practice, accounting office, and MIC.

Mortgage Administrators Compliance with the MBLAA

Errors and Omissions (E&O) Insurance

Under the MBLAA, each mortgage administrator must have Errors and Omissions (E&O) insurance, to protect the administrator from any claims that may arise from the business of administering mortgages (such as negligence or fraud). The coverage must be a minimum of \$500,000 per occurrence and \$1 million for all occurrences in a year and must be provided by a FSRA-approved insurer.

- 98.4 per cent of mortgage administrators (183) had the minimum mandatory E&O insurance coverage amounts.
- 24.7 per cent of mortgage administrators (46) had E&O insurance coverage greater than \$2 million for all occurrences.
- 2.2 per cent of mortgage administrators (4) reported that they were subjected to total of eight E&O claims.

Financial Guarantees

Mortgage administrators must maintain a financial guarantee at all times in an amount equal to \$25,000. This guarantee may be unimpaired working capital or another form of financial guarantee acceptable to the FSRA Chief Executive Officer.

- 100 per cent of mortgage administrators (186) who filed their AIR reported that they complied with maintaining the \$25,000 requirement.
- While reviewing the annual audited financial statements submitted by mortgage administrators, FSRA determined that some administrators did not meet the \$25,000 financial guarantee at all times².

² FSRA determined compliance with this requirement by calculating the difference between current assets minus current liabilities to be equal to or greater than \$25,000 at all times during the year.

- Mortgage administrators may face regulatory action for failure to comply with the \$25,000 financial guarantee requirement, or for repeat infractions of not meeting the requirement at all times.

Trust Accounts

Mortgage administrators are required to maintain a trust account to hold money received from a borrower or lender in connection with the administration of a mortgage.

- 7 per cent of mortgage administrators (13) reported they did not have a trust account as required under the MBLAA.

Suitability

Mortgage administrators are required to organize their operations, in a way that facilitates adequate supervision of their staff, including the establishment of policies and procedures to ensure they are compliant with all regulatory requirements in the MBLAA.

- Two mortgage administrators reported that a complaint was made against the administrator to a regulatory body for allegations of fraud, theft, deceit, misrepresentation, or forgery.
- One mortgage administrator reported that the administrator was fined or had a monetary penalty imposed on it by a Canadian financial services regulator other than FSRA.
- One mortgage administrator reported that the administrator was subjected to a charge laid under the law in a Canadian province or territory.
- One mortgage administrator reported a licence it held from another regulatory body/ professional organization was revoked or suspended.
- 17 mortgage administrators reported the administrator was named in a lawsuit (Statement of Claim, Counterclaim, or Third-party Claim).

Appendix

Methodology

Disclosure of relationships and potential conflicts of interest

Data Collection Period: 2019 AIR filing period February 5, 2020 to June 30, 2020. Submissions received after July 27, 2020 are excluded from this report.

Error Detection: Edits are applied at the micro level. Data was subjected to quality checks to detect errors that appear to be clear and obvious or significantly different from the prior year's filings.

Data Accuracy: AIR data was collected from the majority of licensed mortgage brokerages (95%) and mortgage administrators (89%). Entities filed their AIRs electronically. AIR data may be subject to human error during data entry.

Information reported in the AIR is subject to data validation checks and FSRA follows-up with brokerages as needed. To validate aggregate data collected in the AIR, comparative analysis is performed against external data sources, including publicly available reports from sources such as Teranet and the Canada Mortgage and Housing Corporation (CMHC).

Data Tables

Mortgage Brokerage Summary

Summary	2017	2018	2019
Number of brokerages	1,197	1,188	1,150
Number of brokers	2,703	2,649	2,698
Number of full-time brokers	1,869	1,938	2,009
Number of agents	12,510	11,708	12,497
Number of full-time agents	7,404	7,451	7,918
Number of other staff	2,195	2,295	1,994
Total number of all mortgages (broken down by the nature of underlying properties)³	318,934	329,422	345,514
Total Number of Mortgages by Nature of Underlying property			
Residential mortgages	311,779	323,502	339,659
Commercial mortgages	5,020	4,387	4,682
Other mortgages	2,135	1,533	1,173
Total number of all mortgages by Loan-to-Value Ratio			
Conventional mortgages	195,379	196,353	218,138
Insured high-ratio mortgages	118,010	127,313	122,676
Uninsured high-ratio mortgage	5,545	5,756	4,700
Total number of all mortgages by position			
First Mortgage	292,626	301,782	315,994
Second Mortgage	25,056	26,041	27,345
Third Mortgage	1,047	1,470	1,901
Fourth and beyond	205	129	274
Total number of all mortgages by loan type			
New Loans	242,189	248,078	261,372
Renewals	76,745	81,344	84,142
Total number of Secondary Mortgage Classifications			
First Time Homebuyers	61,785	67,475	68,431
Reverse Mortgages	513	602	882
Sub-prime mortgages	26,390	26,710	22,839

³ Excluding non-qualified syndicated mortgages.

<i>Summary - continued</i>	2017	2018	2019
Construction and Development	1,966	1,535	1,498
Home Equity Line of Credit	9,010	6,071	6,924
Qualified syndicated mortgages	New Question in 2018	4,096	4,183
Total dollar value of all mortgages⁴	\$126,266,069,950	\$122,901,132,060	\$139,501,156,153
Total Dollar Value of Mortgages by Nature of Underlying property			
Residential mortgages	\$101,130,519,114	\$99,075,423,247	\$109,144,306,189
Commercial mortgages	\$23,522,286,349	\$22,181,574,303	\$28,558,018,777
Other mortgages	\$1,613,264,487	\$1,644,134,510	\$1,798,831,187
Total dollar value of all mortgages by Loan-to-Value Ratio			
Conventional mortgages	\$83,701,152,320	\$71,734,132,570	\$93,468,675,028
Insured high-ratio mortgages	\$40,786,581,352	\$49,635,375,539	44,671,707,867
Uninsured high-ratio mortgages	\$2,170,513,018	\$1,531,623,951	\$1,360,773,258
Total dollar value of all mortgages by position			
First Mortgage	\$120,390,134,623	\$ 118,143,613,708	\$134,496,585,818
Second Mortgage	\$5,341,010,791	\$4,561,481,623	\$4,753,348,409
Third Mortgage	\$455,239,453	\$151,704,800	\$174,020,983
Fourth and beyond	\$79,685,083	\$44,331,929	\$77,200,943
Total dollar value of all mortgages by loan type			
New Loans	\$107,296,983,360	\$100,969,819,939	\$113,678,154,496
Renewals	\$18,969,086,590	\$21,931,312,121	\$25,823,001,657
Total dollar value of all mortgages by secondary mortgage classification			
First Time Homebuyers	\$22,123,420,768	\$24,682,490,764	\$25,413,047,819
Reverse Mortgages	\$ 228,436,081	\$164,857,014	\$243,239,552
Sub-prime mortgages	\$7,688,985,091	\$6,922,182,545	\$7,233,021,464
Construction and Development	\$6,841,698,169	\$5,606,217,768	\$8,941,707,676
Home Equity Line of Credit	\$2,299,277,526	\$1,917,846,732	\$1,964,220,289
Qualified syndicated mortgages	New Question in 2018	1,715,105,180	\$1,354,053,116
Total number of mortgages funded by bank	125,534	126,627	133,480
Total number of mortgages funded by credit union	10,256	10,227	9,302

⁴ Excluding non-qualified syndicated mortgages.

Summary - <i>continued</i>	2017	2018	2019
Total number of mortgages funded by Insurance company	375	502	567
Total number of mortgages funded by mortgage finance company (MFC)	New in 2019	New in 2019	42,333
Total number of mortgages funded by mortgage investment corporation (MIC)	7,838	8,647	9,390
Total number of mortgages funded by private lender	20,879	20,449	21,045
Total number of mortgages funded by self-funding	106,586	118,062	111,091
Total number of mortgages funded by trust company	25,205	21,943	13,602
Total number of mortgages funded by other	22,261	22,965	4,704
Total dollar value of mortgages funded by bank	\$50,284,748,308	\$49,189,691,862	\$54,961,189,497
Total dollar value of mortgages funded by credit union	\$5,060,750,714	\$4,570,286,250	\$5,451,812,255
Total dollar value of mortgages funded by Insurance company	\$1,477,295,908	\$2,053,413,398	\$1,960,035,346
Total dollar value of mortgages funded by mortgage finance company	New in 2019	New in 2019	\$15,778,918,004
Total dollar value of mortgages funded MIC	\$4,162,375,807	\$4,113,459,160	\$3,639,311,712
Total dollar value of mortgages funded by private lender	\$10,555,628,817	\$8,611,366,796	\$9,404,942,911
Total dollar value of mortgages funded by self-funding	\$30,754,646,237	\$33,199,778,126	\$35,090,081,021
Total dollar value of mortgages funded by trust company	\$12,232,682,081	\$9,583,172,035	\$7,045,440,641
Total dollar value of mortgages funded by other	\$11,737,942,078	\$11,579,964,433	\$6,169,424,766

Summary - <i>continued</i>	2017	2018	2019
Non-Qualified Syndicated Mortgages (NQSMI)			
Number of brokerages with NQSMI transactions	60 ⁵	67	55
Total number of NQSMI transactions [†]	2,414 ⁶	1,480	1,448
Total dollar value of NQSMI transactions [†]	\$5,930,325,892 ⁷	\$8,471,196,811	\$8,911,088,832
Total dollar value of Mortgages including Non-Qualified SMI's	\$132,196,395,842	\$131,372,328,871	148,412,244,985

⁵ The 2017 AIR asked mortgage brokerages to report on the volume and dollar amount of non-qualified syndicated mortgages separately from other mortgage transactions. The definition of a qualified syndicated mortgage used for the purposes of the 2017 AIR was based on the proposed definition at that time. The definition was revised when the amendments to Ontario Regulation 188/08 Mortgages Standards came into effect on July 1, 2018. A non-qualified syndicated mortgage is a syndicated mortgage which does not meet the requirements of a qualified syndicated mortgage.

⁶ Ibid.

⁷ Ibid.

Additional Mortgage Brokerage AIR Data ⁱ

Types of lenders used to fund mortgages

Mortgage type	2017			2018			2019		
	Number of brokerages	Percentage of total number of mortgages	Percentage of total dollar value of mortgages	Number of Brokerages	Percentage of total number of mortgages	Percentage of total dollar value of mortgages	Number of brokerages	Percentage of total number of mortgages	Percentage of total dollar value of mortgages
Bank	711	39%	40%	718	38%	40%	686	39%	39%
Credit union	385	3%	4%	384	3%	4%	368	3%	4%
Insurance Company	74	0%	1%	87	0%	2%	88	0%	1%
Mortgage Finance Company	New in 2019	New in 2019	New in 2019	New in 2019	New in 2019	New in 2019	427	12%	11%
Mortgage Investment Corporation	281	2%	3%	318	3%	3%	352	3%	3%
Private lender	604	7%	8%	627	6%	7%	596	6%	7%
Self-funding ⁸	141	33%	24%	142	36%	27%	138	32%	25%
Trust company	493	8%	10%	476	7%	8%	418	4%	5%
Other	230	7%	9%	249	7%	9%	96	1%	4%
Total	-	99%	99%	-	100%	100%	-	100%	99%

⁸ For purposes of the AIR, Self-funding are mortgages funded by a brokerage, broker or agent within a brokerage own funds.

Mortgage investment corporations (MICs)

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
Brokerages who reported MIC transactions.	281	21%	318	27%	352	31%
Total number of MIC transactions as percentage of total transactions.	7,838	2%	8,647	3%	9,390	3%
Total dollar value of MIC transactions as percentage of total mortgage value (millions).	\$4,162	3%	\$4,113	3%	\$3,639	3%

Non-Qualified Syndicated Mortgage Investments (NQSMI)

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
Brokerages that reported NQSMI transactions.	60	5%	67	6%	55	5%
Total number of NQSMI transactions as percentage of total transactions.	2,414	1%	1,480	0%	1,448	0% ⁹

⁹ Total number of SMI transactions as percentage of total transactions is 0.4 per cent when rounded to the nearest tenth.

Non-Qualified Syndicated Mortgage Investments (NQSMI) - *continued*

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
Total dollar value of NQSMI transactions as percentage of total mortgage value (millions).	\$5,930	5%	\$8,471	6%	\$8,911	6%
Total dollar value of residential NQSMI transactions as percentage of total residential mortgage value (millions).	\$1,605	2%	\$1,052	1%	\$3,545	3%
Total dollar value of commercial NQSMI transactions as percentage of total commercial mortgage value (millions).	\$3,206	13%	\$6,408	22%	\$4,079	13%
Total dollar value of other NQSMI transactions as percentage of total other mortgage value (millions).	\$1,118	15%	\$1,011	328%	\$1,286	42%

Remuneration

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
Did your brokerage accept non-monetary incentives from lenders?						
Yes	248	21%	245	21%	244	21%
No	949	79%	943	79%	906	79%
Total	1,197	100%	1,188	100%	1,150	100%
Mortgage brokerages that offer monetary or non-monetary incentives¹⁰.						
Yes	42	4%	62	5%	86	7%
No	1,155	96%	1,126	95%	1,064	93%
Total	1,197	100%	1,188	100%	1,150	100%
Mortgage brokerages that have contingency commissions (i.e volume bonus) or payment arrangements with lenders.						
Yes	446	37%	445	37%	440	38%
No	751	63%	743	63%	710	62%
Total	1,197	100%	1,188	100%	1,150	100%
Mortgage brokerages that have tri-party compensation agreements for payments of incentives other than money, between the brokerage, its brokers/agents, and other mortgage brokerages.						
Yes	15	1%	11	1%	7	1%
No	1,182	99%	1,177	99%	1,143	99%
Total	1,197	100%	1,188	100%	1,150	100%

¹⁰ Prior to 2019, the AIR asked if offered credit cards or gifts cards as remuneration.

Errors and Omissions (E&O) insurance

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
Please indicate the liability limit under your current E&O policy (per occurrence).						
\$500,000	563	47%	541	46%	368	32%
\$1 million	340	28%	364	31%	492	43%
Other	294	25%	283	24%	290	25%
Total	1,197	100%	1,188	101%	1,150	100%
Please indicate the liability limit under your current E&O policy (per annual aggregate).						
\$1 million	653	55%	636	54%	574	50%
\$2 million	284	24%	294	25%	302	26%
Other	240	22%	258	22%	274	24%
Total	1,197	101%	1,188	101%	1,150	100%

Trust accounts

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	118		1,188		1,150	
The mortgage brokerage has a trust account(s) under the MBLAA.	118	10%	114	10%	113	10%
The mortgage brokerage opened a trust account during the reporting period.	23	20%	14	1%	13	1%
For trust accounts opened during the reporting period, the mortgage brokerage obtained prior written consent from the Chief Executive Officer to open a trust account pursuant to O. Reg. 188/08, s. 50 (2).	14	61%	11	79%	11	85%
For mortgage brokerages with trust accounts, the mortgage brokerage reconciled all of its MBLAA trust accounts.	115	97%	111	97%	110	97%

Mortgage brokerage information

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
The mortgage brokerage reported a franchise.	346	29%	342	29%	334	29%
The mortgage brokerage also had a mortgage administrator (dual) licence.	97	8%	107	9%	101	9%
The mortgage brokerage or its related persons/entities are members of Mutual Fund Dealers Association (MFDA).	44	4%	38	3%	38	3%
The mortgage brokerage or its related persons/entities are registered as an insurance brokerage under insurance legislation in any Canadian jurisdiction.	64	5%	58	5%	61	5%
The mortgage brokerage or its related persons/entities are registered as a dealer or adviser under securities regulation in any Canadian jurisdiction.	50	4%	49	4%	51	4%

Mortgage brokerage information - *continued*

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
The mortgage brokerage or its related persons/entities are registered as a real estate brokerage under the Real Estate Business Brokerage Act.	270	23%	246	21%	237	20%
The brokerage or its affiliate holds another licence.	403	34%	293	25%	254	21%

Non-active brokerages

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total non-active brokerages	134		118		100	
Primary line of business for brokerages which they did not engage in mortgage dealing, trading and/or lending during the reporting year.						
Real estate	58	43%	52	44%	48	48%
Other	44	33%	44	38%	36	36%
Advisory services/consulting	13	10%	9	8%	9	9%
Administering mortgages	5	4%	4	3%	3	3%

Non-active brokerages - *continued*

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total non-active brokerages	134		118		100	
Primary line of business for brokerages which they did not engage in mortgage dealing, trading and/or lending during the reporting year.						
Legal services	4	3%	4	3%	1	1%
Mortgage referrals	8	6%	3	3%	2	2%
Construction	1	1%	1	1%	1	1%
Accounting	1	1%	1	1%	0	1%
Total	134	101%	118	101%	100	100%

Mortgage brokerage office locations

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
Location of the brokerage's head office in Canada as at December 31 (of the reporting year).						
Alberta	19	2%	20	2%	19	2%
British Columbia	33	3%	35	4%	34	3%
Manitoba	2	0%	3	0%	3	0%
New Brunswick	0	0%	0	0%	0	0%
Nova Scotia	2	0%	2	0%	2	0%
Total	1,197	100%	1,188	100%	1,150	100%

Mortgage brokerage office locations - *continued*

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
Location of the brokerage's head office in Canada as at December 31 (of the reporting year).						
Ontario	1,138	95%	1,124	95%	1,088	95%
Quebec	3	0%	4	0%	4	0%
Total	1,197	100%	1,188	101%	1,150	100%
Location of mortgage brokerages' head offices by Ontario region as at December 31 (of the reporting year).						
Eastern Ontario (K)	70	6%	60	5%	59	5%
Central Ontario (L)	420	37%	430	38%	424	39%
Toronto Metropolitan (M)	522	46%	519	46%	485	45%
Southwestern Ontario (N)	100	9%	93	8%	99	9%
Northern Ontario (P)	26	2%	22	2%	21	2%
Total	1,138	100%	1,124	100%	1,088	100%
Total number of offices for each Ontario region as at December 31 (of the reporting year).						
Eastern Ontario (K)	220	10%	211	10%	199	10%
Central Ontario (L)	796	38%	861	40%	811	39%
Toronto Metropolitan (M)	783	37%	791	36%	732	35%
Southwestern Ontario (N)	242	12%	256	12%	62	3%
Northern Ontario (P)	59	3%	55	3%	276	13%
Total	2,100	100%	2,174	100%	2,080	100%

Supervision of mortgage brokers and agents in brokerage

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
The mortgage brokerage reviewed its policies and procedures during the reporting period	1,115	93%	1,093	92%	1,125	98%
Steps taken to ensure adequate supervision as described in brokerage's policy and procedures						
Onsite supervisor/manager	1,028	86%	997	84%	964	84%
Policies and procedures/ best practices	1,058	88%	1,038	87%	1,032	87%
File review/file audits	1,017	85%	999	84%	993	84%
Regular meetings (monthly, quarterly etc.)	928	78%	902	76%	889	75%
Training/support (phone/email/fax/online)	926	77%	693	58%	722	61%
In-person Training/Support	New question in 2018	New question in 2018	834	70%	849	71%
Individual Performance Reviews of Agent/Broker	New question in 2018	New question in 2018	712	60%	722	61%
Other	125	10%	140	12%	141	12%

Mortgage brokerage licence suitability

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
The mortgage brokerage reported complaint(s) made against the mortgage brokerage to a regulatory body in any Canadian jurisdiction that was based, in whole or in part, on allegations of fraud, theft, deceit, misrepresentation, forgery, or similar conduct.	12	1%	16	1%	14	1%
The mortgage brokerage was fined or there were monetary penalties imposed by a Canadian financial services regulator excluding FSRA.	3	0%	0	0%	1	0%
The mortgage brokerage had unpaid fines/monetary penalties owing to a Canadian financial services regulator, other than FSRA.	1	0%	0	0%	0	0%
The mortgage brokerage was fined or there were monetary penalties imposed by a provincial/federal court.	0	0%	0	0%	1	0%
The mortgage brokerage was subject to charges laid under the laws of a Canadian province/territory.	0	0%	0	0%	2	0%

Mortgage brokerage licence suitability - *continued*

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,197		1,188		1,150	
The mortgage brokerage held licences from other regulatory bodies/professional organizations that were revoked or suspended.	3	0%	4	0%	3	0%
During the reporting period, was the brokerage named in a lawsuit (Statement of Claim, Counterclaim or Third-party Claim)?	35	3%	51	4%	57	5%

Mortgage Administrator Summary

Summary			
	2017	2018	2019
Number of administrators	181	191	186
Total number of all mortgages under administration	691,292	706,070	752,598
Total dollar value of mortgages under administration	\$248,862,010,081	\$253,000,391,689	\$289,454,999,558
Total number of all mortgages in arrears	5,117	4,381	4,451
Total dollar value of mortgages in arrears	\$2,189,596,173	\$2,237,843,428	\$2,879,948,105
Total number of all mortgages in arrears where foreclosure/ power of sale proceedings commenced	2,177	2,145	2,545
Total dollar value of mortgages in arrears where foreclosure/power of sale proceedings commenced	\$927,962,131	\$823,425,460	\$1,199,986,063

Additional Mortgage Administrator AIR Data ⁱⁱ

Mortgage administrator information

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total number of administrators	181		191		186	
The mortgage administrator filed financial information pursuant to O. Reg. 193/08 s. 3.	114	63%	135	71%	131	70%

Unimpaired working capital

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total number of administrators	181		191		186	
The mortgage administrator maintained the required \$25,000 of unimpaired working capital (or another arrangement, as approved by the Chief Executive Officer), at all times throughout the year.	173	96%	189	99%	186	100%

Trust accounts

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	181		191		186	
Did the administrator have a trust account(s) under the MBLAA?						
Yes	164	91%	174	91%	173	93%
No	17	9%	17	9%	13	7%
Total	181	100%	191	100%	186	100%

	Number	Percentage	Number	Percentage	Number	Percentage
Mortgage administrators who opened trust account(s) during the reporting period	44		32		25	
For trust accounts opened during the reporting period, the administrator obtained prior written consent from the Chief Executive Officer of Financial Services to open a trust account pursuant to O. Reg. 189/08, s. 34 (2).						
Yes	8	18%	4	13%	3	12%
No	36	82%	28	88%	22	88%
Total	44	100%	32	101%	25	100%

	Number	Percentage	Number	Percentage	Number	Percentage
Administrators with trust accounts	164		174		173	
For administrators with trust accounts, did the administrator reconcile all of its MBLAA trust accounts?						
Yes	162	99%	172	99%	172	99%
No	2	1%	2	1%	1	1%
Total	164	100%	174	100%	173	100%

	Number	Total dollar value of shortfalls	Number	Total dollar value of shortfalls	Number	Total dollar value of shortfalls
Administrators with trust accounts	164		174		173	
Was there a shortfall, at any time, in any of the MBLAA trust accounts?						
Yes	4	\$77,809	2	\$268,835	3	\$123,167
No	160	\$0	166	\$0	170	\$0

Portfolio details/information

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	181		191		186	
The mortgage administrator operated a MIC during the reporting period.	49	27%	49	26%	50	27%
The mortgage administrator administered private mortgages.	96	53%	109	57%	109	59%
The mortgage administrator administered non-qualified syndicated mortgages.	50 ¹¹	28%	53	28%	54	29%

Securitization

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	181		191		186	
The mortgage administrator arranged or participated in arranging securitization facilities.	3	2%	4	2%	Question discontinued in 2019	Question discontinued in 2019
The mortgage administrator made securitization sales.	5	3%	5	3%	Question discontinued in 2019	Question discontinued in 2019

¹¹ Note: in 2017 the number does not include the mortgage administrators who reported qualified syndicated mortgages.

Mortgage administrator office locations

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	181		191		186	
Location of administrator's head office in Canada as at December 31st.						
Alberta	3	2%	3	2%	2	1%
British Columbia	9	5%	8	4%	8	4%
Manitoba	3	2%	3	2%	3	2%
Ontario	165	91%	176	92%	172	92%
Quebec	1	1%	1	1%	1	1%
Total	181	100%	191	101%	186	100%
Number of offices for each Ontario region as at December 31st.						
Eastern Ontario (K)	21	9%	18	8%	24	11%
Central Ontario (L/M)*	181	80%	185	81%	178	79%
Southwestern Ontario (N)	21	9%	22	10%	21	9%
Northern Ontario (P)	4	2%	3	1%	3	1%
Total number of offices in Ontario	227	100%	228	100%	226	100%

Licence suitability

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	181		191		186	
The mortgage administrator reported any E&O claim(s) that were made against it during the reporting period in any Canadian jurisdiction.	1	1%	1	1%	4	2%
The mortgage administrator reported any claim(s) that were made against it and paid by its E&O insurance carrier or bonding company in any Canadian jurisdiction.	0	0%	2	1%	Question discontinued in 2019	Question discontinued in 2019
The mortgage administrator reported any complaint(s) that were made against it to a regulatory body in any Canadian jurisdiction that was based, in whole or in part, on fraud, theft, deceit, misrepresentation, forgery or similar conduct.	2	1%	0	0%	2	1%
The mortgage administrator was fined or there were monetary penalties imposed by another Canadian financial services regulator, excluding FSRA.	1	1%	0	0%	1	1%

Licence suitability - *continued*

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	181		191		186	
The mortgage administrator had unpaid fines/monetary penalties owing to another Canadian financial services regulator, other than FSRA.	0	0%	0	0%	0	0%
The mortgage administrator was subject to charges that were laid under the laws of a Canadian province/territory.	0	0%	0	0%	1	1%
During the reporting period, was the administrator fined by any Provincial/Federal courts?	2	1%	0	0%	0	0%
The mortgage administrator had its licence(s) from another regulatory body/ professional organization revoked or suspended.	1	1%	0	0%	1	1%

Licence suitability - *continued*

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	181		191		186	
The mortgage administrator conducted other business from its premises.	46	25%	50	26%	55	30%
During the reporting period, was the administrator named in a lawsuit (Statement of Claim, Counterclaim or Third-party Claim)?	11	6%	12	6%	17	9%

Errors and Omissions (E&O) insurance

	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	181		191		186	
Please indicate the liability limit under your current E&O policy (per occurrence).						
\$500,000	56	31%	56	29%	49	26%
\$1 million	66	36%	71	37%	78	42%
Other	59	33%	64	34%	59	32%
Total	181	100%	191	100%	186	100%
Please indicate the liability limit under your current E&O policy (per annual aggregate).						
\$1 million	70	39%	71	37%	66	35%
\$2 million	61	34%	71	37%	71	38%
Other	50	28%	49	26%	49	26%
Total	181	101%	191	100%	186	99%

ⁱ Unless otherwise indicated, percentages expressed in the appendix have been rounded to the nearest per cent, percentages may not total 100 due to rounding.

ⁱⁱ Ibid.