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Policies and Procedures -- Non-qualified Syndicated Mortgages

FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.





Bulletin

No. M-02/18
Mortgage
Brokering

To all mortgage brokerages in Ontario who are dealing in syndicated mortgages

The Financial Services Commission of Ontario (FSCO) is issuing this bulletin to remind mortgage brokerages that transact in non-qualified syndicated mortgages of their duty to establish policies and procedures (P&Ps) that guide their operations, outline practices for mortgage agents and brokers, and set the oversight of the principal brokers, including their responsibility to review the P&Ps, pursuant to the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA), specifically:

- **Section 40 of Ontario Regulation 188/08: Mortgage Brokerages: Standards of Practice (O. Reg. 188/08)** ; and
- **Subsection 3(1) of Ontario Regulation 410/07: Principal Brokers: Eligibility, Powers and Duties (O. Reg. 410/07)** .

Commencing in fall 2018, FSCO will conduct desk reviews and/or on-site examinations of those mortgage brokerages that deal in non-qualified syndicated mortgages to ensure their P&Ps fully comply with all MBLAA requirements.

Effective July 1, 2018, amendments to O. Reg. 188/08 placed expanded obligations on mortgage brokerages dealing in non-qualified syndicated

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An order that is made regarding a licence holder reflects a situation at a particular point in time. The status of a licence holder can change. Readers should check the current status of a person's or entity's licence on the [Licensing Link](#) section of FSCO's website. Readers may also wish to contact the person or entity directly to get additional information or clarification about the events that resulted in the order.

These bulletins may include forms that are no longer up-to-

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mortgages. A non-qualified syndicated mortgage is a syndicated mortgage that does not meet the definition of a qualified syndicated mortgage pursuant to [subsection 1\(2\) of O. Reg. 188/08](#)  and that is not incurred for the construction or development of property pursuant to [subsection 1\(3\) of O. Reg. 188/08](#) .

date or accurate. Readers should visit the [forms](#) section of the FSCO website, to ensure they are using the most recent version of a FSCO form.

For further information regarding the amendments to O. Reg. 188/08, see:

- [FSCO Bulletin No. M-01/18 - Changes to syndicated mortgage rules: New FSCO forms available](#); and
- [Ontario Regulation 96/18: Amending O. Reg. 188/08](#) .

FSCO expects that the P&Ps of mortgage brokerages that transact in non-qualified syndicated mortgages have been updated to adequately address expanded obligations under the MBLAA, including the use of **three new Superintendent forms**:

- Form 3.0 – Investor/Lender Information for Investor/Lender in a Non-qualified Syndicated Mortgage (Form 3.0 – Investor/Lender Information)
- Form 3.1 – Suitability Assessment for Investor/Lender in a Non-qualified Syndicated Mortgage (Form 3.1 – Suitability Assessment)
- Form 3.2 – Disclosure Statement for Investor/Lender in a Non-qualified Syndicated Mortgage (Form 3.2 – Disclosure Statement)

Please note that FSCO requires all mortgage brokerages to comply with all new and pre-existing obligations under the MBLAA. You may wish to review the MBLAA to ensure that your mortgage brokerage’s P&Ps are fully compliant. You may also wish to review [FSCO Bulletin No. M-01/15 – Requirements for Promoting Syndicated Mortgage Investments](#) to ensure your P&Ps outline promotional activities that comply with the MBLAA.

While this 2015 bulletin remains relevant, it does not specifically address the amendments to O. Reg. 188/08, effective July 1, 2018, which your P&Ps must address in addition to previously existing obligations.

Brian Mills
Chief Executive Officer and Superintendent of Financial Services
October 26, 2018