
Questions and Answers: Mortgage

Brokering Sector Supervision Focus 2020-2021

Q: What are FSRA's key areas of focus in the mortgage brokering sector for 2020-2021?

A: FSRA's supervision of the mortgage brokering sector for the rest of the 2020-2021 fiscal year

will focus on:

- Protecting vulnerable consumers from turning to inappropriate alternative lenders to obtain mortgages
- Ensuring consumers have the information they need to make informed decisions about mortgage-based investments and to remain informed about their investments
- Promoting good behaviour and deterring misconduct within mortgage brokerages
- Clarifying FSRA's expectations of the sector, where appropriate



Q: How did FSRA identify these key areas of focus?

A: FSRA identified these key areas of focus after assessing the economic and industry challenges brought on by the COVID-19 pandemic, reviewing consumer complaints, and monitoring trends and risks in the sector.

FSRA found that:

- Consumers are finding it more difficult to obtain or maintain mortgages with traditional lenders due to economic and market uncertainty
- Market uncertainty has increased the risks associated with mortgage-based investments, making timely and accurate disclosure of material information to investors more important
- Businesses are experiencing challenges in remaining operational, potentially leading to fewer resources to maintain adequate compliance

Q: How will FSRA supervise licensees' conduct in the key areas of focus?

A: To ensure mortgage brokering sector licensees meet regulatory requirements and treat consumers fairly, FSRA will:

- Review **mortgage brokerages** with a high proportion of the following activities:





- private lending;
- self-funding; and
- serving individual consumers (borrowers and/or lenders).
- Survey **Principal Brokers (PBs)** about their supervisory approach, oversight, authority and resources
- Conduct compliance reviews on **PBs** who are at high risk of not being able to adequately supervise their brokerages based on survey responses, such as:
 - large number of brokers/agents;
 - large geographical coverage;
 - limited authority or resources.
- Ensure **mortgage brokerages** disclose timely, accurate and objective information about mortgage-based investments, such as non-qualified syndicated mortgage investments, to investors, especially non-designated ones, at the point of sale
- Ensure **mortgage administrators** provide timely, accurate and objective information to investors, especially non-designated ones, about known significant changes affecting the performance of their mortgage investments, such as:
 - changes to mortgage investment value;
 - changes to mortgage terms;
 - subsequent encumbrances;
 - material risks.
- Establish a line of communication with **brokerages** being reviewed





- Clearly articulate FSRA's areas of concern and outline our compliance and best practice expectations of **mortgage brokerages and administrators**

Q: What can I expect if FSRA contacts me for a compliance review?

A: Visit [Approach for Promoting High Standards of Business Conduct in the Mortgage Brokering Sector](#) to learn more about how FSRA protects the public interest and engages with licensees, and what to expect if we reach out to you.

