



**CONSOLIDATED UP TO 1 OCTOBER 2018**

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**FINANCIAL AND CONSUMER SERVICES COMMISSION  
RULE MB-001 *Mortgage Brokers Licensing and Ongoing Obligations***

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**PART 1**  
**PRELIMINARY MATTERS**

**Definitions**

**1. (1)** In this Rule:

“Act” means the *Mortgage Brokers Act*.

“Agreement on Internal Trade” means the Agreement on Internal Trade entered into on or about July 18, 1994 by the governments of Canada, the provinces and the territories.

“approved education program” means

- (a) for a mortgage associate licence, a mortgage associate education program that is approved by the Director;
- (b) for a mortgage broker licence, a mortgage broker education program that is approved by the Director.

“authorizing certificate” means a valid certificate, licence, registration, or other form of official recognition granted by a regulatory authority in a jurisdiction that is a party to the Agreement on Internal Trade, to an individual, which attests an individual is qualified to practise an occupation that is substantially equivalent to that of mortgage broker or mortgage associate.

“business location” means a location where the mortgage brokerage or mortgage administrator carries out activities referred to in subsection 1(3) or (4) of the Act that requires licensing, and includes a residence if regular and ongoing licensed activities are carried out from the residence or if records relating to licensed activities are kept at the residence.”

“financial institution” means:

- (a) a bank or authorized foreign bank as defined in the *Bank Act* (Canada);
- (b) a credit union or caisse populaire incorporated or continued pursuant to the *Credit Unions Act*;
- (c) a loan company or trust company incorporated, continued or licensed pursuant to the *Loan and Trust Companies Act*;
- (d) a retail association as defined in the *Cooperative Credit Associations Act* (Canada).

“insurance company” means an insurer licensed under the *Insurance Act*.

“interest in a mortgage” means the interest of a person who will or may receive a benefit or advantage, whether directly or indirectly, if the mortgage transaction proceeds as proposed, including any benefit or advantage resulting from a transaction ancillary to the mortgage transaction, but not including any remuneration that is to be received by the mortgage brokerage or related person directly from the borrower with respect to the mortgage brokerage services provided for the proposed mortgage transaction and has otherwise been disclosed to the borrower.

“related person” means a person who shares a relationship with a mortgage brokerage or mortgage administrator, including a mortgage broker, mortgage associate, shareholder, partner, director, officer, employee or other representative of the mortgage brokerage or mortgage administrator, other than an arm’s-length business relationship.

“private investor” means any person who invests or proposes to invest in a mortgage, but does not include:

- (a) a body corporate that
  - (i) has assets having an aggregate realizable value, net of related liabilities, of at least \$5 million; and
  - (ii) provides written confirmation to the mortgage brokerage or mortgage administrator that it has assets in the amount mentioned in paragraph (a)(i).
- (b) an administrator or trustee of a registered pension plan within the meaning of subsection 248(1) of the *Income Tax Act* (Canada);
- (c) a mortgage brokerage or a mortgage administrator acting on its own behalf;
- (d) the Crown, or an agent of the Crown, in right of New Brunswick, of Canada or of any other jurisdiction in Canada; or
- (e) a person in respect of which all of the owners of interests, other than the voting securities required by law to be owned by directors, are persons or entities described in paragraphs (a) to (d).

(2) The definitions contained in the Act apply to this Rule, unless the terms in question are defined in this Rule.

## Exemptions

2. For the purposes of paragraph 2(1)(a) of the Act, the Act does not apply to:

- (a) A financial institution that conducts activities referred to in subsection 1(3) or (4) of the Act;
- (b) An insurance company that conducts activities referred to in subsection 1(3) or (4) of the Act;
- (c) A director, officer or employee of a financial institution or an insurance company, including, in the case of an insurance company, a licensed agent authorized to act on its behalf, when in the ordinary course of his or her duties, the person conducts activities referred to in subsection 1(3) or (4) of the Act on behalf of the financial institution or insurance company; and
- (d) A person who is registered under the *Securities Act* or securities legislation in another jurisdiction in Canada, and conducts activities referred to in subsection 1(3) or (4) of the

Act provided the activity conducted is permitted and regulated under the terms of that registration.

**3.** For the purposes of paragraph 2(1)(a) and subsection 2(2) of the Act, the requirements to hold a licence in section 5 of the Act do not apply to:

- (a) a person when it refers a prospective borrower to a prospective lender if:
  - (i) before making the referral, the person informs the prospective borrower in writing of all of the following:
    - (A) that the person has received or will or may receive a fee or other remuneration, directly or indirectly, for making the referral;
    - (B) the amount of the fee or other remuneration mentioned in subparagraph (i) or, if the amount is not ascertainable at that time, a reasonable estimate of the fee or other remuneration;
    - (C) if the remuneration is in a form other than money, the nature of the remuneration;
    - (D) the nature of the relationship between the person and the prospective lender;
  - (ii) the only information that the person provides to the prospective borrower, in addition to the information set out in paragraph (a), is the name, address, telephone number, fax number, email address or website address of the prospective lender or an individual who acts on behalf of the prospective lender; and
- (b) a referring person when it refers a prospective lender to a prospective borrower if:
  - (i) the person obtains the written consent of the prospective borrower to give the information mentioned in subparagraph 3(a)(ii) to the prospective lender; and
  - (ii) the only information that the person provides to the prospective lender is the name, address, telephone number, fax number, email address or website address of the prospective borrower or an individual who acts on behalf of the prospective borrower;
- (c) a Member of the Law Society of New Brunswick entitled to practice law in New Brunswick where the Member:
  - (i) is acting in a professional capacity as a barrister and solicitor on behalf of a client; and
  - (ii) does not otherwise engage or hold himself or herself out as being engaged in the activities referred to in subsection 1(3) or (4) of the Act;

- (d) a professional corporation of a mortgage broker or mortgage associate provided that the corporation meets the requirements set out in subsection 31(3) of this Rule;
- (e) a person who is engaged in the activities referred to in subsection 1(3) or (4) of the Act on behalf of a Crown corporation or other agency of the Crown in right of New Brunswick, Canada or another jurisdiction in Canada, if that person is not otherwise required to be licensed;
- (f) a person who is acting as a trustee in bankruptcy;
- (g) a person who is acting under an order of the Court of Queen's Bench of New Brunswick; and
- (h) a collection agency licensed under the *Collection Agencies Act* where the collection agency:
  - (i) is acting as a collection agency, and is enforcing or taking steps to enforce payment by a borrower under a mortgage; and
  - (ii) the collection agency does not otherwise engage or hold itself out as being engaged in other activities referred to in subsection 1(3) or (4) of the Act.

## PART 2 LICENSING

### Licence criteria

- 4. (1)** A mortgage brokerage licence may only be issued if:
- (a) the applicant:
    - (i) in the case of a corporation, was incorporated or continued pursuant to the laws of any jurisdiction in Canada;
    - (ii) in the case of a partnership, was formed pursuant to the laws of any jurisdiction in Canada; or
    - (iii) in the case of a sole proprietor, is a resident of Canada;
  - (b) the applicant consents to a criminal record check concerning the following individuals:
    - (i) in the case of a corporation, each director and officer of the corporation;
    - (ii) in the case of a partnership, each partner of the partnership;

- (iii) in the case of a sole proprietor, the sole proprietor; and
  - (c) the applicant designates a principal broker who meets the requirements in the Act and regulations.
- (2)** A mortgage broker licence may only be issued if the applicant:
- (a) is at least 19 years of age;
  - (b) is a resident of Canada;
  - (c) provides the Director with consent to a criminal record check;
  - (d) subject to any exemptions in subsection 5(1) of this Rule:
    - (i) has successfully completed an approved education program for a mortgage broker within the three-year period preceding the date of the application; and
    - (ii) has been licensed as a mortgage associate for at least 24 of the 36 months preceding the date he or she applies for the mortgage broker licence; and
  - (e) is authorized by a mortgage brokerage to broker mortgages on its behalf.
- (3)** A mortgage associate licence may only be issued if the applicant:
- (a) is at least 19 years of age;
  - (b) is a resident of Canada;
  - (c) provides the Director with consent to a criminal record check;
  - (d) has successfully completed an approved education program for a mortgage associate within the three-year period preceding the date of the application, subject to any exemptions in subsection 5(1) of this Rule; and
  - (e) is authorized by a mortgage brokerage to broker mortgages on its behalf.
- (4)** A mortgage administrator licence may only be issued if the applicant:
- (a) is incorporated or continued pursuant to the laws of any jurisdiction in Canada;
  - (b) provides the Director with consent to a criminal record check from each director and officer of the corporation; and
  - (c) designates a principal administrator who meets the requirements in the Act and regulations.



- (5) For the purposes of this Part, the requirements in paragraphs 4(2)(d) and 4(3)(d) do not apply if the applicant successfully completed an approved education program more than three years before the date of the application and has gained one year of relevant experience in the mortgage brokerage industry during the three-year period before the date of the individual's application.

#### **Exemption for applicants with an authorizing certificate from another Canadian regulatory authority**

5. (1) An individual is exempt from the requirements set out in paragraph 4(2)(d) for a mortgage broker licence, or from the requirement set out in paragraph 4(3)(d) for a mortgage associate licence, if:
- (a) the individual holds an authorizing certificate in good standing;
  - (b) the authorizing certificate authorizes the individual to practise an occupation that is equivalent to that of mortgage broker, or mortgage associate; and
- (2) If an individual's authorizing certificate is subject to terms and conditions, the Director may:
- (a) impose equivalent terms and conditions on the licence issued to the individual; or
  - (b) if the Director is not satisfied that he or she can impose an equivalent condition on the licence, refuse to issue a licence to the individual.

#### **Continuing education requirements**

6. Every licensed mortgage broker and licensed mortgage associate must meet the applicable continuing education requirement approved by the Director.

#### **Working capital requirements**

7. (1) The minimum working capital to be maintained:
- (a) by a licensed mortgage brokerage that holds an endorsement is \$25,000, using the method of calculating working capital provided by the Director; and
  - (b) by a licensed mortgage administrator is \$25,000, using the method of calculating working capital provided by the Director.
- (2) If, at any time, the working capital is less than the amount required in subsection (1), the licensed mortgage brokerage that holds an endorsement or licensed mortgage administrator must notify the Director of this change in circumstances immediately.

#### **Errors and omissions insurance**

8. (1) An applicant for a mortgage brokerage or mortgage administrator licence must have errors and omissions insurance that:
- (a) includes extended coverage for loss from fraudulent acts;

- (b) is sufficient to pay a minimum of:
    - (i) if the insurance is in support of a mortgage brokerage licence:
      - (A) \$500,000 with respect to any one occurrence involving the mortgage brokerage or any mortgage broker or mortgage associate authorized to broker mortgages on its behalf; and
      - (B) \$1,000,000 with respect to all occurrences during a 365-day period involving the mortgage brokerage or any mortgage broker or mortgage associate authorized to broker mortgages on its behalf; and
    - (ii) if the insurance is in support of a mortgage administrator licence:
      - (A) \$500,000 with respect to any one occurrence involving the mortgage administrator; and
      - (B) \$1,000,000 with respect to all occurrences during a 365-day period involving the mortgage administrator;
  - (c) maintains insurance coverage to cover acts or omissions occurring during the period the mortgage brokerage or mortgage administrator holds a licence in New Brunswick for a period of 6 years following the event of either:
    - (i) the merger, dissolution or cessation of the mortgage brokerage or mortgage administrator;
    - (ii) the cancellation or suspension of the mortgage brokerage or mortgage administrator licence in New Brunswick; and
  - (d) includes a provision requiring the insurer to advise the Director if the policy is cancelled or not renewed or if coverage is below the minimum coverage required by the Act and this Rule.
- (2)** Every mortgage brokerage and mortgage administrator must, at all times while it holds a licence, maintain errors and omissions insurance in the form and amount required pursuant to the Act and this Rule.
  - (3)** A licence holder required to maintain errors and omissions insurance must notify the Director immediately if the required errors and omissions insurance may not be in force or effective in accordance with its terms or may otherwise fail to meet the requirements of the Act.

### **Cancelling a licence or endorsement**

- 9.** For the purposes of subsection 18(5) of the Act, a licence or an endorsement suspended under section 18 of the Act that has not been reinstated may be cancelled after the second anniversary of the suspension.

## Change in circumstances

- 10. (1)** For the purposes of subsection 22(2) of the Act, the following constitutes a change in circumstances requiring the licence holder to notify the Director within seven days after the change occurred:
- (a) change in name of licence holder;
  - (b) any changes to the authority of the licence holder to engage in brokering mortgages or administering mortgages in another jurisdiction in Canada, including a suspension, cancellation, imposition of terms and conditions or other restrictions, or surrendering of a licence to an out-of-province regulatory authority;
  - (c) charges with a criminal offence under federal statutes, including but not limited to the *Criminal Code* of Canada, *Income Tax Act* (Canada), the *Competition Act* (Canada), *Immigration and Refugee Protection Act* (Canada) and the *Controlled Drugs and Substances Act* (Canada) or any other offence against any law of any country, province or state, excluding:
    - (i) charges for summary conviction offences that have been stayed for six months or more;
    - (ii) charges for indictable offences that have been stayed for a year or more;
    - (iii) offences under the *Youth Criminal Justice Act* (Canada); and
    - (iv) speeding or parking violations;
  - (d) a civil action or administrative proceeding is brought against the licence holder alleging fraud, breach of trust, deceit or misrepresentation by the licence holder;
  - (e) circumstances indicating the financial security provided by a licence holder may not be in force or effective in accordance with its terms or may otherwise fail to meet the requirements of the Act.
- (2)** For the purposes of subsection 22(2) of the Act, the following constitutes a change in circumstances requiring the mortgage brokerage or mortgage administrator to notify the Director within seven days after the change occurred:
- (a) a change of a business location in New Brunswick of the mortgage brokerage or mortgage administrator, including the opening of a new business location, the closing or the relocation of an existing business location;
  - (b) if the mortgage brokerage or mortgage administrator does not have a business location in New Brunswick, a relocation of the principal business location of the mortgage brokerage or mortgage administrator;

- (c) in the case of a corporation, a change of one or more of its directors or officers;
  - (d) cessation of business in New Brunswick as a mortgage brokerage or a mortgage administrator;
  - (e) the commencement of bankruptcy, receivership or winding-up proceedings concerning the mortgage brokerage or mortgage administrator;
  - (f) the transfer of records of the mortgage brokerage or mortgage administrator to a business location other than a location with respect to which the Director has been previously notified;
  - (g) a change in the fiscal year of the mortgage brokerage or mortgage administrator.
- (3)** For the purposes of subsection 22(2) of the Act, the following constitutes a change in circumstances requiring the mortgage brokerage to notify the Director within seven days after the change occurred:
- (a) the person designated by the mortgage brokerage as its principal broker ceases to act in that capacity;
  - (b) a mortgage broker or a mortgage associate ceases to be authorized to broker mortgages on behalf of the mortgage brokerage;
  - (c) in the case of a mortgage brokerage that is a partnership, the addition or departure of one or more of the partners;
- (4)** For the purposes of subsection 22(2) of the Act, a mortgage broker or a mortgage associate must notify the Director if he or she ceases to be authorized to broker mortgages on behalf of the mortgage brokerage named in his or her licence.
- (5)** For the purposes of subsection 22(2) of the Act, an applicant for a licence or an endorsement must notify the Director if any information provided in an application has changed prior to the issuance of a licence.

### **PART 3 BROKERING MORTGAGES**

#### **Principal broker**

- 11.** A principal broker must be an individual and have the following status in relation to the mortgage brokerage:
- (a) if the mortgage brokerage is a corporation, he or she is a director or officer of the corporation;

- (b) if the mortgage brokerage is a partnership other than a limited partnership, he or she is a partner;
- (c) if the mortgage brokerage is a limited partnership, he or she is the general partner or a director or officer of a corporation that is the general partner;
- (d) if the mortgage brokerage is a sole proprietorship, he or she is the sole proprietor.

#### **Additional duties of a principal broker**

**12.** A principal broker must:

- (a) take reasonable steps to ensure that the mortgage brokerage, and each mortgage broker and mortgage associate authorized to broker mortgages on its behalf, complies with every requirement in the Act and regulations;
- (b) review the policies and procedures of the mortgage brokerage to determine whether they are reasonably designed to ensure:
  - (i) that the mortgage brokerage, and each mortgage broker and mortgage associate authorized to broker mortgages on its behalf, complies with every requirement in the Act and regulations; and
  - (ii) that each mortgage broker and mortgage associate authorized to broker mortgages on behalf of the mortgage brokerage is adequately supervised;
- (c) recommend in writing to the mortgage brokerage that it make any changes to its policies and procedures that he or she believes are necessary to ensure that the requirements mentioned in subparagraphs (b)(i) and (ii) are met, and retain a copy of that written recommendation; and
- (d) review every trust account reconciliation record prepared pursuant to section 47 of this Rule and certify that it is accurate by signing and dating it.

#### **Duty of mortgage brokerage to verify identity of borrower, lender and private investor**

- 13. (1)** A mortgage brokerage must verify the identity of each borrower, lender or private investor to whom it intends to present a mortgage or renewal for consideration.
- (2)** A mortgage brokerage must verify the identity of each lender or private investor to whom it intends to present an investment in a mortgage for consideration.

#### **Duty regarding unlawful transactions**

- 14.** A mortgage brokerage must not act as a representative of a borrower, lender or private investor in respect of a mortgage if the mortgage brokerage has reason to believe that the mortgage, its renewal or the investment in it is unlawful.

### **Duty regarding borrower's legal authority**

15. If a mortgage brokerage has reason to doubt a borrower's legal authority to mortgage a property, the mortgage brokerage must advise each prospective lender or private investor in respect of that mortgage transaction at the earliest opportunity.

### **Duty regarding accuracy of mortgage application**

16. (1) If a mortgage brokerage has reason to doubt the accuracy of information contained in a borrower's mortgage application or in a document submitted in support of an application, the mortgage brokerage must so advise each prospective lender or private investor of that mortgage transaction at the earliest opportunity.
- (2) The duty to advise each lender or private investor regarding the accuracy of the information contained in the mortgage application continues after the borrower enters into the mortgage agreement or signs the mortgage instrument or a mortgage renewal agreement with the lender or private investor.

### **Suitability obligation**

17. (1) For the purposes of section 28 of the Act, a mortgage brokerage must take reasonable steps to ensure that any mortgage or investment in a mortgage that it presents for the consideration of a borrower or private investor is suitable having regard to the needs and circumstances of the borrower or private investor.
- (2) A mortgage brokerage must identify, from a selection of proposed mortgage options available to the borrower, the mortgage that is most suitable for the borrower, based on consideration of all of the following features of the proposed mortgage:
- (a) whether the mortgage is conventional or high ratio;
  - (b) the interest rate;
  - (c) whether the interest rate is fixed or variable;
  - (d) if the interest rate is variable, a description of how the formula for calculating a variable rate mortgage may change during the term of the mortgage;
  - (e) the term of the mortgage;
  - (f) whether the mortgage is closed, partially open or fully open;
  - (g) the amortization period;
  - (h) the fees, remuneration or penalties payable by the borrower in connection with any existing mortgage or the proposed mortgage;
  - (i) the fees, remuneration or penalties payable by the borrower in connection with the services offered by the mortgage brokerage;

- (j) in the case of a reverse mortgage, an estimate of the accumulated interest for the term of the loan;
  - (k) any other options or distinguishing features of the available mortgage.
- (3)** The mortgage brokerage must provide the borrower with a written assessment of the suitability of a proposed mortgage option and must obtain the borrower's written acknowledgement that the mortgage brokerage made the disclosure required under this section.

#### **Disclosure to the borrower**

- 18. (1)** For the purposes of section 28 of the Act, every mortgage brokerage must provide a borrower with the following information in writing:
- (a) whether the mortgage brokerage is directly or indirectly owned, in whole or in part, by a mortgage lender or private investor and, if it is, the name of that mortgage lender or private investor;
  - (b) the total number of lenders and private investors to which the mortgage brokerage is capable of submitting a mortgage application at the time the information is provided to the borrower;
  - (c) the names of the lenders and private investors mentioned in paragraph (b);
  - (d) the steps that the mortgage brokerage took to confirm the identity of the lender and private investor and whether the mortgage brokerage was able to obtain that confirmation;
  - (e) whether the mortgage brokerage or any related person has, or may have, an interest in a mortgage or related mortgage transaction and, if so, the nature of that interest; and
  - (f) the fees, remuneration or penalties payable by the borrower in connection with the services offered by the mortgage brokerage for the proposed mortgage.
- (2)** The mortgage brokerage must obtain the borrower's written acknowledgement that the mortgage brokerage made the disclosure required by this section.

#### **Remuneration the mortgage brokerage will receive from others**

- 19. (1)** A mortgage brokerage must give the following information, in writing, to a borrower in connection with a mortgage or mortgage renewal that it presents for the borrower's consideration:
- (a) whether the mortgage brokerage has received, may receive or will receive a fee or other remuneration, directly or indirectly, from a person in connection with the negotiation or arrangement of the mortgage or mortgage renewal;
  - (b) if a fee or other remuneration is or may be payable to the mortgage brokerage, the identity of the other person, the basis for calculating the amount of the fee

or other remuneration and, in case of a benefit other than money, the nature of the benefit;

- (c) whether a mortgage broker or mortgage associate who is authorized to act on the mortgage brokerage's behalf has received, may receive or will receive payment of an incentive from another person in connection with the negotiation or arrangement of the mortgage or mortgage renewal;
  - (d) if an incentive is or may be payable to a mortgage broker or mortgage associate, the nature of the incentive and the identity of the other person.
- (2) The mortgage brokerage must obtain the borrower's written acknowledgement that the mortgage brokerage made the disclosure required by this section.

#### **Remuneration payable by the mortgage brokerage to others**

20. (1) A mortgage brokerage must give the following information, in writing, to a borrower in connection with a mortgage or mortgage renewal that it presents for the borrower's consideration:
- (a) Whether the mortgage brokerage has paid, may pay or will pay a fee or other remuneration, directly or indirectly, to another person in connection with the negotiation or arrangement of the mortgage or renewal;
  - (b) If a fee or other remuneration is or may be payable, the identity of the other person, the basis for calculating the amount of the fee or other remuneration and, in case of a benefit other than money, the nature of the benefit.
- (2) The mortgage brokerage must obtain the borrower's written acknowledgement that the mortgage brokerage made the disclosure required by this section.

#### **Deadline for disclosures to borrowers**

21. (1) Every disclosure of information to a borrower that is required by this Rule must be made no later than two business days before the borrower enters into a mortgage agreement.
- (2) A borrower may waive the deadline for delivery of the disclosure if the requirements in section 18 of the *General Regulation – Cost of Credit Disclosure* are met.

#### **Disclosure to private investors**

22. (1) For the purposes of section 29 of the Act, every mortgage brokerage must provide each private investor with an investor disclosure document containing the following information:
- (a) a written statement indicating the steps that the mortgage brokerage took to confirm the identity of the borrower and whether or not the mortgage brokerage was able to obtain that confirmation;
  - (b) a written statement indicating the material risks of the investment in a mortgage that the mortgage brokerage presents for the consideration of a



private investor;

- (c) a written statement indicating whether the mortgage brokerage or any related person has or may have an interest in the mortgage transaction and, if so, the nature of that interest;
  - (d) if an appraisal of the property has been done in the preceding 12 months and is available to the mortgage brokerage, a copy of the appraisal;
  - (e) if an appraisal of the property is not available as described in paragraph (d), documentary evidence of the value of the property, other than an agreement of purchase and sale;
  - (f) if an agreement of purchase and sale with respect to the property has been entered into in the preceding 12 months and is available to the mortgage brokerage, a copy of the agreement of purchase and sale;
  - (g) documentary evidence of the borrower's ability to meet the mortgage payments;
  - (h) a copy of the application for the mortgage and of any document submitted in support of the application;
  - (i) documentary evidence of any down payment made by the borrower for the purchase of the property;
  - (j) a copy of any agreement that the private investor may be asked to enter into with the mortgage brokerage;
  - (k) if the investment is in an existing mortgage, a copy of the mortgage instrument.
- (2) A mortgage brokerage must obtain the private investor's written acknowledgement that the mortgage brokerage has disclosed the information and documents required by this section.

#### **Disclosure form for private investors in mortgage renewals**

- 23. (1)** Every mortgage brokerage acting on behalf of a private investor with respect to a renewal of an investment in a mortgage must provide the private investor with an investor renewal disclosure document containing the following information:
- (a) a written statement indicating the material risks of the investment in a mortgage that the mortgage brokerage presents for the consideration of a private investor;
  - (b) a written statement indicating whether the mortgage brokerage or any related person has or may have an interest in the mortgage transaction and, if so, the nature of that interest;

- (c) if an appraisal of the property has been done in the preceding 12 months and is available to the mortgage brokerage, a copy of the appraisal;
  - (d) if an appraisal of the property is not available as described in paragraph (c), documentary evidence of the value of the property, other than an agreement of purchase and sale;
  - (e) if an agreement of purchase and sale with respect to the property has been entered into in the preceding 12 months and is available to the mortgage brokerage, a copy of the agreement of purchase and sale;
  - (f) a copy of the application for the mortgage renewal and of any document submitted in support of the application;
  - (g) a copy of any agreement that the private investor may be asked to enter into with the mortgage brokerage;
  - (h) a certificate of insurance or other documentary evidence confirming the insurance coverage with respect to the property.
- (2) A mortgage brokerage must obtain the private investor's written acknowledgement that the mortgage brokerage has disclosed the information and documents required by this section.

#### **Deadline for disclosures to private investors**

- 24. (1)** Unless the context requires otherwise, every disclosure of information to a private investor that is required by this Rule must be made at the earliest opportunity and, in any case, no later than two business days before the earliest of the following events:
- (a) the mortgage brokerage receives money from the private investor;
  - (b) the mortgage brokerage enters into an agreement to receive money from the private investor;
  - (c) the private investor enters into an agreement to invest in a mortgage;
  - (d) the money is advanced to the borrower under the mortgage; or
  - (e) the closing date for the mortgage transaction.
- (2) If the private investor consents in writing to receiving the disclosure after the deadline described in subsection (1), the disclosure may instead be made no later than one business day before the earliest of the events described in that subsection.

#### **Duties of the mortgage brokerage in reverse mortgages**

- 25. (1)** A mortgage brokerage must not arrange or enter into a reverse mortgage with a borrower unless the mortgage brokerage receives from the borrower a statement

signed by a lawyer confirming that the lawyer has given the borrower independent legal advice about the proposed reverse mortgage.

- (2)** For the purposes of this section, a mortgage is a reverse mortgage if both of the following conditions are satisfied:
- (a) The money that is advanced under the mortgage does not have to be repaid until the occurrence of one or more of the following events:
    - (i) the borrower's death or, if there is more than one borrower, the death of the last surviving borrower;
    - (ii) the acquisition by the borrower or the last surviving borrower of another dwelling to use as his or her principal residence;
    - (iii) the sale of the mortgaged property;
    - (iv) the borrower's or last surviving borrower's vacating the mortgaged property to live elsewhere with no reasonable prospect of returning;
    - (v) an event of default under the conditions of the mortgage;
  - (b) One or more of the following conditions applies while the borrower or last surviving borrower continues to occupy the mortgaged property as his or her principal residence and otherwise complies with the terms of the mortgage:
    - (i) no instalment repayments of the principal and no payment of interest on the principal are due or capable of becoming due;
    - (ii) although interest payments may become due, no repayment of all or part of the principal is due or capable of becoming due;
    - (iii) although interest payments and repayment of part of the principal may become due, repayment of all of the principal is not due or capable of becoming due.

#### **Advance fees**

- 26. (1)** Except as provided in subsection (2), a mortgage brokerage must not charge, collect or attempt to collect a fee or other remuneration from a borrower in relation to a mortgage obtained by an individual for primarily personal, family or household purposes until:
- (a) an investor has provided a written confirmation to fund a mortgage to the borrower;
  - (b) a mortgage agreement has been entered into; and
  - (c) the mortgage contemplated in the mortgage agreement has been funded and secured by a mortgage as set out in the written confirmation.

- (2) This section does not apply with respect to actual fees disbursed by a mortgage brokerage to third parties for credit reports, registration fees, courier services or appraisal services if there is an existing written agreement between the mortgage brokerage and the borrower that provides for the borrower to reimburse the mortgage brokerage the costs.

#### **Duty to establish policies and procedures**

- 27. (1) A mortgage brokerage must establish and implement policies and procedures that are reasonably designed to ensure that the mortgage brokerage and every mortgage broker and mortgage associate who is authorized to act on its behalf complies with the requirements established under the Act.
- (2) A mortgage brokerage must establish and implement policies and procedures providing for the adequate supervision of every mortgage broker and mortgage associate who is authorized to act on its behalf, and specifically with respect of the following matters:
  - (a) the verification of the identity of borrowers, lenders and private investors in the circumstances required by this Rule;
  - (b) the determination of the suitability of a mortgage or investment in a mortgage for a borrower or private investor;
  - (c) the identification of the material risks of an investment in a mortgage for a private investor and their disclosure to the private investor as required by this Rule;
  - (d) the identification of potential conflicts of interest;
  - (e) the provision of incentives to its mortgage brokers and mortgage associates by other persons and entities, if the mortgage brokerage permits any of its mortgage brokers or mortgage associates to receive such incentives.

#### **Duty to establish complaints process**

- 28. (1) A mortgage brokerage must establish a process for resolving complaints from the public about the mortgage business activities of the mortgage brokerage or of any mortgage broker or mortgage associate acting on its behalf.
- (2) As part of the process for resolving complaints, the mortgage brokerage must:
  - (a) designate one or more individuals to receive and attempt to resolve complaints from the public;
  - (b) ensure that each designated individual is an employee of the mortgage brokerage or someone who is otherwise authorized to act on its behalf;
  - (c) document all complaints received from the public;

- (d) respond to all complaints received from the public about any mortgage brokerage activities conducted by the mortgage brokerage; and
- (e) respond to a complaint in a manner that a reasonable complainant would consider fair and effective.

#### **Duty of mortgage brokerage in authorization of mortgage brokers and mortgage associates**

- 29.** (1) A mortgage brokerage must not authorize an individual to act on its behalf unless the mortgage brokerage takes reasonable steps to satisfy itself that the individual is eligible to be licensed as a mortgage broker or mortgage associate.
- (2) A mortgage brokerage must not authorize an individual to act on its behalf if the mortgage brokerage knows, or reasonably ought to know, that the individual is a mortgage broker or mortgage associate who is authorized to deal or trade in mortgages on behalf of another mortgage brokerage.
- (3) A mortgage brokerage must immediately notify the Director if the mortgage brokerage believes that there may be reasonable grounds upon which the Director could determine that:
- (a) a mortgage broker or mortgage associate is not suitable to be licensed pursuant to the Act; or
  - (b) the continued licensing of a mortgage broker or mortgage associate pursuant to the Act would be objectionable.

#### **Duty of mortgage brokers and mortgage associates acting on behalf of a mortgage brokerage**

- 30.** A mortgage broker or mortgage associate must not do or omit to do anything that might reasonably be expected to result in the mortgage brokerage on whose behalf he or she is authorized to act to contravene or fail to comply with a requirement established under the Act.

#### **Use of a professional corporation by mortgage brokers and mortgage associates**

- 31.** (1) In this section,
- “family member” means a spouse, child, parent, grandparent, brother, sister, uncle, aunt, niece or nephew;
- “family trust” means a trust, of which all of the beneficiaries and a majority of the trustees are Family Members.
- (2) A mortgage broker or mortgage associate must not receive, directly or indirectly, any fee or other remuneration in respect to his or her activities referred to in subsection 1(3) or (4) of the Act from a person other than the mortgage brokerage on whose behalf he or she is authorized to act.
- (3) A mortgage broker or mortgage associate who is a shareholder or employee of a professional corporation that is exempted by paragraph 3(d) from the requirement to

have a mortgage brokerage licence is permitted to receive fees or other remuneration for conducting activities referred to in subsection 1(3) or (4) of the Act from the professional corporation if the following circumstances exist:

- (a) The professional corporation is incorporated under the laws of Canada or a jurisdiction in Canada;
- (b) All of the professional corporation's directors, officers and shareholders are:
  - (i) licensed individuals authorized to act for the same mortgage brokerage;
  - (ii) a family member of a licensed individual authorized to act for the same mortgage brokerage; or
  - (iii) a family trust related to a licensed individual authorized to act for the same mortgage brokerage.
- (c) The professional corporation and the mortgage broker or mortgage associate have a written contract under which the mortgage brokerage is liable for the acts or omissions of the professional corporation and each licensed individual who is a director, officer, or shareholder of the professional corporation if these acts or omissions are related to or arise from the licensed activities of the mortgage broker or mortgage associate.
- (d) Upon request of the Director, the professional corporation makes any and all of its books and records available for inspection.
- (e) The mortgage brokerage on whose behalf the mortgage broker or mortgage associate is authorized to act pays the applicable fees and other remuneration for the mortgage broker or mortgage associate to the professional corporation instead of to the mortgage broker or mortgage associate.

#### **PART 4 MORTGAGE ADMINISTRATORS**

##### **Principal administrator**

**32.** A principal administrator must be an individual who is a director or officer of the corporation.

##### **Additional duties of a principal administrator**

**33.** A principal administrator must:

- (a) review the policies and procedures of the mortgage administrator to determine whether they are reasonably designed to ensure that the mortgage administrator, and those acting on its behalf, comply with the requirements in the Act and regulations;
- (b) recommend in writing to the mortgage administrator that it make any changes to its policies and procedures that he or she believes are necessary to ensure that the

requirements mentioned in subsection (a) are met, and retain a copy of that written recommendation; and

- (c) review every trust account reconciliation record prepared pursuant to section 48 and certify that it is accurate.

#### **Duty to verify customer's identity**

- 34.** A mortgage administrator must verify the identity of a lender or private investor before entering into an agreement with that lender or private investor to administer the mortgage.

#### **Duty regarding unlawful transactions**

- 35.** A mortgage administrator must not administer a mortgage for a lender or private investor if the mortgage administrator has reason to believe that the mortgage, its renewal or the investment in it is unlawful.

#### **Disclosure to the private investor**

- 36. (1)** Every mortgage administrator must provide a private investor with the following information in writing:
  - (a) whether the mortgage administrator or any related person has or may have an interest in the proposed mortgage administration transaction; and,
  - (b) if the mortgage administrator or any related person has such an interest, the nature of that interest.
- (2)** The mortgage administrator must obtain the borrower's written acknowledgement that the mortgage administrator made the disclosure required by this section.

#### **Remuneration the mortgage administrator will receive from others**

- 37. (1)** A mortgage administrator must give the following information, in writing, to a private investor in connection with the administration of a mortgage:
  - (a) whether the mortgage administrator has received, may receive or will receive a fee or other remuneration, directly or indirectly, from another person in connection with the administration of the mortgage;
  - (b) if a fee or other remuneration is or may be payable to the mortgage administrator, the identity of the other person, the basis for calculating the amount of the fee or other remuneration and, in case of a benefit other than money, the nature of the benefit.
- (2)** The mortgage administrator must obtain the written acknowledgement of the private investor that the mortgage administrator made the disclosure required by this section.

### **Remuneration payable by the mortgage administrator to others**

- 38. (1)** A mortgage administrator must give the following information, in writing, to a private investor in connection with the administration of a mortgage:
- (a) whether the mortgage administrator has paid, may pay or will pay a fee or other remuneration, directly or indirectly, to another person in connection with the administration of the mortgage;
  - (b) if a fee or other remuneration is or may be payable, the identity of the other person, the basis for calculating the amount of the fee or other remuneration and, in case of a benefit other than money, the nature of the benefit.
- (2)** The mortgage administrator must obtain the written acknowledgement of the private investor that the mortgage administrator made the disclosure required by this section.

### **Duty to have an administration agreement**

- 39. (1)** For the purposes of section 32 of the Act, the agreement entered into between a mortgage administrator and a private investor must include terms and conditions that require the mortgage administrator to do all of the following:
- (a) to promptly remit to the private investor all payments due and owing to the private investor under the mortgage that is the subject of the agreement;
  - (b) to immediately notify the private investor on becoming aware of any of the following changes with respect to the property that is the subject of the agreement:
    - (i) any subsequent encumbrance on the property;
    - (ii) any change in the use of the property;
    - (iii) any change in the amount or nature of insurance coverage on the property;
    - (iv) any other significant change in circumstances affecting the property;
  - (c) to provide to the private investor an annual statement of payments made by the borrower that indicates:
    - (i) the total amount of payments received from the borrower during the statement period;
    - (ii) the amount of the payments applied to principal and to interest;
    - (iii) the outstanding principal balance of the mortgage at the end of the statement period; and



- (iv) the total amount of fees or other remuneration received by the mortgage administrator for administering the mortgage during the statement period;
  - (d) to immediately notify the private investor on becoming aware of any default under the mortgage.
- (2)** For the purposes of section 32 of the Act, the agreement entered into between a mortgage administrator and a private investor must contain:
- (a) the name under which the mortgage is or will be registered in the land titles office or registered under the laws of another jurisdiction in Canada;
  - (b) a list of all fees or other remuneration that the mortgage administrator is to receive for the administration of the mortgage, including the method of calculation and payment;
  - (c) any other expenses or costs related to the mortgage that will be charged to the private investor;
  - (d) the extent of the responsibilities of the mortgage administrator and the private investor for decisions respecting:
    - (i) the collection of money under the mortgage;
    - (ii) the prepayment of principal under the mortgage;
    - (iii) discharges and partial discharges of the mortgage; and
    - (iv) the commencement or continuation of enforcement proceedings under the mortgage;
  - (e) the responsibility of the mortgage administrator to inform himself or herself as to the changes with respect to the property, within the meaning of paragraph (1)(b);
  - (f) the disposition to be made of all payments made under the mortgage by the borrower, including any penalties and bonuses;
  - (g) any conditions and restrictions with respect to the right of the private investor to terminate the agreement or assign his or her interest in the agreement; and
  - (h) if the mortgage is held in trust, the details of the trust.

**Deadline for mortgage administrator's disclosures to private investors**

- 40. (1)** Unless the context requires otherwise, every disclosure of information to a private investor that is required by this Rule must be made at the earliest opportunity and, in any case, no later than two business days before the mortgage administrator and the

private investor enter into a mortgage administration agreement for the applicable mortgage.

- (2) If the private investor consents in writing to receiving the disclosure after the deadline described in subsection (1), the disclosure may instead be made no later than one business day before the mortgage administrator and the private investor enter into a mortgage administration agreement for the applicable mortgage.

**41.** A mortgage administrator must not charge or accept from a private investor a fee or other remuneration for mortgage administering services until:

- (a) a private investor has provided a written confirmation to fund a mortgage to the borrower;
- (b) a mortgage agreement has been entered into; and
- (c) the mortgage to the borrower has been funded and secured by a mortgage as set out in the written confirmation.

#### **Duty to establish policies and procedures**

**42. (1)** A mortgage administrator must establish and implement policies and procedures that are reasonably designed to ensure that the mortgage administrator and every person acting on its behalf complies with the requirements established under the Act and regulations.

(2) A mortgage administrator must establish and implement policies and procedures providing for the adequate supervision of every person acting on its behalf, and specifically with respect of the following matters:

- (a) The verification of the identity of lenders and private investors in the circumstances required by this Rule;
- (b) The identification of potential conflicts of interest that the mortgage administrator or any employee engaged in administering a particular mortgage may have in connection with the mortgage, and their disclosure to the lender or private investor as required by this Rule.

#### **Duty to establish complaints process**

**43. (1)** A mortgage administrator must establish a process for resolving complaints from the public about the mortgage business activities of the mortgage administrator or of any person acting on its behalf.

(2) As part of the process for resolving complaints, the mortgage administrator must:

- (a) designate one or more individuals to receive and attempt to resolve complaints from the public;

- (b) ensure that each designated individual is an employee of the mortgage administrator or someone who is otherwise authorized to act on its behalf;
- (c) document all complaints received from the public;
- (d) respond to all complaints received from the public about any mortgage administration activities conducted by the mortgage brokerage;
- (e) respond to a complaint in a manner that a reasonable complainant would consider fair and effective.

**PART 5  
RECORD-KEEPING**

**Record keeping - General**

- 44. (1)** Every mortgage brokerage and mortgage administrator must keep a complete and accurate record of the following documents:
- (a) financial records of the licence holder's activities in New Brunswick as required by the Act or regulations;
  - (b) all the information to be disclosed and documentation to be provided to and obtained from borrowers or prospective borrowers, or any other person pursuant to the Act or regulations;
  - (c) all the information to be disclosed and documentation to be provided to and obtained from private investors or prospective private investors or any other person pursuant to this Act or regulations;
  - (d) all written agreements that the mortgage brokerage or mortgage administrator has entered into with a borrower or private investor;
  - (e) all documents, correspondence and any other written information that the mortgage brokerage or mortgage administrator provided to or received from another person with respect to a mortgage transaction;
  - (f) any other records required by the Act or the regulations.
- (2)** Every mortgage brokerage and mortgage administrator must keep records showing, with respect to each mortgage that it brokers or administers:
- (a) the date and nature of the transaction;
  - (b) a description of the real property that is sufficient to identify it;
  - (c) the names of all of the parties to the mortgage;
  - (d) the repayment terms;

- (e) the fees, expenses, costs or other charges required to be borne by the borrower;
  - (f) the fees or other remuneration received by the mortgage brokerage or the mortgage administrator and the identity of the persons paying the fees or other remuneration.
- (3)** Every month, every mortgage administrator that receives payments made by a borrower or otherwise monitors the performance of a borrower with respect to his or her payment obligations under a mortgage must prepare a record that:
- (a) reconciles the total of outstanding principal balances due from borrowers with respect to mortgages being administered and the total amount of principal balances owing to investors under those mortgages, as the balances appear in the records of the mortgage administrator;
  - (b) sets out the difference, if any, between the balances as of the last day of the month and describes the reasons for the difference; and
  - (c) is signed and dated by an officer of the mortgage administrator to indicate that he or she has reviewed the record and certifies that it is accurate.

#### **Security of records**

- 45.** Every mortgage brokerage and mortgage administrator must take precautions that are appropriate to the form of its records, to maintain the integrity of the records.

### **PART 6 TRUST PROPERTY**

#### **Record keeping – Trust property**

- 46. (1)** In addition to the requirements set out in section 44 of this Rule, every mortgage brokerage that receives or holds trust money and every mortgage administrator must keep records showing:
- (a) all trust money received and all transactions relating to the trust money; and
  - (b) the unexpended balance of trust money held by the mortgage brokerage or mortgage administrator in total and also separately for each person for whom that money is held.
- (2)** The records must include:
- (a) a separate trust ledger for each person on whose behalf the mortgage brokerage or mortgage administrator holds trust money showing, in chronological order:

- (i) all receipts and disbursements of trust money with respect to that person;
  - (ii) with respect to each receipt:
    - (A) from whom the money was received;
    - (B) the form and manner in which the money was received; and
    - (C) the purpose for which the money was received, including particulars of the mortgage to which the money relates;
  - (iii) with respect to each disbursement:
    - (A) to whom the money was disbursed;
    - (B) the number of the cheque, or the confirmation number of the electronic transfer, by which the money was disbursed; and
    - (C) the purpose for the disbursement, including particulars of the mortgage to which the disbursement relates; and
  - (iv) the unexpended balance held on behalf of the person immediately after each receipt and disbursement; and
- (b) copies of:
- (i) deposit slips for each deposit to the trust account;
  - (ii) all cheques with respect to the account, including cancelled cheques;
  - (iii) bank statements or passbooks for the trust account; and
  - (iv) any other documentary evidence of deposits and withdrawals with respect to the trust account.

### **Monthly reconciliation**

**47.** Every mortgage brokerage that receives or holds trust money and every mortgage administrator must, every month, prepare a trust account reconciliation that:

- (a) if prepared by a mortgage brokerage, is reviewed by the principal broker in accordance with paragraph 12(d);
- (b) if prepared by a mortgage administrator, is reviewed by the principal administrator in accordance with paragraph 33(c);
- (c) is prepared and reviewed by different individuals; and
- (d) is prepared, reviewed and certified no later than:

- (i) if the mortgage brokerage or mortgage administrator receives a monthly account statement from the financial institution where the account is maintained, 30 days after the monthly statement is received; or
- (ii) in any other case, 30 days after the end of the month.

### **Records of mortgage administrator**

- 48. (1)** Every mortgage administrator must keep records that identify:
- (a) all mortgages received or held in trust by the mortgage administrator, and the original amount of each mortgage;
  - (b) separately for each mortgage any receipt or disbursement of funds and any liabilities, income and expenses with respect to the mortgage; and
  - (c) with respect to each mortgage held in trust, the fractional interest or percentage owned by any person.
- (2)** The records mentioned in subsection (1) must include a trust ledger for each mortgage held in trust showing, in chronological order:
- (a) the amount of money received from each person having an interest in the mortgage, the form and manner in which the money was received and the date the money was received;
  - (b) the amount of money advanced on the mortgage or the purchase price of the mortgage the form and manner in which the money was advanced and the date that money was advanced or paid;
  - (c) the dates and amounts of any repayments received on the mortgage and the name of the person from whom the money was received;
  - (d) the dates and amounts of any disbursements of money received under the mortgage and the name of the person to whom it was disbursed;
  - (e) any other liabilities, income and expenses relating to the mortgage;
  - (f) the receipt or disbursement of any funds in connection with the mortgage; and
  - (g) the outstanding balance of the mortgage in total and separately for each person having an interest in the mortgage.

### **Trust agreements**

- 49. (1)** For the purposes of section 43 of the Act, the written trust agreement must contain with respect to the receiving or holding of trust money:
- (a) an express acknowledgment of the trust;

- (b) the terms on which the trust money is to be received, held and disbursed; and
  - (c) a term that requires that all withdrawals of money from the trust account for remuneration to a mortgage brokerage or mortgage administrator, be done by way of cheque, or electronic transfer, payable to the general account of the mortgage brokerage or mortgage administrator.
- (2) The written trust agreement mentioned in section 44 of the Act with respect to holding a mortgage in trust must:
- (a) include a description of the interest in the mortgage that is the subject of the trust, including, if the interest represents less than the entire mortgage, the percentage of the mortgage that the interest represents;
  - (b) set out the terms of the trust; and
  - (c) have appended to it a copy of the mortgage agreement that creates the interest that is the subject of the trust.
- (3) The written trust agreement under paragraphs 43(1)(b) and 43(2)(b) of the Act and the written administrative agreement under subsection 32(1) of the Act may be combined into one agreement.

### **Mortgage held in trust**

50. Every mortgage administrator that receives a mortgage in trust must ensure that the interests of the beneficiaries in the mortgage are registered in the land titles registry against the mortgage administrator's interest in the mortgage.

### **Requirements regarding trust money**

51. (1) Every mortgage brokerage receiving trust money must:
- (a) provide a receipt to the person from whom the money was received, showing:
    - (i) the amount of money received;
    - (ii) the manner in which the money was received;
    - (iii) the date on which the mortgage brokerage received the money;
    - (iv) the name of the person from whom the money was received and, if the money was received on behalf of another person, the name of that person;
    - (v) the purpose for which the money was received, including particulars of the mortgage to which the money relates; and

- (vi) the name of the mortgage broker or mortgage associate who received the money on behalf of the mortgage brokerage; and
  - (b) ensure that a duplicate deposit receipt or other documentary evidence of the deposit is prepared.
- (2)** Every withdrawal of money by a mortgage brokerage or mortgage administrator from a trust account must be done by way of:
  - (a) a cheque that meets all of the following conditions:
    - (i) it is numbered and includes on its face words identifying it as being drawn against a trust account;
    - (ii) it includes a reference to the transaction to which it relates that is sufficient to permit the cheque to be identified with the corresponding disbursement recorded in the records of the mortgage brokerage or mortgage administrator; or
  - (b) an electronic transfer that meets all of the following conditions:
    - (i) the financial institution where the trust account is maintained is able to produce a written confirmation showing all of the following details of the electronic transfer:
      - (A) the date of the transfer;
      - (B) the name of the financial institution and the account name and account number of the trust account from which the trust money was withdrawn;
      - (C) the name of the financial institution and the account name and account number of the account to which the trust money was transferred;
      - (D) the amount of trust moneys transferred;
    - (ii) an automated teller machine card is not used to make the transfer.
- (3)** If a mortgage brokerage or mortgage administrator transfers trust moneys by way of an electronic transfer in accordance with paragraph (2)(b) to an account to which the mortgage brokerage or mortgage administrator has not previously transferred trust moneys, the mortgage brokerage or mortgage administrator must:
  - (a) within five days after the date of the transfer, obtain a confirmation from the recipient to whom the trust money was intended to be transferred that the trust money was received; and



- (b) prepare a record that documents the date the confirmation was received by the mortgage brokerage or mortgage administrator and the name of the individual who provided the confirmation.

### **Deposit of trust money**

- 52.** For the purposes of section 46 of the Act, every licence holder receiving trust money must, within two business days after its receipt, deposit the money into a trust account that is held with one of the following:
- (a) a bank authorized to accept deposits pursuant to the *Bank Act* (Canada);
  - (b) a credit union incorporated, continued or registered pursuant to the *Credit Unions Act*;
  - (c) a corporation authorized to accept deposits pursuant to the *Loan and Trust Companies Act*;
  - (d) A retail association as defined under the *Cooperative Credit Associations Act* (Canada).

## **PART 7 ANNUAL DELIVERY REQUIREMENTS**

### **Annual return**

- 53.** (1) For the purposes of section 49 of the Act, every mortgage brokerage and mortgage administrator must deliver to the Director an annual return, for the period covering January 1<sup>st</sup> to December 31<sup>st</sup> of the previous year, on or before March 31<sup>st</sup> of each year.
- (2) An annual return for a mortgage brokerage and mortgage administrator must set out the following information:
- (a) the name and address of the entity, including the address for service;
  - (b) information on the types of licensed activities conducted by the entity;
  - (c) other business activities conducted by the entity;
  - (d) number of mortgage brokers and mortgage associates acting on behalf of the entity;
  - (e) the date that policies and procedures of the entity were last reviewed;
  - (f) any changes in the format of records and the accessibility of those records;
  - (g) the number and dollar value of mortgages closed during the reporting period, by type of mortgage and by type of lender;

- (h) a description of the complaints against the entity and anyone acting on its behalf;
- (i) any changes to the complaint handling procedure of the entity;
- (j) any errors and omissions insurance claims against the entity or those acting on behalf of the entity;
- (k) any claims against the entity or those acting on behalf of the entity paid by errors and omissions insurance;
- (l) any change in circumstances of the entity that had not been reported during the reporting period;
- (m) any non-monetary incentives received by the entity and a description of the incentive;
- (n) a description of any contingency commission, volume bonus or payment arrangement with lenders;
- (o) the number of mortgage associates or mortgage brokers remunerated through a professional corporation.

**54.** For the purposes of section 50 of the Act, every mortgage brokerage that did not hold an endorsement during the preceding fiscal year must provide a declaration to the Director that it did not hold any trust property for the period covering January 1st to December 31<sup>st</sup> of the previous year on or before March 31<sup>st</sup> of each year.

#### **Annual financial statement**

**55. (1)** In this section:

“**auditor**” means a member in good standing of a recognized accounting profession that is regulated by an Act of Canada or any province or territory;

“**fiscal year**” means the fiscal year of the mortgage brokerage or mortgage administrator.

**(2)** Pursuant to section 51 of the Act, the financial statements provided to the Director must:

- (a) be audited and filed annually;
- (b) include a written certification as to the accuracy of the financial statements made by two directors of the mortgage brokerage or mortgage administrator; and
- (c) include an auditor’s report expressing an unmodified opinion;

- (3) The financial statement mentioned in subsection (2) must be delivered to the Director no later than 120 days after the end of the fiscal year to which it relates.
- (4) No mortgage brokerage that has been granted an endorsement, and no mortgage administrator, will change its fiscal year if, as a result of the change, the fiscal year will be a period that exceeds 15 months.

## **PART 8 ADVERTISING AND COMMUNICATIONS**

### **Advertising requirements**

- 56.** (1) For the purposes of subsection 54(2) of the Act, an advertisement of a mortgage brokerage or mortgage administrator that advertises the business or any products or services offered by that business must contain:
- (a) a statement identifying the licence issued to the mortgage brokerage or mortgage administrator; and
  - (b) in the case of an advertisement for a mortgage brokerage that includes a reference to a particular mortgage broker or mortgage associate authorized to broker mortgages on its behalf, the name of the mortgage broker or mortgage associate as set out in his or her licence.
- (2) For the purposes of subsection 54(3) of the Act, an advertisement of a mortgage broker or mortgage associate advertising any product or service offered by the mortgage broker or mortgage associate must contain a statement identifying the licence issued to the mortgage brokerage for which the mortgage broker or mortgage associate is authorized to act.

### **Correspondence requirements**

- 57.** For the purposes of section 56 of the Act, every licensee must disclose the following information in correspondence and other written material prepared or used in the course of their licensed activities:
- (a) the name of the mortgage brokerage or mortgage administrator, as set out in the licence issued to the mortgage brokerage or mortgage administrator;
  - (b) a statement identifying the licence issued to the mortgage brokerage or mortgage administrator;
  - (c) if it includes a reference to a particular mortgage broker or mortgage associate authorized to broker mortgages on its behalf, the name of the mortgage broker or mortgage associate as set out on the licence issued to the mortgage broker or mortgage associate;

- (d) if it is signed by or issued under the name of a mortgage broker or mortgage associate:
  - (i) a statement identifying the licence issued to the mortgage broker or mortgage associate; and
  - (ii) the name of the mortgage broker or mortgage associate as set out in the licence.

#### **PART 9 TRANSITION**

- 58. (1)** An applicant for a mortgage broker licence is exempt from the requirements in paragraph 4(2)(d) if the applicant:
- (a) demonstrates relevant experience in the mortgage brokerage industry for at least 24 of the 36 months preceding the date of the application for a mortgage broker licence; and
  - (b) undertakes to the Director to successfully complete an approved education program for mortgage brokers within **9** months following the date this Rule comes into force.
- (2)** An applicant for a mortgage associate licence is exempt from the education requirement in paragraph 4(3)(d) if the applicant undertakes to successfully complete an approved education program for mortgage associates within **9** months following the date this Rule comes into force.

#### **PART 10 COMING INTO FORCE**

This Rule comes into force on 1 April 2016.