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January 11, 2008

To potential education providers:

I am attaching the final Criteria for Approving New Mortgage Agent Education Programs under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA).

FSCO has streamlined the approval process to allow experienced educators to apply for course approval immediately. For all applications received by Monday, March 3, 2008, FSCO will post a list of those that are approved on the FSCO website on April 4, 2008. Applications received after March 3, 2008 will be reviewed on a first-come, first-served basis, and the names of those that are approved will be added to the list of approved courses posted on the FSCO website ([www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca)).

We have modified the draft approval criteria slightly to reflect the helpful and constructive comments we received from potential course providers. We have made the following policy changes in the final criteria.

**French services:**

The draft criteria stated that the program, including the exam, must be available in English and in French, but services in French may be offered through the provider directly or through a shared or sub-contracted arrangement with another provider, as approved by FSCO.

FSCO has been advised to expect an application from an education provider that will offer a program in French. As a result, it was feasible to amend the final criteria to state that:

An educational program, including an examination, must be available in French. Services in French may be offered through a provider directly or by referral to a French-language provider that has been approved by FSCO. The program does not need to be identical in English and in French. A list of all approved providers will be posted on the FSCO website ([www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca)).

**The examination:**

The draft criteria stated that a student who fails the examination must repeat the course before taking the examination again.

In response to feedback from potential course providers, we have amended the criteria to state:

A student who fails the examination may take the examination one additional time without repeating the course. The second examination must contain a completely different set of questions from the first examination. If the student is not successful after the second attempt, the student must repeat the course before writing the examination again.

Some stakeholders questioned why FSCO does not require an approved mortgage agent course to include a minimum number of hours of instruction. We surveyed potential course providers on this question and there was no agreement about what number of hours is appropriate. FSCO has not imposed a minimum number of hours of instruction. FSCO requires course providers to apply their education expertise to designing the course, determining the delivery method(s), and determining the appropriate amount of time required to cover 100% of the learning objectives in the Mortgage Agent Qualifying Standards (MAQS). FSCO will carefully scrutinize any proposal whose time estimates vary significantly from other proposals. As well, FSCO will monitor and audit courses to ensure they cover 100% of the learning objectives in the MAQS.

If you require clarification of the approval criteria, you may contact:

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We look forward to working with you.

Sincerely,

Izabel Scovino  
Senior Manager  
Insurance and Deposit Institutions Policy  
Licensing and Market Conduct Division

attachment - Final Criteria for Approving New Mortgage Agent Education Programs

January 11, 2008

### **Criteria for Approving New Mortgage Agent Education Programs under the *Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA)***

The Superintendent, Financial Services Commission of Ontario (FSCO) has established these criteria for approving mortgage agent courses under the new *Mortgage Brokerages, Lenders and Administrators Act, 2006* (the Act). A student who successfully completes a course that has been approved under these criteria will have met the education requirements needed to qualify for a mortgage agent licence under the Act.

The approval criteria are intended to ensure that education programs provided by different providers are comparable and meet the minimum standards required for approval. Approved mortgage agent education programs will be offered commercially and not on behalf of FSCO.

Below is an outline of the criteria and the approval process that interested organizations must follow to have their programs recognized for the purposes of agent licensing. Mortgage agent education programs will be approved only if they meet all of the approval criteria and commence on or after July 1, 2008.

#### **1. THE APPLICATION PROCESS**

If your organization is interested in becoming an approved mortgage agent education provider, you should submit an application to FSCO. Your application must contain the information outlined below.

FSCO's threshold question is whether an applicant will be able to deliver a quality educational program based upon what it has done in the past. Without sufficient educational experience, applications will not be considered further. If you are not certain that your organization has sufficient educational experience, you are strongly encouraged to submit a description of your experience for FSCO's review, or contact FSCO, before expending the resources to produce a full application.

Experienced educators seeking approval of a mortgage agent educational program are encouraged to submit an application for FSCO's review as soon as possible. For all applications received by Monday, March 3, 2008, FSCO will post a list of those that are approved on the FSCO website on April 4, 2008. Applications received after March 3, 2008 will be reviewed on a first-come, first-served basis, and the names of those that are approved will be added to the list of approved courses posted on the FSCO website.

#### **Applications should include:**

- (a) a brief description of the applicant;
- (b) a list of services that the applicant has previously and/or is currently delivering, with an emphasis on experience relevant to mortgage agent education;

- (c) the names, qualifications (accreditations, experience), roles and responsibilities of the applicant's agents, employees and/or subcontractors who will be involved in providing the program;
- (d) particulars of the applicant's knowledge, skills and expertise as demonstrated in the following areas:
  - curriculum development, Bloom levels and measurable objectives; provision of adult education;
  - evaluation or development of education programs, preferably in the financial sector;
  - working with subject matter experts to integrate first-hand knowledge of the industry with education expertise;
  - knowledge of the mortgage brokering sector;
  - ability to provide concise, accurate and timely reports.

Appendix A provides guidance to help you assess whether your organization has the necessary knowledge, skills and expertise to become an approved mortgage agent education provider;

- (e) a copy of the specific course curriculum indicating teaching method(s) and the learning activities (such as case scenarios, reading assignments, etc.) that will be used to teach the Learning Objectives in the Mortgage Agent Qualifying Standards (MAQS). Please provide this information in the form of a concordance table (sample attached) cross-referencing the curriculum with each Learning Objective in the MAQS, and an estimate of the time required to teach each Learning Objective. Although FSCO has not imposed a minimum number of course hours, FSCO will carefully scrutinize any proposal whose time estimates vary significantly from other proposals. Please include a sample of four multiple choice examination questions and answers for Learning Objectives identified as Bloom levels 4 and 5;
- (f) a summary of the standards, policies and procedures in place for providing the course, administering the examination, ensuring the security of the examination and test questions against theft, loss and cheating, ensuring accuracy in scoring examinations, and the process available to students seeking an appeal;
- (g) providers who include course content in addition to the MAQS (such as sales or marketing, etc.) must separate the additional content from the MAQS, and not intersperse it with the MAQS which FSCO regulates. It is not necessary to include such additional content in the application for approval; and,
- (h) if your organization intends to partner with one or more other providers, you must specify this in the application. FSCO's approval will not extend to cover partners unless the role of the partner is described.

## **2. THE APPROVAL CRITERIA**

### **(a) The Program – course and examination**

- (i) The provider must demonstrate that it has the capacity and competence to deliver a quality program based upon what it has done in the past.
- (ii) An educational program, including an examination, must be available in French. Services in French may be offered through a provider directly or by referral to a French-language provider that has been approved by FSCO.
- (iii) There must be no difference in the tuition for services in different locations.
- (iv) The course must cover all of the Learning Objectives identified in the MAQS. The provider is responsible for the technical accuracy of the program. The provider may determine the course delivery format (classroom, correspondence, online or a combination).
- (v) The provider is responsible for publicizing the program and for maintaining current information about the program, including when and where it is available on a website.
- (vi) The course must provide training, not simply preparation for passing an examination. The provider must describe the learning activities that will be used to teach each of the Learning Objectives in the MAQS (e.g., case scenarios, multiple-choice or essay testing on material read, problem-solving, etc.).
- (vii) The course must incorporate a final 3-hour, supervised, closed-book examination with 50 questions that test all of the Learning Objectives in the MAQS that are at a Bloom level of 3, 4 and 5. The number of questions at each of Bloom levels 3, 4 and 5 will be proportional to the number of Learning Objectives at each of Bloom levels 3, 4 and 5. Students must successfully complete the entire course before writing the examination.
- (viii) The provider will employ a database of multiple-choice examination questions with four possible answers for each question, and only one correct answer. The database must be large enough to use completely different sets of examination questions for different examination sittings.
- (ix) The passing grade will be 60%. No rounding of marks is permitted. Each correct answer shall have the same weight toward the final score. No penalty is given for wrong answers, or for no answer.
- (x) A student who fails the examination may take the examination one additional time without repeating the course. The second examination must contain a completely different set of questions from the first examination. If the student is not successful after the second attempt, the student must repeat the course before writing the examination again.

**(b) Examination administration**

- (i) The provider will provide examination sites that are designed to minimize the opportunity for candidates to cheat by providing for supervised examinations and marking templates. Each examination and corresponding marking template will have a unique number.
- (ii) The provider must have standards, policies and procedures in place for:
  - administering the examination;
  - ensuring the security of the examination and test questions against theft, misuse and cheating;
  - ensuring accuracy in scoring examinations;
  - maintaining security of all databases and electronic systems; and
  - students' appeals.
- (iii) The provider shall not release any of the examination material publicly, nor to any party except FSCO and students when they sit to write the examination. None of the examination material may be copied, transcribed or removed from the examination room except by the supervisor.
- (iv) To be admitted to the course and to write the examination, the student must supply a valid government-issued photo identification (e.g., Canadian passport, driver's licence, citizenship card, permanent residence card) along with a signed secondary piece of identification (e.g., credit or debit card, transit identification card). Expired documents are not acceptable. The first and last name on the provider's Certificate of Completion must match the government-issued photo identification and must be spelled in full.
- (v) The provider will inform all students that the identical name must be used to enroll in the course, to register for the examination and to apply for a mortgage agent licence. FSCO will not issue a licence in any other name.
- (vi) Cell phones, PDAs (personal digital assistants), pagers, watch alarms, etc. are not allowed to be turned on during the examination.
- (vii) The provider will advise each candidate of the results of his/her examination within one week of the candidate's completion of the examination.

**(c) Records, reporting and administration**

- (i) The provider will maintain an examination question database, a results database and a candidate database.
- (ii) The provider will maintain security of all databases, electronic systems and examination material.

- (iii) The provider must keep reliable records enabling it to provide each student with a transcript of his or her marks and an original certificate indicating successful completion of the course and examination. The provider must retain these records securely for at least three years.
- (iv) The provider will provide a Certificate of Completion to each student who has successfully completed the course and passed the examination. The Certificate will contain the name of the provider, the student's full name matching the name on photo identification, the date the certificate was issued, and the provider's authorized signature. The provider will submit a copy of the Certificate of Completion form with its application for program approval.
- (v) The provider will implement and maintain a system for students' evaluation of the program.
- (vi) The provider must provide students' marks to FSCO using a method that is compatible with FSCO's existing systems within one week after the end of each program. The method will require the provider to access a webpage at FSCO and either: 1) key the required data into an online screen, or 2) upload the data using a Microsoft Excel spreadsheet that follows a prescribed format. The provider must obtain from FSCO and maintain valid user authorization to use any applicable systems for providing their services to FSCO.
- (vii) The provider must maintain and regularly provide to FSCO statistics showing how many students have taken the program and how many have passed. The provider must provide FSCO with the transcript of a particular student/licensee upon request. The provider will answer questions asked by FSCO.
- (viii) The provider must commit to ongoing monitoring of the program, auditing of the provider's processes and related technology, and compliance with all approval standards.

### **3. AFTER APPROVAL**

- (a) Mortgage agent educational programs that meet the Approval Criteria above and that commence on or after July 1, 2008 will be approved. FSCO and the provider will sign a Letter of Intent setting out the terms and conditions under which the program is approved. A sample Letter of Intent is provided in Appendix B.
- (b) Providers are responsible for the technical accuracy of their material and for ensuring that the program remains current. FSCO will notify providers when legal or policy changes are made that affect the material being taught.
- (c) FSCO's approval of a program continues until it is revoked by FSCO. Should FSCO have concerns, FSCO will discuss the issue and corrective action with the provider. Providers will comply with FSCO's requirements for corrective action within a reasonable period or program approval will be revoked.

- (d) For auditing purposes, upon FSCO's request, providers will admit up to three representatives of FSCO to each program without charge.
- (e) Providers should report to FSCO annually the number of students per course and per examination, as well as student pass and fail rates.
- (f) FSCO will review these approval criteria every three years.



## **APPENDIX A**

The information below is provided to help you assess whether your organization has the necessary knowledge, skills and expertise to become an approved mortgage agent education provider.

This information is provided as guidance only. It is intended to provide more details about what is expected in a successful application for approval. FSCO's threshold question is whether an applicant will be able to deliver a quality educational program based upon what it has done in the past. Without sufficient educational experience, applications will not be considered further. If you are not certain that your organization has sufficient educational experience, you are strongly encouraged to submit a description of your experience for FSCO's review, or to contact FSCO, before expending the resources to produce a full application. FSCO will quickly provide feedback about whether an application is likely to be approved.

➤ Please also see the list of Questions and Answers.

### **1. THE APPROVAL PROCESS**

#### **Item 1 (d) – The applicant's knowledge, skills and expertise**

These are the kinds of skills and background that experienced educators should be able to cite in an application for approval.

- A description of programs the applicant has designed that include setting out specific teaching methods (such as lectures, case scenarios, problem-solving, reading and essay assignments, etc.) to teach material at different Bloom levels.
- A description of the applicant's experience in adult education, identifying any experience teaching in the financial services sector.
- A description of the applicant's experience designing and testing multiple choice examination questions.
- A description of the applicant's experience designing examination questions that can be varied to create several unique sets of examination questions. Each set of questions tests the same number of different Bloom levels, on the same learning objectives.
- A description of the applicant's experience evaluating education programs, analyzing problem questions and exam results, and providing accurate and timely reports.
- A description of the applicant's experience working with subject matter experts and industry participants to ensure that course material integrates knowledge of the sector and reflects marketplace realities.

## APPENDIX B

### MORTGAGE AGENT EDUCATION PROGRAM PROVIDER

#### SAMPLE LETTER OF INTENT

##### **Introduction**

The new *Mortgage Brokerages, Lenders and Administrators Act, 2006* (the Act) reflects the Ontario government's commitment to improve consumer protection and modernize the regulatory scheme for the mortgage broker industry. The Superintendent, Financial Services Commission of Ontario (FSCO) has established new qualifying standards for a mortgage agent licence, and criteria for approving new mortgage agent educational programs under the Act.

Through this Letter of Intent with the mortgage agent educational program provider (the provider), FSCO seeks to establish the terms and conditions under which programs will be delivered. These terms and conditions relate to matters such as the review of course and examination content by FSCO, the acceptability of the course and examination, the delivery method(s) and learning activities employed, and recognition of the provider's Certificate of Completion.

##### **FSCO will:**

Publish a list of all approved providers who have signed the Letter of Intent;

Be responsible for the curriculum design document – the "Mortgage Agent Qualifying Standards" or "MAQS";

Consult and communicate with the provider prior to making any changes to the MAQS or to the Criteria for Approving New Mortgage Agent Education Programs under the Act;

Monitor the number of students who have taken the course and examination, and how many have passed or failed;

Discuss potential corrective action with the provider and identify, where necessary in FSCO's view, a suitable length of time for corrective action to be taken. If problems continue, FSCO may again discuss corrective actions and timing, or withdraw approval of the program.

##### **The Course Provider will:**

Agree to teach 100% of the learning objectives outlined in the MAQS;

Submit the course and examination materials to FSCO, on request. This request could include any or all course materials, special learning aids, media specific variations and a cross- reference to the learning objectives in the MAQS;

Be responsible for the technical accuracy of the course and examination material and ensure the course and examination materials remain current;

Provide a Certificate of Completion in original form to the student that includes: the name of the provider; the full name of the student; and the date on which the student successfully completed the examination;

Comply with FSCO requirements for corrective action;

Agree to these requirements by signing this Letter of Intent prior to receiving FSCO approval of the mortgage agent educational program; and

Abide by this Letter of Intent as the basis on which the Certificate of Completion will be accepted by FSCO.

**Application**

This Letter of Intent will take effect when it has been signed by the provider and signed by FSCO.

**Provider Acceptance**

**FSCO Acceptance**

\_\_\_\_\_  
Name of Provider Official

\_\_\_\_\_  
Name of FSCO Official

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

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Date

\_\_\_\_\_  
Date