



Financial Services Regulatory
Authority of Ontario

2018 Mortgage Brokerages and Administrators Annual Information Return

December 2019

Contents

- Introduction
- About the Annual Information Return
- Key Findings
- Detailed Findings – Mortgage Brokerages
 - Supervision of Operations
 - Brokerage Activities
 - Lending Sources and Volume of Mortgages
 - Non-Banking Financial Intermediaries/Alternative Lending
 - Sub-Prime Mortgages
 - Syndicated Mortgages
 - Referrals
 - Mortgage Fraud
- Detailed Findings – Mortgage Administrators
 - Errors and Omissions (E&O) Insurance and Financial Guarantees
 - Trust Accounts
 - Supervision of Operations
 - Remuneration
- Conclusion

INTRODUCTION

The Financial Services Regulatory Authority of Ontario (FSRA) is an independent regulatory agency created to improve consumer and pension plan beneficiary protections in Ontario. FSRA is self-funded and capable of responding to the dynamic pace of change in marketplace, industry and consumer expectations.

This report summarizes the information provided in the 2018 Annual Information Return from those licensed during that calendar year.

ABOUT THE Annual Information Return

The Annual Information Return (AIR) is designed to collect information about business practices, internal controls, and market conditions for the previous calendar year. The AIR filings help FSRA to obtain a better understanding of the mortgage brokering sector as a whole and to assess mortgage brokerages' and administrators' overall compliance with the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA). Under the MBLAA, all licensed mortgage brokerages and administrators are required to file the AIR by March 31 each year.

The 2018 AIR report includes responses from 1,188 mortgage brokerages and 191 mortgage administrators, representing a 96 per cent and 92.3 per cent response rate from brokerages and administrators, respectively. FSRA uses this information as a tool to identify and respond to industry trends and monitor the industry's compliance with the law as part of its consumer protection mandate.

Depending on the findings, FSRA may flag an entity for examination. FSRA may also take enforcement action where necessary. Enforcement actions may include licence suspension, licence revocation and/or administrative monetary penalties. Repeat offenders face progressive enforcement action.

This report focuses on eight specific topics for mortgage brokerages:

- Errors and Omissions (E&O) insurance
- Supervision of operations
- Brokerage activities
- Lending sources and lender types
- Non-qualified syndicated mortgages
- Remuneration

- Referrals
- Fraud

This report also focuses on four specific topics for mortgage administrators:

- E&O insurance / financial guarantees
- Trust accounts
- Supervision of operations
- Remuneration

These topics are important, as they reflect specific legal requirements and/or are potential risks for the sector.

KEY FINDINGS

- In 2018, mortgage brokerages reported arranging **\$131.4 billion** in mortgages, a marginal decrease from the \$132.2 billion reported in 2017.
 - Excluding non-qualified syndicated mortgages, mortgage brokerages reported arranging **\$122.9 billion** in mortgages.
 - Mortgage brokerages reported arranging **\$8.5 billion** in non-qualified syndicated mortgages.
- The number of mortgage brokers decreased by **2.0 per cent** (54) to 2,649 in 2018 from 2,703 in 2017.
- The number of mortgage agents decreased by **6.4 per cent** (802) to 11,708 in 2018 from 12,510 in 2017.
- More than **99 per cent** of mortgage brokerages (1,182) reported that they have the required E&O insurance coverage.
- Approximately **35 per cent** of mortgage brokers and agents worked part-time in the sector; specifically, 27 per cent of mortgage brokers (711) and 36 per cent of mortgage agents (4,257).
- **40 per cent** of mortgage brokerage offices in Ontario (862) did not have a licensed broker assigned in a supervisory capacity.
- Banks provided the largest source of mortgage funding, totalling **126,627 mortgages** valued at **\$49.2 billion**.
 - Self-funded mortgages funded by the brokerages', brokers' or agents' own funds were the second-largest source of mortgage funding, totaling 118,062 mortgages valued at \$33.2 billion.
 - The third-largest source of mortgage funding was "Other" (lenders reported by the brokerage that did not belong to any other category), totaling 22,965 mortgages valued at \$11.6 billion.
- Use of mortgage investment corporations (MICs) continued to grow. In 2018, the number of mortgage brokerages that reported using MICs as lenders increased by **13.2 per cent** to 318, from 281 in 2017.
- **9 per cent** of mortgage brokerages (107) reported that they also held a mortgage administrator licence.

DETAILED FINDINGS – MORTGAGE BROKERAGES

Errors and Omissions Insurance

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

In 2018, mortgage brokerages reported the following:

- 99 per cent of mortgage brokerages (1,182) reported they had the minimum mandatory E&O insurance coverage amounts.
- 21 per cent of mortgage brokerages (248) reported they had E&O insurance coverage in excess of \$2 million for all occurrences.
- 2.4 per cent of mortgage brokerages (28) received a total of 42 E&O claims against the mortgage brokerage itself or the brokerages' brokers and agents — an increase compared to the 1.8 per cent of brokerages (22) who received a total of 31 claims in 2017.
- E&O insurance carriers paid 6 claims against mortgage brokerages and 2 claims against the brokerages' mortgage brokers and agents — a decrease compared to the 8 claims made and 8 claims paid in 2017. Some of the claims related to issues in both years, including incorrect interest penalty calculation and delayed closing and/or funding.

Supervision of Operations

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

- 95 per cent of mortgage brokerages (1,124) reported their head office was in Ontario, while the remainder had head offices primarily in British Columbia and Alberta.
- Of those headquartered in Ontario, 46 per cent (519) reported head offices in the Greater Toronto Area, while 38 per cent (430) had head offices in Central Ontario.
- 17 per cent of mortgage brokerage offices (322) open to the public were located more than 100 kilometres away from the principal broker's primary work location.

- Less than 2 per cent of mortgage brokerages (18) reported to FSRA, through Licensing Link, the name of a mortgage broker or agent who was terminated for cause.
- 8 per cent of mortgage brokerages (95) reported the principal broker had not reviewed the brokerage's internal policies and procedures, pursuant to subsection 3(1) of Ontario Regulation 410/07, to ensure that the policies and procedures were compliant with the MBLAA and its regulations.

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

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

FSRA also expects that mortgage brokerages provide their principal brokers with the appropriate authority and resources to fulfill their obligations as described above.

Brokerage Activities

FSRA noted the following trends for mortgage brokerages that were licensed but did not close any mortgage deals:

- The number of mortgage brokerages that reported engagement in mortgage brokering activities, but did not close any mortgage deals, increased by 10 per cent, to 144 in 2018 from 131 in 2017.
- The number of mortgage brokerages that reported that their primary line of business was not mortgage brokering, and that did not close any mortgage deals, decreased by 12 per cent, to 118 in 2018 from 134 in 2017.

The AIR asks mortgage brokerages about any licences held in other sectors. Of note, 32 per cent (384) reported also being licenced in the real estate sector.

- 64 per cent (246) reported that the brokerage itself or its related persons/entities were also registered as a real estate brokerage.
- 36 per cent (138) reported that the brokerage itself or its related persons/entities also held a licence in the real estate industry.

Lending Sources and Volume of Mortgages

The 2018 AIR data revealed the following about sources of funding and volume of mortgages in Ontario:

- The total number of mortgages arranged increased by 3 per cent to 330,902 from 321,348 in 2017.
- The total dollar value of mortgages arranged decreased slightly to \$131.4 billion from \$132.2 billion in 2017.
 - Excluding non-qualified syndicated mortgages, the total number of mortgages arranged increased by 3.3 per cent to 329,422 from 318,934 in 2017.
 - Excluding non-qualified syndicated mortgages, the total dollar value of mortgages arranged decreased by 2.7 per cent to \$122.9 billion from \$126.3 billion in 2017.
 - The total number of non-qualified syndicated mortgages arranged decreased by 38.7 per cent to 1,480 from 2,414 in 2018.
 - The total dollar value of non-qualified syndicated mortgages arranged increased by 30 per cent to \$8.5 billion from \$5.9 billion in 2017.
- Excluding non-qualified syndicated mortgages, banks are the top type of lender in the mortgage brokering sector, representing 40 per cent of the total dollar value of mortgages (\$49.2 billion) and 38 per cent of the total volume of mortgages (126,627).

Non-Banking Financial Intermediaries / Alternative Lending

Mortgage Investment Corporations

During the 2018 reporting period, mortgage investment corporations (MICs) funded approximately 3.3 per cent of the total dollar value (\$4.1 billion) of all mortgage transactions reported by mortgage brokerages (excluding non-qualified syndicated mortgages).

The number of mortgage brokerages that reported using MICs as lenders increased by 13.2 per cent to 318 in 2018 from 281 in 2017.

During the same period, while the number of mortgages funded by MICs increased by 10.3 per cent (809), the total dollar value decreased marginally to \$4.1 billion from \$4.2 billion in 2017.

In addition, 6 per cent of mortgage brokerages (74) reported that their principal broker, officer and/or director also held equity interest in a MIC. Of these, none reported holding a management function within the MIC.

In 2018, mortgage brokerages reported using over 170 different MICs to fund mortgages.

Private Lenders

Excluding non-qualified syndicated mortgages, during the 2018 reporting period, mortgages funded by private lenders¹ represented approximately 7 per cent of the total dollar value (\$8.6 billion) of all mortgage transactions reported by mortgage brokerages.

From 2017 to 2018, there was a 2.1 per cent decrease in the number of private mortgage transactions (430), and a total dollar value decrease by 18.4 per cent (\$1.94 billion).

Mortgages through MICs and private lenders remain relatively small, at 10.4 percent of the market. FSRA will continue to monitor activity in this segment, including its rate of growth, sales and lending practices, as well as any changes in market share.

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

Excluding non-qualified syndicated mortgages, during the 2018 reporting period, mortgages funded by the brokerage itself, broker, or agent with a brokerage represented approximately 27 per cent of the total dollar value (\$33.2 billion) of all mortgage transactions reported by mortgage brokerages.

From 2017 to 2018, there was a 10.8 per cent increase in the number of self-funding mortgage transactions (11,476), and a total dollar value increase by 7.9 per cent (\$2.44 billion).

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

¹ A private lender is a person or business who lends their own funds for a mortgage.

Sub-Prime Mortgages

Excluding non-qualified syndicated mortgages, during the 2018 reporting period, mortgage brokerages reported arranging 26,710 sub-prime mortgages with a total value of \$6.9 billion, which represents 5.6 per cent of total mortgages arranged.

From 2017 to 2018, mortgage brokerages reported a 1.2 per cent increase in the number of sub-prime mortgage transactions (320), and a 10 per cent decrease in the total dollar value of sub-prime mortgages (\$766 million).²

Syndicated Mortgages

In 2017, the AIR was revised to ask brokerages to provide information about non-qualified syndicated mortgage transactions³.

During the 2018 reporting period, 5.6 per cent of mortgage brokerages (67) reported engaging in 1,480 non-qualified syndicated mortgage transactions, which represented approximately 6.4 per cent (\$8.5 billion) of the total dollar value of all mortgage transactions reported that year.

The top 25 per cent of brokerages (17) engaging in non-qualified syndicated mortgages arranged 89 per cent (\$7.6 billion) of all non-qualified syndicated mortgages by dollar amount.

Of the brokerages engaged in non-qualified syndicated mortgages, 18 per cent of brokerages (12) reported engaging exclusively in non-qualified syndicated mortgage transactions and arranged approximately 40 per cent (\$3.4 billion) of all non-qualified syndicated mortgages.

Referrals

In the 2018 AIR, responses to questions regarding referrals to other brokerages, including real estate brokerages, and payment for referrals by a brokerage indicate that:

- 10 per cent of mortgage brokerages (117) reported making a total of 1,130 referrals to other brokerages.
- 10 per cent of mortgage brokerages (121) received a total of 7,230 referrals from other brokerages, and paid an average of \$870 in compensation fees per referral.

² For the purpose of the AIR, a sub-prime mortgagor is a borrower having a mean credit score of 600 or less.

³ The definition of a qualified syndicated mortgage used for the purpose of the 2018 AIR is the definition included in the amendments to Ontario Regulation 188/08 which came into effect on July 1, 2018. A non-qualified syndicated mortgage is a syndicated mortgage which does not meet the requirements of a qualified syndicated mortgage.

Simple Referrals

- 10 per cent of mortgage brokerages (121) received a total of 9,630 simple referrals from unlicensed entities, and paid an average of \$349 in compensation fees per simple referral.

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

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

Mortgage Fraud

Mortgage brokerages were asked if the brokerage itself or a lender declined to proceed with a mortgage because they were made aware of, or had reason to suspect, fraud.

- In 2018, 4 per cent of mortgage brokerages (53) reported that they declined to proceed with a mortgage because they were made aware of, or had reason to suspect, fraud.
 - 47 per cent of the mortgage brokerages (25) who reported suspected fraud indicated income and employment verification documentation as the primary reason why they declined to proceed with a mortgage.
 - Mortgage brokerages also indicated they declined to proceed with a mortgage due to client evasiveness or explicit requests from a client for help to commit fraud.
- In 2018, 2 per cent of mortgage brokerages (26) reported that a lender declined to proceed with a mortgage because the lender was made aware of, or had reason to suspect, fraud.
 - 46 per cent of the mortgage brokerages (12) who reported that the lender declined to proceed with a mortgage due to suspicion of fraud indicated that inconsistent or suspected fraudulent income documentation was the reason.

FSRA reminds mortgage brokerages and administrators that they have a duty to act proactively to detect and prevent fraud and are expected to establish policies and

procedures with respect to fraud prevention. The MBLAA prohibits mortgage brokerages, administrators, brokers and agents from acting, or failing to act, in circumstances where they ought to know they are being used to facilitate dishonesty, fraud, crime or illegal conduct.

DETAILED FINDINGS – MORTGAGE ADMINISTRATORS

Errors and Omissions (E&O) Insurance and Financial Guarantees

Overall, mortgage administrators reported a high level of compliance with E&O insurance requirements and financial guarantee requirements.

By law, mortgage administrators must maintain E&O insurance coverage from an insurance company approved by FSRA. This insurance must cover any claims that may arise from the business of administering mortgages (such as negligence or fraud).

Mortgage administrators must also maintain a \$25,000 financial guarantee at all times.

- 1 mortgage administrator reported “yes” when asked if they were being subjected to any E&O claims, charges against them, licence suspensions, or outstanding fines.
- 2 mortgage administrators reported not maintaining the minimum \$25,000 of unimpaired working capital at all times during the year.

Trust Accounts

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

- 8.9 per cent of mortgage administrators (17) reported they did not have a trust account as required.
- 16.8 per cent of mortgage administrators (32) reported opening a trust account during the reporting year, of which 88 per cent of these (28) did so without obtaining FSRA approval in advance.

Supervision of Operations

Mortgage administrators must organize their operations, including office locations, in a manner that facilitates the supervision of their staff, as well as examinations by FSRA. This includes the establishment of policies and procedures that are updated regularly to

ensure that the mortgage administrator and every person acting on its behalf complies with the regulatory requirements under the MBLAA.

The 2018 AIR results show that:

- 92 per cent of mortgage administrators (176) had head offices in Ontario, while the remainder had head offices in British Columbia, Alberta, Manitoba and Quebec.
- 81 per cent of mortgage administrator offices (185) were located in Central Ontario (Including the Greater Toronto Area), 10 per cent in Southwestern Ontario (22), 8 per cent in Eastern Ontario (18), and 1 per cent in Northern Ontario (3).
- 28 per cent of mortgage administrators (53) reported that they administered non-qualified syndicated mortgages.
 - 15 per cent of mortgage administrators (8) that administered non-qualified syndicated mortgages did not have policies and procedures in place related specifically to the disbursement of funds to the borrower for a non-qualified syndicated mortgage.
- 26 per cent of mortgage administrators (50) reported that they conducted other types of business from their premises. Examples of other types of businesses included mortgage brokerage, real estate brokerage, law practice, accounting office, and MIC.

Remuneration

The 2018 AIR collected information about contingency commission or payment arrangements that mortgage administrators paid out to other persons or entities in connection with the administration of a mortgage.

- 2 per cent of mortgage administrators (4) reported that they had a contingency commission or payment arrangement with another person or entity.

As per subsections 15, 16 and 17 of Ontario Regulation 189/08, mortgage administrators must provide proper disclosure in writing to a lender or investor for payments to others in connection with the administration of a mortgage.

CONCLUSION

FSRA uses AIR dataⁱ to inform consumer protection measures, and pursues regulatory action where there is evidence of non-compliance.

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

FSRA has revised the 2019 AIR questionnaire to reduce regulatory burden for mortgage brokerages and administrators by removing and simplifying over 25 per cent of the questions. It is expected that there will be additional changes made to the AIR in future.

For additional data on mortgage brokerages and administrators, please refer to the companion guide, Appendix to 2018 Annual Information Return – Mortgage Brokerages and Administrators Results Summary Report.

ⁱ **Data Collection Period:** AIR filing period January 22, 2019 to March 31, 2019. Submissions received after May 6, 2019 are excluded.

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

Data Accuracy:

AIR data was collected from the majority of licensed mortgage brokerages (96%) and mortgage administrators (92.3%). Entities filed their AIRs electronically. AIR data may be subject to human error during data entry.

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

MORTGAGE BROKERAGES

Mortgage Brokerage Sector Summary

Summary	2016	2017	2018
Number of brokerages	1,170	1,197	1,188
Number of brokers	2,561	2,703	2,649
Number of full-time brokers	1,796	1,869	1,938
Number of agents	11,267	12,510	11,708
Number of full-time agents	6,706	7,404	7,451
Number of other staff	1,641	2,195	2,295
Total number of all mortgages (broken down by nature of underlying properties):	340,527	318,934	329,422
Residential mortgages	330,185	311,779	323,502
Commercial mortgages	7,767	5,020	4,387
Other mortgages	2,575	2,135	1,533
Total number of all mortgages (broken down by loan type):			
Conventional mortgages	197,004	195,379	196,353
Insured high-ratio mortgages	137,182	118,010	127,313
Uninsured high-ratio mortgage	6,341	5,545	5,756
Total number of all mortgages (broken down position):			
First Mortgage	313,662	292,626	301,782
Second Mortgage	24,311	25,056	26,041
Third Mortgage	1,048	1,047	1,470
Fourth and beyond	1,506	205	129
Total number of all mortgages (broken down by loan type):			
New Loans	258,795	242,189	248,078
Renewals	81,732	76,745	81,344
Total number of secondary mortgage Classifications			
First Time Homebuyers	64,574	61,785	67,475
Reverse Mortgages	494	513	602
Sub-prime mortgages	28,138	26,390	26,710
Construction and Development	3,701	1,966	1,535
Home Equity Line of Credit	7,083	9,010	6,071
Qualified syndicated mortgages		New Question in 2018	4,096
Total dollar value of all mortgages (broken down by nature of underlying properties):	\$132,487,145,770	\$126,266,069,950 ¹	\$122,901,132,060 ²
Residential mortgages	\$107,498,366,710	\$101,130,519,114	\$99,075,423,247
Commercial mortgages	\$24,128,169,580	\$23,522,286,349	\$22,181,574,303

¹ The 2017 AIR asked mortgage brokerages to report on the volume and dollar amount of non-qualified syndicated mortgages separately from other mortgage transactions. The \$126,266,069,650 total excludes non-qualified syndicated mortgages.

² 2018 AIR number excludes non-qualified syndicated mortgages

Other mortgages	\$860,609,480	\$1,613,264,487	\$1,644,134,510
Total dollar value of all mortgages (broken down by loan type):			
Conventional mortgages	\$85,376,130,968	\$83,701,152,320	\$71,734,132,570
Insured high-ratio mortgages	\$44,990,391,897	\$40,786,581,352	\$49,635,375,539
Uninsured high-ratio mortgages	\$2,120,622,905	\$2,170,513,018	\$1,531,623,951
Total dollar value of all mortgages (broken down position):			
First Mortgage	\$123,350,142,715	\$120,390,134,623	\$118,143,613,708
Second Mortgage	\$8,478,076,312	\$5,341,010,791	\$4,561,481,623
Third Mortgage	\$444,881,077	\$455,239,453	\$151,704,800
Fourth and beyond	\$214,045,665	\$79,685,083	\$44,331,929
Total dollar value of all mortgages (broken down by loan type):			
New Loans	\$110,524,709,074	\$107,296,983,360	\$100,969,819,939
Renewals	\$21,962,439,696	\$18,969,086,590	\$21,931,312,121
Total dollar value of all mortgages (broken down by loan type):			
First Time Homebuyers	\$21,828,264,302	\$22,123,420,768	\$24,682,490,764
Reverse Mortgages	\$183,698,054	\$228,436,081	\$164,857,014
Sub-prime mortgages	\$8,219,521,406	\$7,688,985,091	\$6,922,182,545
Construction and Development	\$7,881,067,728	\$6,841,698,169	\$5,606,217,768
Home Equity Line of Credit	\$1,690,786,187	\$2,299,277,526	\$1,917,846,732
Qualified syndicated mortgages	New Question in 2018		1,715,105,180
Total dollar value of sub-prime mortgages	\$8,219,521,406	\$7,688,985,091	\$6,922,182,545
Total dollar value of qualified syndicated mortgages	New Question in 2018		\$1,715,105,180
Total number of mortgages funded by bank	123,723	125,534	126,627
Total number of mortgages funded by credit union	13,555	10,256	10,227
Total number of mortgages funded by Insurance company	New question in 2017	375	502
Total number of mortgages funded by mortgage investment corporation (MIC)	7,241	7,838	8,647
Total number of mortgages funded by private lender	21,203	20,879	20,449
Total number of mortgages funded by self-funding	109,631	106,586	118,062
Total number of mortgages funded by trust company	29,986	25,205	21,943
Total number of mortgages funded by other	35,188	22,261	22,965
Total dollar value of mortgages funded by bank	\$45,599,062,366	\$50,284,748,308	\$49,189,691,862
Total dollar value of mortgages funded by credit union	\$6,001,545,284	\$5,060,750,714	\$4,570,286,250
Total dollar value of mortgages funded by Insurance company	New question in 2017	\$1,477,295,908	\$2,053,413,398
Total dollar value of mortgages funded MIC	\$4,403,635,045	\$4,162,375,807	\$4,113,459,160
Total dollar value of mortgages funded by private lender	\$8,525,183,717	\$10,555,628,817	\$8,611,366,796
Total dollar value of mortgages funded by self-funding	\$32,788,475,333	\$30,754,646,237	\$33,199,778,126

Total dollar value of mortgages funded by trust company	\$16,917,451,250	\$12,232,682,081	\$9,583,172,035
Total dollar value of mortgages funded by other	\$18,251,792,775	\$11,737,942,078	\$11,579,964,433
Total number of brokerages with syndicated mortgage investment (SMI) transactions [†]	105	60 ³	67
Total number of SMI transactions [†]	7,412	2,414 ⁴	1,480
Total dollar value of SMI transactions [†]	\$6,630,571,417	\$5,930,325,892 ⁵	\$8,471,196,811
Total dollar value of Mortgages including Non-Qualified SMI's	\$132,487,145,770	\$132,196,395,842	\$131,372,328,871

[†] SMI figures in 2015 and 2016 include both qualified and non-qualified syndicated mortgages.

³ The 2017 AIR asked mortgage brokerages to report on the volume and dollar amount of non-qualified syndicated mortgages separately from other mortgage transactions. The definition of a qualified syndicated mortgage used for the purposes of the 2017 AIR was based on the proposed definition at that time. The definition was revised when the amendments to Ontario Regulation 188/08 Mortgages Standards came into effect on July 1, 2018. A non-qualified syndicated mortgage is a syndicated mortgage which does not meet the requirements of a qualified syndicated mortgage.

⁴ Ibid.

⁵ Ibid.

Additional Mortgage Brokerage AIR Dataⁱ

Types of lenders used to fund mortgages									
Mortgage type	2016			2017			2018		
	Number of brokerages	Percentage of total number of mortgages	Percentage of total dollar value of mortgages	Number of Brokerages	Percentage of total number of mortgages	Percentage of total dollar value of mortgages	Number of brokerages	Percentage of total number of mortgages	Percentage of total dollar value of mortgages
Bank	703	36%	34%	711	39%	40%	718	38%	40%
Credit union	380	4%	5%	385	3%	4%	384	3%	4%
Insurance Company	New question in 2017			74	0%	1%	87	0%	2%
MIC	247	2%	3%	281	2%	3%	318	3%	3%
Private lender	600	6%	6%	604	7%	8%	627	6%	7%
Self-funding ⁶	111	32%	25%	141	33%	24%	142	36%	27%
Trust company	541	9%	13%	493	8%	10%	476	7%	8%
Other	265	10%	14%	230	7%	9%	249	7%	9%

Mortgage investment corporations (MICs)						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	
Brokerages who reported MIC transactions.	247	21%	281	21%	318	27%
Total number of MIC transactions as percentage of total transactions.	7,241	2%	7,838	2%	8,647	3%
Total dollar value of MIC transactions as percentage of total mortgage value (millions).	\$4,404	3%	\$4,162	3%	\$4,113	3%

Syndicated mortgage investments						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	

⁶ For purposes of the AIR, Self-funding are mortgages funded by a brokerage, broker or agent within a brokerage own funds.

Brokerages that reported SMI transactions.	105	9%	60	5%	67	6%
Total number of SMI transactions as percentage of total transactions.	7,412	2%	2,414	1%	1,480	0% ⁷
Total dollar value of SMI transactions as percentage of total mortgage value (millions).	\$6,631	5%	\$5,930	5%	\$8,471	6%
Total dollar value of residential SMI transactions as percentage of total residential mortgage value (millions).	\$2,640	2%	\$1,605	2%	\$1,052	1%
Total dollar value of commercial SMI transactions as percentage of total commercial mortgage value (millions).	\$3,530	15%	\$3,206	13%	\$6,408	22%
Total dollar value of other SMI transactions as percentage of total other mortgage value (millions).	\$460	53%	\$1,118	15%	\$1,011	38%

Securitization						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	
The mortgage brokerage arranged or participated in arranging securitization facilities	5	0.4%	4	0.3%	5	0.4%
The mortgage brokerage made securitization sales	6	0.5%	5	0.4%	6	0.5%

Remuneration						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	
Did your brokerage accept non-monetary incentives from lenders?						
Yes	278	24%	248	21%	245	21%
No	892	76%	949	79%	943	79%
If Yes, what kind of incentives?						
Points	242	22%	213	18%	210	18%
Event tickets	92	8%	47	4%	93	8%
Gifts	67	6%	64	5%	69	6%
Trips	48	4%	95	8%	64	5%
Memberships	3	0%	0	0%	1	0%

⁷ Total number of SMI transactions as percentage of total transactions is 0.4 per cent when rounded to the nearest tenth

Other	20	2%	16	1%	27	2%
Mortgage brokerages that offer credit cards or gift cards as remuneration.						
Yes	50	4%	42	4%	62	5%
No	1,120	96%	1,155	96%	1,126	95%
Mortgage brokerages that have contingency commissions or payment arrangements with lenders.						
Yes	480	41%	446	37%	445	37%
No	690	59%	751	63%	743	63%
Mortgage brokerages that have tri-party compensation agreements for payments of incentives other than money, between the brokerage, its brokers/agents, and other mortgage brokerages.						
Yes	14	1%	15	1%	11	1%
No	1,156	99%	1,182	99%	1,177	99%

Errors and Omissions (E&O) insurance						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	
Please indicate the liability limit under your current E&O policy (per occurrence).						
\$500,000	558	48%	563	47%	541	46%
\$1 million	329	28%	340	28%	364	31%
Other	283	24%	294	25%	283	24%
Please indicate the liability limit under your current E&O policy (per annual aggregate).						
\$1 million	653	56%	653	55%	636	54%
\$2 million	266	23%	284	24%	294	25%
Other	251	21%	240	22%	258	22%

Mortgage brokerage information						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	
The mortgage brokerage reported a franchise.	336	29%	346	29%	342	29%
The mortgage brokerage also had a mortgage administrator (dual) licence.	94	8%	97	8%	107	9%
The mortgage brokerage or its related persons/entities are members of Mutual Fund Dealers Association (MFDA).	39	3%	44	4%	38	3%
The mortgage brokerage or its related persons/entities are registered as an insurance brokerage	58	5%	64	5%	58	5%

under insurance legislation in any Canadian jurisdiction.						
The mortgage brokerage or its related persons/entities are registered as a dealer or adviser under securities regulation in any Canadian jurisdiction.	46	4%	50	4%	49	4%
The mortgage brokerage or its related persons/entities are registered as a real estate brokerage under the Real Estate Business Brokerage Act.	273	23%	270	23%	246	21%
The brokerage or its affiliate holds another licence.	366	31%	403	34%	293	25%

Inactive brokerages						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total inactive brokerages	137		134		118	
Brokerages that did not close any deals and whose primary line of business was not mortgage brokering						
Real estate	63	43%	58	43%	52	44%
Other	43	30%	44	33%	44	38%
Advisory services/consulting	13	9%	13	10%	9	8%
Administering mortgages	4	3%	5	4%	4	3%
Legal services	3	2%	4	3%	4	3%
Mortgage referrals	9	6%	8	6%	3	3%
Construction	1	1%	1	1%	1	1%
Accounting	1	1%	1	1%	1	1%
Total	137	100%	134	100%	118	100%

Trust accounts						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	
The mortgage brokerage has a trust account(s) under the MBLAA.	111	9%	118	10%	115	10%
The mortgage brokerage opened a trust account during the reporting period.	23	21%	23	20%	14	1%
For trust accounts opened during the reporting period, the mortgage brokerage obtained prior written consent from the Superintendent of	17	74%	14	61%	11	79%

Financial Services to open a trust account pursuant to O. Reg. 188/08, s. 50 (2).						
For mortgage brokerages with trust accounts, the mortgage brokerage reconciled all of its MBLAA trust accounts.	110	99%	115	97%	111	97%

Mortgage brokerage office locations						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	
Location of the brokerage's head office in Canada as at December 31 (of the reporting year).						
Alberta	17	1%	19	2%	20	2%
British Columbia	31	3%	33	3%	35	4%
Manitoba	1	0%	2	0%	3	0%
New Brunswick	1	0%	0	0%	0	0%
Nova Scotia	1	0%	2	0%	2	0%
Ontario	1117	95%	1,138	95%	1,124	95%
Quebec	2	0%	3	0%	4	0%
Total	1,170	100%	1,197	100%	1,188	100%
Location of mortgage brokerages' head offices by Ontario region as at December 31 (of the reporting year).						
Central Ontario (L)	434	39%	420	37%	430	38%
Eastern Ontario (K)	66	6%	70	6%	60	5%
Toronto Metropolitan (M)	507	45%	522	46%	519	46%
Southwestern Ontario (N)	87	8%	100	9%	93	8%
Northern Ontario (P)	23	2%	26	2%	22	2%
Total	1,117	100%	1,138	100%	1,124	100%
Total number of offices for each Ontario region as at December 31 (of the reporting year).						
Eastern Ontario (K)	195	10%	220	10%	211	10%
Central Ontario (L)	697	36%	796	38%	861	40%
Toronto Metropolitan (M)	755	39%	783	37%	791	36%
Southwestern Ontario (N)	48	3%	242	12%	256	12%
Northern Ontario (P)	217	11%	59	3%	55	3%
Total	1,912	100%	2,100	100%	2,174	100%

Supervision of mortgage brokers and agents in brokerage						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	

The mortgage brokerage reviewed its policies and procedures during the reporting period	1,097	94%	1,115	93%	1,093	92%
Steps taken to ensure adequate supervision as described in brokerage's policy and procedures						
Onsite supervisor/manager	1,027	88%	1,028	86%	997	84%
Policies and procedures/best practices	1,030	88%	1,058	88%	1,038	87%
File review/file audits	991	85%	1,017	85%	999	84%
Regular meetings (monthly, quarterly etc.)	910	78%	928	78%	902	76%
Training/support (phone/email/fax/online)	905	77%	926	77%	693	58%
In-person Training/Support	New question in 2018				834	70%
Individual Performance Reviews of Agent/Broker	New question in 2018				712	60%
Other	107	9%	125	10%	140	12%

	2016		2017		2018	
	Terminated for cause	Reported using Licensing Link	Terminated for cause	Reported using Licensing Link	Terminated for cause	Reported using Licensing Link
Total mortgage brokerages	1,170		1,197		1,188	
During the reporting period, did the brokerage terminate a broker/agent for cause?						
No	1,147		1,179		1,167	
Yes	23	21	18	18	21	18

Mortgage brokerage licence suitability						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage brokerages	1,170		1,197		1,188	
The mortgage brokerage reported complaint(s) made against the mortgage brokerage to a regulatory body in any Canadian jurisdiction that was based, in whole or in part, on allegations of fraud, theft, deceit, misrepresentation, forgery, or similar conduct.	16	1%	12	1%	16	1%
The mortgage brokerage was fined or there were monetary penalties imposed by a Canadian financial services regulator excluding FSCO.	0	0%	3	0%	0	0%

The mortgage brokerage had unpaid fines/monetary penalties owing to a Canadian financial services regulator, other than FSCO.	0	0%	1	0%	0	0%
The mortgage brokerage was fined or there were monetary penalties imposed by a provincial/federal court.	1	0%	0	0%	0	0%
The mortgage brokerage was subject to charges laid under the laws of a Canadian province/territory	3	0%	0	0%	0	0%
The mortgage brokerage held licences from other regulatory bodies/professional organizations that were revoked or suspended.	7	1%	3	0%	4	0%
During the reporting period, was the brokerage named in a lawsuit (Statement of Claim, Counterclaim or Third-party Claim)?	New question in 2017		35	3%	51	4%

MORTGAGE ADMINISTRATORS

Additional Mortgage Administrator AIR Dataⁱⁱ

Mortgage administrator information						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total number of administrators	164		181		191	
The mortgage administrator filed financial information pursuant to O. Reg. 193/08 s. 3.	111	68%	114	63%	135	71%

Unimpaired working capital						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total number of administrators	164		181		191	
The mortgage administrator maintained the required \$25,000 of unimpaired working capital (or another arrangement, as approved by the Superintendent), at all times throughout the year.	163	99%	173	96%	189	99%

Trust accounts						
	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	164		181		191	
Did the administrator have a trust account(s) under the MBLAA?						
Yes	149	91%	164	91%	174	91%
No	15	9%	17	9%	17	9%

	Number	Percentage	Number	Percentage	Number	Percentage
Mortgage administrators who opened trust account(s) during the reporting period	43		44		32	
For trust accounts opened during the reporting period, the administrator obtained prior written consent from the Superintendent of Financial Services to open a trust account pursuant to O. Reg. 189/08, s. 34 (2).						
Yes	8	19%	8	18%	4	13%

No	35	81%	36	82%	28	88%
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	Number	Percentage	Number	Percentage	Number	Percentage
Administrators with trust accounts	149		164		174	

For administrators with trust accounts, did the administrator reconcile all of its MBLAA trust accounts?

Yes	147	99%	162	99%	172	99%
No	2	1%	2	1%	2	1%

	Number	Total dollar value of shortfalls	Number	Total dollar value of shortfalls	Number	Total dollar value of shortfalls
Total mortgage administrators	164		181		191	

Was there a shortfall, at any time, in any of the MBLAA trust accounts?

Yes	1	\$430,508	4	\$77,809	2	\$268,835
No	0	\$0	0	\$0	166	\$0

Portfolio details/information

	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	164		181		191	
The mortgage administrator operated a MIC during the reporting period.	39	24%	49	27%	49	26%
The mortgage administrator administered private mortgages.	84	51%	96	53%	109	57%
The mortgage administrator administered syndicated mortgages.	66	40%	50 ⁸	28%	53	28%

Securitization

	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	164		181		191	
The mortgage administrator arranged or participated in arranging securitization facilities.	4	2%	3	2%	4	2%
The mortgage administrator made securitization sales.	4	2%	5	3%	5	3%

Remuneration/payments

⁸ Note: in 2017 the number does not include the mortgage administrators who reported qualified syndicated mortgages.

	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	164		181		191	
The mortgage administrator had contingency commission payment arrangements with another person or entity.	9	5%	12	7%	4	2%

Mortgage administrator office locations

	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	164		181		191	

Location of administrator's head office in Canada as at December 31, 2017.

Alberta	3	2%	3	2%	3	2%
British Columbia	9	5%	9	5%	8	4%
Manitoba	3	2%	3	2%	3	2%
Ontario	148	90%	165	91%	176	92%
Quebec	1	1%	1	1%	1	1%

Number of offices for each Ontario region as at December 31, 2017.

Eastern Ontario (K)	13	8%	21	9%	18	8%
Central Ontario (L/M)*	145	84%	181	80%	185	81%
Southwestern Ontario (N)	13	8%	21	9%	22	10%
Northern Ontario (P)	1	1%	4	2%	3	1%
Total number of offices in Ontario	172	100%	227	100%	228	100%

Licence suitability

	2016		2017		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
Total mortgage administrators	164		181		191	
The mortgage administrator reported any E&O claim(s) that were made against it during the reporting period in any Canadian jurisdiction.	0	0%	1	1%	1	1%
The mortgage administrator reported any claim(s) that were made against it and paid by its E&O insurance carrier or bonding company in any Canadian jurisdiction.	0	0%	0	0%	2	1%
The mortgage administrator reported any complaint(s) that were made against it to a	1	1%	2	1%	0	0%

regulatory body in any Canadian jurisdiction that was based, in whole or in part, on fraud, theft, deceit, misrepresentation, forgery or similar conduct.						
The mortgage administrator was fined or there were monetary penalties imposed by another Canadian financial services regulator, excluding FSCO.	0	0%	1	1%	0	0%
The mortgage administrator had unpaid fines/monetary penalties owing to another Canadian financial services regulator, other than FSCO.	0	0%	0	0%	0	0%
The mortgage administrator was subject to charges that were laid under the laws of a Canadian province/territory.	0	0%	0	0%	0	0%
The mortgage administrator had its licence(s) from another regulatory body/professional organization revoked or suspended.	0	0%	1	1%	0	0%
The mortgage administrator conducted other business from its premises.	49	30%	46	25%	50	26%
During the reporting period, was the administrator fined by any Provincial/Federal courts?	New in 2017		2	1%	0	0%
During the reporting period, was the administrator named in a lawsuit (Statement of Claim, Counterclaim or Third-party Claim)?	New in 2017		11	6%	12	6%

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

ⁱⁱ *ibid*