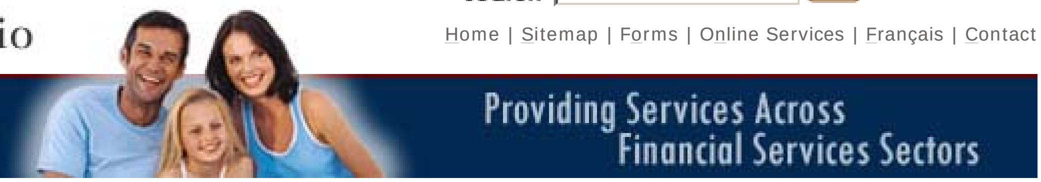

NOTE: The bulletins posted on this website are provided for historical reference. Information contained in the bulletins is accurate on the date published, but is subject to change and may have been superceded by a later bulletin. Users should verify the information before making decisions or acting upon it.

The bulletins posted may contain forms that are no longer current. For the current version of any FSCO form, please visit the forms area of this website.

Bulletin

No M-01/01
- Mortgage Brokers

Improper Use of Disclosure Forms by Mortgage Brokers

To the attention of all mortgage brokers registered in Ontario

It has recently come to the attention of the Superintendent of Financial Services that mortgage brokers and their agents or representatives may be using improper versions of the Statement of Mortgage form (formerly known as "Form 2") and an unauthorized form entitled "Letter of Direction/Fee Agreement"(Fee Agreement) in the process of arranging mortgages.

On July 21, 2000, all registrants were provided with a package containing the proper versions of the Statement of Mortgage and an Investor/Lender Disclosure Statement for Brokered Mortgages on Renewal.

If you deal with one of the companies offering a computerized system that provides for the printing of the Statement of Mortgage and other reproduced documents, please review them to ensure that the computerized versions have been updated to comply with the new Statement of Mortgage form issued on July 21, 2000.

If your software provider has issued notice and instructions to users about changes to the forms, please ensure that you have properly followed the instructions. If you experience difficulties, please contact your technical services representative.

Some systems provide the user with a Fee Agreement form. This document is acceptable for use only after the borrowers have signed and dated the lender's commitment to fund their mortgage.

The Fee Agreement document contains a section that is worded in the manner of a commitment. The section asks borrowers to sign the form and agree to pay fees and expenses whether or not the yaccept the financing arranged by the mortgage broker. This means that the borrower would not have the benefit of the statutory right to verification that funding for the mortgage has been secured. Please note that a commitment letter from the lender, acknowledged by the borrower, is required before the borrower may agree to the payment of fees of any kind. A written commitment to fund by a lender, as required in question two of the Statement of Mortgage, must be obtained by the mortgage broker prior to issuing the Statement of Mortgage to the borrower.

The Statement of Mortgage, Renewal form, and Investor/Lender Disclosure Statement for Brokered Transactions are available on the Financial Services Commission of Ontario website at www.fsco.gov.on.ca under "Forms", "Mortgage Broker Forms."

If you have any questions, you may contact Cecil Persaud, Senior Manager, Examinations, Financial Services Commission of Ontario, at (416) 590-7231.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services (Acting)

September 25, 2001

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