

To all mortgage administrators licensed in Ontario,

As of July 1, 2008, section 3 of Ontario Regulation 193/08 – Reporting Requirements for Licensees requires the following reporting by mortgage administrators:

- (1) Within 90 days after the end of every fiscal year, every mortgage administrator shall give the Superintendent,*
- (a) a copy of its audited financial statements for the year;*
 - (b) a copy of a report by the auditor about the books, records and accounts of the mortgage administrator for the year, in a form approved by the Superintendent; and*
 - (c) a copy of a report by the auditor about the mortgage administrator's trust account and the assets and liabilities under administration for the year, in a form approved by the Superintendent.*

For paragraphs (a) and (b):

Please discuss the scope of your auditor's engagement to ensure that he/she provides an opinion that meets these reporting requirements, with respect to your audited financial statements, books, records and accounts for this year. Your auditor may have already performed an audit that meets the requirements under these paragraphs.

To meet the requirement in paragraph (b), you must:

1. Advise your auditor that you will provide a copy of his/her management letter to FSCO, or confirm that your auditor will not issue a letter regarding paragraph (b).
2. Provide FSCO with a copy of your auditor's management letter, or notify FSCO that a letter will not be issued by your auditor regarding paragraph (b).

For paragraph (c):

This report replaces the former requirement to complete and file *Form B* that existed under the repealed Mortgage Brokers Act.

The auditor's report must address your compliance with the requirements and standards under the Mortgage Brokerages, Lenders and Administrators Act, 2006 (the Act), for mortgage administrators who manage and keep records for trust accounts, assets and liabilities under administration. Please discuss the scope of this review with your auditor. Your auditor will require a special engagement for this purpose.

The format of the auditor's report about your trust account, assets and liabilities under administration was developed in conjunction with the Institute of Chartered Accountants of Ontario (ICAO). A sample report under paragraph (c) is provided below.

To the Financial Services Commission of Ontario,

I have audited [name of mortgage administrator]'s compliance with the standards in the Mortgage Brokerages, Lenders and Administrators Act, 2006 (the Act) applicable to mortgage administrators with trust funds. These standards are contained in Ontario Regulation 189/08 (Mortgage Administrators: Standards of Practice) and Ontario Regulation 193/08 (Reporting Requirements for Licensees). Compliance with the standards established in the Act is the responsibility of the management of [name of mortgage administrator]. My responsibility is to express an opinion on this compliance based on my audit.

I conducted my audit in accordance with Canadian Generally Accepted Auditing Standards. These standards require that I plan and perform an audit to obtain reasonable assurance whether [name of mortgage administrator] complied with the provisions of the Act and standards referred to above. Such an audit includes examining on a test basis evidence supporting compliance, evaluating the overall compliance with the requirements of the Act, and where applicable, assessing the accounting principles used and significant estimates made by management.

In my opinion, as of [fiscal year end], [name of mortgage administrator] is in compliance, in all material respects, with the requirements and standards under the Act with respect to mortgage administrators managing and keeping records for trust accounts and trust funds.

(signed).....

[Name of Public Accountant]
Licensed Public Accountant

Resources

It is your responsibility to be in compliance with Ontario Regulation 193/08. You should make yourself familiar with this Regulation, and make use of all resources available to you. Resources such as the *Compliance Checklist for Managing the Mortgage Administrator, Keeping Records and Trust Accounts* (available at www.fsco.gov.on.ca/english/regulate/mortgagebrokers/mbcomplying.asp) will help you ensure that your business is in compliance at all times.