

EVALUATION CURRICULUM

Mortgage Brokerage
Qualification Program



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Introduction

The decision to develop an evaluation curriculum for the functions of a mortgage broker was made in response to the Government of Québec's will, expressed in Bill 141, to transfer the activities related to the regulation of the profession from the *Organisme d'autoréglementation du courtage immobilier du Québec* (OACIQ) to the *Autorité des marchés financiers* (AMF). A training curriculum was therefore drafted in order to compile the core tasks and operations that mortgage brokers can accomplish upon career entry. On the basis of that document, an evaluation curriculum was designed in collaboration with committees of subject matter experts.

Development and refinement of evaluation curriculum

The evaluation curriculum is the component of the Mortgage Brokerage Qualification Program (MBQP) that defines competency evaluation expectations. It consists of a series of evaluation tables that specify the skills to be evaluated in the certification process. The expert committees that developed this document were composed of mortgage brokers and trainers from various agencies and training centres who had already been involved in validating the training curriculum. These experts were able to analyze, evaluate and improve the relevance, structure and scope of the evaluated

competencies. The contents related to each competency were also formulated. The discussions held during the validation process with the expert committee were used to prepare a first draft of the evaluation curriculum in order to evaluate the competencies for the mortgage brokerage sector according to the following five criteria:

- Skills essential to career entry;
- Skills essential to consumer protection;
- Integration of residential and commercial mortgage brokerage into a single sector;
- Evaluation using multiple-choice questions;
- Open-book evaluation.

In this second phase of the draft, the structure and content of the evaluation curriculum were reorganized based on the participating experts' recommendations. The reworded draft version was then submitted to them so that they could confirm and, possibly, augment the results of the validation process.

Composition of evaluation curriculum

The evaluation curriculum is composed of two modules: an ethics and professional practice module and a mortgage brokerage module. The competencies evaluated for the second module are described in the following pages.

The evaluation curriculum's competencies stem from the training curriculum but are not reproduced integrally and textually. As opposed to the training curriculum, which includes competencies illustrating the full scope of tasks and operations that can be accomplished by a mortgage broker upon career entry, only those competencies that relate to the mandate of the AMF as regulator have been selected for the certification exams. The evaluation curriculum therefore includes every aspect that must be mastered to practise ethically, in accordance with consumer rights. It also takes into consideration the fact that competencies are perfected over time, with professional experience.

Each evaluated competency corresponds to a module and all modules are equally weighted in the certification process, i.e., all competencies must be mastered in order to obtain a right to practise. Consequently, the AMF will impose a modular certification process and will prepare an exam preparation manual for each of the evaluation curriculum's modules.

The evaluation curriculum's competencies are integrated into groups of skills, knowledge, strategies. Every competency is split into components and then further, into sub-components, in order for its nature and scope as well as the underlying evaluation objective to be explicit. The competency components are weighted to quantify their relative importance in the exam. Many factors influence weighting, namely the component's importance for consumer protection as well as the complexity and scope of its underlying concepts and contents.

The competency components and subcomponents refer to processes or results that are contextualized based on the competency to which they refer. To provide further specifications, a list of related contents is included with each competency subcomponent. The contents offer indications on the products, knowledge, behaviors or attitudes required to master the competency sub-component. These indications delimit the scope of evaluation and will be developed in the exam preparation manuals the AMF will publish for each module. Trainers wishing to increase their candidates' employability and ability to advance professionally may cover additional content.

Each evaluation curriculum module is therefore divided into three main parts:

- The **competency components** and **subcomponents** define the nature and scope of the competency.
- The **related contents** specifies the object of the evaluation and will be covered in the exam preparation manuals.
- The **weighting** indicates each competency component's relative importance in the exam, which will translate into a corresponding number of questions.

Because of the information it contains, the evaluation curriculum is all of the following:

- An internal tool to guide that will provide the framework for the development of manuals and certification examinations.
- A pedagogical planning tool that will guide trainers in their course development.
- An exam preparation tool that will instruct candidates on the nature and scope of the evaluated competencies.

COMPETENCY 16-116

Set up an ethical professional practice in compliance with the rules governing mortgage brokerage

Competency components	Subcomponents	Related contents	%*
<p>1. Understand the legal framework for mortgage brokerage</p>	<p>1.1 Distinguish among the provisions of the <i>Civil Code of Québec</i> (C.C.Q.) that apply to mortgage brokerage</p>	<ul style="list-style-type: none"> • Difference between civil law and common law • <i>Civil Code of Québec</i> (C.C.Q.) • Name • Domicile and residence • Capacity of persons • Legal persons • Family • Estates/successions • Ownership • Prior claims and mortgages/hypothecs • Publication of rights 	<p>40%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-116

Set up an ethical professional practice in compliance with the rules governing mortgage brokerage

Competency components	Subcomponents	Related contents	%*
<p>1. Understand the legal framework for mortgage brokerage (continued)</p>	<p>1.2 Distinguish among the other sources of law that apply to mortgage brokerage</p>	<ul style="list-style-type: none"> • <i>Act respecting the distribution of financial products and services (Distribution Act) and its regulations</i> • <i>Act respecting the protection of personal information in the private sector (APPIPS)</i> • <i>Bank Act</i> • <i>Trust and Loan Companies Act</i> • <i>Insurance Companies Act</i> • <i>Cooperative Credit Associations Act</i> • <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)</i> • <i>Competition Act</i> • <i>Canada Mortgage and Housing Corporation Act</i> • <i>Bankruptcy and Insolvency Act</i> • <i>Taxation Act and Income Tax Act</i> • <i>Act respecting municipal taxation</i> • <i>Act respecting the Québec sales tax</i> • <i>Excise Tax Act</i> • <i>Jurisprudence/Case law</i> • <i>Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)</i> 	<p>40%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-116

Set up an ethical professional practice in compliance with the rules governing mortgage brokerage

Competency components	Subcomponents	Related contents	%*
<p>2. Ensure that the rules for mortgage brokerage transactions are integrated into the professional practice</p>	<p>2.1 Identify the parties involved in mortgage brokerage transactions</p>	<ul style="list-style-type: none"> • Banks, caisses populaires/credit unions, trust and loan companies, etc. • Mortgage insurance companies • Credit agencies (Equifax, etc.) • Mortgage brokerage agencies • Real estate brokers • Notaries, lawyers • Accountants • Tax specialists, financial planners • Land surveyors • Register of personal and movable real rights (RDPRM) • Land register • Building inspectors • Certified appraisers • Damage insurance agents or brokers • Life insurance agents or brokers • Loan insurance (estate protection) • Etc. 	<p>30%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-116

Set up an ethical professional practice in compliance with the rules governing mortgage brokerage

Competency components	Subcomponents	Related contents	%*
<p>2. Ensure that the rules for mortgage brokerage transactions are integrated into the professional practice (continued)</p>	<p>2.2 Understand the legal and administrative framework governing mortgage brokerage</p>	<ul style="list-style-type: none"> • Rules on processing mortgage brokerage transactions • Types of lenders • Existing types of mortgages and their features <ul style="list-style-type: none"> – Conventional mortgage – Collateral mortgage – Legal hypothec • Verification of legal capacity to contract • Information required for mortgage brokerage transactions <ul style="list-style-type: none"> – Reason for application – Terms and conditions of mortgage brokerage contract or mandate <ul style="list-style-type: none"> ✓ Purpose and duration of mandate ✓ Parties' rights and obligations – Exclusivity 	<p>30%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-116

Set up an ethical professional practice in compliance with the rules governing mortgage brokerage

Competency components	Subcomponents	Related contents	%*
2. Ensure that the rules for mortgage brokerage transactions are integrated into the professional practice (continued)	2.2 Understand the legal and administrative framework governing mortgage brokerage (continued)	<ul style="list-style-type: none"> - Disclosure <ul style="list-style-type: none"> ✓ File opening fees ✓ Remuneration terms and conditions for firm, independent partnership, independent representative or mortgage brokerage ✓ Dispute settlement mechanisms • Approximate financing terms and conditions • Guidelines of the Office of the Superintendent of Financial Institutions (OSFI) • Property titles • Mortgage insurance companies • Loan insurance products • Title insurance products • Government programs and subsidies 	30%
3. Ensure that the rules governing mortgage brokerage operations are integrated into the professional practice	3.1 Explain the role of mortgage brokerage regulatory authority	<ul style="list-style-type: none"> • <i>Autorité des marchés financiers (AMF)</i> 	30%

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-116

Set up an ethical professional practice in compliance with the rules governing mortgage brokerage

Competency components	Subcomponents	Related contents	%*
<p>3. Ensure that the rules governing mortgage brokerage operations are integrated into the professional practice (continued)</p>	<p>3.2 Ensure that the ethical obligations and duties governing mortgage brokerage are integrated into the professional practice</p>	<ul style="list-style-type: none"> • Rules governing mortgage brokerage practice • Obligations under the <i>Act respecting the distribution of financial products and services</i> (Distribution Act) and its regulations <ul style="list-style-type: none"> – Right to practise – Liability insurance – Advertising – Remuneration – Collaboration • Obligation to comply with the provisions of the <i>Act respecting the protection of personal information in the private sector</i> (APPIPS) • <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i> (PCMLTFA) • Fraud prevention • Record and register keeping • Tax legislation 	<p>30%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>1. Evaluate the client's needs and situation</p>	<p>1.1 Analyze the relevant information gathered about the client's financial and personal situation</p>	<ul style="list-style-type: none"> • Verification of the identity of the client and/or the client's designated representative • Client's situation: financial situation, assets, risk tolerance, financial capacity, current and future family situation (as planned by the client), current and future income, current and future expenses, age, etc. • Objectives of the mortgage financing application 	<ul style="list-style-type: none"> • Rules for managing the separate account • Supporting documents needed for financing applications <ul style="list-style-type: none"> – Client's status (natural person, general partnership, company, etc.) – Incorporation documents, list of officers and directors, use of the Québec enterprise register (REQ), etc. – Board of Directors' borrowing resolution – Financial statements – Calculations of relevant ratios • Various financial statements vs. revenue and expenses for the building to be financed 	<p>45%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>1. Evaluate the client's needs and situation (continued)</p>	<p>1.1 Analyze the relevant information gathered about the client's financial and personal situation (continued)</p>	<ul style="list-style-type: none"> • Supporting documents needed for financing applications <ul style="list-style-type: none"> – Client's status (salaried employee, self-employed, newcomer, etc.) – Proof of income – Value of the client's assets – Proof of down payment – Details of indebtedness – Other financial commitments (alimony, other loans, etc.) – Other necessary documents based on the situation <p><u>Basic accounting concepts</u></p> <ul style="list-style-type: none"> • Balance sheet and its components • Statement of income and expenses • Client's net worth 	<ul style="list-style-type: none"> • Ratios for evaluating business solvency <ul style="list-style-type: none"> – Working capital – Liquidities – Cash – Debt service ratio – Interest coverage ratio – Profitability ratio – Other relevant ratios 	<p>45%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>1. Evaluate the client's needs and situation <i>(continued)</i></p>	<p>1.2 Analyze the relevance of the real estate asset to be financed</p>	<ul style="list-style-type: none"> • Selling price and other information pertaining to the usual mortgage process • Property taxes (municipal, school, infrastructure) • Special assessments (municipal taxes, condo fees, reserve fund, etc.) • Legal documents • Appraisal, inspection and environmental assessment reports • Tests and expert analysis, etc. 	<ul style="list-style-type: none"> • List of immovable and movable property (machinery, equipment, furniture) included in the transaction • Financial statements and budget projections for real estate assets • Legal documents (contracts, leases, loan agreements, titles, co-ownership documents, legal proceedings, etc.) 	<p>45%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>1. Evaluate the client's needs and situation (continued)</p>	<p>1.3 Evaluate the suitability of the real estate transaction to be financed versus the client's capacity</p>	<p><u>Basic mortgage product concepts</u></p> <ul style="list-style-type: none"> • Mortgage products <ul style="list-style-type: none"> - Conventional mortgage - Fixed-rate mortgage - Variable-rate mortgage - Home equity line of credit - Open mortgage - Closed mortgage - Convertible mortgage - Reverse mortgage - Undivided co-ownership mortgage - High-ratio mortgage - Collateral or umbrella mortgage - Bridge loan - Renovation loan - Other products 	<ul style="list-style-type: none"> • Value in use vs. market value • Summary analysis of commercial leases <ul style="list-style-type: none"> - Commercial leases vs. residential leases - Leasing offer - Rent calculations - Non-monetary clauses - Monetary clauses - Leasehold improvements - Term and options • Interpretation methods 	<p>45%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>1. Evaluate the client's needs and situation (continued)</p>	<p>1.3 Evaluate the suitability of the real estate transaction to be financed versus the client's capacity (continued)</p>	<ul style="list-style-type: none"> • Renewal, subrogation/transfer and refinancing • Credit report contents • Credit agency standards • Office of the Superintendent of Financial Institutions (OSFI) Guideline <ul style="list-style-type: none"> – Situations where Guideline applies – Financial calculations – Impacts on financing options • Real estate transaction analysis <ul style="list-style-type: none"> – Client's financial situation – Client's goals – Approximate value of property – Collateral, security, guarantees/suretyships and risk management – Transaction fees (notary, inspections, appraisal, insurance, etc.) – Basic tax impacts of the transaction (GST/QST, land transfer fees/duties on transfers, capital gains, tax credits) 		<p>45%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client’s situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>1. Evaluate the client’s needs and situation <i>(continued)</i></p>	<p>1.3 Evaluate the suitability of the real estate transaction to be financed versus the client’s capacity <i>(continued)</i></p>	<ul style="list-style-type: none"> • Gross debt service (GDS) • Total debt service (TDS) • Loan-to-value (LTV) ratio • Debt service coverage ratio • Stress test analysis • Lenders’ standards • Regular industry standards • Amortization table • Financial math basics • Principal and interest payment calculation • Amortization calculation • Periodic and total interest calculation 		<p>45%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client’s situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>2. Recommend a mortgage financing product suited to the client’s needs and situation</p>	<p>2.1 Analyze the financing options that meet the client’s needs based on their financial and personal situations</p>	<ul style="list-style-type: none"> • Real estate transaction to be financed • Types of lenders • Existing types of mortgage products and their features according to the type of lender • Balance of purchase price • Mortgage insurance • Penalties • Transferability and portability • Other transaction fees • Mortgage financing application 		<p>35%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>2. Recommend a mortgage financing product suited to the client's needs and situation (continued)</p>	<p>2.1 Analyze the financing options that meet the client's needs based on their financial and personal situations (continued)</p>	<ul style="list-style-type: none"> • Mortgage lenders' standards • Standards of the Office of the Superintendent of Financial Institutions (OSFI) • Methods for comparing financing options • Mortgage financing application submission process • Lenders' rules and standards • Financing terms and conditions • Additional information (notes for lender) • Conditions and follow-up for the mortgage brokerage transaction 		35%

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
2. Recommend a mortgage financing product suited to the client's needs and situation <i>(continued)</i>	2.2 Propose different financing options to the client, comparing the advantages and limitations of each one	<ul style="list-style-type: none"> • Methods for comparing financing options <ul style="list-style-type: none"> – Amount – Rate – Amortization – Term – Conditions – Payment frequency – Restrictions – Penalties – Property address (zoning limits, sector limits) – Prepayment – Etc. 		35%

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
<p>3. Support the client during the mortgage transaction</p>	<p>3.1 Inform the client about the mortgage brokerage process, available financing options and the client's contractual obligations</p>	<ul style="list-style-type: none"> • Mortgage broker's role • Steps in a mortgage brokerage transaction • Information required for mortgage brokerage transaction <ul style="list-style-type: none"> - Reason for application - Terms and conditions of mortgage brokerage contract or mandate <ul style="list-style-type: none"> ✓ Purpose and duration ✓ Parties' rights and obligations - Exclusivity - Disclosure <ul style="list-style-type: none"> ✓ Remuneration method for firm, independent partnership, independent representative or mortgage broker ✓ Dispute settlement mechanisms ✓ Approximate financing terms and conditions • Types of lenders • Existing types of mortgage products and their features 	<ul style="list-style-type: none"> • Information required for mortgage brokerage transaction <ul style="list-style-type: none"> - Disclosure <ul style="list-style-type: none"> ✓ Transaction fees • Insurance requirements <ul style="list-style-type: none"> - Mortgage insurance - Title insurance - Damage insurance - Life insurance for officers and directors - Security/guarantee - Etc. 	<p>20%</p>

* Relative importance (weighting) of topic in relation to the overall examination.

COMPETENCY 16-611

Complete a mortgage brokerage transaction suited to the client's situation and needs

Competency components	Subcomponents	Related contents	Related contents (commercial)	%*
3. Support the client during the mortgage transaction (continued)	3.2 Confirm the suitability of requests for contract changes, renewals and termination in relation to the client's situation	<ul style="list-style-type: none"> • Methods for monitoring the client's obligations and deadlines • Methods for monitoring the lender's conditions • Monitoring deadlines with other parties involved in the transaction 		20%

* Relative importance (weighting) of topic in relation to the overall examination.



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