

Consumer Credit Division

Summary of Compliance Requirements Under The MBMA

**A Summary of Compliance Requirements of a
Brokerage, Broker and Associate**

Duties of the Principal Broker	Error! Bookmark not defined.
A. Introduction.....	3
B. General Duties of the Principal Broker (s. 22, reg. 16).....	3
C. Overview of the Mortgage Brokerage Responsibilities	4
1. The Mortgage Brokerage’s Role in relation to Borrowers and Lenders.....	5
a. Acting for a Private Investor (ss. 26, 28)	5
b. Acting in the best interests of the borrower (ss. 25, 27)	6
2. General Prohibitions.....	7
3. Record Keeping (s. 35, regs. 34, 35).....	8
4. Filing Requirements (ss. 48, 49 regs. 43, 44).....	9
5. Advertising and Communications (s. 53, regs. 46, 47).....	9
6. Public Interest Protection Requirements.....	11
7. Superintendent Notification Requirements (s. 20, reg. 14)	11
D. Overview of Additional Responsibilities respecting Mortgage Brokerages who hold an Endorsement allowing the Brokerage to handle Trust Funds	12
1. General Prohibitions.....	12
2. Record Keeping (ss. 41, 42, reg. 36, 37).....	13
a. Trust Records	13
b. Monthly Reconciliation (reg.37).....	14
3. Filing Requirements (ss. 50, 52, reg. 45).....	14
4. Brokerage Trust Property Handling Requirements.....	15
a. Trust Property Handling Prerequisites (ss. 43, 44, reg. 39)	15
b. Trust property to be kept separate (s. 44)	15
c. Trust money to be placed in Trust Account, receipt, withdrawal and transfer of trust money (s. 45, regs. 41, 42).....	15
d. Administration of Trust Account (s. 47).....	16

A. Introduction

Principal brokers are responsible for establishing and implementing policies to supervise and ensure each mortgage brokerage (brokerage) and its brokers and associates comply with the law.

This document was developed by the Saskatchewan Superintendent of Financial Institutions (“Superintendent”) to provide a summary of mortgage brokerage compliance requirements to assist principal brokers to comply with the requirements under *The Mortgage Brokerages and Mortgage Administrators Act* (the Act) and *The Mortgage Brokerages and Mortgage Administrators Regulations* (the Regulations).

References to the applicable sections of the Act or Regulations will be identified throughout this document, either in the heading or beside the requirement. References to a section of the Act will be denoted by “s(s).” and references to a section of the Regulations will be denoted by “reg(s)”.

B. General Duties of the Principal Broker (s. 22, reg. 16)

The Act sets out the following general duties of the principal broker. A principle broker is responsible for:

- designating a broker to act as supervisor for each associate authorized to act for the brokerage
- ensuring that no associate brokers mortgages unless that associate is supervised by the broker designated to supervise that associate
- taking reasonable steps to ensure that the brokerage, each broker and each associate complies with every requirement under the Act and the Regulations
- reviewing the brokerage’s policies and procedures to confirm they are reasonably designed to ensure that the brokerage and each broker and associate complies with every requirement under the Act and Regulations
- reviewing the brokerage’s policies and procedures to ensure they are reasonably designed to ensure that each broker and associate is adequately supervised
- recommending written changes that the principal broker believes are necessary to ensure that the brokerage’s policies and procedures are reasonably designed to ensure that all brokers and associates comply with the Act and are adequately supervised
- in the case of brokerages that have a licence endorsement that allows for the handling of trust funds, reviewing every trust account’s monthly reconciliation record and certifying that it is accurate by signing and dating it

C. Overview of the Mortgage Brokerage Responsibilities

Every brokerage is required to designate one individual to act as a principal broker. The designated person must have a broker's licence with the brokerage and must be either a director or an officer, a partner, a general partner, or a sole proprietor, depending on the brokerage's business model (s. 22 and reg. 15).

To be designated, the applicant principal broker will also be required to satisfy the Superintendent that he or she is suitable to perform the responsibilities of a principal broker and that the designation of the applicant principal broker is not for any reason objectionable (reg. 15).

Once a principal broker is designated, this person is responsible for supervising the brokerage activities. As noted above, one of the duties of a principal broker is to ensure that the brokerage, the associates and the brokers all understand the compliance requirements and meet them.

Every brokerage is responsible for ensuring that all brokers and associates authorized to act on its behalf comply with all requirements established under the Act and the Regulations (s. 24).

The information under each of the headings in this document is designed to provide principal brokers with a summary of the requirements that will have to be identified in written brokerage policies and procedures and implemented at each brokerage.

At minimum, the Superintendent requires each brokerage to have policies and procedures covering the following topics:

- Principal broker responsibilities
- The brokerage's role in relation to borrowers and lenders
- Prohibitions
- Record keeping
- Filing requirements
- Advertising and communications
- Public interest protection requirements
- Superintendent Notification requirements

Brokerages that hold an endorsement authorizing the brokerage to handle trust money have additional responsibilities and will require more specific policies covering additional requirements associated with the following topics:

- Prohibitions
- Record keeping
 - Trust records

- Monthly reconciliation
- Filing requirements
- Trust property handling requirements
- Trust money handling requirements

Please note that this document is only a summary of compliance requirements from the Act and that significant detail will be required in policies and procedures to adequately reflect the requirements of the Act.

1. The Mortgage Brokerage’s Role in relation to Borrowers and Lenders

All written disclosure to the Private Investor (for the definition of Private Investor please see “Acting for a Private Investor”, below) or borrower, consent from the Private Investor or borrower, or acknowledgment from the Private Investor or borrower must be written in plain language that is clear and concise and presented in a manner that is logical and that is likely to bring the information that is required to be conveyed to the attention of the Private Investor or borrower (regs. 25 and 26).

Certain information to be disclosed to a Private Investor may be an estimate or may be based on an assumption, providing an actual figure is not available at the time of making the disclosure. If this is the case, then the basis for either the estimate or assumption must be disclosed to the Private Investor in writing (regs 25, 26).

a. Acting for a Private Investor (ss. 26, 28)

The term “Private Investor” is defined in regulation 2. Generally, a Private Investor is a person who invests or proposes to invest in a mortgage and who does not fit into the following categories of investor:

- A corporation that has assets having an aggregate realizable value, net of related liabilities, of at least \$2million; and, that provides written confirmation to the mortgage brokerage or mortgage administrator, as the case may be, that it has assets in the amount of at least \$2 million.
- An administrator or trustee of a registered pension plan within the meaning of subsection 248(1) of the *Income Tax Act* (Canada)
- A mortgage brokerage or mortgage administrator acting on its own behalf;
- The Crown or an agent of the Crown in right of Saskatchewan, of Canada or of any other province or territory of Canada; or
- A person respecting whom all of the owners of interests, other than the owners of voting securities required by law to be owned by directors, are persons or entities described in the categories described above this one.

There are specific duties and disclosure requirements for brokerages dealing with Private Investors. These duties are summarized in the following paragraphs. **To ensure that the full requirements are completely addressed and that policies and procedures thoroughly address the regulatory requirements, principal brokers are expected to be familiar with the Act and Regulation provisions and to ensure that the**

information in these statutory and regulatory provisions is understood and implemented by brokers and associates.

Where a brokerage solicits an investment from, negotiates an investment with, or provides advice to a Private Investor with respect to an investment in a mortgage and where the Private Investor is not represented by another brokerage, the brokerage is required to act in the best interest of the Private Investor and not in the best interest of the borrower (s. 26).

To ensure compliance with the requirements governing the brokerage's role in relation to Private Investors, each brokerage must develop and maintain policies and procedures covering the following:

- Meeting borrower disclosure requirements. This means that at the time a brokerage starts to represent a Private Investor, it must immediately advise the borrower in writing that the brokerage is acting on behalf of a Private Investor and that the brokerage is obligated to act in the Private Investor's best interest which may conflict with the borrower's best interest (s. 26)
- Providing the Private Investor with either an investor disclosure form or an investor renewal disclosure form that is completed and signed by the brokerage (s. 28, regs. 20, 22, 24)
- The differing requirements for Private Investor disclosure and the duties of the brokerage associated with each Private Investor. The duties and disclosure requirements depend on the timing of the investments according to the following categories:
 - investment in a new mortgage (reg. 20);
 - investment in a mortgage renewal (regs. 21, 22); and
 - investment in an existing mortgage (regs. 23, 24)
- Obtaining written acknowledgment from each Private Investor that the Private Investor received the completed investor disclosure form and that the investor disclosure form and all other disclosure requirements identified in the regulations for investors were provided to the investor (s. 28)
- Meeting referral requirements. There are specific disclosure requirements that must be met when a brokerage either refers a Private Investor or prospective Private Investor to another person in return for remuneration (reg. 30)

b. Acting in the best interests of the borrower (ss. 25, 27)

Unless a brokerage represents a Private Investor, it is required to act in the best interest of the borrower (s. 25). To ensure compliance with the requirements governing the brokerage's role in relation to borrowers, each brokerage will require policies and processes addressing the following:

- Meeting borrower disclosure and acknowledgement requirements within time frames set out in the Regulations (s. 27)

- Determining mortgage loan suitability and providing the borrower with a written assessment of suitability and obtaining written borrower acknowledgement of having received the written assessment of suitability (s. 27, regs. 18, 19). This must be done at least one day before the earlier of: the day the borrower commits to enter the mortgage and the day on which the borrower makes any payment associated with the mortgage
- Disclosing conflicts of interest and details of this relationship (reg. 17)
- Meeting borrower disclosure requirements respecting reverse mortgages. A brokerage that negotiates or arranges reverse mortgage loans is required to meet borrower disclosure requirements set out in Regulation 29
- Meeting referral requirements. Regulation 30 sets out the disclosure requirements that must be met when a mortgage brokerage refers a borrower, Private Investor or prospective Private Investor to another person in return for remuneration
- Establishing and maintaining a complaints process for resolving complaints from the public with respect to the brokering of mortgages (reg. 32)

2. General Prohibitions

All brokerages are responsible for ensuring that brokers and associates understand the restrictions and prohibitions associated with the licence under which they operate. The following list identifies prohibitions under the Act:

- No brokerage shall receive or hold trust money unless it has a brokerage licence and has been granted an endorsement by the Superintendent (s. 5)
- No person shall carry on the business of brokering mortgages unless that person has a brokerage licence or an associate's licence and acts for the brokerage named on his or her licence (s. 5)
- No person shall carry on the business of administering mortgages unless that person has a mortgage administrator's licence (s. 5)
- No brokerage, associate or broker will fail to comply with the terms and conditions imposed on the brokerage licence (s. 13)
- A brokerage licence is automatically suspended if the brokerage ceases to have at least one broker authorized to broker mortgages on its behalf (s. 15)
- A licence issued to a broker or associate is automatically suspended if the brokerage named on the broker or associate's licence has its licence cancelled or suspended (s. 15)
- A licence issued to a broker or associate is automatically suspended if the brokerage named on the broker or associate's licence has its licence cancelled or suspended (s. 15)
- No brokerage that receives a request from the Superintendent requiring the applicant to submit information or material will fail to comply with the request within the period specified by the Superintendent (s. 18)
- No brokerage will authorize or permit an unlicensed individual or a person who carries a suspended licence from brokering mortgages (s. 23)
- No brokerage will authorize or permit a broker or associate to act on its behalf if the broker or associate has another brokerage named on his or her licence (s. 23)

- No broker shall act on behalf of a brokerage that is not named on the broker's licence (s. 29)
- No associate shall act on behalf of a brokerage that is not named on the associate's licence (s.29)
- No brokerage shall charge or accept a fee or other remuneration from a borrower until an investor has provided a written confirmation to fund a mortgage loan to the borrower and a mortgage agreement has been entered into. Note that there are exceptions to this prohibition, which are set out in regulation 31 (reg. 31)
- No brokerage shall authorize or permit an unlicensed individual or an individual whose licence is suspended to broker mortgages (reg. 23)
- No brokerage shall authorize or permit a broker or associate to act on its behalf if the person is named on another brokerage's licence (s. 23)
- No brokerage shall charge or accept from a borrower a fee or other remuneration for brokerage services until an Private Investor has provided a written confirmation to fund a mortgage loan to the borrower and a mortgage agreement has been entered into. (Note there are a few exceptions to this prohibition, see section 31 of the Act)

3. Record Keeping (s. 35, regs. 34, 35)

Each brokerage is responsible for ensuring that it has policies and procedures, documented and implemented, to meet the following record keeping requirements:

- Keeping the following records for at least six (6) years after the expiry of the mortgage loan or mortgage loan renewal to which the records relate:
 - complete and accurate financial records of the brokerage's operations in Saskatchewan
 - complete and accurate records respecting all the information that must be disclosed and provided to borrowers or Private Investors
 - complete and accurate records respecting all written agreements that the brokerage has entered into
 - ensuring that complete and accurate records are kept of all documents, correspondence and any other written information, including electronic documents, that the brokerage provided or received with respect to a mortgage transaction
 - With respect to each mortgage loan, the brokerage must keep a record of:
 - i. the date and nature of the transaction
 - ii. a description of the real property that is sufficient to identify the real property
 - iii. the names of all the parties to the mortgage loan
 - iv. the repayment terms
 - v. the fees, expenses, costs or other charges required to be born by the borrower
 - vi. the fees or other remuneration received by the brokerage for brokering the mortgage and the identity of the persons paying the fees or other remuneration.

- In the case of brokerages that are permitted to receive or hold trust money, see the records requirements below in part D of this document

4. Filing Requirements (ss. 48, 49 regs. 43, 44)

- Every brokerage is required to provide the Superintendent with an annual return on or before June 30 of each year. The annual return must contain information applying to the period of June 1 to May 31 of the previous year, including:
 - Changes to any information provided to the Superintendent in the licence application form submitted by the brokerage, if changes have not already been identified to the Superintendent
 - Changes to any information submitted in the brokerage’s previous annual return, if applicable, if changes have not already been identified to the Superintendent
 - Confirmation that all other information provided to the Superintendent in the application form or previous annual return remains accurate
 - Confirmation that the brokerage has complied with the Act in the period since its licence was issued or since it provided the previous annual return
 - Any other information required by the Superintendent
- Every brokerage that did not hold an endorsement allowing it to handle trust property in the previous fiscal year is required to provide the Superintendent with a statutory declaration that contains the following:
 - The name of the brokerage
 - The fiscal year to which the declaration relates
 - The name of the person swearing or affirming the statutory declaration and the relationship of that person to the brokerage
 - A confirmation that the brokerage did not receive or handle trust property during the fiscal year to which the statutory declaration relates.

The statutory declaration must be sworn under oath and be delivered to the Superintendent no later than 90 days after the end of the fiscal year to which it relates. Please note that if the declaration is affirmed, there are specific requirements associated with various business models. These requirements are set out in section 49 of the Act.

- Please note that there are additional filing requirements for brokerages that hold an endorsement to handle trust money (see part D of this document for these filing requirements)

5. Advertising and Communications (s. 53 to 56, regs. 46, 47)

- An advertisement of a brokerage that advertises the business or any products or services offered by the business must contain:
 - A statement identifying the licence issued to the brokerage including the licence number; and

- If the advertisement includes a reference to a particular broker or associate, the name of the broker or associate as set out on the licence issued to the broker or associate
- An advertisement of a broker or associate advertising any product or service offered by that broker or associate must contain:
 - A statement identifying the licence issued to the brokerage for which the broker or associate is authorized to act, including the licence number, and
 - The name of the broker or associate as set out on the licence issued to the broker or associate
- With respect to non-advertising communications and correspondence, every brokerage, broker and associate is required to disclose:
 - The name of the brokerage as set out in the licence
 - A statement identifying the licence issued to the brokerage, including the licence number
 - If the correspondence refers to a particular broker or associate, the name of the broker or associate as set out on the licence issued to the broker or associate
- If the correspondence is signed by or issued under the name of a broker or associate,
 - a statement identifying the licence issued to the broker or associate, including the licence number, and
 - the name of the broker or associate as set out in the licence issued to the broker or associate
- Brokers are prohibited from acting on behalf of a brokerage that is not named on the broker's licence
- No brokerage, broker, associate shall use a name in connection with its business, other than the name set out on the licence either in advertising or otherwise
- No brokerage shall advertise its business or any products or services offered by that business unless the advertisement shows the name of the business set out on its licence, and contains information required for advertisements (see above)
- No broker or associate shall advertise any product or service offered by the broker or associate unless the advertisement contains the name of the brokerage for who the broker or associate is authorized to act and contains information required for advertisements (see above)
- No brokerage, broker or associate shall make any false, misleading or deceptive statement in any advertisement, circular, pamphlet or similar material
- No brokerage, broker or associate shall fail to comply with an order of the Superintendent, whereby the order requires the licensee to stop using an advertisement, circular, pamphlet or similar material because the Superintendent considers it to contain false, misleading or deceptive statements

- No brokerage, broker or associate shall make, print, publish, circulate, authorize or be a party or privy to the making, printing, publishing, circulating or authorizing of a statement or representation that the solvency or financial standing of a licensee is vouched for by the Superintendent

6. Public Interest Protection Requirements

- Brokerages are responsible for ensuring that every broker and associate on the brokerage's licence complies with all requirements of the Act and the Regulations (s. 24)
- Every broker or associate who receives trust money shall immediately turn it over to the brokerage (s. 30)
- All brokerages, brokers or associates are prohibited from engaging in any unfair or deceptive act or practice with respect to a transaction or proposed transaction involving a mortgage (s. 36)
- No brokerage, broker or associate will directly, or indirectly, offer any guarantee with respect to an investment in a mortgage (s. 37)
- No brokerage, broker or associate will assist an Private Investor to require, impose undue pressure on or coerce a borrower, as a condition of receiving a product or service, to purchase another product or service from a particular person (s. 38)
- Every brokerage must establish a process for resolving complaints (for the requirements see reg. 32)
- Every brokerage is required to hold and maintain errors and omissions insurance in a form approved by the Superintendent, that includes extended coverage for loss from fraudulent acts and is sufficient to pay a minimum of \$500,000 with respect to any one occurrence involving the brokerage or any broker or associate and \$1,000,000 with respect to all occurrences during a 365 day period involving the brokerage or any broker or associate (reg. 6)
- If the Superintendent requires a brokerage to file financial security, the brokerage must, at all times maintain financial security in the amount and in the form that the Superintendent considers appropriate (s. 9)
- If a brokerage, for compensation, makes a referral from a borrower to a Private Investor or a referral of a prospective Private Investor, there are specific disclosure requirements (reg. 30)

7. Superintendent Notification Requirements (s. 20, reg. 14)

- A brokerage must notify the Superintendent in writing immediately if there is a change to an address for service, facsimile number or electronic address that was provided on its licence application (s. 19)
- A licence applicant, brokerage, broker and associate must notify the Superintendent of changes to the following circumstances, as provided in the application or otherwise submitted by the licensee, in writing within seven (7) days of the change in circumstances (s. 20, reg. 14):
 - Change in telephone number

- Change in the name of the brokerage, broker or associate
 - Changes to the authority of the brokerage, broker or associate in another jurisdiction including: suspension, cancellation, imposition of terms and conditions or other restrictions, or licence surrendering
 - Charges against the brokerage, broker or associate under the *Criminal Code (Canada)* or any other offence against any law of any country, province or state, excluding traffic offences
 - A civil action or administrative proceeding brought against a brokerage, broker or associate that alleges fraud, breach of trust, deceit or misrepresentation on the part of the brokerage, broker or associate
 - A change in circumstances that provides reasonable grounds for the brokerage, broker or associate to believe that errors and omissions coverage is not in force or effective in accordance with its terms or may otherwise fail to meet the requirements of the Act, if applicable
 - A change in circumstances that provides reasonable grounds for the brokerage, broker or associate to believe that the financial security of a brokerages is not in force or effective in accordance with its terms or may otherwise fail to meet the requirements of the Act, if applicable
- A brokerage is required to notify the Superintendent within seven (7) days of the following:
 - A change of the location of a business office of the brokerage in Saskatchewan, including: opening, closing or moving of an office
 - If the brokerage does not have a business office in Saskatchewan, a change in the location of the principal business office
 - If the brokerage ceases carrying on business in Saskatchewan
 - A change in directors, officers, partners and principal broker
 - If the brokerage becomes subject to bankruptcy, receivership or winding-up proceedings
 - A change in location of brokerage records
 - A change in the fiscal year of the brokerage
 - If a broker or associate ceases to be authorized to broker mortgages
 - If the brokerage believes that a broker or an associate may not be suitable to be licensed or that continued licensing of a broker or an associate would be objectionable

D. Overview of Additional Responsibilities respecting Mortgage Brokerages who hold an Endorsement allowing the Brokerage to handle Trust Funds

1. General Prohibitions

- No brokerage that has been granted an endorsement shall change its fiscal year if the change would result in a fiscal year that will be a period exceeding 15 months (reg. 45(4))
- No brokerage, broker or associate shall receive or hold a mortgage in trust unless it is also a licensed mortgage administrator and has met the requirements set out under (reg. 43(4))

- No brokerage, broker or associate shall withdraw any money from a trust account that would result in a negative balance in an individual account in its trust ledger (s. 47)
- No brokerage shall withdraw any money from a trust account except in accordance with the trust agreement terms relating to that money (s. 47)
- No brokerage shall authorize a financial institution to deduct from a trust account any service charge or any other charge (s. 47)
- No brokerage shall pay any personal or general office expense from a trust account (s. 47)

2. Record Keeping (ss. 41, 42, reg. 36, 37)

a. Trust Records

- In addition to all other record keeping requirements, brokerages must ensure that records are kept distinguishing between money and assets pertaining to the operation of the business and money and mortgages received or held in trust by the business
- Every brokerage is required to keep records of all transactions involving trust money received or held on behalf of Saskatchewan residents separate and apart from records of those transactions relating to trust money received or held on behalf of residents of other jurisdictions
- Every brokerage must keep records showing all trust money received and all transactions relating to the trust money
- Every brokerage must keep records showing the unexpended balance of trust money held by the brokerage in total and also separately for each person for whom that money is held
- Records showing trust money received and all transactions relating to the trust moneys must include the following:
 - A separate trust ledger for each person on whose behalf the brokerage holds trust money showing, in chronological order:
 - All receipts of trust money and all disbursement made out of trust money with respect to that person
 - With respect to each receipt:
 - i. from whom the money was received;
 - ii. the form or manner in which the money was received; and
 - iii. the purpose for which the money was received, including particulars of the mortgage to which the money relates
 - With respect to each disbursement:
 - i. to whom the money was disbursed;
 - ii. the number of the cheque, or the confirmation number of the electronic transfer, by which the money was disbursed; and

- iii. the purpose for the disbursement including the particulars of the mortgage to which the disbursement relates.
- The unexpended balance held on behalf of the person immediately after each receipt and disbursement; and
- Copies of:
 - i. deposit slips or each deposit to the trust account
 - ii. all cheques with respect to the account, including cancelled cheques;
 - iii. bank statements or passbooks for the trust account; and
 - iv. any other documentary evidence of deposits; and withdrawals with respect to the trust account.

b. Monthly Reconciliation (reg.37 and 16(d))

- Every brokerage shall, monthly, prepare a trust account reconciliation record in a form satisfactory to the Superintendent
- All reconciliation records must be reviewed and certified to be accurate by the principal broker
- The person preparing the reconciliation and the person reviewing the reconciliation record must be different individuals
- The monthly reconciliation must be prepared, reviewed and certified no later than: 30 days after the monthly statement from the financial institution or, if the brokerage does not received monthly statements, 30 days after the end of the month.

3. Filing Requirements (ss. 50, 52, reg. 45)

- Every brokerage that held an endorsement during the previous fiscal year is required to provide the Superintendent with a financial statement for the preceding fiscal year. The financial statement must be delivered to the Superintendent no later than 90 days after the end of the fiscal year to which it relates and must include:
 1. A written certification as to the accuracy of the financial statement made by two directors of the brokerage
 2. A report prepared by an auditor that is satisfactory to the Superintendent and
 3. A report prepared by an accountant, pursuant to an engagement letter between the accountant and the brokerage that is in a form and contains the information required by the Superintendent
- Every financial statement must be prepared in accordance with generally accepted accounting principles, as set out in the *Canadian Institute of Chartered Accountants*, subject to any modification to the principles established by the Superintendent.

- Every auditor who makes an examination and prepares a report for to meet requirements of the Act, must conduct the examination and prepare the report in accordance with generally accepted auditing standards as set out in the *Canadian Institute of Chartered Accountants' Handbook*, subject to any modification of the standards established by the Superintendent.

4. Brokerage Trust Property Handling Requirements

a. Trust Property Handling Prerequisites (ss. 43, 44, reg. 39)

- No brokerage shall receive or hold trust money unless all of the following four requirements are met by the brokerage:
 1. The brokerage is licensed to carry on business as a mortgage brokerage and has been granted an endorsement by the Superintendent, and
 2. The trust money belongs to an Private Investor, and
 3. The brokerage has entered into a written trust agreement with the Private Investor on whose behalf the trust money will be received or held that contains the following terms and conditions:
 - An express acknowledgment of the trust;
 - The terms on which the trust money is to be received, held and disbursed; and
 - A term that requires that all withdrawals of money from the trust account to pay remuneration payable to a brokerage be done by way of cheque, or electronic transfer, payable to the general account of the brokerage or mortgage administrator;and
 4. the Private Investor has committed in writing to proceed with an investment in a mortgage on a specific property and an existing mortgage is available on that property, or the Private Investor has committed in writing to proceed with an investment in a mortgage on a specific property and an application has been made for a new mortgage on that property

b. Trust property to be kept separate (s. 44)

- Every brokerage that receives or holds trust property is required to keep all trust property separate and apart from all other money and property (s. 44)

c. Trust money to be placed in Trust Account, receipt, withdrawal and transfer of trust money (s. 45, regs. 41, 42)

- Every brokerage receiving trust money shall deposit money into a trust account within 2 business days after its receipt. The trust account must be held as follows:
 1. with either a bank, a Saskatchewan credit union, or a corporation authorized to accept deposits under *The Trust and Loan Corporations Act, 1997* (Saskatchewan)
 2. in the name of the brokerage as shown on its licence; and
 3. be designated as a trust account by the financial institution
- Regulation 41 sets out detailed requirements governing the receipt, withdrawal and transfer of trust money

d. Administration of Trust Account (s. 47)

- No brokerage shall open a new trust account, move an existing trust account, or open or maintain more than one trust account with respect to trust money held on behalf of Saskatchewan residents, unless prior approval of the Superintendent has been obtained:
 - No brokerage, broker or associate shall withdraw any money from a trust account that would result in a negative balance in an individual account in its trust ledger
 - No brokerage shall withdraw any money from a trust account except in accordance with the trust agreement terms relating to that money
 - No brokerage shall authorize a financial institution to deduct from a trust account any service charge or any other charge
 - No brokerage shall pay any personal or general office expense from a trust account
- A brokerage is required to maintain a sufficient balance in its trust account to meet all of its obligations with respect to the trust money at all times
- If there is a shortfall of money in a trust account, the brokerage is required to notify the Superintendent immediately of the shortfall and to deposit its own money into the trust account to correct the shortfall
- Every brokerage is required to keep trust money held on behalf of Saskatchewan residents separate and apart from any trust money held on behalf of residents of other jurisdictions
- Every broker who receives trust money in the course of brokering mortgages must immediately turn that money over to the brokerage
- Ensuring trust property record requirements are met, including:
 - That records are kept distinguishing between money and assets pertaining to the operation of the brokerage
 - That records are kept distinguishing between money and mortgages received or held in trust by the business
 - That records of all transactions involving trust money received or held on behalf of Saskatchewan residents separate and apart from records of those transactions relating to trust money received or held on behalf of residents of other jurisdictions

5. Capital Requirements (s. 39)

- A brokerage that is required to maintain capital must at all times maintain that capital requirement (s. 39, reg. 7(3))
- If a brokerage that is permitted to receive or hold trust money is required to maintain capital in excess of regulatory requirements because the Superintendent orders an increase in required capital because the Superintendent is satisfied that such increase is in the public interest, the brokerage must maintain the increase in required capital at all times