

PROHIBITIONS – MORTGAGE BROKERS AND ASSOCIATES

Purpose: To outline the Rules for

- dealing mortgages in the correct name
- accepting, offering, or making payments
- advertising or offering incentives and inducements

This bulletin applies to you if you are a mortgage broker or mortgage associate.

Dealing in mortgages and advertising in the correct name

- only deal in mortgages in the name of the brokerage where you are registered
- you can only work for one brokerage at a time
- when advertising, you can only use the licensed name of the brokerage where you are registered

Accepting, offering or making payments

- only offer or make commission or referral payments through the brokerage where you are registered
- only accept commission, referral fees or other payments from the brokerage where you are registered

Advertising or offering an incentive

An incentive is anything a brokerage offers to the public, by any means, to attract business to the brokerage. It is not directed at any one person or related to a particular real estate transaction or mortgage deal.

You can only advertise or offer an incentive if the brokerage where you are registered provides the incentive. All industry professionals at a brokerage must participate in the incentive.

Offering an inducement

An inducement is anything a brokerage offers to a specific person involved in a real estate transaction or mortgage deal to help, persuade or cause that person to enter into the transaction or deal.

You can only offer an inducement to someone if the details of the inducement are in writing and the broker approves in writing.

Examples of practice errors

1. Advertising using an incorrect name

Jane Doe is a mortgage broker with 123 Mortgages Unlimited Alberta Inc., a licensed mortgage brokerage. Ms. Doe writes “123 Mortgages” on all her advertising materials, including her business cards and does not the brokerage’s licensed name on her licence.

Ms. Doe cannot use the shortened brokerage name on any advertising materials, including business cards. She must use the full licensed name of the brokerage: 123 Mortgages Unlimited Alberta Inc. for all her deals in mortgages.

2. Offering incentives personally

Jake Martin is a licensed mortgage associate. To attract new clients, Mr. Martin advertises that he will personally pay appraisal fees for all new clients who sign a mortgage within the next 60 days. Mr. Martin’s brokerage is not offering this incentive.

Mr. Martin cannot offer this incentive because it is not from his brokerage.

3. Accepting payments personally

Sheila Sales is a mortgage associate in Calgary. A previous client moving to Vancouver asks Ms. Sales to recommend a mortgage broker there. Ms. Sales refers the client to a British Columbia mortgage broker. The mortgage broker pays Ms. Sales a referral fee by sending her a cheque. Ms. Sales receives the referral check in her name and mailed to her home address.

Ms. Sales cannot accept the payment because the mortgage broker paid the referral fee directly to her. She can only accept payments through the brokerage where she is registered.

Related information

Legislation

- *Real Estate Act* Rules – section 70

Information bulletins

- Advertising - Licensed Name
- Advertising - Clearly Indicated
- Incentives
- Inducements
- Teams in Real Estate Industry