

# RESPONSIBILITIES – MORTGAGE BROKER

Purpose: This bulletin describes the primary responsibilities of a broker of a mortgage brokerage.

**This bulletin applies to the broker of a mortgage brokerage.**

The primary focus of brokerage management is ensuring all mortgage professionals and employees of the brokerage follow legislative standards and brokerage policies and procedures.

Even though a broker can delegate some management activities, ultimately, the broker is responsible for all of the brokerage activities.

Brokers must verify that all mortgage deals made by their industry professionals comply with the *Real Estate Act (Act)* and *Real Estate Act Rules (Rules)*. The broker must ensure competent service by the brokerage.

Broker responsibilities include:

- maintain clear, written office policies and procedures
- train new industry professionals
- inform industry professionals of brokerage policies and procedures
- ensure proper management and control of all licensing and registration documents
- maintain control and responsibility for trust accounting procedures within the brokerage as applicable
- ensure adequate levels of supervision
- review all mortgage transactions in a timely manner
- investigate and resolve complaints filed by clients or customers of the brokerage
- ensure industry professional competence
- ensure the name of the brokerage is clearly indicated in mortgage deals and advertisements
- monitor industry professionals who have discipline by RECA
- notifying RECA when the broker learns of misconduct, fraud, deception, theft, or unlawful activities by industry professionals or employees
- establish proper management and control of all accounting records
- immediately notifying RECA of any changes of information previously given to RECA

## Examples

If RECA grants an associate a conditional licence, subject to special supervision of the associate's activities, the broker or delegate will monitor all of the activities and mortgage deals of an associate for a set time.

If applicable, a broker must report to RECA within three months of the brokerage's fiscal year end with respect to its trust accounts. The brokerage must also arrange for an accountant's report.

Brokers are also accountable for the conduct of industry professionals and employees of the brokerage. In the situation where the broker is aware, or should have been aware, of industry professional or employee misconduct, the broker must take reasonable steps to mitigate and take steps to prevent the misconduct in the future.

The failure to notify the executive director upon becoming aware of misconduct relating to fraud, deception, theft, or unlawful activities on the part of their associate broker, associate or employee is conduct deserving of sanction.

## Example

Several associates registered with Mortgage Brokerage Inc. take part in activities that may be fraudulent mortgage deals. These associates work out of a satellite office where the broker is rarely present. These associates send records of the fraudulent transactions to the main office, but the broker does not review the deals. The broker must review all mortgage deals within the brokerage. Upon becoming aware of the fraudulent activity, the broker must notify the executive director.

## Records

A broker must ensure proper management and control of all documents and records, including those related to mortgage deals, as well as licensing, registrations, and related regulatory requirements. RECA has guidelines as to what records a broker must keep.

## Controlling interest

When the broker does not have a controlling interest in the ownership of the brokerage, the broker must have a written agreement with the brokerage giving the broker the authority to carry out the responsibilities of a broker.

## Related information

### Legislation

- *Real Estate Act Rules* - sections 67 and 68

## Information bulletins

- Brokers – Active in Management
- Brokers – Delegation
- Notice to Executive Director Real Estate & Mortgage Brokers
- Records – Mortgage Brokerage

INFORMATION  
BULLETINS

Last Revised April  
2014

© 2014 RECA