



PROHIBITIONS – MORTGAGE BROKERS AND ASSOCIATES

Summary: When it comes to what mortgage industry members may not do, the rules are the same for mortgage brokers and mortgage associates. These prohibitions relate to dealing in the correct name, payments of and acceptances of commissions and fees, and advertising. [See: *Real Estate Act* Rules s.70]

It is just as important for mortgage brokers and associates to know what they are prohibited from doing as it is for them to know what their responsibilities are.

Mortgage brokers and associates must only deal in mortgages in the name of the brokerage with which they are registered. This prohibition prevents mortgage industry members from doing work on behalf of more than one brokerage and it prohibits them from advertising in anything but the licensed name of the brokerage with which they are registered. For more information on advertising requirements and restrictions, please see RECA Information Bulletin: *Advertising – Licensed Name*, RECA Information Bulletin: *Clearly Indicated* and RECA Information Bulletin: *Teams*.

With respect to accepting and offering or making payments mortgage brokers and associates are prohibited from:

- Making any commission or referral payments in connection with a dealing in mortgages except on behalf of and through the brokerage with which they are registered;
- Accepting a commission, referral fee or other remuneration, in connection with dealings in mortgages, except from the brokerage with which they are registered.

The two remaining prohibitions as outlined in section 70 of the *Real Estate Act* Rules state that mortgage brokers and associates are prohibited from:

- Advertising or offering an incentive to any person except incentives that are provided by and on behalf of the brokerage with which they are registered; and,
- Providing an inducement unless the inducement is provided by and on behalf of the brokerage with which they are registered, details of the inducement are provided in writing and the broker has provided written approval.

For more information on incentives and inducements, please see RECA Information Bulletin: *Incentives* and RECA Information Bulletin: *Inducements*.

Examples

1. Jane Doe is a mortgage broker with 123 Mortgages Unlimited Alberta Inc., a licensed mortgage brokerage. Ms. Doe includes the name 123 Mortgages in all of her advertising materials, including her business cards. Unless the brokerage has registered 123 Mortgages as its trade name with Alberta Registries and RECA, Ms. Doe is prohibited from dealing in mortgages using the shortened brokerage name. All of Ms. Doe's advertising materials – including business

- cards – must provide the full licensed name of the brokerage, 123 Mortgages Unlimited Alberta Inc.
2. Jake Martin is a licensed mortgage associate. In an attempt to get new clients, Mr. Martin advertises that he will personally pay for appraisal fees for all new clients who close on a mortgage within the next 60 days. This incentive is not offered by Mr. Martin's brokerage and therefore, Mr. Martin is prohibited from offering it. If the incentive were offered by the brokerage, all associates of the brokerage must participate in the program.
 3. Sheila Sales is a mortgage associate in Calgary. Past clients of hers relocated to Vancouver and asked Ms. Sales' for a recommendation of a mortgage broker they could use. Ms. Sales provided a name to her past clients. The British Columbia mortgage broker to whom Ms. Sales referred her clients paid her a referral fee by sending her a cheque, in her name, to her home address. Because the referral fee was not paid to Ms. Sales through the brokerage with which she is registered, she is prohibited from accepting the payment.