



**REAL MORTGAGE ASSOCIATES INC.**

**POLICY AND  
PROCEDURES MANUAL**

**2015**

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# 1.1 Code of Ethics

## 1.1.1 Introduction

The Code of Ethics described below is not meant to be all -inclusive, but rather to serve as a guide for the Mortgage Brokers/Agents of Real Mortgage Associates Inc.

A Code of Ethics is defined as a written set of guidelines issued by an organization to its workers and management to help them conduct their actions in accordance with its primary values and ethical standards. This Code reflects the level of professionalism that Real Mortgage Associates Inc. demands of all its Mortgage Brokers/Agents.

By adopting this Code and putting it into daily practice, you build the strongest of foundations for long-term success within this industry.

## 1.1.2 Behaviours and Attitudes

At Real Mortgage Associates Inc., we believe that Mortgage Agents and Mortgage Brokers are professionals assisting our clients in getting the right borrowing products and educating them on how to manage their cash-flow while paying down debt on a schedule that meets their lifestyle.

In order to be successful on this path, there are professional behaviours and ethical attitudes that consumers, the regulator, and the industry expect of Mortgage Brokers/Agents:

Honesty	Respectful of Privacy	Trustworthy
Integrity	Empathetic	Reliable
Professionalism	Co-Operative	Straightforward
Knowledge	Collaborative	Non-Discriminatory
Competency	Accurate	Compliant
Law-Abiding	Confident	Efficient

This is by no means a complete list of attitudes and behaviours, but should reflect the attitudes and behaviours of the Mortgage Brokers/Agents of Real Mortgage Associates Inc.



### 1.1.3 Ethical Standards

Mortgage Brokers/Agents of Real Mortgage Associates Inc. shall conduct their activities with honesty, integrity and professionalism, ensuring that they are knowledgeable in the areas of the mortgage industry in which they participate. Furthermore, Mortgage Brokers/Agents of Real Mortgage Associates Inc. shall at all times act in compliance with this Code of Ethics, viewing this Code as a minimum standard of professional behaviour, in addition to developing and executing sound business practices.

### 1.1.4 Fees and Charges

A Mortgage Broker/Agent of Real Mortgage Associates Inc. must not ever take advantage of the Borrower's situation by charging fees that are more than is reasonable given the circumstances of the transaction, or attempt to complete a mortgage transaction where the cost of borrowing grossly exceeds the cost of borrowing currently available to like Borrowers for a similar transaction.

### 1.1.5 Duty to Protect

Mortgage Brokers/Agents of Real Mortgage Associates Inc. shall use their best efforts to protect all parties to a mortgage transaction and the public against fraud, misrepresentation, unethical practices or other violations of this Code of Ethics or the Mortgage Brokerages, Lenders and Administrators Act, 2006 and its Regulations (hereafter referred to as the MBLAA, 2006).

### 1.1.6 Fraud Identification

Mortgage Fraud is defined by Criminal Intelligence Service Canada (CISC) as the deliberate use of mis-statements, misrepresentations or omissions to fund, purchase or secure a loan. Simply put, Mortgage Fraud is any scheme designed to obtain mortgage financing under false pretences, such as using fraudulent or stolen identification or falsifying income statements. The life cycle of a mortgage transaction begins when you make initial contact with the Client, and ends when the mortgage you have placed ceases to exist with the Lender you placed the mortgage with.

There is no statute of limitations regarding fraud, in the sense that fraudulent activity can be detected and prosecuted long after the transaction has been completed.

There are three main types of Mortgage Fraud in Canada - Fraud for Criminal Activity, Fraud for Profit, and Fraud for Shelter.

Fraud for Criminal Activity occurs when the intent is to secure a property for the purpose of conducting criminal activity on the premises. Marijuana grow-ops and motorcycle gang clubhouses are just two examples of this type of fraud.

Fraud for Profit occurs when the intent is to directly profit financially from the performance of the fraudulent action. Title fraud, straw buyers, and identity theft are the usual occurrences of this type of fraud.

The third (and by far most common) type of fraud is Fraud for Shelter. This occurs when a Client misrepresents or attempts to misrepresent some material fact regarding their financial situation in order to gain a mortgage for the purposes of their own residential needs. Misstating income, providing phony income or employment documentation, or hiding debt are the three most common occurrences in this case.

What is most important for you to remember is that **fraud is fraud, regardless of the reason**. While there may be extenuating circumstances around the situation, be aware that if a Client is dishonest with you during the mortgage process, you have to consider this when determining whether to continue to deal with them.

In any case, whenever you suspect fraud in a mortgage transaction, notify the Principal Broker of Real Mortgage Associates Inc. immediately to discuss the situation, and determine how to proceed.

#### 1.1.7 Borrower Conduct (O. Reg. 188/08 s.12, 13)

A Mortgage Broker/Agent of Real Mortgage Associates Inc. should immediately terminate their relationship with a Borrower if:

- ☐ The Borrower instructs them to do anything that would contradict their duty as outlined in section 1.1.5 above,
- ☐ The Borrower instructs the Mortgage Broker/Agent to do anything that contravenes the MBLAA, 2006 or this Code, or
- ☐ If the Mortgage Broker/Agent becomes aware that the Borrower has knowingly provided false information during the course of the transaction designed to mislead the Mortgage Broker/Agent, Lender, or other party to the transaction.

#### 1.1.8 Disclosure

Mortgage Brokers/Agents of Real Mortgage Associates Inc. shall disclose to all appropriate parties of a mortgage transaction, in the prescribed form and within the period as required under the MBLAA, 2006 (O. Reg. 191/08 s.7), all fees payable by the Borrower (O. Reg. 188/08 s.30 (9)), all referral fees (O. Reg. 188/08 s.22), or fees of a similar kind by whatsoever name receivable by the Mortgage Broker/Agent (O. Reg. 188/08 s.21).

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall not provide services to a Borrower where the Mortgage Broker/Agent has or may acquire a direct or indirect financial interest in the mortgage transaction, unless the Mortgage Broker/Agent discloses such interest, clearly and truthfully, to the Borrower (O. Reg. 188/08 s.27).

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall disclose to the Borrower, in a clear and truthful manner, all real or perceived conflicts of interest prior to the processing of any mortgage transaction.

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall disclose to the Borrower any referral fees paid by the Mortgage Broker/Agent to any third-party (O. Reg. 188/08 s.22).

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall disclose any other information not specifically identified here as required by the MBLAA, 2006, in a timely manner as prescribed by the MBLAA, 2006.

#### 1.1.9 Confidentiality

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall hold in strict confidence any information arising from the professional relationship concerning the business and affairs of their Client, and shall not divulge that information unless the Mortgage Broker/Agent is expressly authorized by the Client or required by law to do so.

The Mortgage Broker/Agent of Real Mortgage Associates Inc. will take all reasonable and necessary steps to protect the confidentiality of the Borrower's personal information. This includes (but is not necessarily limited to) secure handling of all hardcopy client files through the storage of such files in locking storage cabinets or an area with lockable, restricted access. The Mortgage Broker/Agent will also ensure the establishment of password-protected access to any laptop or desktop computer containing personal client data.

A Mortgage Broker/Agent of Real Mortgage Associates Inc., acting for more than one party to a transaction, shall not act to the detriment of any one of the parties by withholding material information from the other party or parties.

#### 1.1.10 Competence

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall endeavour to stay informed regarding the MBLAA, 2006, regulations, proposed legislation, other relevant

laws, and other essential facts relevant to public policies related to the services they provide.

When a Mortgage Broker/Agent of Real Mortgage Associates Inc. is unable to render service in accordance with the standards required in this Code of Ethics, the Mortgage Broker/Agent shall decline to provide said service.

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall provide timely service and respond on a timely basis to inquiries from any or all participants in a mortgage transaction.

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall act with their best efforts to ensure that the disclosure of information to the Borrower and the preparation of documentation is true, plain, and not misleading (O. Reg. 191/08 s.6 (4)).

#### 1.1.11 Member Competition

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall not criticize a competitor Mortgage Broker/Agent or Brokerage unfairly, nor refer to another Mortgage Broker/Agent or Brokerage in a disparaging manner. The Mortgage Broker/Agent shall act fairly and respectfully with any other Mortgage Broker/Agent or Brokerage with whom they encounter in the course of their duties.

#### 1.1.12 Co-operation with Provincial Regulatory Bodies

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall co-operate with any investigation by the Financial Services Commission of Ontario (FSCO) (2006, c. 29, s.30 & 30

(6)), the Independent Mortgage Brokers Association of Ontario (IMBA), any other applicable regulatory body, or similar agency responsible for governance of the mortgage brokerage industry or individuals dealing with mortgages. Co-operation may include providing access to copies of all documents (2006, c.29, s. 31 (5)) and answering all questions relevant to the investigation, unless prevented from doing so by law, or under instructions by legal counsel.

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall testify, when requested to do so by an authorized representative of an applicable legal entity, at any hearing involving another Mortgage Broker/Agent or Brokerage.





The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall not obstruct an investigation, including withholding or concealing documents, information, or attempting to influence the information or evidence that a potential witness might provide at any investigation of a Mortgage Broker/Agent or Brokerage. The Mortgage

Broker/Agent shall not submit false or misleading information to an investigator or any authorized committee involved in such an investigation.

In the event any investigation is ever launched against you while your licence is/was held by this brokerage, you must notify the Principal Broker immediately.

Broker/Agent shall not submit false or misleading information to an investigator or any authorized committee involved in such an investigation.

In the event any investigation is ever launched against you while your licence is/was held by this brokerage, you must notify the Principal Broker immediately.

#### 1.1.13 Advertising & Websites

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall apply, set, and maintain standards of honesty, truth, accuracy, fairness and propriety in advertising and shall comply with the Canadian Code of Advertising Standards, as well as the policies and procedures of this brokerage, which deal with advertising and marketing, to ensure compliance with the MBLAA, 2006 (O. Reg. 188/08 s.5, 6, 7, 8). All agents and brokers new to the organization must have their advertising approved by the Principal Broker or their designate **before** publication or other use. The principal broker may allow tenured brokers who have demonstrated their knowledge of compliance in advertising to publish advertising without prior approval from the Principal Broker.

Brokers and agents are permitted to maintain personal websites. The URL for the website may belong to the broker or agent and the content on the site shall refer to Real Mortgage Associates Inc. The homepage must refer to Real Mortgage Associates Inc. and show the license number, and logo of the company. Other pages referencing the agent or broker must indicate that the agent or broker is a representative of Real Mortgage Associates Inc., indicating the licensing designation. Within the 'Contact Us' or 'About US' section of the website, the head office address must be listed and identified as "Head Office" or "Corporate Office". We have established "approved suppliers" that provide content rich websites, for your convenience.

#### 1.1.14 Discrimination

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall not, when acting in a professional capacity, discriminate or participate in discrimination against any person on the basis of race, creed, gender, or sexual orientation, and shall adhere to the Ontario Human Rights Code, as it applies to their business.

#### 1.1.15 Laws and Regulations

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall conduct their activities in full compliance with all federal, provincial and municipal laws and regulations. Any conduct by a Mortgage Broker/Agent that results in a violation of any criminal or civil code is deemed unethical.

#### 1.1.16 Questionable Activities

The Mortgage Broker/Agent of Real Mortgage Associates Inc. shall report to the Principal Broker any activities that could be deemed contrary to the Act, whether that person is employed by Real Mortgage Associates Inc. or otherwise. Real Mortgage Associates Inc. will report such activities to the Superintendent.

## 1.2 Standards of Practice - Introduction

The remainder of this Manual covers all areas relating to the processing of mortgage applications, information to be included in all mortgage files, your conduct as a Mortgage Broker/Agent of Real Mortgage Associates Inc., and your duties and responsibilities under the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA, 2006) and its Regulations, as they relate to the overall conduct of your business.

Included at the end of this section is a complete copy of the MBLAA, 2006 for your reference. We have undertaken to ensure this entire manual covers all areas of the Act and its Regulations in plain English; however, it is still **highly recommended** that you read the Act and its Regulations for yourself as well as the Frequently Asked Questions pertaining to Mortgage Brokerage practising available on the FSCO website ([http://www.fSCO.ca/en/mortgage/Pages/licensing\\_faq.aspx](http://www.fSCO.ca/en/mortgage/Pages/licensing_faq.aspx)).

You should have a copy of both the Client Agreement Form and Client Risk Profile Form printed for your reference as you read the following sections of this manual.

## 1.3 General Business Practices

### 1.3.1 Role of the Brokerage

Real Mortgage Associates Inc. and all Mortgage Brokers/Agents licensed under our firm, have a defined role in relation to Borrowers and Lenders for every mortgage transaction we conduct (O. Reg. 188/08 s.26). While we must exercise due diligence with respect to all areas of a transaction, Real Mortgage Associates Inc. is usually acting **on behalf of the Borrower and the Lender**. Regardless of whether we are dealing with a financial institution, private lender or consortium, or a non-bank lender, we have a legal responsibility to act on behalf of the Borrower, unless we are only acting on behalf of the Investor in the case of private mortgages.

It is important to note that our role as acting for the Borrower does not excuse us from acting responsibly and exercising our fiduciary responsibility at all times regarding information we provide to Lenders, the accuracy of that information, or our due-diligence in the prevention of fraud. In this sense, we also act on behalf of the Lender, ensuring their policies, procedures, and requirements are met when conducting transactions with Borrowers.

Where this circumstance becomes most important is when we are dealing with Private Lenders that are not members of the Designated Class of Lenders under the MBLAA, 2006 (O. Reg. 188/08 s.2). In these cases, we have to represent both the interests of the Lender (determining if the investment is suitable) and the Borrower (determining if the mortgage is suitable) (O. Reg. 188/08 s.24). We will go into greater detail later in this manual, under the section "Suitability and Disclosure to Lenders."

The MBLAA, 2006 specifically states that **you may not act for a borrower or lender if you believe a mortgage is unlawful** (O. Reg. 188/08 s.12). We must remain vigilant, at all times, to ensure all transactions are conducted with the utmost honesty and integrity, and that we always obey the Act, its Regulations, and the Law.



### 1.3.2 Working For Only One Brokerage

The MBLAA, 2006 specifically states that Mortgage Brokers/Agents must work for only one Mortgage Brokerage at a time (2006, c29, s8 (4) & s. 11 (5)). You may not, at any time during your contract with Real Mortgage Associates Inc., work for another Mortgage Brokerage.

### 1.3.3 Operating Other Businesses/Other Employment

It is understood that individuals may conduct other businesses, work at part-time or full-time jobs, or hold other licences at the same time they are licensed as Mortgage Brokers/Agents (O. Reg. 188/08 s.56). It is the policy of this Brokerage that you are permitted to operate other businesses, work part-time or full-time at other companies, or hold other licences while licensed by Real Mortgage Associates Inc. as long as that business is conducted completely separately from your mortgage business, and as long as there is no direct conflict of interest between that business/employment and your mortgage business. If you are operating another business, or working for another employer, you must ensure it does not jeopardize Real Mortgage Associates Inc.'s integrity, independence or competence in any way.

### 1.3.4 Use of Information

Do not use any information that you obtained while carrying on your mortgage business for **any other purpose**, without first obtaining the written consent of the individual or business who is the subject of the information, and including a copy of this consent within the mortgage file and obtaining the consent of your Principal Broker (O. Reg. 188/08 s.57).

### 1.3.5 Changes to your Contact Information

You must notify FSCO and your Principal Broker of changes to your mailing address, e-mail address, and/or telephone or fax number within 5 days of the change that is taking place (O. Reg. 193/08 s.6). **Late notifications by Mortgage Brokers/Agents may result in a \$250 penalty** (O. Reg. 193/08 s.15 (1)).

### 1.3.6 Necessity to be Licensed

Trading or dealing in mortgages without a licence is strictly prohibited (2006, c 29, s. 48).

All Mortgage Brokers/Agents of Real Mortgage Associates Inc. with our brokerage must be approved and licensed by FSCO to conduct mortgage business.

### 1.3.7 Advance Fees & Funds / Trust Accounts

The MBLAA, 2006 contains very specific rules regarding the collection of advance fees and funds for mortgage transactions, and the handling of any advance funds in trust accounts. **Real Mortgage Associates Inc. does not carry a Trust Account.**

In every case, you are prohibited from collecting advance fees for mortgages of \$300,000 or less (\$400,000 or less after January 1<sup>st</sup> 2016)— if the principal amount of the mortgage is \$300,000 or less, the Mortgage Brokerage cannot require or accept an advance payment/deposit for services to be rendered and expenses to be incurred by the Brokerage or any other person (i.e. appraisal fee) (O. Reg. 188/08 s.37).

For private mortgages, you are also prohibited from receiving funds from Investors/Lenders in advance. Neither the Mortgage Brokerage nor the Mortgage Broker/Agent is permitted to receive funds from an Investor unless an existing mortgage is available, or from a Lender unless a mortgage application has been made on a specific property (O. Reg. 188/08 s.38).

### 1.3.8 Indicating Fees are Government-Approved

You may not, at any time, indicate that Mortgage Brokerage fees are approved by the government or any government authority. The only exception is fees under the Land Titles Act or the Registry Act (O. Reg. 188/08 s.20).

### 1.3.9 Guarantees

You are prohibited from offering any guarantees to Borrowers regarding future interest rates on variable-rate mortgages, or any other guarantees regarding their mortgage that is not explicitly stated in the mortgage commitment or mortgage instrument.

You are prohibited from offering guarantees to Lenders/Investors — you cannot offer a guarantee to a Lender/Investor regarding a mortgage loan or mortgage investment (O. Reg. 188/08 s.16).

### 1.3.10 Tied Selling

You are prohibited from engaging in tied selling. Borrowers cannot be required to obtain a product or service as a condition for obtaining another product or service from the Mortgage Brokerage (O. Reg. 188/08 s.15).

### 1.3.11 Supervising Other Agents

Within Real Mortgage Associates Inc., there are individuals who work alone to conduct their own business on a day-to-day basis, and other individuals who work collectively as a team in their businesses, taking advantage of synergies within their group. There are also individuals who have formed "Teams" underneath them, whereby they wish to accept responsibility for the actions of the Agents they recruit to their Team.

The MBLAA, 2006 is very clear regarding the supervision of Mortgage Agents, in section 9 (5), where it states: "A person who has a mortgage agent's licence shall not deal in Mortgages in Ontario or trade in mortgages in Ontario except under the supervision of a mortgage broker" .

Therefore, it is the policy of Real Mortgage Associates Inc. that no Teams shall be permitted unless the Team Lead is licensed as a Mortgage Broker or will be licensed within 12 months of establishing their first team member. In the case of an agent who is in the process of obtaining their broker license, a licensed broker will be designated as the manager of the team member. Such designate will carry on all management activities and supervision of the team member.

### 1.3.12 Fiduciary Duties

All Mortgage Brokers/Agents working for Real Mortgage Associates Inc. must at all times exercise full and total implementation of responsibility and Fiduciary Duties. Whether dealing with the Lender or the Borrower, the Broker or Agent cannot ignore their "Duty of Care".

### 1.3.13 Personal Service Corporations

A Personal Service Corporation can be setup by Mortgage Brokers/Agents. This is typically done to facilitate bookkeeping and/or taxation and is common when using the 'team' model mentioned earlier (refer to section 1.3.11). Appropriate agreements between the Personal Service Corporation and the Mortgage Brokerage as well as agreements between the Mortgage Brokerage and each individual member of the Personal Service Corporation must be in place outlining the relationship between the

parties involved. Only with these agreements in place will the Mortgage Brokerage be permitted to make any commission payments owing to each member of the Personal Service Corporation to the corporation, instead of payment personally.

Each individual member of a Personal Service Corporation **MUST BE SCREENED** and **APPROVED** by the Mortgage Brokerage with whom the Personal Service Corporation is setup. Each member may only receive payment or remuneration for dealing or trading in mortgages from one personal service corporation at a time. Each individual working under the Personal Service Corporation **MUST BE LICENSED** under the Mortgage Brokerage with whom the Personal Service Corporation is setup.

No payments may be received by the Personal Service Corporation, or any individuals working within it, from Borrowers, Lenders, or Investors. The Personal Service Corporation is not authorized or licensed to lend funds in any capacity except through the Mortgage Brokerage with whom the agreement is setup.

Because the Personal Service Corporation is **NOT** a licensed Mortgage Brokerage, the name of the Personal Service Corporation may **NEVER** be advertised or used in any marketing material or communications with Borrowers, Lenders, or Consumers in general. The Personal Service Corporation **MUST BE INVISIBLE TO THE PUBLIC**. Refer to the appropriate regulations when setting up or working under a Personal Service Corporation model:

[http://www.e-laws.gov.on.ca/html/regs/english/elaws\\_regs\\_070407\\_e.htm](http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_070407_e.htm)

## **1.4 Advertising Policy**

### **1.4.1 Introduction**

The Standards of Practice for Mortgage Brokerages (Ontario Regulation 188/08 under the MBLAA, 2006) contains detailed advertising and marketing regulations. These rules are not optional - they are mandatory, and FSCO has made it quite clear there will be financial penalties for those individuals and Brokerages that do not comply.

Please note that these rules apply to anything and everything you use to market to the general public, referral sources, etc. in any medium, save any for Promotional Items as defined in the next section.



#### 1.4.2 Definition of Promotional Materials

Promotional Materials are defined as those items, which you would distribute to peers or referral sources within the Mortgage, Real Estate, Legal, Appraisal, Inspection, or Financial Services industries in order to promote your business in the hopes of gaining referrals. In addition, Promotional Materials are also defined as those items, which you use to promote Real Mortgage Associates Inc.'s name, brand, and identity, along with your own identity. This includes (but is not limited to) items like golf balls or golf towels, shirts, pens, coffee mugs, awards, etc.

Each Promotional Item will be evaluated on a case-by-case basis to determine whether full Brokerage information needs to be displayed. In any case, if anything has the individual Agent or Broker name on it, it is the policy of Real Mortgage Associates Inc. that the proper title as dictated by FSCO will follow your name (i.e. Mortgage Agent or Mortgage Broker).

Please submit all Promotional Material ideas / proofs to the Principal Broker for approval before purchasing and distributing so they can be approved as Promotional Materials as per this definition.

#### 1.4.3 Use of Authorized Names

This is one area that causes some confusion among Mortgage Brokers/Agents. Your Authorized Name is the name under which you are licensed by FSCO. To verify your Authorized Name, visit the FSCO Website at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca) and use the Consumer search engine to search for yourself. This will show you your Authorized Name.

You must conduct your business under this name. You must use this name on each and every piece of advertising, public relations material, business card, web posting, or any other documents as part of the mortgage application process.

For example, if your name is Peter Smith, you may only conduct business under this name - you **cannot use** "Pete Smith" **unless you have notified FSCO** that this is the name under which you wish to conduct your business. In these cases, FSCO will add a bracketed name to the end of your listing in their systems (for this example, it would show as "SMITH, PETER (PETE)"), after which you may use the shortened form of your name to conduct your business as outlined above.

If you need to change your name, or the Authorized Name, you must first contact FSCO's licensing department and ask for the change. Once they have completed it, you must notify the Executive Administrator so that Real Mortgage Associates Inc. can ensure you are listed properly in our internal systems, on your website, and that all mortgage application and transaction forms reflect this new name.

All public relations material must be approved by the Brokerage's Principal Broker or designate.

If you work under a team model or have setup a 'Personal Service Corporation' (see section 1.3.13) to facilitate bookkeeping and/or taxation you MUST have the appropriate agreements in place with your Mortgage Brokerage, in which case the name of the Personal Service Corporation may NEVER be advertised or used in any marketing material or communications with Borrowers, Lenders, or Consumers in general.

#### 1.4.4 Use of Title (Broker/Agent)

You must always ensure that you list yourself as either a Mortgage Agent, Mortgage Broker, Agent or Broker in all marketing and promotional materials. These titles must appear immediately following or below your name. You may use descriptive phrase such as "Specialist in Retail and Commercial Mortgages" or "A Highly-Trained Mortgage Expert" in addition to your legal title, but these phrases have to be **in addition** to your title (O. Reg. 188/08 s.6 (4)).

Please note that it is not a requirement under Regulation 188/08 that Brokers and Agents provide their licence numbers as well on promotional materials, but it is permitted and recommended as per our policies and procedures.

#### **Branch Offices**

A branch office in the regulations, is any place where the public is invited to attend to transact business. Brokers and agents who maintain separate offices must list those offices as branches to be noted with FSCO. Any change of address for branch offices must be notified to FSCO within five (5) days. Brokers or agents who do not work out of a specified office, but invite the public into their home to do business must list their home address as a branch office.

#### **Brokers and agents receiving clients in their home:**

All home offices receiving clients must be registered with Head Office. This requires RMA signage with the brokerage license number displayed.

The home office must be a separate room and entrance to provide privacy and professionalism and may be subject to FSCO and Head Office inspections.

In the event you have a home office just for your personal use and not receiving clients in your premises you must on all business cards have the Head Office address with brokerage number and phone number listed as your place of business and not your place of business and not your place of residence as a place of business.

If you have a place of business in another office building example(Real Estate Office), they will not permit your RMA sign, RMA Broker of Record will excuse not having signage in this case as long as Broker of Record is notified of the circumstance as consideration has to be given to the Real Estate Brokerage.

#### 1.4.5 False, Misleading or Deceptive Information

Any advertising or marketing materials you use must not contain any misleading or deceptive information (O. Reg. 188/08 s.7).

Misleading representations may be the result of:

- ☐ Negligence
- ☐ Incompetence
- ☐ Intentional misrepresentation
- ☐ Improper use of disclaimers
- ☐ Improper reliance on industry terms
- ☐ Incomplete comparative ads
- ☐ Implied endorsements
- ☐ Improper use of teasers
- ☐ Use of unsubstantiated exaggeration
- ☐ Lack of timely reviews of advertisement

#### 1.4.6 Examples of False or Misleading Advertisements

- ☐ Providing sample monthly repayment amounts for mortgage loans requiring no repayment of principal, without properly identifying that the payments shown represent only the interest portion;
- ☐ Advertising payment amounts for mortgage loans with unusually long amortization periods that do not specify the amortization period;
- ☐ Advertisements which contain repayment figures but do not contain an indication of the amortization period used to determine the repayment figure;
- ☐ Advertisements for interest-only mortgages that do not specify that the repayments do not include any principal amounts.

While in some instances the term “for illustration purposes” may be included with advertisements such as the above, it may or may not be sufficient to ensure that the ad is not misleading. The best practice is **ABC: Always Be Clear**.

#### 1.4.7 Specific Rules for Specific Mortgage Types

There are also specific rules for advertising particular mortgages:

**Fixed Amounts** - Advertisements for a mortgage for a fixed amount that state the interest rate, or the amount of any prepayment, or of any charge other than interest, must also include the Annual Percentage Rate (APR) and the term of the mortgage; and the APR must be displayed in a manner consistent with the remainder of the ad. If the APR of the terms of the mortgage are not the same for all mortgages to which the advertisement relates, the disclosure must be based on an example of a mortgage that fairly depicts all those mortgages and is identified as a representative sample of them (O. Reg. 191/08 s.18).

**Mortgages Securing Lines of Credit** - Advertisements for mortgages that secure lines of credit that state the annual interest rate, or the amount of any payment, or of any charge other than interest, must also include the annual rate of interest on the date of the advertisement. They must also include any initial or periodic charges, other than interest, and this information must be displayed as prominently as the other information in the ad (O. Reg. 191/08 s.19).

**Interest-Free Periods** - If an advertisement states or implies that a period of the mortgage is free of any interest charges, the ad must indicate whether interest accrues during the period and is payable after the period (O. Reg. 191/08 s.20). If interest does not accrue during a period, the ad must clearly state:

- ☐ That there is an interest-free period or grace period;
- ☐ The conditions that apply to qualify for the interest free period;
- ☐ The APR, or the annual interest rate, if the conditions are not met.

### 1.4.8 Brokerage Approval of Advertising

All agents and brokers new to the organization must have their advertising approved by the Principal Broker or their designate **before** publication or other use to ensure compliance with all rules and regulations.. The principal broker may allow tenured brokers who have demonstrated their knowledge of compliance in advertising to publish advertising without prior approval from the Principal Broker.

## 1.5 Suitability and Disclosure to Borrowers

### 1.5.1 Introduction

Under the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.24), it is our duty, as Mortgage Brokers/Agents of Real Mortgage Associates Inc., to consider the needs and circumstances of the Borrower to ensure that any mortgage presented is suitable for them. There are three basic elements to this suitability:

- 1) Does this mortgage product meet with all of the Client's needs?
- 2) Does this mortgage product meet their risk tolerance?
- 3) Is this mortgage product affordable for the Client?

In addition, we need to ensure we have disclosed all material risks inherent in the transaction, any potential conflicts of interest in recommending a specific product, and anything else that may be material to the client's decision to proceed with the mortgage transaction.

The Policies and Procedures below apply to all Borrowers in all circumstances. We will now go into each of these elements in detail.

### 1.5.2 Client Risk Profile Form

It is vital in all circumstances to understand all of the needs, wants, and goals behind the Client's mortgage application. However, many times our Clients do not understand all of the options and variables that come with mortgage products today, and may not have properly considered their future needs at the time of the application. For this reason, it is mandatory that a Know Your Client Form be filled out for each and every Borrower on the application. **This form can be found in RMA's website. A sample of this form can be found at the end of this section. (Suitability Form)**

Please note when filling out the form that each and every question must be answered, each borrower must sign at the bottom, you must sign and date the form, and a copy must be given to the client at the time of their application. If the interview is conducted over the phone, then you must still ask the questions on the form and have the client sign and fax back to you, or have them sign when you meet with them to present the mortgage commitment.

### 1.5.3 Suitability - Client Needs

After completing this section of the Know Your Client Form, you will have a good indication of the length of time they intend to stay in their new/current home, whether they plan any renovations or improvements to the property, other potential financial pressures now or in the future, and any other details that will help you determine the type of product, prepayment privileges, term, and other features required to ensure your mortgage recommendation meets their needs.

### 1.5.4 Suitability - Risk Tolerance

After completing this section, you will better understand the Client's risk profile in terms of fixed or variable rates, their ability to tolerate changes in their mortgage payments monthly or annually, their ability to tolerate payment shock (should payments drastically rise at the end of the initial term of the mortgage), and their ability to tolerate any changes in the value of their property.

### 1.5.5 Suitability - Affordability

Once you have completed the entire Know Your Client Form with your Client, you will also know if they have completed a simple budget form indicating the impact that this mortgage will have on their day-to-day financial situation. This is where determining the affordability of the mortgage is critical to determining whether to recommend the mortgage to your Client. FSCO has made it clear that, even though your Client may qualify for a mortgage, and even though you may have a Lender willing to issue a commitment, you must determine if a reasonable person would find the mortgage affordable under the Client's financial circumstances.

If you have determined that there are additional circumstances that make the mortgage affordable/unaffordable to the Client, please note this information. If you determine the mortgage to be affordable, sign and date the form and have the Client(s) sign and date the form, and include it in the file.

If you determine the mortgage is not affordable based on the information provided, you must note this. **It is important to note that the ultimate decision on whether to proceed with the mortgage still rests with the client.** Your obligation is to determine the suitability and affordability of the mortgage, and document and disclose this information to the client.

#### 1.5.6 Client Right to Waive Suitability Guidelines

In all circumstances, once you have determined the Client's needs and risk tolerance, they still have the right to take a different mortgage product than the one you recommend. In these cases, it is mandatory that you have the Client sign the section on the Know Your Client Form that indicates they have been informed of their risk tolerance and overall needs, that the mortgage product they are selecting does not meet the risk tolerance or client need guidelines indicated on the form, and that they are accepting full responsibility for the transaction. Ensure you sign this section as well, and place the form in the file.

#### 1.5.7 The Client Agreement Suitability Form

In order to comply with the client disclosure requirements of the MBLAA, 2006 and its Regulations, we have developed the Client Suitability Agreement Form (attached at the end of this section) to accomplish this task. This form has several different sections, which are outlined below.

It is the policy of Real Mortgage Associates Inc. that the Client Suitability Agreement Form is filled out by **every** client who applies for a mortgage with our firm, and that this document **must** be kept on file at Real Mortgage Associates Inc.'s head office, regardless of whether the mortgage proceeds or not. The reasons for this will become clear as we cover the different sections of the form.

#### 1.5.7.1 General Terms

These are the general terms of the Agreement, outlining the perspective the document is written from (the Client's), and other legal information outlining the purposes of the entire Agreement.

#### 1.5.7.2 Obligations

This section outlines the obligations the Client has to provide us with complete and accurate information and that we will use their information for the purposes of advising them on the mortgage transaction. It also provides some indemnification for you and the Brokerage from any third-party, and obligates the Client to pay for any costs associated with the transaction that are disclosed to them and agreed to by them, in advance.

#### 1.5.7.3 Compensation

This section outlines the various methods by which Mortgage Brokers/Agents receive compensation from Lenders, and is self-explanatory; however, we draw your attention to the following statement at the end of the section:

If there are specific compensation benefits for you to offer me a mortgage from one company over another, you will fully disclose this information to me as part of the mortgage application process so that I may make a fully informed decision regarding the placement of my mortgage with specific lenders.

One of the major changes included in the MBLAA, 2006 is the need for disclosure of compensation types (not amounts) (O. Reg. 188/08 s.21), and also the need to disclose differences in compensation received for different types of mortgages recommended. This means that if there are two mortgages that are suitable to the Client, and they have identical interest rates, terms, and conditions, you are still **obligated** by the Act to disclose that the mortgage product you are recommending pays you a higher commission, volume bonus, reward points, etc. than the other.

However, these new disclosure requirements remain true especially when the terms of the two mortgage products differ. For example, if a client would qualify for a 5-year mortgage from Lender A at 4.5% that pays 90bps FF and 20bps VB, and would also qualify for a 5-year mortgage from Lender B at 4.15% that pays 80bps FF and no VB,



**you are obligated under the Act** to present both mortgage options to the Client, **and** disclose to the Client that you will receive a higher commission for the higher-rate mortgage (or a lower commission for the lower-rate mortgage).

The same applies if the Client is looking for the “best rate” and is not concerned about term - if comparing a three-year mortgage to a five-year mortgage, you must disclose to the Client which mortgage you will receive a greater commission from.

**This does not necessarily mean that you must settle for lower pay for the work that you do.** This is the key element of probably the largest change taking place in our industry, as we move away from being strictly salespeople and into the realm of Professional Advisors. There is nothing wrong with presenting both options, but charging a broker fee for the lower rates you offer your clients in lieu of the commissions you would have received. **The key is disclosure.**

Therefore, there is nothing wrong, under our first example above, in turning to the Client and stating to them: “I have two options for you - one is at a rate of 4.5%. However, I have been able to locate, through my efforts, a much lower rate of 4.15%, which I am prepared to offer you with a broker fee of \$450, because it pays me less in commissions than the mortgage at 4.5%. Taking the mortgage at 4.15% will result in an interest savings to you of \$X over the term of the mortgage, so I feel the broker fee of \$450 is reasonable given the amount of money I can save you. Which mortgage would you like to go with?” Doing so meets all of the requirements of the MBLAA, 2006 and its Regulations, and ensures you are providing the Client with the best mortgage for their needs.

#### 1.5.7.4 Collection of Identification

In cooperation with the Anti-Money Laundering laws, we have a duty to verify the identity of the clients we meet with. To this end, it is Real Mortgage Associates Inc.’s policy to collect a piece of acceptable identification from each client, record the number of the identification, photocopy or photograph it if possible and keep this information in the file.

#### 1.5.7.5 Original Documentation

This section obligates the Client to provide original documentation where available, which assists in the prevention of fraud. It is understood that this will not always be possible, given the nature of faxing and email relations with Clients today. However, we are still obligated to verify the veracity of any documentation provided to us. Therefore, it is the policy of Real Mortgage Associates Inc. that every Mortgage Broker/Agent will exercise proper due diligence in the efforts of fraud prevention by

verifying the authenticity of any documentation provided by a Client, and if potentially fraudulent documentation is discovered, it is immediately reported to the Principal Broker to be addressed.

Under the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.17), it is mandatory that we return this original documentation to any Client at their request, without charging any fees, and in a timely manner. It is the policy of Real Mortgage Associates Inc. that all documentation will be returned to Clients, on request, within 2 business days of the request being received.

#### 1.5.7.6 Conflicts of Interest

Conflicts of Interest, or the perception of Conflicts of Interest, are another key area of disclosure to Clients, ensuring they are always aware of where there may be a potential motivation to not act in their best interests. One of these Conflicts of Interest was reviewed above: Presenting a Client with one mortgage over another because you are going to receive a higher commission, for example, is a Conflict of Interest if the rate to the Client is lower for a lower-paying mortgage product.

Other examples:

- The Mortgage Broker/Agent is related to the Appraiser
- The Lender is related to the Mortgage Broker/Agent
- The Lender is a family member of the Borrower
- When the Mortgage Brokerage/Broker/Agent is also the Lender
- If the Mortgage Broker/Agent or his/her spouse uses a self-directed RRSP to fund the mortgage for the Borrower
- Favouring a Lender for monetary reasons
- Receiving travel points, free holidays, or other incentives that are normally not available
- When a Mortgage Broker/Agent acts for both the Borrower and Lender
- If the Mortgage Broker/Agent receives higher "bonus" commissions for working with a specific Lender during a specific timeframe
- If the Principal Broker is also a Real Estate Broker who is involved with listing and selling a property

It is the policy of Real Mortgage Associates Inc. that any and all perceived Conflicts of Interest will be disclosed to the Client and recorded in this section of the Client Agreement so that these disclosures will form part of the file (O. Reg. 188/08 s.27).

#### 1.5.7.7 Communications with Parties Involved

This section authorizes you, the Mortgage Broker/Agent, to communicate with other parties involved in the mortgage transaction with those details pertinent to their conduct of business (e.g. notifying a Realtor that the mortgage is approved, arranging an Appraiser, etc.)

#### 1.5.7.8 Indemnification of Brokerage

This is a key disclosure section to the Client, in that they are acknowledging that, as the Mortgage Brokerage or Mortgage Broker/Agent, we are at the mercy of the Lenders and Insurers regarding conditions that must be fulfilled in order for a mortgage to fund.

This section indemnifies us and holds us free from harm should we perform our duties properly, yet the mortgage does not fund as a result of the Lender or Insurer conditions not being fulfilled for any reason other than our negligence as the Mortgage Brokerage or Mortgage Broker/Agent for the transaction.

#### 1.5.7.9 Disclosure of Material Risks

This section outlines the various material risks inherent with mortgage transactions and is self-explanatory. It is the policy of Real Mortgage Associates Inc. that each Mortgage Broker/Agent will discuss the relevant material risks with all Clients and mark the relevant check boxes beside the risks that apply. If there are additional risks associated with the mortgage that are not included in this section, they must be documented and attached to the Client Agreement, after being initialled by the Client (O. Reg. 188/08 s.25).

#### 1.5.7.10 Credit Bureau and Privacy Authorization

This is a standard written clause that Equifax requires we have signed as proof the Client has authorized us to pull a Credit Report through their services. In cases where the Client provides authorization over the phone, it is the policy of this brokerage that the Client Agreement is signed on first meeting with the Client, and a notation made that the Client provided verbal authorization, with the time and date also registered in the appropriate field.

The Privacy Authorization covers the sensitivity of the information we are receiving from the client and how we use it for the purposes of a mortgage transaction.

### 1.5.8 Lender Disclosures

Required by the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.18 & 19) to provide to a Client the following information on request:

- The number of lenders on whose behalf the Mortgage Brokerage acted during the previous fiscal year;
- Whether the Brokerage itself was a lender in the previous year;
- The name of the Lender, if any, with whom the Brokerage arranged more than 50 per cent of the total number of mortgages and mortgage renewals during the previous fiscal year.

### 1.5.9 Duty to Verify Appraisals

It is the policy of Real Mortgage Associates Inc. that whenever a property appraisal is requested by a Lender and arranged by the Mortgage Broker/Agent or Client, that the Mortgage Broker/Agent will contact the Appraiser personally after the completed appraisal has been received by the Lender to ensure the Appraiser in question actually completed the appraisal.

## 1.6 Private Lenders

### 1.6.1 Introduction

Private Lenders (also known as Investors by the MBLAA, 2006) are a special case in our industry. Mortgages provided to Borrowers from Private Lenders must be treated with greater care and due-diligence due to the nature of our relationship to both the Borrower and Lender in these cases. The following section outlines some of the special considerations, policies, and documentation surrounding Private Lending within Real Mortgage Associates Inc.

It is imperative that these rules be followed, as FSCO may be performing full audits of mortgage brokerages in Ontario to verify that this information is in place, and that these policies and procedures are being followed.

The Agent must pay Premiums for errors and omissions insurance ("E&O Insurance") and any deductible payable as a result of claims levied against the Agent or Real Mortgage Associates with respect to the Agent's services under this Agreement and the legal defense of such claims.

### 1.6.2 Agents Must Not Sign Investment Disclosure Forms

In accordance to the MBLAA, 2006, NO AGENT representing Real Mortgage Associates Inc. is permitted to sign or present an investment disclosure form to a private lender.

### 1.6.3 Principal Broker Must Approve All Private Lenders

It is the policy of Real Mortgage Associates Inc. to evaluate and approve all Private Lenders used by any Mortgage Broker/Agent within this Brokerage. This means that a physical file containing full Private Lender information must be maintained at Real Mortgage Associates Inc.'s head office. A full Investor Risk Profile conducted on the Private Lender must also be in the file in order to verify the suitability of all mortgage investment presented to them.

It is important to note that, while the Principal Broker must approve all Private Lenders and maintain a file on them, it does not mean that this Private Lender will be accessible directly to all Mortgage Brokers/Agents in the firm. This process should ensure the protection of these private sources of funds because once a file is created at Real Mortgage Associates Inc.'s head office, only the Mortgage Broker/Agent who provided the information to the Principal Broker will be permitted to work directly with the Private Lender.

Should the Principal Broker receive a duplicate application for a Private Lender from another Mortgage Broker/Agent, all parties will meet to determine if the Private Lender wishes to use additional Mortgage Brokers/Agents as sources of business, or if the existing Mortgage Broker/Agent who initially created the file should be the co-brokering source of these funds within our Brokerage. These situations will be handled on a case by-case basis, but as per the MBLAA, 2006 and its Regulations, the determining factor will be the desires of the Private Lender themselves.

### 1.6.4 Know Your Client for Private Lenders

In order for any Mortgage Broker/Agent to work with a Private Lender, the first step is to ensure that you know your Client is aware of the risk associated with the investment, and that risk is suitable given their age, needs, etc. It is mandatory under the MBLAA, 2006 (O. Reg. 188/08 s.10 & 11) for there to be documentation on each Private Lender used by Mortgage Brokers/Agents of Real Mortgage Associates Inc. at our company's head office, for the purposes of a FSCO audit. Therefore, at a bare minimum, basic information about the Client may include copies of their identification, and declarations of "know your client" must be kept in this file.

We follow Anti-Money-Laundering legislation and verify that funds for our mortgages are coming from within the financial system, not from large cash deposits. In addition, a copy of the Ontario Investor Disclosure Form for each mortgage funded by any specific Private Lender needs to be retained by the Brokerage in our files. Even if this is someone you have worked with for years, this documentation is mandatory, and will be examined by the Regulator during an audit. Ensure you notify the Principal Broker of each and every Private Lender you work with, and ensure there is a file for each at Real Mortgage Associates Inc.'s main office.

### 1.6.5 Investor Disclosure Form

Every Private Lender must be presented with an Ontario Investor Disclosure Form for each and every mortgage transaction in which they are a participant (O. Reg. 188/08 s.31). Once signed by the Private Lender, a copy of this form must be included in both the Client mortgage transaction file, and the Private Lender file at Real Mortgage Associates Inc.'s head office - note that only a Broker licensed person may sign the Lender/Investor Disclosure (O. Reg. 188/08 s.31 (1)).

### 1.6.6 Designated Class of Lenders or Investors

In some cases, you may end up working with a Private Lender or consortium that belongs to (or should belong to) what the MBLAA, 2006 Regulations calls a "Designated Class of Lenders or Investors" (O. Reg. 188/08 s. 2). The most common conditions you will face under which Private Lenders would be part of this class are as follows:

- A person or entity who is registered as an Adviser or Dealer under the Securities Act when the person or entity is acting as a Principal, or Agent, or Trustee for accounts that are fully managed by the person or entity;
- An individual, who, alone or together with his or her spouse, has net assets of at least \$5 million and who provides written confirmation of this to the Brokerage;
- An individual who, alone or together with his or her spouse, beneficially owns financial assets (being cash, securities within the meaning of the Securities Act, the cash surrender value of a life insurance contract, a deposit or evidence of a deposit) that have an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1 million and who provides written confirmation of this to the Brokerage;
- An individual whose net income before taxes in each of the two most recent years exceeded \$200,000 or whose net income before taxes in each of those years combined with that of his or her spouse in each of those years exceeded \$300,000, who has a reasonable expectation of exceeding the same net income or combined net income, as the case may be, in the current year and who provides written confirmation of this to the Brokerage.

In these cases, if we have the relevant information on file as outlined above, you do not need to provide a copy of the Ontario Investor Disclosure Form to the Lender for each transaction.

No agent/broker shall borrow money personally from any Private Lender, or potential Private Lender, without the prior consent of the Principal Broker.



## **1.7 Managing Deemed Trust Funds N/A**

REAL MORTGAGE ASSOCIATES INC. DOES NOT HAVE A TRUST ACCOUNT.



## 1.8 Mortgage File Documentation Requirements

### 1.8.1 Introduction

Proper documentation for each file is critical in the Mortgage Broker industry. It ensures that we have taken the proper care to work in the Client's best interests. It is also the law. Under the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.46), all documentation for a mortgage originated by a Brokerage must be kept on file in either paper or electronic format for 6 years from the end of the initial term of the mortgage. This means that the documentation for a 5-year term mortgage must be retained by the Brokerage for 11 years from the funding date of the mortgage.

### 1.8.2 The File Checklist

It is our policy that each deal completed be accompanied with a completed File Checklist. Use of this Checklist helps to ensure that all the proper protocols have been followed and all the required information and documents have been gathered and completed. A copy of this form is attached to the end of this section of the manual.

This checklist must be provided for each and every mortgage transaction processed by Real Mortgage Associates Inc. It ensures compliance with the MBLAA, 2006 and its Regulations, and helps ensure you have reviewed and provided all required documentation to the Lender for the transaction.

It is imperative that this sheet is very thoroughly filled out for review by the Principal Broker as soon as the particular deal is funded or closed. Please do not submit this sheet until you receive a "File Complete" notification from the Lender in question.

### 1.8.3 Documentation Requirements

Each file must contain all documents relevant to the transaction, all documentation transmitted to the Lender, and any other internal documentation required. It is the policy of Real Mortgage Associates Inc. that the following documentation, at a minimum, will be contained in each mortgage file:

Client Agreement	Purchase & Sale Agreement (if required)
Client Risk Profile Form	Schedules/Waivers (if required)
Signed Mortgage Commitment	Proof of Income & Employment (if req'd)
Cost of Borrowing Disclosure	Amortization Schedule
MLS Listing (if required)	MLI Application / Waiver Form

## Invoice Checklist

Any other additional information required by the Lender must be contained in the file. It is a good idea to also include any notes, timelines of interactions, or other details about the application or transaction process in the file for future reference, but it is not mandatory.

### 1.8.4 Files for Non-Completed Mortgages

Even mortgages that do not fund require a paper trail. If an application is taken for a Client, then a file must be created. At minimum, each of these files **must** contain a signed Client Agreement, and should contain any other documentation you were provided by the Client during the application process. Be sure to note in the file, or within your notes, why the deal did not fund.

If the deal is cancelled, or you know it will not proceed, the Brokerage is also responsible to retain the file for a period of 24 months (O. Reg. 188/08 s.46 (4)).

### 1.8.5 Complete File Required Before Commissions Paid

It is the policy of this brokerage that no commissions are paid on mortgage files unless we have a complete file in our possession at that time. Files are audited for documentation contents prior to commission payments, so if anything is missing from the file you will be notified by payroll and will be expected to remedy the situation before receiving your commissions. **There are no exceptions to this rule.**

### 1.8.6 Electronic Filing Requirements

All paperwork can be filed electronically or retained physically in proper storage.

### 1.8.7 Destruction of Files by Agent

It is the policy of Real Mortgage Associates Inc. that no Mortgage Brokers/Agents will retain any documentation related to any mortgage file for a period longer than 60 days from the funding date of the transaction. All documentation must be properly destroyed by secured means (cross-shredding or other destruction method) whereby the documentation cannot be legible or intelligible to anyone who might gain access to it.

This is not to say that the Mortgage Broker/Agent cannot retain a Client list and basic, non-financial information relevant to the conduct of their business and the provision of proper customer service (e.g. full Client contact information, initial mortgage amount, funding date, Lender, maturity date, interest rate, etc.). However, should you choose to store this information in a different manner, then it must be stored in a secure manner, password-protected, and physically secure within your office, home office, or place of business at all times.

## **1.9 Assistant's Policy**

### **1.9.1 Introduction**

An Assistant can be an invaluable resource to a Mortgage Broker/Agent; helping you become more efficient, close more mortgage transactions, and earn a greater income. However, there are specific "Do's" and "Don'ts" when it comes to Mortgage Assistants - especially under the new regulatory framework. We have created this policy to help you find the right Assistant, and ensure the individual operates within the law and does not jeopardize your business.

### **1.9.2 Duties**

It is imperative that the duties of the Mortgage Assistant stay specifically within the range of clerical, time management, and administrative tasks. Under no circumstances can a Mortgage Assistant take applications, answer questions about different mortgage products and services, or in any other way be seen to be either dealing or trading in mortgages. These questions all have to be directed by the Assistant back to the Mortgage Broker/Agent.

### **1.9.3 Approval of Principal Broker**

It is the policy of Real Mortgage Associates Inc. that all unlicensed Mortgage Assistants be approved by the Principal Broker of the firm. This means that a full application should be taken from the individual in question, and provided to the Principal Broker along with a copy of the applicant's resume, etc.

This allows Real Mortgage Associates Inc.'s head office to create a file on this individual, showing that we have exercised proper due diligence to ensure this individual is suitable, poses no reasonable fraud risk, and will maintain the confidentiality and security of client information.

#### 1.9.4 Remuneration

Any unlicensed Mortgage Assistants hired by Mortgage Brokers/Agents within our firm are hired directly by the Mortgage Broker/Agent themselves. Therefore, remuneration is the sole responsibility of the Mortgage Broker/Agent who hired the individual.

Any licensed Mortgage Assistants are, by definition, Mortgage Agents and must be registered under this Brokerage. Any remuneration due to this Mortgage Assistant as a result of their own personal origination of mortgage business will be the responsibility of this brokerage; any remuneration for Mortgage Assistant duties will be the full responsibility of the Mortgage Broker/Agent who hired the individual.

#### 1.9.5 Contracts

When the new Mortgage Assistant has accepted the position, be sure to create and have your new hire sign an employment contract. This protects you and your database and clearly outlines the contractual obligations of each party involved. This Assistant will be your full responsibility so make sure you include everything in the contract that you need in order to manage your business properly. Once you have completed a draft of the contract, submit it to the Principal Broker for review and approval.



## 1.10 Syndicated Mortgages

No Broker or Agent may participate in arranging Mortgage Syndication under Real Mortgage Associates Inc.'s name.

Mortgage Syndication (Reg.188/08 s.3)