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TITLE:	MAKING MORTGAGE RELATED REFERRALS
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Referrals and Mortgage Arranging: Requirement for Mortgage Broker Registration

Individuals who receive fees or other consideration for referring borrowers to lenders or mortgage brokers should be careful not to engage in activities which are part of the process of “arranging mortgages”.

Any individual who arranges a mortgage or mortgages and either directly or indirectly receives fees or any other consideration exceeding \$1,000 in any one year for arranging a mortgage or mortgages must obtain mortgage broker registration under the *Mortgage Brokers Act*. The Registrar of Mortgage Brokers interprets the phrase “arranging mortgages” to include any essential activity which is part of the process of a borrower obtaining a mortgage from a lender. An individual begins the process of arranging a mortgage from the time they begin to communicate with a prospective borrower about mortgages.

Specific activities which are part of the mortgage arranging process include:

- engaging in the businesses of soliciting borrowers for the purpose of mortgage referrals;
- taking mortgage applications;
- explaining mortgage terms and options;
- reviewing mortgage documentation;
- obtaining credit checks; and
- providing mortgage advice, including advice on how to deal with mortgage proceeds or mortgage payments.

Therefore, an individual will require mortgage broker registration if he or she:

- refers borrowers to lenders or mortgage brokers, or mortgage brokers or lenders to borrowers; and
- engages in any mortgage arranging activities; and
- receives \$1,000 or more in any one year for arranging mortgages.

Please be aware that fees or other consideration for arranging mortgages include fees paid by lenders or borrower, points, other benefits, or consideration obtained in alternate or indirect ways, such as being entitled to income from invested mortgage proceeds or any kind of remuneration related to dealing with the mortgage proceeds.

Simple Referrals: Mortgage Broker Registration Not Required

An individual who becomes aware of prospective borrowers and does no more than provide the name of a mortgage broker or lender to a borrower, or the name of a borrower to a mortgage broker or lender is not engaging in any activities which are part of the mortgage arranging process. Such individuals will therefore not require registration under the *Mortgage Brokers Act*, regardless of the amount they receive as referral fees, finder's fees or other compensation throughout a year.

At the Financial Institutions Commission, we issue information bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Mortgage Brokers Act*, *Business Practices and Consumer Protection Act* and *Regulations*. While the comments in a particular part of an information bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an information bulletin generally applies as of the date on which it was published, unless otherwise specified.