

# Real Mortgage Associates Inc. Policy and Procedures Manual



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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 pretenses, 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.

#### 1.1.6.1 Duty re unlawful transactions

A brokerage shall not act as a representative of a borrower, lender or investor in respect of a mortgage if the brokerage has reason to doubt that the mortgage, its renewal or the investment in it is lawful. O. Reg. 153/15, s. 1.

#### 1.1.6.2 Duty re borrower's legal authority

A brokerage shall take reasonable steps to verify a borrower's legal authority to mortgage a property, and if the brokerage has reason to doubt the borrower's legal authority, the brokerage shall so advise each prospective lender at the earliest opportunity. O. Reg. 153/15, s. 1.

#### 1.1.6.3 Duty re accuracy of mortgage application

If a brokerage has reason to doubt the accuracy of information contained in a borrower's mortgage application or in a document submitted in support of an application, the brokerage shall so advise each prospective lender at the earliest opportunity. O. Reg. 188/08, s. 14.

##### 1.1.6.3.1 Continuation of duty

The duty to advise a lender under sections 13 and 14 continues with respect to the lender after the borrower enters into the mortgage agreement or signs the mortgage instrument or a mortgage renewal agreement, as the case may be, with the lender. O. Reg. 153/15, s. 2.

### 1.1.6.3.2 Dishonesty, fraud, etc.

A brokerage shall not act, or do anything or omit to do anything, in circumstances where the brokerage ought to know that by acting, doing the thing or omitting to do the thing, the brokerage is being used by a borrower, lender, investor or any other person to facilitate dishonesty, fraud, crime or illegal conduct. O. Reg. 153/15, s. 2.

### 1.1.7 Borrower Conduct (O. Reg. 188/08 s.12, 13, 14.1)

A Mortgage Broker/Agent of Real Mortgage Associates Inc. should immediately terminate their relationship with a Borrower & advise the prospective lender 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.

If the Broker / Agent has reason to doubt the Borrower's legal authority to the mortgage property.

### 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 (FSRA) (2006, c. 29, s.30 & 30 (6)), the Canadian Mortgage Brokers Association of Ontario (CMBA), 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, c29, 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 practicing available on the FSRA 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.

### 1.2.1 MBRCC

The Mortgage Broker Regulators' Council of Canada (MBRCC) has published a Code of Conduct for mortgage broker professionals. In its 2020-2023 Strategic Plan the MBRCC identified enhancing consumer confidence and establishing appropriate industry practice and education standards as strategic priorities.

The common principles for conduct in the Canadian mortgage brokering sector are:

1. **Compliance / Outcomes:** Regulated persons and entities must comply with legislative and regulatory requirements. They should take reasonable steps to ensure their staff and third-party partners also comply. Their conduct should embody the principles included in this Code.
2. **Accountability:** Regulated persons and entities must act in a responsible / accountable manner. They must exercise care, due diligence and sound judgement in providing products and services.
3. **Honesty:** Regulated persons and entities must conduct their activities in a truthful, clear and transparent manner. They must not mislead, hide or obscure material information.
4. **Competence:** Regulated persons must have and maintain the skills, knowledge and aptitudes necessary for their business activities. They should decline to act when they are unable to provide products / services in accordance with this Code.
5. **Suitability:** Regulated persons and entities must take reasonable steps to present products / services that are suitable for their client(s). They must have a sound understanding of how the products / services match the disclosed circumstances of their client(s).
6. **Disclosure:** Regulated persons and entities must fully disclose material information to applicable parties in a transaction. Disclosures must be meaningful and made in an honest and timely manner.
7. **Management of Conflicts of Interest:** Regulated persons and entities must identify and disclose actual, potential and / or perceived conflicts of interest to applicable parties in a transaction. They should have documented policies for managing such conflicts.

8. **Security and Confidentiality:** Regulated persons and entities must protect their clients' information. They must use and disclose it only for purposes for which the client has given consent or as compelled by law.
9. **Stewardship:** Regulated persons and entities should act ethically, with integrity and respect. They should foster a culture of compliance. Their conduct should not undermine the public's confidence in the mortgage brokering sector.
10. **Co-operation with Regulators:** Regulated persons and entities must co-operate with mortgage brokering regulators. They should report possible violations of laws, regulations or this Code to the appropriate authority.

## 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 FSRA 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 FSRA 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 1st 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.

Senior Brokers with team members are expected to manage the activities of their junior team members. The management activities are defined as but not limited to: Quarterly File Reviews, Quarterly performance reviews and the supervision of ongoing transactions. Senior brokers must ensure their juniors are properly trained in all areas covered by the MBRCC.

Junior agents are not allowed to submit files to lenders under their name as the Submission Agent. All Jr agents are listed on Filogix Expert as a member of the senior broker's team.

### 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)

### 1.3.14 Non-Monetary Incentives

Any form of non-monetary incentives i.e. lender points, gift cards etc. are required to be disclosed to the brokerage on the commission record sheet. Non-monetary incentives can come from lenders, other licenced Brokerages, clients, other licenced agents or brokers and they all must be disclosed as stated above.

## 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 FSRA 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 FSRA 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 FSRA. To verify your Authorized Name, visit the FSRA 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 FSRA** that this is the name under which you wish to conduct your business. In these cases, FSRA 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 FSRA'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)).

All Ontario mortgage agents and brokers must include 4 items in all public relations materials

- The agent or broker's licensed name,
- The agent or broker's approved title, (Mortgage Agent Level 1, Agent Level 1, Mortgage Agent Level 2, Agent Level 2, Mortgage Broker, Broker)
- The authorized name of their sponsoring brokerage, and The 5-digit licence number of their sponsoring brokerage

Example:

John Smith, Mortgage Agent Level 1  
ABC Mortgage Brokerage, Licence# 11111

Review advertising requirements on FSRA's website: ( Mortgage industry public relations and advertising requirements | Financial Services Regulatory Authority of Ontario (fsrao.ca))

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.

#### 1.4.5 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 FSRA. Any change of address for branch offices must be notified to FSRA 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 FSRA 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.

## 1.4.6 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

## 1.4.7 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**.

## 1.4.8 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.

### 1.4.9 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. FSRA 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.

Identification examples: Valid Driver's License, Credit cards, SIN card, Canadian Passport, Canadian Citizenship, Certificate of Indian Status issued by the Gov. of Canada. Can Pass Air Membership Card issued buy Canada Border Service agency. If the Valid ID. is blurry, we require that the agent witnesses signature the validation of the photo ID. and dated as well.

For the Lender/Investor: The acceptable identification verification as per above, if the Lender/Investor is an individual, then same as above identification is required. If the lender/Investor is a Corporation, a valid copy of the Articles of Incorporation would be required in the file. If the Lender/Investor is Sole Proprietorship, a valid copy of the Business registration is required.

#### 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 initialed 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 FSRA 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 (KYC) 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 Lender 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 FSRA audit. Therefore, at a bare minimum, basic information about the Lender may include copies of their identification, and self declarations of "Lender Risk Tolerance" must be kept in this file.

Identification Example: Valid Driver's License, Credit cards, SIN card, Canadian Passport, Canadian Citizenship, Certificate of Indian Status issued by the Gov. of Canada. Can Pass Air Membership Card issued by Canada Border Service agency. If the Valid ID. is blurry, we require that the agent witnesses signature the validation of the photo ID. and dated as well.

For the Lender/Investor: The acceptable identification verification as per above, if the Lender/Investor is an individual, then same as above identification is required.

If the lender/Investor is a Corporation, a valid copy of the Articles of Incorporation would be required in the file. If the Lender/Investor is Sole Proprietorship, a valid copy of the Business registration is required.

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). At RMA we do not provide an exception for document requirements regardless of the lenders qualification as a Sophisticated Lenders. 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)).

## 1.7 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 or designee 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
	Mortgage Fraud Checklist

#### 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 documented 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 canceled, or you know it will not proceed, the Brokerage is also is responsible to retain the file for a minimum period of 6 (six) years (O. Reg. 188/08 s.46 (4)). Forward all documentation related to this file electronically to the Brokerage as indicated within 60 days of cancellation. (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)

## 2.1 Overview and Directions

The following two sections contain all of the critical Policies and Procedures as well as the Code of Ethics, which are designed to govern how all of our Mortgage Brokers/Agents will conduct their day-to-day business. If you have a question about how to conduct your business, chances are the answer is contained in this or the next section of the Manual.

We have broken this portion into sub-sections containing our Human Resources, Consumer Complaints, Advertising, and Business Conduct Policies and all related Procedures for each sub-section. (For details on specific Policies and Procedures relating to all mortgage transactions, please refer to section 3).

These Policies were developed in order to provide an equitable environment for all Mortgage Brokers/Agents, and to ensure that our business is conducted according to all applicable rules and regulations contained in the Mortgage Brokerages, Lenders, and Administrators Act, (2006) and its Regulations. A complete copy of the Act and relevant Regulations are available from the Principal Broker, in case you ever need to refer to them.

It is extremely important that these Policies and Procedures are followed as described herein. Failure to follow them can lead to:

- Reputational Risk to our Brokerage, the Principal Broker, yourself, and your fellow Brokers and Agents;
- Legal Risk to the same entities above in the form of civil actions and, in some cases, police investigations and criminal charges; and
- Business Risk in the form of financial and regulatory penalties levied against this Brokerage, the Principal Broker, and yourself, up to and including the termination of our Brokerage Licence and your Broker or Agent Licence by the Financial Services Commission of Ontario.

It is, therefore, **extremely important** that you follow the Policies and Procedures as outlined in this Manual. If you have any questions whatsoever about any of them, please ask the General Manager or Principal Broker/Compliance Officer. Failure to do so may result in severe penalties and disciplinary action up to, and including, termination of your contract with this Brokerage.

Please review this section in detail. Take your time. It is written in plain English, and you will be asked to sign a certification that you have read, reviewed, and understand the information contained in this Manual. This acknowledgement will be renewed once per year, and will be kept in your personnel file.

Always remember the **cardinal rule** as it applies to the conduct of your business: If you suspect something is wrong, or if your intuition tells you something isn't quite right, chances are **there is something wrong**. In all cases like this, consult with the Principal Broker for guidance or advice on how to handle the situation.

## 2.2 Human Resources Policies and Procedures

### 2.2.1 Hiring Policy Overview

Real Mortgage Associates Inc. is an equal-opportunity employer, whose primary goal is to build a team of Mortgage Brokers/Agents to perform outside sales tasks, as well as a supporting team whose responsibilities will include all operational, payroll, audit, and compliance management elements of the business. This hiring policy applies to all Employees and Independent Contractors of Real Mortgage Associates Inc.

Outside Sales Staff form the majority of the individuals this policy will apply to. When hiring for these positions, our key goal is to determine the suitability of an individual to succeed in this commission-only environment. Several tangible and intangible factors come into play when determining the potential and eventual success of a Candidate. For this reason, we have developed a detailed set of core competencies that indicate potential, but this does not necessarily guarantee success. In the end, the decision to offer a contract to a Candidate is both an objective and subjective one, based on past sales success and achievements from an objective perspective, and based on what our Brokerage feels the probability of success is for a Candidate, from a subjective perspective.

Positions of a non-sales nature will be filled from qualified applicants who possess the skill set required for the successful completion of the duties associated with the position as outlined in the job description.

### 2.2.2 Hiring Process

Hiring of all Employees and Independent Contractors will be done using the following process:

- 1) If someone other than the Principal Broker is attempting to hire the individual (e.g. for their sales “team”, etc.), initial discussions and meetings are permitted between the Mortgage Broker/Agent and the Candidate. However, once a Mortgage Broker/Agent contracted and authorized by our Brokerage determines they have found a suitable Candidate for their needs, said Candidate will be introduced to the Principal Broker, and the remainder of this process will apply.
- 2) All Candidates must:
  - a. Complete the Application, which they must sign;
  - b. Provide a copy of their resume with their Application ;
  - c. Provide one piece of photo identification (to be photocopied);

*Example:* Valid Driver's License, Credit cards, SIN card, Canadian Passport, Canadian Citizenship, Certificate of Indian Status issued by the Gov. of Canada. Can Pass Air Membership Card issued buy Canada Border Service agency. If the Valid ID. is blurry, we require that the agent witnesses signature the validation of the photo ID. and dated as well.

d. Provide at least two references, one of which may be personal, but one of which must be a previous Employer or Co-worker who has knowledge of their prior business conduct.

- 3) All Candidates will be provided with a complete job description for the position for which they are being considered. Should they be hired/contracted, a copy of the job description signed by the Candidate will be placed in their file as per the HR File Checklist.
- 4) Following Real Mortgage Associates Inc.'s review of the application and other documentation provided by the Candidate, our Brokerage will arrange an interview either in-person or (where required) via telephone or web conference. Any Candidates that do not meet our employment requirements for any reason whatsoever will remain classified as Applicants. Applicants may only apply once every six months for Candidate status.
- 5) Following the interview, and at the discretion of the Principal Broker, the Candidate's status will be changed to "Investigate," and the background check process will commence. This process must include:
  - a. Verification of any Letters of Reference provided;
  - b. Documented contact with any references provided;
  - c. Request and receipt of a Credit Bureau for the Candidate from a Credit Reporting Agency (Equifax, TransUnion, etc.);
  - d. Verification of the identity of the Candidate.
- 6) If investigation of the Candidate's background proves that they are suitable to be licensed as a Mortgage Broker or Mortgage Agent under the MBLAA, 2006, Real Mortgage Associates Inc. will make a conditional offer of employment/contract to the Candidate. The conditional aspect of the offer will depend on the Candidate agreeing to acknowledge our Brokerage's Code of Ethics and Policies and Procedures in writing, and any other condition that should be met before the Candidate may consider themselves an Employee/Independent Contractor, including the results of the criminal background check performed by FSCO on every Applicant for a Mortgage Agent or Mortgage Broker licence.
- 7) Following an acceptance of an offer of Employment/Independent Contractor Agreement, all new Employees/Independent Contractors will be given a start date, and will be provided a copy of these Policies and Procedures. All required forms must be signed and system setups be completed BEFORE actual work is performed or any applications submitted to Lenders.

### 2.2.3 Errors & Omissions Insurance Coverage

Real Mortgage Associates Inc. will arrange errors and omissions coverage for you under our master policy (O. Reg. 408/07 s. 1, 2 & 3). This coverage is vitally important to you. In the event that an error is made in the course of executing one of your mortgage transactions, and in the event you are subject to litigation, this insurance will protect you from potential financial ruin. The cost of this insurance will be invoiced to you annually by the brokerage.

### 2.2.4 Employee/Contractor Setup

Once a contract offer is accepted by a new Mortgage Broker/Agent, the following setup items will be arranged by/co-ordinated by our Brokerage's Administration Staff:

1. **Application System Setup** - We will order, then provide you with any codes required in order to access our mortgage application system.
2. **FSCO Licence Application/Transfer** - We will arrange to contact your previous Brokerage (if applicable) as per FSCO regulations, and will transfer your licence on the day you are scheduled to start with us. We will co-ordinate this with you directly so you are kept informed throughout the process.
3. **Orientation Process** - There are a number of other forms, etc. that you will need to review (including this manual) prior to commencing work for Real Mortgage Associates Inc. This will be done prior to your start date, and will be arranged by the Principal Broker.

### 2.2.5 Current HR Policy Forms

What follows are copies of all forms currently used for purposes relating to this section. Should these forms be amended at any time in the future, you will be sent a new copy of the form to place in this binder, replacing the old one. In this manner, you can ensure the information in this binder is always current.

In this section, you will find the following:

- Employee Application Form
- Applicant Evaluation Form (Interview)
- Telephone Reference Check Form

## 2.3 Privacy Policy

### 2.3.1 Overview

At Real Mortgage Associates Inc., we respect the privacy of our Mortgage Brokers/Agents and we are committed to keeping your personal information accurate, confidential, secure and private. We have adopted the following Privacy Policy to ensure that we continue to meet our commitment to your privacy.

The following sections, read as a whole, comprise our Privacy Policy:

1. Introduction
2. The Ten Principles of Privacy
  - a. i)Application of the Ten Principles
  - b. The kind of information we collect
  - c. How we use your information
  - d. When can we disclose your personal information
  - e. Who we share your information with
  - f. How we safeguard your information
  - g. Web site security
  - h. Accessing your personal information
  - i. Opting out
  - j. Questions, Concerns and Complaints About our Privacy Policy

### 2.3.2 Introduction

We provide a variety of products and services to the public, including, but not limited to Mortgage Financing Services, Lease Financing Services, and Mortgage Life Insurance Services.

In the course of complying with the various financial regulations that apply to mortgage brokering, we are required to collect, with your consent, certain personal information about you.

**“Personal Information”** means information about an identifiable individual Broker/Agent. This may include, without limitation, your name, home address, email address, age, gender, income, personal preferences, and other information about you or your family.

Our Privacy Policy is based on, and complies with, Canada’s Personal Information Protection and Electronic Documents Act (“PIPEDA”), which includes the Ten Privacy Principles outlined in the Canadian Standards Association Model Code for the Protection of Personal Privacy. For more information about this legislation, you can visit the official website of the Privacy Commission of Canada at <http://www.privcom.gc.ca>. Adherence to this policy is required of all contractors and employees.



The Privacy Policy describes the ten principles that we follow to ensure that we protect your personal information when we collect, use or disclose it in the course of carrying on commercial activities in Canada. Any Employee or Contractor of Real Mortgage Associates Inc. who may have a need to access to your personal information must be knowledgeable of this Privacy Policy and adhere to the Privacy Policy and related procedures. To this end, we have appointed a Privacy Officer (the Principal Broker of our brokerage) to ensure compliance by all.

### 2.3.3 The Ten Principles of Privacy

The following Ten Principles govern our actions as they relate to the use of your personal information:

- Principle 1 - Accountability
- Principle 2 - Identifying Purposes
- Principle 3 - Consent
- Principle 4 - Limiting Collection
- Principle 5 - Limiting Use, Disclosure and Retention
- Principle 6 - Accuracy
- Principle 7 - Safeguarding Personal Information
- Principle 8 - Openness
- Principle 9 - Accessing and Amending Your Information
- Principle 10 - Addressing Mortgage Expert Complaints

#### **Principle 1 - Accountability**

We are accountable for all personal information in our possession or custody, including personal information disclosed to third parties for purposes of providing services requested by you.

#### **Principle 2 - Identifying Purposes**

We will inform you of the purposes for which we are collecting any personal information, either before, or at the time the information is collected.

#### **Principle 3 - Consent**

We will obtain consent from you before or when we collect, use or disclose your personal information.

#### **Principle 4 - Limiting Collection**

The information collected will be limited to those details necessary for the purposes we have identified that relate to managing our relationship with you. Information will be collected by fair and lawful means.

#### **Principle 5 - Limiting Use, Disclosure and Retention**

Personal information will only be used or disclosed for the purpose for which it was collected unless you have otherwise consented, or when it is required or permitted by law.

In certain exceptional circumstances, we may have a legal duty or right to disclose personal information without your knowledge or consent with respect to matters that concern the company's or the public's interest.

#### **Principle 6 - Accuracy**

We will keep personal information as accurate, complete and current as necessary to fulfill the identified purposes for which it was collected. You may have this information amended where it is found to be inaccurate or incomplete.

#### **Principle 7 - Safeguarding Personal Information**

Personal information is safeguarded using measures appropriate to the sensitivity of the information.

#### **Principle 8 - Openness**

We will make information available to you about the Policies and Procedures we use to manage personal information.

#### **Principle 9 - Individual Access - Accessing and Amending Information**

Upon written request, you will be informed of the existence, use and disclosure of your personal information, and will be given access to it. We will respond to such requests as efficiently as possible. If we are prohibited from providing such access, we will explain the reasons for the lack of access, except where prohibited by law.

#### **Principle 10 - Addressing Complaints and Suggestions**

You may challenge Real Mortgage Associates Inc. compliance with the Privacy Policy. We have policies and procedures to receive, investigate and respond to your complaints and questions. You may also contact our Privacy Officer to express any concerns or to request access to your personal information. The contact information for this individual is provided below.

### 2.3.4 Information We Typically Collect

#### **The kind of information we collect**

The information we typically require includes:

1. Name
2. Address
3. Phone number(s)
4. E-mail
5. Social Insurance Number
6. Date of Birth
7. Banking Information
8. Personal Work History
9. Personal Background Information
10. Educational Background

Additional information may be required from you for the purposes of your employment contract, independent contractor agreement, or to allow us to comply with the MBLAA, 2006 or other laws and regulations. You will be notified of what information is required and why we require it at the time it is requested.

### 2.3.5 How Your Information Is Used

At Real Mortgage Associates Inc. we use personal information for three general purposes:

1. To provide service or benefit providers the necessary information so they can accurately and cost effectively provide these services or benefits to you;
2. To assist you in facilitating your business as a Mortgage Broker/Agent;
3. To develop and manage our professional relationship with you.

We will only use personal information for the purposes that we have disclosed to you. If we wish to use your information for a different purpose, we will notify you and ask for your consent in advance.

### 2.3.6 When Can We Disclose Your Personal Information?

We are obligated to keep your personal information confidential except under the following circumstances:

#### **1. When Authorized by You**

Many of the services offered by us require us to obtain personal information. We will use this information to tailor programs to meet your needs and objectives. We will always obtain consent from you first, and we will never use the information for purposes other than those we have told you. You may also withdraw your consent at any time, subject to any legal implications (which we will inform you about).

#### **2. When Required by Law**

In some cases, such as under a court order, we may be required to disclose certain information to persons specified in the court order. We will only provide the specific information requested and only upon being satisfied that the authorities have legitimate grounds to request the information.

#### **3. When Permitted by Law**

The legislation has provided certain situations where we are legally permitted to disclose personal information without your consent. Examples include situations involving the collection of debt in arrears, medical emergencies, or suspicion of illegal activities.

## 2.3.7 With Whom We May Share Your Information

### **1. Employees**

In the course of daily operations, access to sensitive personal information is limited to those Employees or Contractors with our Brokerage that have a legitimate reason for accessing it. As a condition of their employment, our Employees are required to follow all applicable laws and regulations, including this Privacy Policy.

Unauthorized use or disclosure of confidential Client or Contractor information by one of our Employees is prohibited, and will result in disciplinary measures against the Employee who disclosed the information in an unauthorized manner.

### **2. Affiliates**

In order to better meet your needs, we may share some of your personal information with our affiliated companies. We will only do this with your express consent and you may withdraw this consent at any time. The procedure for withdrawing consent is outlined below under the section "Opting Out".

### **3. Third Party Suppliers**

As you know, we engage and coordinate third party suppliers (Lenders) to provide you with services offered through this Brokerage.

Such suppliers are only given the information that is needed to communicate with you directly about their products and services. Suppliers are contractually bound to protect the confidentiality of your personal information, and they are prohibited from doing anything with this information that we have not authorized them to do. They are required to treat your personal information in a manner consistent with our Privacy Policy.

### **4. Sale of Business**

We may transfer your personally identifiable information to a third party in connection with a sale, merger or other disposition (whether of assets, stock or otherwise) of our business.

## 2.3.8 How We Safeguard Information

Real Mortgage Associates Inc. has extensive controls in place to maintain the security of its information and information systems. Personnel files are stored according to the sensitivity of the information contained therein. Appropriate controls (such as restricted access) exist on our computer systems and form part of our data processing procedures. Physical access to areas where your personal information is gathered, processed or stored is secured and limited to authorized Employees.

### 2.3.9 Accessing and Amending Your Information

You have the right to access the personal information we keep in your file and you have the right to verify or amend the information if it is shown to be inaccurate. If you would like to view the personal information held in your file, please make a written request to the Privacy Officer at the address listed below. We will respond to your request as quickly as possible.

To make a change to your personal information, please make a similar request in writing to the Privacy Officer.

### 2.3.10 Opting Out

In order to assist you in dealing with third party service providers, we may, with your consent, share your personal information with these and other affiliated companies. Should you not want relevant personal information shared with these companies, please contact the Privacy Officer directly.

### 2.3.11 Questions, Concerns and Complaints

If you have any questions, concerns, or complaints about your personal information, or about our Privacy Policy, please contact our Privacy Officer. Their contact information is available from the Principal Broker of our firm.

## 2.4 Harassment /Non-discrimination Policy

### Workplace Violence and Harassment Prevention Program Real Mortgage Associates

#### 2.4.1 Introduction

Real Mortgage Associates (RMA) is committed to the protection of its employees and community. This Workplace Violence and Harassment Program (the "Program") is intended to implement the RMA's Workplace Violence and Harassment Policy (the "Policy"), in accordance with the *Occupational Health and Safety Act*. The following definitions apply under this Program:

"employer" means a person who employs one or more employees or contracts for the services of one or more employees and includes a contractor or subcontractor who performs work or supplies services and a contractor or subcontractor who undertakes with an owner, constructor, contractor or subcontractor to perform work or supply services;

"supervisor" means a person who has charge of a workplace or authority over an employee;

"employee" means a person who performs work or supplies services for monetary compensation

"workplace" means any land, premises, location or thing at, upon, in or near which an employee works.

An employee can be an independent contractor and a part-time or seasonal employee. The workplace includes the offices located at 578 Upper James St. Hamilton, Ontario, when RMA has hired an individual to perform work or supply a service for monetary compensation within the offices of RMA.

The Program applies to all owners, agents, visitors, employees, supervisors, members of the public and the Board of Directors at the workplace.

Workplace Violence is defined as: the exercise of physical force or an attempt to do so by a person against an employee, in a workplace, that causes or could cause physical injury to the employee. Moreover, a statement or behaviour that it is reasonable for an employee to interpret as a threat to exercise such physical force against the employee also constitutes Workplace Violence. Accidental situations are not included in the definition of Workplace Violence, but situations where an individual unintentionally causes violence due to a medical condition are included. Violent behaviour in the workplace is unacceptable from anyone.

Workplace Harassment means engaging in a course of vexatious comment or conduct against a person in the workplace - a comment or conduct that is known or ought to be known to be unwelcome. Workplace Harassment does not include differences opinion or minor disagreements or reasonable action or conduct by an employer or employee within normal work functions (i.e., changes in work assignment, scheduling, job assessment and evaluation, workplace inspections, implementation of dress codes and disciplinary action). Harassment may also relate to a form of discrimination under the Ontario Human Rights Code, but it does not have to. Any behaviour that would meet the definition of Workplace Violence does not constitute Workplace Harassment.

As there are 5 or less employees at RMA, RMA shall inspect the workplace on a monthly basis for hazardous situations or potential violence. RMA is responsible to perform the Workplace Violence Risk Assessment as often as required, but at least on a yearly basis. RMA will implement preventative measures from any risks evaluated into this Program and shall provide the results of the Workplace Violence Risk Assessment to all the employees at RMA.

#### Implementation of the Program

RMA shall cause this Program to be distributed to all employees or shall make employees

aware of its existence and the ability to request a copy. It is the commitment of the Board of Directors to investigate and address any incidents of harassment or violence reported and take appropriate measures to eliminate violence and harassment in the workplace. RMA and employees have a duty to comply with this Program and with the Occupational Health and Safety Act.

#### Risk Assessment

RMA has caused a Workplace Violence Risk Assessment to be performed on or about June 20, 2011 and the following risks have been identified:

- Outside workers and agents have occasional direct access to employees

#### Duties and Responsibilities of Employer, Supervisor and Employees

When RMA identifies risks of workplace violence and harassment in the workplace it must advise each employee of these risks. An employee shall be advised of the existence of the Workplace Violence and Harassment Policy and this Program upon commencement of the work. Should any significant change in the risk or the Policy/Program occur, or when circumstances indicate that additional instruction in the Policy/Program is required, RMA shall advise employees. Violations of the Program may warrant progressive discipline up to and including dismissal/revocation of privileges. Inappropriate behaviour will be tracked and monitored by RMA.

## 2.4.2 CONTROL MEASURES TO RISK

### **Summoning Immediate Assistance**

Employees may summon immediate assistance during an incident of violence or potential incident of violence by contacting Ron De Silva at 1-416-788-5363

### **Clients/Agents/Outside Workers Have Occasional Access to Employees**

When dealing with clients/agents/outside workers, employees should try and be in an area that is visible to other employees or the public.

When an RMA agent or hired contractor is called to go into the offices, Ron De Silva should let the employees know ahead of time to check for any signs of aggression

If an RMA agent or hired contractor is attending RMA offices, Ron De Silva should advise an employee or a supervisor of the time and date of attendance and the expected duration of the visit. Employees should, upon completion of the visit to the offices, follow up with Ron De Silva or a supervisor. If such follow up is not received, Ron De Silva or supervisor should attempt to contact the employees. If contact cannot be made after reasonable attempts, Ron De Silva should be alerted that contact has been lost with the employee and then those individuals should physically locate Ron De Silva. It is

important that this procedure of checking in and following up be diligently adhered to so as not to cause any false alarms.

### **Employees Work in Remote or Isolated Areas**

Employees working in isolated areas should maintain regular contact with another employee, a supervisor or supervisor. The employees should decide upon an interval of time at which the isolated employee will check in. The isolated employee should check in at the designated time failing which the other employee or supervisor shall attempt to contact the isolated employee. If contact cannot be made after reasonable attempts, the supervisor or other employee should alert Ron De Silva that contact has been lost and then those individuals should physically locate the isolated employee to confirm that the isolated employee is not in any harm. It is important that this procedure of checking in be diligently adhered to so as not to cause any false alarms.

### **Procedure for Working/Traveling Alone**

When employees work or travel alone or at increased times of vulnerability (i.e., late at night, early in the morning, when it is quiet), employees should leave the building in groups.

Employees should take the following precautions when travelling alone:

- Be observant - look and listen;
- Do not sling purses or bags over the shoulder or around the neck;
- Carry keys in your hand;
- Walk around your vehicle and check the back seat before unlocking it;
- Make sure you lock your vehicle and keep the windows up;
- Choose a parking spot or a walkway that is well lit;
- Maintain gas in your vehicle and otherwise fill up at well-lit and busy gas stations.

### **Emergency Procedures**

RMA has designated the employee's vehicle as a safe area for employees in the event of a violent or potentially violent incident. If a employee feels endangered they should immediately proceed to the designated safe area and once they have secured the area the employee should immediately call for assistance whether internally by calling Ron De Silva at: 1-416-788-5363 or by calling 911 as appropriate. RMA shall ensure that each employee has these contact numbers readily available and should inform employees of these numbers when an employee attends at RMA.

Employees should also ensure that their work area provides an exit route for situations in which they are dealing with individuals who may become aggressive or violent.

### **Aggressive Behaviour Information**

RMA must provide employees with information, including personal information, related to a risk of workplace violence from a person with a history of violent behaviour. However, this duty is limited and applies only when the employee can be expected to encounter the violent person in the course of work and the risk of workplace violence is likely to expose the employee to



physical injury. RMA must not disclose more information than is reasonably necessary for the protection of an employee from physical injury. When the workplace exposes an employee to a person with aggressive or violent behavior, RMA shall determine which employees would be likely to encounter the individual and explain the history of violent behavior to the employee if applicable.

If RMA feels that personal medical information should be disclosed to an employee, RMA may obtain legal advice about possible implications under human rights or privacy legislation. If an individual has a medical condition which may inadvertently expose an employee to risk of physical injury, RMA will advise any employee who may have exposure to that individual.

The following are some indicators of an individual who may be experiencing aggression:

- Clenched fists, gritted teeth, reddened face, widened eyes, flaring nostrils, rapid breathing, direct prolonged eye contact
- Motor agitation, such as agitated pacing and inability to remain still
- Hallucinations, which can be auditory or visual and may be benign or command-orientated
- Sudden change in or extremes of affect (exhilaration, grandiosity, exaggerated gestures)
- Sudden lack of affect in someone who was previously very agitated and threatening, which may indicate that he's made a decision to take violent action
- Use of alcohol or drugs.

If any of these risk factors are witnessed, the employee may be in a crisis situation and will need to proceed with de-escalation or proceed to the designated safe area and call for immediate assistance.

### 2.4.3 Managing Aggression

The majority of situations, where there is a potential for violence, can be handled through communication. Aggression can be defined as any behaviour that is perceived as being deliberately harmful and damaging either psychologically or physically.

Employees faced with aggressive individuals should assess the risk of violence by considering the following:

- Is the aggressor facing a high level of stress? (e.g. a recent bereavement)
- Does the aggressor seem to be drunk or on drugs?
- Does the aggressor have a history of violence?
- Does the aggressor have a history of psychiatric illness?
- Has the aggressor verbally abused individuals in the past?
- Has the aggressor threatened individuals with violence in the past?

## 2.4.4 Communication

Communication is a two-way process that relates to verbal interaction (listening, speaking and hearing), non-verbal interaction (interpretation and observational skills - looking and seeing).

To minimize communication problems employees should use language appropriate to the aggressor (in his/her language if possible and using an interpreter where necessary), take time to communicate, check they are understood, encourage and give feedback, and make sure the conversation takes place at an appropriate time and place (where possible).

Some of the common inhibitions to effective communication are:

- Noise
- Language
- Perception and prejudice
- Intrusion of personal space

We cannot necessarily avoid or overcome all these barriers but we need to find ways of minimizing them.

### Noise:

Noise is a major distraction when trying to communicate. It's hard to hold a discussion against a noisy background.

### Language:

An individual who is attempting to de-escalate a situation should speak in a direct and explicit manner as possible and avoid emotive language

### Perception and Prejudice:

Everybody has a unique background and history with influences and experiences that form our way of looking at the world. It is important to recognise our prejudices for what they are and to work round the prejudices of others. We have to maintain a professional attitude by not allowing our own perceptions to get in the way of our duties and responsibilities towards others, or to let our prejudices influence the way we communicate.

### Intrusion of personal space:

Avoid standing too close to the person

### Non-verbal Communication

Employees should be aware of non-verbal messages that show how an individual is feeling or may respond and should apply the techniques of non verbal communication to help defuse potentially violent situations.

## 2.4.5 Diffusion Strategies

Before a situation escalates, employees may attempt to defuse the situation if appropriate.

Some common diffusion strategies include:

- Appearing confident
- Displaying calmness
- Creating some space
- Speaking slowly, gently and clearly
- Lowering your voice
- Avoiding staring
- Avoiding arguing and confrontation
- Showing that you are listening
- Calming the individual before trying to solve the problem

One should adopt a non-threatening body posture:

- Use a calm, open posture (sitting or standing)
- Reduce direct eye contact (as it may be taken as a confrontation)
- Allow the aggressive individual adequate personal space
- Keep both hands visible
- Avoid sudden movements that may startle or be perceived as an attack
- Avoid audiences - as an audience may escalate the situation
- Never Threaten - Once a threat or ultimatum has been made, it can be perceived by the aggressor that negotiations have ceased.

## 2.4.6 De-escalation Techniques

Some common de-escalation techniques include:

- Explain your purpose or intention
- Give clear, brief, assertive instructions, negotiate options and avoid threats.
- Move towards a "safer place," i.e., avoid being trapped in a corner.
- Encourage a reasoning (for their behaviour)
- Encourage reasoning by the use of open questions and enquire about the reason for the aggression.
- Questions about the "facts" rather than the feelings can assist in de-escalating (e.g., what has caused you to feel angry?)
- Show concern through non-verbal and verbal responses.
- Listen carefully and show empathy, acknowledge any grievances, concerns or frustrations. Don't patronize their concerns.
- •Ensure that your non-verbal communication is non-threatening
- Consider which de-escalation techniques are appropriate for the situation.
- Pay attention to non-verbal clues (i.e. eye contact). Allow greater body space than Normal
- Be aware of your own non-verbal behaviour, such as body posture and eye contact.
- Appear calm, self-controlled and confident without being dismissive or over-bearing.

If it does not seem appropriate to attempt to de-escalate a situation, or if an attempted de-escalation could lead to physical harm of an employee, the employee should proceed immediately to the designated safe area and call for assistance.

### Physical Environment Procedures

The physical environment of RMA has been assessed and employees should be mindful in the following areas: none at the time of assessment, although RMA will advise employees of any high-risk areas if they become known.

## 2.4.7 REPORTING INCIDENTS

### **Internal Reporting**

Any employee who experiences violence or harassment at the workplace shall report such incident, in writing, to both the Board of Directors and: Ron De Silva. Upon receipt of a written complaint, the Board shall confirm the complaint with Ron De Silva. Following confirmation of a complaint, the Board shall investigate the complaint and, if necessary, implement further controls to curb harassment or violence including reporting the incident to the police or Ministry of Labour if appropriate. There will be no reprisal for complaints made in good faith and RMA shall investigate all complaints and report to the complaining individual within 21 days of receiving a complaint. Reported incidents will be dealt with on a case by case basis. Any incident of workplace violence or harassment by an employee towards a co-employee shall result in disciplinary action which could include an immediate, one week suspension without pay and possible termination.

Examples of workplace violence and harassment that any reasonable person ought to be aware of and should report can include, but are not limited to, the following:

Verbal abuse and threatening behaviour (also known as psychological abuse)

- Shouting
- Condescending language
- Swearing
- Bullying or any other behaviour meant to intimidate, belittle or demean another
- Mobbing, by a group of individuals towards one or more employees
- Making racial slurs or comments
- Obscene or threatening phone calls at work or home
- Any behaviour meant to offend, humiliate or embarrass
- Veiled threats or open threats
- Gestures with the hands or other parts of the body that indicate harm
- Stalking
- Display or use of any kind weapon, including a gun, baseball bat, knife, surgical instrument, etc., or any other object that could be interpreted as being dangerous.
- Leering or staring

#### Physical abuse and threatening behaviour

- Slapping
- Shoving and pushing
- Pinching
- Hair pulling
- Punching
- Hitting
- Throwing an object at a person
- Kicking
- Scratching
- Tugging at clothes
- Biting
- Shooting and stabbing
- Suicide/ attempted suicide
- Mobbing

#### Damage to employees' personal property or to RMA property

- Throwing of any object
- Vandalism to employee's car
- Deliberately kicking or punching fixtures and fittings
- Banging or throwing equipment

### **Domestic Violence**

Employees can report their concerns to RMA if they fear domestic violence may enter the workplace. Domestic violence may put the targeted employee at risk and may also pose a threat to co-employees. In addition to evaluating the employee's specific circumstances, RMA shall determine how the existing procedures and measures could be used to support the development of reasonable precautions for the employee. In such cases, RMA may create an individual safety plan for the employee while at the workplace and in consultation with the employee, the police, courts, or other organizations who may also be involved. If the employee and his or her spouse work at RMA and there are concerns about domestic violence occurring in the workplace, RMA shall follow the above measures and procedures in dealing with the abusive employee's behavior. While the Occupational Health and Safety Act does not require RMA to assess the risk of domestic violence at the workplace, RMA shall conduct a review of violent incidents or threats from all sources. All incidents of potential or actual domestic violence at RMA will be treated with the utmost confidentiality and sensitivity.

### **Reporting to Police**

RMA shall report any and all incidents of violence and actionable harassment to the Police immediately. RMA shall also report any potential violence to the Police which may escalate. The closest police station to RMA is:

Mountain Police Services  
400 Rymal Road East  
Hamilton, Ontario  
Canada  
L9B 1J2

Telephone:  
905-546-4925

### **Reporting to Ministry of Labour**

When an incident of workplace violence occurs, Ron De Silva or RMA should first notify police or emergency responders for immediate assistance. In addition, under the Occupational Health and Safety Act, an employer has a number of duties if a workplace violence incident results in a person being killed or critically injured.

An employer must:

- Immediately notify, by direct means such as telephone, a Ministry of Labour inspector, the workplace's health and safety representative, if any (at the time of drafting this program, the Ministry of Labour reporting number is: 1-877-202-0008); and
- Within 48 hours notify, in writing, a director of the Ministry of Labour, giving the circumstances of the occurrence and any information that may be prescribed

If there is an incident of workplace violence and an employee is disabled or requires medical attention, the employer must notify the health and safety representative, if any, within four days of the incident. This notice must be in writing and contain the prescribed information (Section 52(1)). If required by an inspector, this notice must also be given to a director of the Ministry of Labour.

Notices are not required for incidences of harassment.

## **2.4.8 WORK REFUSALS**

### **Work Refusal Procedures**

The Occupational Health and Safety Act provides employees the right to refuse work for safety reasons. These procedures follow the requirements of the Act.

### **Right to Refuse Work**

Under the *Occupational Health and Safety Act*, an employee may refuse to work or do particular work if he/she has reason to believe that,

- Any equipment, machine, device or thing he/she is to use or operate is likely to endanger himself/herself or another employee.
- The physical condition of the workplace in which he/she works or is to work is likely to endanger him/her.
- Any equipment, machine, device or thing he/she is to operate or the physical condition of the workplace in which he/she works is in contravention of the Act and such contravention is likely to endanger himself/herself or another employee.

## Procedures for Work Refusal

### **First Stage Refusal**

1. Upon refusing to do unsafe work, the employee must immediately report the circumstances of the refusal their supervisor. The supervisor should contact the Police or the Board of Directors if appropriate.
2. The supervisor must immediately investigate the report in the presence of the Health and Safety Representative (if any). The employee representative must be made available and must attend the investigation without delay; time spent by this representative is deemed to be work time, for which the person shall be paid at his/her regular or premium rate, as may be proper. If these employees are not available, an employee selected because of his/her knowledge, experience and training should be called. The other individual to be contacted for a work refusal is the employee's immediate boss.
3. Until the investigation is completed, the employee must remain in a safe place near the work station.
4. During the investigation, supervisors must record as many details as possible regarding the refusal.
5. The Ministry of Labour is only called if the refusal progresses to the second stage.

### **Second Stage Refusal**

1. If the employee is dissatisfied with the results of the investigation and has reasonable grounds to believe that the circumstances are still such that the work is dangerous, then he/she may continue to refuse to work.
2. Upon the continuance of the employee's refusal to work, the supervisor should notify the Board of Directors, who will immediately notify a Ministry of Labour Officer. Until the Ministry is notified, the work cannot be reassigned to another employee and the employee must remain near the work station.
3. The Ministry of Labour Officer will investigate the work refusal in the presence of the employer, the employee and the employee's representative (if any).
4. Pending the investigation and decision of the officer,
  - a. The employee must continue to remain at a safe place near the work station during his/her normal working hours unless the supervisor assigns the employee reasonable alternative work during those hours, or, if such an assignment is not

practicable, the supervisor may give the employee other directions (which may include being sent home).

- b. No other employee shall be assigned to the work that is being investigated unless that employee has been advised of the other employee's refusal and reasons for it, in the presence of the employee representative, and has signed a statement of being advised of the refusal.
5. Supervisors must take great care that they do not intentionally penalize any employee for exercising, or seeking to exercise their rights under the Act.
6. After the investigation, the officer will decide whether the machine, device, thing or workplace is likely to endanger the employee or another person. This decision will be given in writing, as soon as practical, to the employer, the employee and the employee's representative.
7. If the inspector does not consider the refusal to be based on reasonable grounds, the employee is expected to return to work. If, however, the employee maintains that he/she has reasonable grounds for refusing such work, the inspector cannot order a return to work. If, however, no reasonable grounds exist for such further refusal, the employee may be subject to disciplinary action by the employer.

### **Employer Reprisals Prohibited**

If an employee has acted in compliance with the Occupational Health and Safety Act, its regulations or an order made under them, the employer (or any person acting on its behalf) may not, because the employee so acted,

1. Dismiss or threaten to dismiss the employee;
2. Discipline or threaten to discipline the employee;
3. Impose any penalty on the employee;
4. Intimidate or coerce an employee.

If an employee complains that the employer (or a person acting on its behalf) has improperly taken any of these actions, he/she may file a grievance.

Work refusals can be avoided with a workplace commitment to health and safety, advising employees of hazards, providing safety training, and keeping the lines of communication open to encourage an atmosphere where employees feel free to raise health and safety concerns at any time, knowing RMA will treat them seriously.

### **Supervisor Notification to Board of Directors**

Before imposing discipline or sending employees home during or after a work refusal, supervisors must consult with the Board of Directors or Ron De Silva who may seek legal advice.





By signing and dating the below you acknowledged that you have read Real Mortgage Associates Inc. Workplace Violence and Harassment Prevention Program

.....  
Please Print Name

.....  
Please Sign Name

.....  
Date

Real Mortgage Associates  
Licence # 10464  
578 Upper James  
Hamilton, ON  
L9C 2Y6

## 2.5 Email Usage Policy

### 2.5.1 Introduction

The purpose of this policy is to ensure the proper use of our internal email system and make users aware of what our firm deems as acceptable and unacceptable use of its email system. Real Mortgage Associates Inc. reserves the right to amend this policy at its discretion. In case of amendments, users will be informed appropriately.

### 2.5.2 Legal and Reputational Risks

Email is a business communication tool and users are obliged to use this tool in a responsible, effective, and lawful manner. Although by its nature email seems to be less formal than other written communication, the same laws apply. Therefore, it is important that users are aware of the legal and reputational risks of email:

- If you forward emails with any libellous, defamatory, offensive, racist, or obscene remarks, you and Real Mortgage Associates Inc. can be held liable;
- If you unlawfully forward confidential information, you and Real Mortgage Associates Inc. can be held liable;
- If you unlawfully forward or copy messages without permission, you and Real Mortgage Associates Inc. can be held liable for copyright infringement;
- If you send an attachment that contains a virus, you and Real Mortgage Associates Inc. can be held liable.

In addition, any of the above could lead to negative media coverage, which would damage your personal reputation, the reputation of Real Mortgage Associates Inc., and the reputation of our industry in general. By following the guidelines in this Policy, you can minimize the legal and reputational risks involved in the use of email. If you disregard the rules set out in this Email Policy, you will be fully liable for your actions, and Real Mortgage Associates Inc. will disassociate itself from you as far as legally possible should there be any litigation or criminal action as a result. Failure to follow this Policy may result in disciplinary action up to, and including, dismissal from Real Mortgage Associates Inc. or termination of your contract.

### 2.5.3 Legal Requirements

The following rules are required by law and are to be strictly adhered to. It is prohibited to:

- Send or forward emails containing libellous, defamatory, offensive, racist, or obscene remarks;
- Send unsolicited email messages;
- Forge or attempt to forge email messages;
- Disguise or attempt to disguise your identity when sending mail;
- Send email messages using another person's email account;
- Copy a message or attachment belonging to another user without permission of the originator.

### 2.5.4 Best Practices

Real Mortgage Associates Inc. considers email an important means of communication and recognizes the importance of proper email content and speedy replies in conveying a professional image and delivering good customer service. Users should take the same care in drafting an email as they would for any other communication. Therefore Real Mortgage Associates Inc. wishes users to adhere to the following guidelines:

#### **Replying to emails**

- Emails should be answered within at least 8 working hours, but users should endeavour to answer priority emails within 4 hours;
- Priority emails are emails from existing Customers and Business Partners. Maintenance
- Delete any email messages that you do not need to have a copy of, and set your email client to not leave a copy of the email message on the server.

#### **Confidential Information**

Email is not a secure medium, meaning it can be easily compromised or read by third parties in transport. As a general rule, sensitive or confidential information should not be sent by email. However, if there are circumstances where you must, please follow this procedure:

- Place the information in the form of a document using your word processor (e.g. Microsoft Word) or in Portable Document Format (PDF). Both of these formats have the option to protect the document with passwords.

- If the information is in the form of scanned documents, use a program such as WinZip or WinRAR to compress (.zip or .rar) your files, and add a security password to the compressed file.
- Contact the other party and give them the password. Passwords should never be sent to the recipient via email; instead, they should be sent via other means (preferably verbally over the telephone). This ensures the locked document and the password can only be combined by the intended recipient.

### 2.5.5 Encryption

Users may not encrypt any emails without obtaining written permission from our brokerage. If approved, the encryption key(s) must be made known to the company.

### 2.5.6 Email Accounts

All email accounts maintained on our email systems are the property of Real Mortgage Associates Inc. Passwords should not be given to other people and should be changed once a month. Email accounts not used for 60 days will be deactivated, and could face deletion from our email system.

### 2.5.7 System Monitoring

Users expressly waive any right of privacy in anything they create, store, send, or receive on the Brokerage's computer system. Real Mortgage Associates Inc. can, but is not obliged to, monitor emails without prior notification. If there is evidence that you are not adhering to the guidelines set out in this policy, Real Mortgage Associates Inc. reserves the right to take disciplinary action, including termination and/or legal action.

### 2.5.8 Disclaimer

The following disclaimer should be added to each outgoing email:

"You have received this e-mail message from <Agent or Broker Name> of Real Mortgage Associates Inc. This message is intended solely for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. Any other distribution, copying or disclosure is strictly prohibited. If you have received this message in error, please notify the sender immediately by replying to this email, and confirm the deletion of the original e-mail and any attachment(s)."

## 2.6 Complaints Policy

### 2.6.1 Introduction

No matter how hard we try to do the best we can for our Clients, there will always be those occasional situations where Clients are simply not happy with their experience of acquiring a mortgage through our Brokerage. This policy exists for two reasons:

- To ensure we meet the needs and expectations of our Clients when responding to their concerns;
- To comply with the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.41).

### 2.6.2 Definition of Complaint

It is important to define what we mean by “Complaint” in this policy. During the course of interactions with Clients (defined as either an Investor or Borrower), Mortgage Brokers/Agents should strive to communicate effectively at all times, and ensure proper notes are taken regarding conversations with clients to avoid confusion at a later date. Issues will arise, and most of these will usually be dealt with during your interactions with the Client directly. If, however, a situation arises where the Client remains unhappy, and states that they wish to lodge a complaint (or “speak to your Boss/Manager/Broker” etc.) then the following policy applies.

### 2.6.3 Complaints Officer

The Principal Broker of the firm is the designated Complaints Officer. Any and all complaints should be brought to the attention of the Principal Broker immediately.

### 2.6.4 Registration of Complaint

Upon notification by the client that they wish to file a complaint, you must escalate the situation to the Complaints Officer. Should the Client wish to deal directly with the Complaints Officer, provide their contact information to the Complaints Officer or, if the Client insists, provide the Client with the name of the Complaints Officer and provide the following information to the client:

- Real Mortgage Associates Inc.’s telephone number
- Real Mortgage Associates Inc.’s mailing address
- The email address of our Principal Broker

## 2.6.5 Processing of Complaint

Upon receipt of a complaint from a Client, the Complaints Officer will take immediate action to investigate. Should the complaint relate to a completed file, the Complaints Officer will pull existing documentation on file with our Brokerage. The Complaints Officer will review the documentation, and then forward the complaint to the specific Mortgage Broker/Agent for comment. Should the complaint relate to a file in progress, the Complaints Officer will immediately contact the Mortgage Broker/Agent responsible for the file and forward the complaint for comment.

Should the Mortgage Broker/Agent responsible for the file not be forthcoming in dealing with the matter, the Complaints Officer will take all reasonable steps to deal with the matter.

Should the complaint relate to an issue relating to the Mortgage Brokerage, Lenders, and Administrators Act, 2006 or its Regulations, all efforts will be made to determine if the transaction was in compliance with these rules of conduct for our industry. If a breach of the legislation is discovered, remedial action will be taken immediately.

Should the complaint be of such a nature that a claim against our Brokerage's errors and omissions insurance policy is possible, the Complaints Officer will notify the Insurer of the potential claim.

## 2.6.6 Response Process - Verbal Complaints

The Complaints Officer will respond to a Client verbally regarding any complaint within 48 hours of receipt. If the Client remains agreeable to this process, then the Complaints Officer will continue to report to the Client as is reasonable given the circumstances of the complaint.

Should the complaint still remain unresolved in the mind of the Client, the Complaints Officer will advise the Client to document their complaint and forward it directly to the Complaints Officer in writing, via letter mail or email.

## 2.6.7 Response Process - Written Complaints

The Complaints Officer will respond to Clients verbally regarding any complaint within 48 hours of receipt, and will follow up with a written response as quickly as reasonable under the circumstances (and allowing for proper investigation).

Any written response must also tell the Client who made the complaint that, if they are not satisfied with the proposed resolution and if the Client believes that the complaint relates to a contravention of the Act or a regulation, the Client may refer the complaint to the Superintendent of the Financial Services Commission of Ontario. A copy of the official FSCO Mortgage Business Activity Complaint Form must also be included with any written response.

At no time will any of Real Mortgage Associates Inc.'s Mortgage Brokers/Agents respond directly to a written complaint. Written complaints must be forwarded immediately to the Complaints Officer. All responses to written complaints must come directly from the Complaints Officer.

### 2.6.8 Documentation Requirements

All documentation relating to any complaint must be retained in accordance with proper file handling requirements and within the original mortgage transaction file, as per the policies outlined in the relevant section of this manual.

## 2.7 Internet & Computer Usage Policy

### 2.7.1 Introduction

The purpose of this policy is to ensure the proper use of our various computer and connectivity systems, and make users aware of what Real Mortgage Associates Inc. deems as acceptable and unacceptable use of these systems.

### 2.7.2 User Hardware Connectivity to Our brokerage Systems

Any laptop or other device you wish to use to connect to the Internet or local printers in our offices must be handed over to our IT department for proper setup and configuration. **All hard drives MUST be password protected.**

### 2.7.3 Anti-Virus Software Policy

The Canadian legal framework requires the protection of personal information. Under the federal Personal Information Protection and Electronic Documents Act and the federal Consumer Privacy Protection Act, all businesses, including mortgage brokerages and administrators, have obligations to protect specific personal client information. Cyberattacks represent a significant risk in our sector which FSRA regulates. As a Market Conduct regulator FSRA's goal is to protect unauthorized access to sensitive client information. To support FSRA licensed entities with these obligations and to effectively manage cybersecurity risks, FSRA expects entities to implement the "Principles" identified in the MBRCC Cybersecurity Guidance. (<https://www.mbrcc.ca/Documents/View/8125> )

RMA complies with the MBRCC Cybersecurity Guidance. All agents & brokers MUST have the Company Approved cybersecurity programs running on all computers that access information of

borrowers, lenders / investors, and prospective clients. All computer systems must be available for these periodic checks. If any system has passwords you will be asked to make yourself available to allow IT Department staff access to your computer, or you can provide your password(s) to the IT Department. All passwords will be kept strictly confidential and will only be used for the purpose of the aforementioned anti-virus software evaluation.

#### 2.7.4 User Responsibility

Individuals must conduct themselves honestly and appropriately on the Internet, and respect the copyrights, software licensing rules, property rights and privacy of others. Any communication in which our Brokerage's communication systems are used, including correspondence such as e-mail, constitutes our Brokerage's property. These communication systems are to only be used for legitimate business-related purposes in accordance with these Policies.

Real Mortgage Associates Inc.'s computer and communication systems are not for unauthorized use. Any unauthorized use of the Real Mortgage Associates Inc.'s computer or communication systems is strictly prohibited. Real Mortgage Associates Inc. also maintains the right to monitor Internet and email usage at any time, and to view any and all files that have been downloaded via these systems, on both personal and Company computer systems. Our Brokerage has access, through our infrastructure, to the browsing history, download history, and software inventory contained on any computer system owned by us.

Providing you with reliable Internet access represents a considerable investment in Telecommunications, software, storage, and computers. We want to be very clear on what we consider appropriate and inappropriate use of these tools in the Brokerage. By following the guidelines in this policy, the Internet user can minimize the legal risks involved in the use of the Internet. If any user disregards the rules set out in this Internet Policy, the user will be fully liable and Real Mortgage Associates Inc. will disassociate itself from the user as far as legally possible.

#### 2.7.5 Best Practices

Real Mortgage Associates Inc. provides Internet service for Mortgage Agents/Brokers and Employees, and, in some cases, computers, electronic data storage, and other electronic devices and services. It is the responsibility of every individual to ensure our Brokerage's communication systems are used for authorized business purposes only, in accordance with these policies.

Due to the nature of our business, we are entrusted with highly sensitive and confidential financial information belonging to our Clients that, in the wrong hands, could be used for the purposes of fraud or identity theft. Therefore, we must be vigilant in ensuring our systems are only used in a manner that does not improperly disclose confidential, sensitive, or proprietary information to unauthorized individuals or in any way violates federal, provincial, or local laws. Real Mortgage Associates Inc. also wishes to protect our computer



systems from attack by “worms” and “viruses” by severely restricting the use of our computers for the purposes of accessing personal e-mail accounts, instant messaging services, blogs, social networking, and other websites.

## 2.7.6 Authorized Use

The following activities are considered appropriate use of Internet services provided by Real Mortgage Associates Inc.:

- Communicating with colleagues, customers, prospects, and suppliers regarding business matters;
- Researching topics relevant to your specific business requirements;
- Conducting other business activities that are directly relevant to your specific business requirements or productivity; and
- Accessing the Internet from the Company-owned network for personal emergency use.

When using our resources, please remember:

- All existing Brokerage Policies apply to your conduct on the Internet, especially those that deal with property protection, privacy, misuse of resources, harassment, information, and data security
- Consideration for other users should be shown by not monopolizing system resources and adhering to the security measures that have been put in place to maintain system integrity.

## 2.7.7 Unauthorized Use

Although this list is not exhaustive, the following activities are considered prohibited:

- Transmission of “chain” or any other offensive, potentially harassing, or threatening emails;
- Any use of the Internet for illegal activities, or to transmit SPAM;
- Disabling or circumventing security measures put in place by Real Mortgage Associates Inc. such as firewalls, authorization, virus protection, etc. and thereby putting the Brokerage’s computers and information at risk;
- Visiting sites that are considered inappropriate, pornographic, or “obscene”. If you connect unintentionally to a site that contains sexually explicit or offensive material, you must disconnect from it immediately.

You should be aware that when access is accomplished using Internet addresses and domain names registered to Real Mortgage Associates Inc., any data transmitted will be perceived by others as belonging to Real Mortgage Associates Inc. Therefore, you are strongly advised not to use the Internet for any purpose that would reflect negatively on the Company.

Special care is required when participating in chat room, newsgroup, blogs, instant messaging, and email communications. Only those authorized to speak to media, analysts, or in public

gatherings on behalf of our Brokerage are allowed to speak officially in the name of our firm to any broadcast or internet media. You should never consider ANYTHING sent on the Internet, posted to a blog, transmitted via instant message, or posted to a social networking site as private. NEVER post or transmit information that is confidential to our Brokerage, or proprietary regarding our products, markets, or business strategy.

### 2.7.8 Downloading/Uploading Software Images

Specific policies regarding the downloading/uploading of software and images, and one's general conduct while using Company Internet resources are:

- Downloading or distributing pirated software or data is prohibited;
- Ensure all legal/authorized software downloaded from the Internet via our systems is of a business-essential nature;
- Downloading entertainment software or games, or playing games against opponents over the Internet using our systems is not permitted;
- Downloading images or videos, unless there is an explicit business-related use for the material, is not permitted;
- You may not upload any software licensed to the Brokerage or data owned or licensed by the Brokerage without appropriate authorization;
- All downloaded files must first be scanned for possible virus infection;
- Any user who tries to override our security measures will be subject to legal measures;

Honestly disclose who you are when you send email, register accounts, or conduct other Internet transactions;

- Display of any kind of sexually explicit image or document on any Brokerage system is a violation of our policy on sexual harassment. Sexually explicit material may not be archived, stored, distributed, edited, or recorded using Real Mortgage Associates Inc.'s network or computing resources;
- You must keep your user ID and password information confidential;
- You may not connect your own modem to the network without proper authorization from IT.

### 2.7.9 Blogging

**Blogging Definition:** A Web site that contains dated entries in reverse chronological order (most recent first) about a particular topic (i.e. "Web Log"). Functioning as an online journal, blogs can be written by one person or a group of contributors. Entries contain commentary and links to other websites.

- Never blog about internal Brokerage matters;
- Do not use Real Mortgage Associates Inc.'s systems to create or set up blogs;

- If you are blogging about your business, you must follow all of our Brokerage’s Policies and Procedures as contained in this Manual;
- Blogs and other forms of online discourse are individual interactions and are not company communications. Individuals are personally responsible for their posts. Be mindful that what you write could be around and in the public domain forever. Consider ANY blog post as something you are broadcasting to the world, and govern yourself accordingly;
- Identify yourself. In addition, write in the first person. You must make it clear that you are speaking for yourself and not on behalf of Real Mortgage Associates Inc.;
- If you publish a blog or post to a blog and it has something to do with the work you do or subjects associated with Brokerage, use the following disclaimer in a clear and obvious location on your blog page: “The postings on this site are my own and do not necessarily represent the positions, strategies or opinions of Real Mortgage Associates Inc.”;
- You must comply with copyright, fair use, and financial disclosure laws at all times;
- Do not name, cite, or reference Clients, Partners, or Suppliers;
- Use your best judgment. There are always consequences to what you write. If you are about to post something that makes you even the slightest bit uncomfortable, review the suggestions above and think about why that is. You have sole responsibility for what you choose to post to your blog.

### 2.7.10 Questions

If you have any questions or comments about this Policy, please contact the Principal Broker directly. If you do not have any questions, our Brokerage presumes that you understand and are aware of the rules and guidelines in this Policy and will adhere to them.

### 2.7.11 Declaration

All Real Mortgage Associates Inc. Mortgage Brokers/Agents, Employees, or other Contractors that are in any way doing business under Real Mortgage Associates Inc.’s name or brand will comply with the guidelines set out in this Policy. Failure to do so may result in disciplinary action up to and including dismissal or termination of your contract, and may also lead to legal action against you.

## 2.8 Policy on Workplace Violence

### 2.8.1 Introduction

We are committed to maintaining a work environment free from violence, threats of violence, harassment, intimidation, and other disruptive behaviour. No one should ever feel threatened or unsafe while on our premises.

## 2.8.2 Policy

Anyone who engages in any physical assault, threatening behaviour, or verbal abuse in the work setting will be immediately removed from the premises and may be subject to disciplinary action, which could include termination, and possible criminal charges.

If you feel unsafe or threatened while at work, please notify the General Manager, Executive Administrator, or Principal Broker immediately. We will not discriminate against victims of workplace violence. All concerns, regardless of severity, will be handled fairly, impartially, and promptly.

However, if Real Mortgage Associates Inc. finds that a claim of workplace violence was made in bad faith, we will take disciplinary action against the person who made the bad faith claim, up to, and including, termination of employment or contract.

## 2.8.3 The Process

We all have a responsibility to prevent violence in the workplace. You can help by reporting anything you see that might indicate that an individual is in trouble or Real Mortgage Associates Inc. Policies are being disregarded. All reports will be investigated and the information will be kept strictly confidential.

In order to ensure a safe environment for everyone, no weapons or firearms, even if properly registered, are permitted on Brokerage property or in vehicles parked on our Brokerage's property.

# 2.9 Office Co-operation and Professional Conduct

## 2.9.1 Introduction

It seems simple, but it bears repeating: Treat other people the way you wish to be treated. You should always follow the Golden Rule. Nothing less than full office cooperation and professional conduct will be expected and/or tolerated.

## 2.9.2 Professional Courtesy

It is important that not only do we respect the privacy of others within the office, but also that we respect the fact that we all need each other and we are all members of the same team. Helping each other can only benefit us all in the long run to achieve a

happier and more prosperous future.

This is the true nature of professional courtesy, a practice that is expected by every Employee or Independent Contractor with our Brokerage.

### 2.9.3 Examples of Professional Courtesy

- **A Client mentions they are “already dealing with Broker or Agent in your office.”** You should tell them that you are sure that person will do a very good job for them and move on to the next opportunity. This does not refer to previous Clients, in order to be “already dealing” it is required that a current file is in process.
- **You run into a Client who indicates that they are unhappy with the service they are receiving from someone else in the office.** You should not engage in a discussion with the Client about this situation, but should respectfully decline to comment. You should then immediately communicate this conversation with the Associate involved or with the Principal Broker so that the situation may be dealt with promptly.

Remember - **Communication is the key** to a productive and healthy working environment.

## 2.10 Conflict Resolution

### 2.10.1 Introduction

From time to time, conflicts will arise between Mortgage Brokers/Agents or employees. This procedure is intended to inform you of the standard guidelines that will be followed by the management team of Real Mortgage Associates Inc. in order to resolve these issues promptly.

### 2.10.2 Process

The procedure for resolving a conflict is as follows:

The Principal Broker will listen privately to each person’s description of what led to the conflict. The Principal Broker and individuals involved will then discuss the situation that resulted in the conflict in an effort to reach a fair and satisfactory resolution for all parties involved.

### 2.10.3 Arbitration

In the event that a fair and satisfactory resolution cannot be reached, an Arbitration Committee will be appointed. The Committee will consist of each party selecting one Arbitrator of their choice, and a third individual selected by the two chosen Arbitrators. The Arbitration Committee will hear each side and make a decision that will be binding on all parties.

### 2.10.4 Arbitration Guidelines

By their very nature, all disputes involve individual factors and circumstances. While guidelines can help avoid disputes, they cannot possibly take into account all of the factors involved in each particular dispute. Consequently, each dispute must be measured on its own merits. Your role is to find a fair and just resolution that maintains office policy. Please see the office policy above regarding "Office Co-Operation and Professional Conduct".

## 2.11 Advertising Policy

### 2.11.1 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.

### 2.11.2 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.

### 2.11.3 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 FSRA. To verify your Authorized Name, visit the FSRA Website at <http://mbsweblist.fsco.gov.on.ca/agents.aspx> 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, and this name only (O. Reg. 187/08 s.8). 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 first name is David, and you are registered on the FSRA website as “William,” then you must use your full first name when marketing yourself **unless you have asked FSRA to include an alias for you under the license listing**. You cannot market yourself as “Bill” or “Willie” unless the FSRA listing also has this name listed (usually in brackets, at the end of your given names).

Please note that FSRA will accept “alias” names under which you can market yourself, as long as you notify them via email or in writing. Contact FSRA via telephone at 1-800-668-0128 and speak with the Mortgage Broker Licensing section to begin this process.

### 2.11.4 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)).

### 2.11.5 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).

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- 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

### 2.11.6 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**.

### 2.11.7 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.

### 2.11.8 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.

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.