

Information Bulletin

Bulletin Number: MB 07-001

Topic: DUE DILIGENCE REQUIRED FOR MORTGAGE BROKERS HIRING
SUBMORTGAGE BROKERS

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The Registrar of Mortgage Brokers requires that applicants for mortgage broker and submortgage broker registration shall be of good business reputation. The Registrar's staff reviews all registration applications in order to assess the applicant's suitability for registration. In particular, the staff reviews the applicant's disclosure of criminal charges and convictions, unpaid civil judgments and pending litigation, employment history, and status and disciplinary history with regulatory bodies. The Registrar expects that applicants for registration be forthright and truthful in disclosing all matters. The disclosure of any of these matters is not necessarily a bar to registration. However, the failure to fully disclose the matters asked on the application or answer questions truthfully may be considered a serious matter which can affect the individual's suitability for registration.

The application for submortgage broker registration requires that the Designated Individual certify that he or she is satisfied through personal knowledge or from inquiries that the applicant has a good business reputation and the qualifications required to be a mortgage broker. Mortgage brokers who sponsor individuals for submortgage broker registration must therefore exercise due diligence to determine the experience, qualities and business reputation of the applicant. This may require the Designated Individual to interview the applicant, contact references, verify the applicant's employment history, or ensure that full details of an applicant's criminal record or outstanding civil proceedings and judgments are attached to the application and are discussed with the applicant.

The Registrar may take regulatory action against mortgage brokers who sponsor applicants for registration if they fail to exercise due diligence to ascertain the experience, qualities and business reputation of the applicant.

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