



Real Estate Council of Ontario

Consumer Publication



3300 Bloor Street West
West Tower, Suite 1200
Toronto, ON M8X 2X2
Toll Free: 1-800-245-6910
E-mail: information@reco.on.ca

Mortgage Fraud

Mortgage Fraud continues to be an issue of concern for the real estate industry and the public.

As a regulatory body, RECO addresses mortgage fraud through education, investigative activities to ensure compliance, collaboration with organizations concerned about mortgage fraud and legal/statutory activities to impose disciplinary action on registrants found to have participated in mortgage fraud.

Enforcement

Mortgage fraud is a criminal act, and while RECO has no jurisdiction to prosecute under the Criminal Code of Canada, the Real Estate and Business Brokers Act, 2002 gives RECO the power to investigate criminal offences that are relevant to a person's fitness for registration under the Act. The Registrar's position is that any registrant proven to have knowingly participated in mortgage fraud faces losing their registration. It should be noted that some registrants alleged to have participated in mortgage fraud voluntarily terminated their registration.

Collaboration

In order to effectively combat mortgage fraud, it needs to be addressed by all parties involved in the real estate transaction. Organizations such as the Law Society of Upper Canada, the Canadian Association of Accredited Mortgage Professionals and other real estate regulatory bodies are active in combating mortgage fraud either by releasing educational information or through collaborative efforts.

Consumer Tips

Avoid being an unwitting participant in mortgage fraud. Be suspicious of situations where you are:

- Asked to inflate (overstate) your income on a mortgage application, indicate you plan to live in a property being purchased as a rental property or provide other false statements.
- Asked to sign documents that contain blanks or asked not to complete certain sections of a form or document.
- Offered a fee for the use of your name and credit information.
- Discouraged from visiting the property, having the property appraised or inspecting the property you are purchasing.

Finally, if it sounds "too good to be true" it probably is.

This publication contains general information only and should not be construed as legal or professional advice. For legal or professional advice specific to your real estate transaction or situation, you should seek the services of a professional.

For more information about the services provided by RECO, visit:

www.reco.on.ca