

Brokerage Ownership

Questions relating to brokerage ownership can often be complex. While the broker is often the owner of the brokerage; there are situations where the owner is not the broker of record. In some instances, one person (or company) owns more than one brokerage and the owner may or may not be a registrant. If the owner is a registrant, he/she can only be registered with one brokerage and can only be paid commission (or other remuneration) for trades in real estate from the brokerage with whom he/she is registered.

While one entity may own multiple brokerages, each brokerage will still function as a separate and distinct brokerage. Each brokerage has its own broker of record and the accountability for the brokerage rests with a different person in each brokerage. Any concerns over a conflict that may arise from the owner's common control will be mitigated by each broker's personal responsibilities under the legislation.

The broker is the individual that is held responsible by the Commission for any violations of the legislation. If a broker violates legislation to meet the requests of the owner, it will be the broker that will face sanctions. If the violations are serious enough, the owner would feel the impact of the actions of the Commission should the broker and/or brokerage be suspended. This would effectively shut down all real estate trades for the brokerage.

Common ownership of more than one brokerage can and does occur but it is not without potential challenges. If the broker of record is not the owner, there is a risk that his or her career in the industry could be jeopardized by the actions of the actual owner. When a broker is not the owner of the brokerage there must be a clear understanding of the duties and responsibilities of the broker and how this differs from the owner's duties. The owner must also understand the legislation that is in place and ensure that the owner's requirements do not create a conflict for the broker.