


I'm preparing to buy my first home; I recently lost my job due to COVID-19 and collected the CERB benefit. I'm now looking for a new job. Can I use my past income on my mortgage application?

 reco.on.ca/ask-joe-question/im-preparing-to-buy-my-first-home-i-recently-lost-my-job-due-to-covid-19-and-collected-the-cerb-benefit-im-now-looking-for-a-new-job-can-i-use-my-past-income-on-my-mortgage-applic

[Home](#) / [Home Buyers and Sellers](#) / [Resources](#) / [Ask Joe Questions](#)

March 5, 2021

Let me begin by saying that I am sorry to hear that you lost your job due to COVID-19. The financial impact of the pandemic has been severe, disrupting the lives and work of many people across the country. I hope you're successful in your job search.

To answer your question: yes, your income status does affect your ability to apply for a mortgage and you must be forthcoming with your lender about your current status.

The body that regulates the mortgage industry, the Financial Services Regulatory Authority of Ontario (FSRA), says that being honest about your financial situation is critically important when applying for a mortgage.

To qualify for a mortgage, you must provide your lender or mortgage broker with proof of employment, your assets and your debts.

If you knowingly misrepresent your income in your mortgage application paperwork, that is considered mortgage fraud and the consequences could be severe. It doesn't matter if the paperwork is submitted by you, your lender or your real estate professional or lawyer.

FSRA lists a number of ways you can commit mortgage fraud, including: giving misleading or inflated information about your income; misrepresenting your job status; creating, altering or falsifying paystubs, letters of employment and other documents; and, backdating letters of employment.

What's more, if you knowingly present misleading information when applying for a mortgage, that can affect the real estate professionals working with you.

In Ontario, all brokers and salespersons must be registered with the Real Estate Council of Ontario (RECO), the body that regulates the profession. Registration allows them to legally help buyers and sellers in real estate transactions.

In the event that there have been fraudulent or potentially fraudulent issues with respect to the mortgage in a real estate transaction, the law governing the real estate brokerage industry – called the *Real Estate and Business Brokers Act, 2002* (REBBA) – gives RECO the power to investigate whether a real estate broker or salesperson has acted improperly in the transaction. For example, a real estate broker or salesperson may have assisted a client to prepare false documents that were submitted with a mortgage application.

RECO is responsible for overseeing the enforcement and administration of REBBA. If a registered broker or salesperson has knowingly participated in mortgage fraud on behalf of a client, they could be disciplined and their registration could be revoked.

So, not only could you face legal repercussions yourself if you use past income on your mortgage application, you could also implicate those professionals who are helping you with the real estate transaction.

It is best, therefore, that you be honest with your salesperson and mortgage broker about your income on your mortgage application. While this may delay your hunt for a new home until you are employed again, you will at least be on sound legal and financial footing when you are ready to purchase.

If you have a question for Joe about the home buying or selling process, please email information@reco.on.ca.

[Was this article helpful?](#)

Joseph Richer is Registrar of the Real Estate Council of Ontario (RECO). He is in charge of the administration and enforcement of all rules that govern real estate professionals in Ontario. You can find more tips at reco.on.ca, follow on Twitter [@RECOhelps](#) or on YouTube at <http://www.youtube.com/RECOhelps>.