Closing/Merging Brokerages Policy

BOD Approval: June 14, 2012

Revised: December 12, 2024

Close or merge your brokerage in accordance with the following instructions to ensure agency and recordkeeping requirements are maintained.

Merging common law to common law or designated agency to designated agency

When two brokerages merge, one brokerage closes and the other brokerage takes over some or all of the closing brokerage's staff and business.

The closing brokerage is responsible for, in the exact order listed:

1. Notifying clients

When merging two brokerages, the closing brokerage must notify clients under contract and provide them with two options:

1. assign their brokerage agreement to the new brokerage; or
2. cancel their brokerage agreement.

2. Assigning or cancelling brokerage agreements

Use Form 223, Assignment of Brokerage Agreement, to assign the brokerage agreements to the new brokerage. Use Form 221, Temporary Withdrawal or Cancellation, to cancel brokerage agreements.

3. Notifying cooperating brokerages

For pending/confirmed (not closed) deals, after the brokerage agreements are assigned, give the cooperating brokerage written notification of the change in brokerage representation.

4. Moving trust money
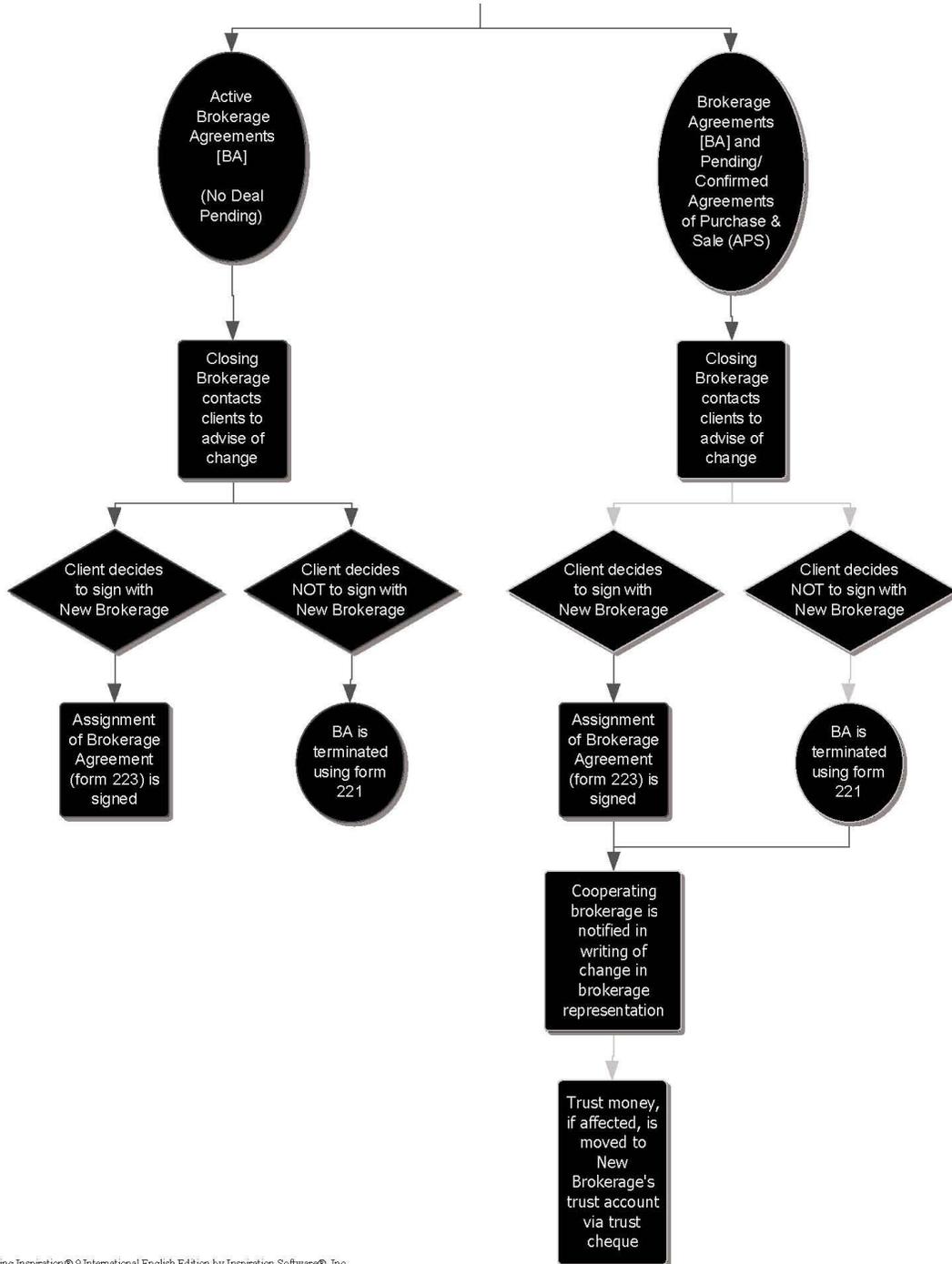
After the brokerage agreements are assigned, disburse the trust funds associated with the trades to the new brokerage's trust account.

5. Reviewing brokerage agreement files

For clients with the brokerage for more than a year, have new agency brochures signed and in the case of sellers who completed PCDS forms, have the sellers review the form to ensure the information is current.

Merging Brokerages Policy

**Common Law to Common
Law / Designated Agency to
Designated Agency
(Merging Two Brokerages)**

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                    ┌────────────────────────────────┐
                    ▼                                 ▼
        ┌─────────────────────┐           ┌─────────────────────────┐
        │   Active            │           │   Brokerage             │
        │   Brokerage         │           │   Agreements            │
        │   Agreements        │           │   [BA] and              │
        │   [BA]              │           │   Pending/              │
        │                     │           │   Confirmed             │
        │   (No Deal          │           │   Agreements            │
        │   Pending)          │           │   of Purchase &         │
        └─────────────────────┘           │   Sale (APS)            │
                    │                      └─────────────────────────┘
                    ▼                                 │
        ┌─────────────────────┐                       ▼
        │   Closing           │           ┌─────────────────────────┐
        │   Brokerage         │           │   Closing               │
        │   contacts          │           │   Brokerage             │
        │   clients to        │           │   contacts              │
        │   advise of         │           │   clients to            │
        │   change            │           │   advise of             │
        └─────────────────────┘           │   change                │
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- Client decides to sign with New Brokerage
- Client decides NOT to sign with New Brokerage

- Assignment of Brokerage Agreement (form 223) is signed
- BA is terminated using form 221

- Client decides to sign with New Brokerage
- Client decides NOT to sign with New Brokerage

- Assignment of Brokerage Agreement (form 223) is signed
- BA is terminated using form 221

- Cooperating brokerage is notified in writing of change in brokerage representation

- Trust money, if affected, is moved to New Brokerage's trust account via trust cheque

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COMMISSION

Merging common law to designated agency or designated agency to common law

When two brokerages merge, one brokerage closes and the other brokerage takes over some or all of the closing brokerage's staff and business. When the merge involves different agency models, additional paperwork is required to contract in or contract out of designated agency.

The closing brokerage is responsible for, in the exact order listed:

1. Notifying clients

When merging two brokerages, the closing brokerage must notify clients under contract and provide them with two options:

1. Cancel their existing brokerage agreement and enter into a brokerage agreement with the new brokerage.
2. Cancel their brokerage agreement.

When the agency model changes from the old brokerage to the new brokerage, you cannot assign the brokerage agreements. You must cancel the old brokerage agreements and enter into new ones under the new agency model.

2. Cancelling brokerage agreements

Use Form 221, Temporary Withdrawal or Cancellation, to cancel brokerage agreements.

3. Entering into new brokerage agreements

For buyers, use Form 300G Buyer Brokerage Agreement or Form 301G Buyer Designated Brokerage Agreement. For sellers, use Form 200G Seller Brokerage Agreement or Form 201G Seller Designated Brokerage Agreement.

4. Notifying cooperating brokerages

For pending/confirmed (not closed) deals, after new brokerage agreements are signed, give the cooperating brokerage written notification of the change in brokerage representation.

5. Moving trust money
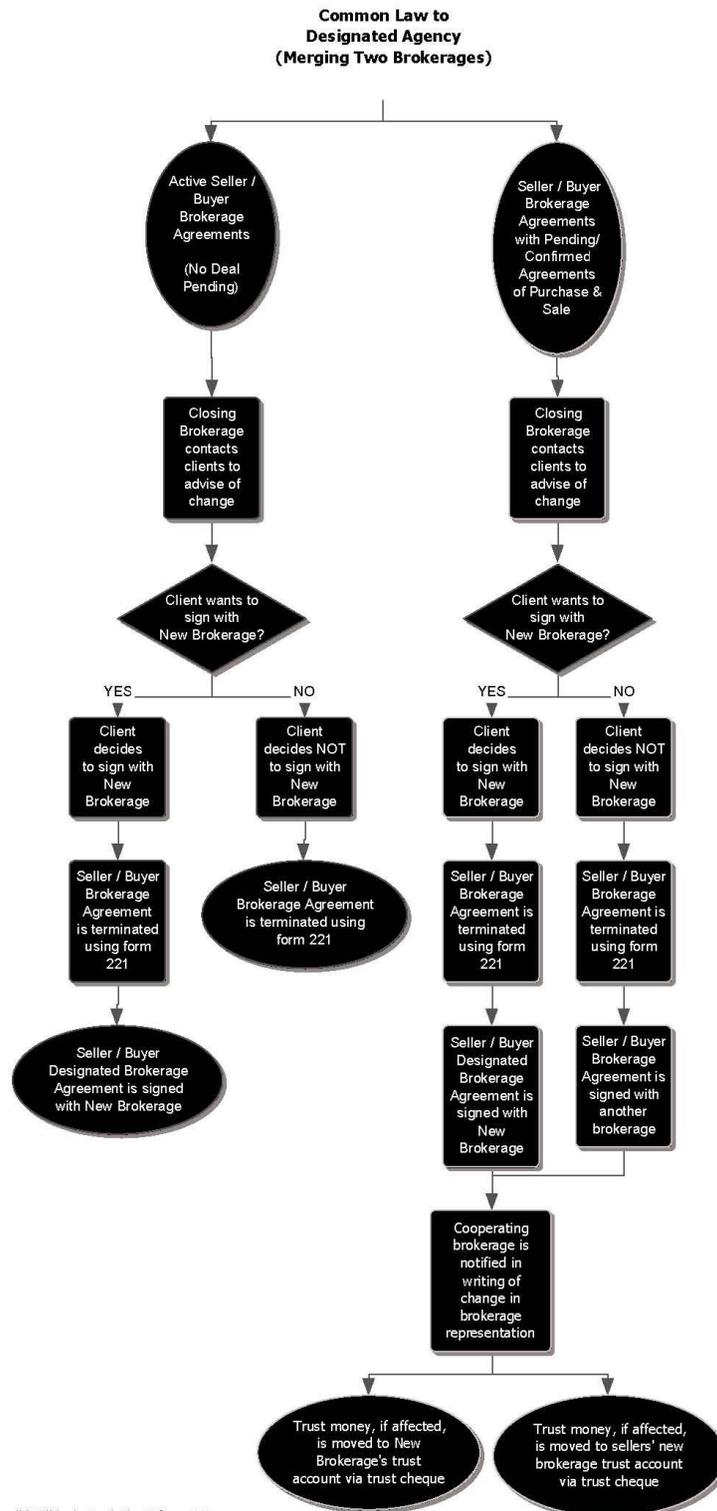
After the brokerage agreements are assigned, disburse the trust funds associated with the trades to the new brokerage's trust account.

6. Reviewing brokerage agreement files

For clients with the brokerage for more than a year, have new agency brochures signed and in the case of sellers who completed PCDS forms, have the sellers review the form to ensure the information is current.

Merging Brokerages Policy

**Common Law to
Designated Agency
(Merging Two Brokerages)**

Left Branch

Active Seller / Buyer Brokerage Agreements (No Deal Pending)

→ Closing Brokerage contacts clients to advise of change

→ **Client wants to sign with New Brokerage?**

YES → Client decides to sign with New Brokerage → Seller / Buyer Brokerage Agreement is terminated using form 221 → Seller / Buyer Designated Brokerage Agreement is signed with New Brokerage

NO → Client decides NOT to sign with New Brokerage → Seller / Buyer Brokerage Agreement is terminated using form 221

Right Branch

Seller / Buyer Brokerage Agreements with Pending/ Confirmed Agreements of Purchase & Sale

→ Closing Brokerage contacts clients to advise of change

→ **Client wants to sign with New Brokerage?**

YES → Client decides to sign with New Brokerage → Seller / Buyer Brokerage Agreement is terminated using form 221 → Seller / Buyer Designated Brokerage Agreement is signed with New Brokerage

NO → Client decides NOT to sign with New Brokerage → Seller / Buyer Brokerage Agreement is terminated using form 221 → Seller / Buyer Brokerage Agreement is signed with another brokerage

→ Cooperating brokerage is notified in writing of change in brokerage representation

→ Trust money, if affected, is moved to New Brokerage's trust account via trust cheque

→ Trust money, if affected, is moved to sellers' new brokerage trust account via trust cheque

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