

The Regulator July 2011

Chair's Message - Robert Telford

Summer has finally arrived in Alberta, and that means Council has been busy finalizing its budget for the 2011/2012 fiscal year, which begins on October 1, 2011.

Council members formally approved the 2011-2012 budget at the July Council meeting. RECA's annual budgeting process has to consider a number of things, chief among them are assumptions with respect to the number of industry professionals and brokerages, and the anticipated number of course sales.

For the 2011/2012 budget, the total number of licensed individuals is projected to decline by 160. In order to balance the decline in the number of licences and to compensate for inflation since the last fee increase in 2009/2010, the coming year's budget includes an increase of approximately 5% in licensing and reinstatement fees. As a result, individual industry member licence fees will be \$450 for the 2011/2012 licensing period, which is up \$25 from last year's fees.

For the first time since 2006, Council has made the difficult decision to increase brokerage licensing fees. For the 2011/2012 licensing year, the brokerage licensing fee is increasing 50%, or \$100, to \$300. This increase reflects the significant resources required to regulate and license a brokerage. T

As many of you may recall, in August 2009, RECA introduced a new approach to fees for mandatory courses. RECA now includes mandatory course fees in the annual licensing fees. All industry members will be required to complete mandatory education in the coming year, and industry members will not be required to pay additional fees in order to complete those courses in the online format.

At the July meeting, Council also reviewed and approved the final 2011-2016 Strategic Business Plan. The new strategic plan is the culmination of extensive consultation with industry professionals and associations, dozens of brokerage visits and Q&A sessions, a survey that was sent to all industry professionals and Council's own extensive internal discussions.

Council is extremely grateful for all of the support and input it received from industry professionals across Alberta throughout its strategic planning process. The new strategic direction for the Real Estate Council of Alberta is an exciting, ambitious one that is going to elevate the professionalism of industry members and our industry as a whole.

To review the approved 2011-2016 Strategic Business Plan in its entirety, [click here](#). I think you'll agree there are some exciting initiatives on the way, and that each individual industry professional has an important role to play in the future success of our industry.

Together, the 2011/2012 budget and the 2011-2016 Strategic Business Plan position RECA to advance its position as a leader in self-regulation, and to further enhance and improve the quality standards of our industry. The 2011/2012 Budget positions RECA to immediately start implementing key objectives and deliverables from the 2011-2016 Strategic Business Plan.

As always, Council welcomes your input on the budget for the coming year and its 2011-2016 Strategic Business Plan.

CHANGES TO RECA'S INVESTIGATIONS PROCESS

Leveraging Technology

During the past few months, the Real Estate Council of Alberta (RECA) has published a series of articles to highlight new initiatives and improvements to RECA's investigation program. This article details how RECA is leveraging technology within the new process.

"the success of many organizations depends on how effectively they manage cases, such as for complaints or petitions. The right kind of computer software, modeling and automating of these business activities, can make such work even more constructive." 2006-06-20 National Research Council of Canada report in "Success Stories"

In April 2007, RECA investigation and legal services staff identified an opportunity to improve how information was managed. The foundation of the idea was to identify, obtain and leverage software to better collect, analyze and use information in the execution of investigations and legal services core functions. This initiative was not restricted to the management of information, it was also used to review and improve current processes and practices. The result of this initiative was more than just simple tweaking current processes, much like car manufacturers update their models from year-to-year. It has resulted in the complete re-engineering of RECA's investigations process, including the purchase of technology assets directly related to the timely and efficient management of information. But what does this mean to you as an industry professional?

Until recently, RECA investigators were performing labourious administrative tasks to gather, organize and report information. Documents and records received required time-consuming hours of manual identification (tabbing, stamping, sourcing, organizing).

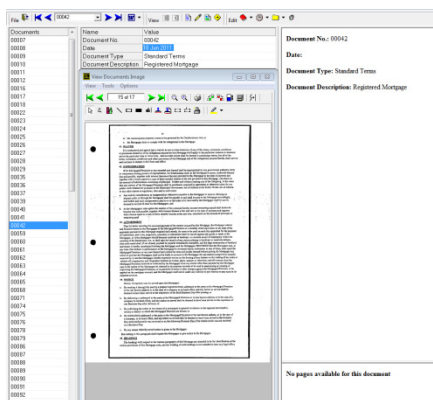


Substantial man hours were devoted to tasks which, if automated, would significantly reduce the time required to complete. For example, how long does it take a person to sort 1,000 pieces of paper, create handwritten tabs, stamp each document with the name of the person who sent it as well as the date of receipt and, finally, organize a hard copy record of the all items gathered including a detailed description of each piece of paper? What is it then like to search those records for information or attempt to find out whether or not a record contained a similar phone number or person's name? Simply put, the process is a long one.

Change has finally arrived. Accompanying RECA's changes to the investigation process is the introduction of new software and hardware intended to reduce administrative tasks and the time it takes to complete them.

RECA has implemented new software to assist with case analysis and case management.

Case analysis software is a central repository for critical case knowledge, which can be used to organize information about key facts, documents, persons, issues and case law in case files. The new software has enabled RECA to reduce the amount of time required to stamp, source and organize a large volume of records. Let's say RECA receives 1,000 records in relation to a matter. These records are scanned and converted to electronic Tiff images, electronically stamped, sourced and organized in minutes versus days. The documents are then organized, viewable and can be easily – and quickly – searched.



The old way of doing things was definitely not eco-friendly. Had the 1,000 records been received electronically, under the old process, RECA would have to print the documents in order to identify and source them. Under the new process, the documents can be identified and sourced in electronic form. Now, we have a paperless, eco-friendly environment; reducing RECA's overall eco footprint.

Remember the scenario of trying to search a single phone number? Previously, this would have required substantial resource hours and, no doubt, a lot of eye strain. With the new case analysis tool, the search is completed in seconds and all records containing the number or a specified name are identified and viewable. Additional computer screens permit the examination of multiple documents and the creation of a fact chronology (an order of records by date), all in a portion of the time previously needed.

New case management software (CMS) provides RECA with the opportunity to centralize vital case information, improving productivity, enhancing timeliness and providing greater efficiency. The implementation of a CMS will further enable RECA to more easily and effectively manage,

analyze and collaborate on cases and matters. For those involved in a case, it will result in more timely communication as to what stage the matter is at, enhanced analysis (relationships, discipline, complaint history) and will provide additional search capabilities. It will help RECA identify complaint trends, which will provide an opportunity to direct educational resources proactively, in essence, turning a reactive approach into a proactive opportunity.

How will this look to me?

Immediately, industry professional and consumers will see the impact of a paperless environment. RECA is now conducting electronic interviews, providing an opportunity for interview participants to view a complete version of all records relevant to a matter.



To put this in perspective, think of a time when someone said to you they had a record of your signature on a document, but it did not appear to be the same as your signature on another document. With RECA's new technology, you will be able to view records side-by-side so you can see and comment directly on the differences or similarities. What about a time when you were in a location that did not make it possible for a one-on-one meeting? Using its new technology, RECA is able to conduct an interview anywhere in the world. Using electronic meeting software, a RECA professional conduct review officer is able to use a witness's computer to place a record before the witness while recording the session and response. Recently, RECA conducted a two-hour interview with a complainant who was located in another province. Just think of the travel time and expenses saved and how that can effect a person's perception of the fairness of the review.

As RECA moves forward with the implementation of its new software and hardware, additional opportunities to leverage technology will occur. The benefits will directly effect RECA's ability to be more timely with case reviews while ensuring fairness and professional treatment of all parties to a matter, at all times.

Renewal Readiness

The Real Estate Council of Alberta (RECA) wants to make sure brokers and real estate appraisers/candidates know what is expected of them as we head into the busy renewal period.

As is always the case, industry members must be renewed on or before September 30 of this year in order to avoid a lapse in their authorization. And, for the current licensing year, there is no mandatory education as part of RECA's Re-licensing Education Program.

Some other points to remember:

- Brokers and brokerages must be renewed at the same time, using the RECA Online licensing system, before any other industry members registered with the brokerage can be renewed.
- If there are any brokerage amendments, such as change in trade name or shareholders, that have not been previously provided to RECA, these amendments must be provided to RECA and processed by RECA. RECA prefers to receive such amendments prior to Labour Day (September 5, 2011). Any amendments received after September 23 may not be processed by September 30 and could result in a gap in licence/authorization for the broker, brokerage AND any industry members registered with the brokerage.
- For the first time, discipline issued by RECA does not require a “Yes” answer within the suitability portion of the renewal form.

Sometime in mid-August, the RECA Online lights that appear beside each industry member’s name will change to yellow, which means that the renewal process can begin. Once that occurs, RECA will send out notification to all brokers, and real estate appraisers/candidates.

For brokers, broker delegates and real estate appraisers/candidates who are unfamiliar with the RECA Online licence application and/or renewal process, RECA will be presenting 20-minute webinars this summer in advance of the renewal period leading into September 30, 2011. The webinars will be free of charge and will also provide an opportunity to ask questions. More information will be sent via email in July.

A special note for Alberta mortgage brokerages, Errors and Omissions insurance with fraud coverage must be in place by September 1, 2011. For more information about the new E&O requirements for mortgage brokerages – and for a list of approved providers – [click here](#). Mortgage brokerages that do not have E&O insurance with fraud coverage will not be able to renew in September for the 2011-2012 licensing year.

Has your Shareholder Structure Changed? Let RECA Know

At the July 5 meeting, Council approved changes to sections 32 and 34 of the *Real Estate Act* Rules (the Rules). The changes were made to correct apparent inconsistencies between the two sections of legislation.

Section 32 of the Rules details the requirement to notify the Executive Director when there is a change in the ownership structure of a brokerage. At its meeting last week, Council approved the addition of the word "shareholders" to section 32(g) of the Rules. Now, whenever there is a change to the directors, officers or shareholders of a corporation if the brokerage is a corporation, the brokerage must notify the Executive Director.

Section 34 of the Rules outlines the Executive Director's power to refuse to issue a licence to a brokerage if the Executive Director believes that part of the ownership structure associated with the brokerage is not of good character and reputation.

Council approved the removal of the word "official" from section 34(1)(h) of the Rules. The wording is now consistent between sections 32 and 34(1)(h), and the Executive Director may refuse to issue a licence where the Executive Director is of the opinion that any director, officer, shareholder or partner associated with the brokerage is not of good character or reputation.

News Bytes

RECA Website adds "Email to a Friend" feature

Some of the most visited portions of the RECA website – the Information Bulletins – now have the option of "Email to a friend" built right into the page. Additional pages on the RECA website will have this new feature in the coming months. If there is a section or page within the RECA website that you would like to have an "Email to a friend" option – let us know!

RECA to attend AMBA and REALTORS Association of Edmonton trade shows

The Alberta Mortgage Brokers Association (AMBA) and the REALTORS Association of Edmonton both have their annual trade show scheduled for September and the Real Estate Council of Alberta will be a fixture at both. The AMBA conference, trade show and awards gala is taking place in Red Deer at the Capri Centre on September 8-9, 2011. The REALTORS Association of Edmonton Suites and Homes Trade Show is being held at the Mayfair Inn and Suites Trade Centre on September 20, 2011.

Stop by and say hi to RECA staff. We hope to see many industry professionals at these shows.

Council Members 2010-2011

BILL BUTERMAN

Appointed from non-AREA industry members

KEVIN CLARK

Appointed from residential real estate industry members

CINDY DUBRAY

Appointed from the property management sector

GORDON GRAYDON

Appointed from the public

CONNIE LECLAIR

Appointed from the public

WAYNE MCALISTER, CHAIR-ELECT

Appointed from the Calgary Real Estate Board

KEN MCCOY

Appointed from the Edmonton Real Estate Board

WENDY ROBSON

Appointed from boards outside of Calgary and Edmonton

RALPH SALOMONS, PAST CHAIR

Appointed from commercial real estate sector

CHERYL SCHINDEL

Appointed from boards outside of Calgary and Edmonton

GARY SIEGLE

Appointed from the mortgage brokerage sector

ROBERT TELFORD, CHAIR

Appointed from the real estate appraisal sector

Contact RECA

Case Summaries is published by the Real Estate Council of Alberta. Please forward your comments and suggestions to communications@reca.ca.

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Director of Audit and Investigations - Joseph Fernandez

Director of Corporate Services – Dale Cawsey

Director of Education – Kirk Bacon

Director of Industry Standards – Charles Stevenson

Director of Legal Services - Jean Flanagan