



BROKERS – ACTIVE IN BROKERAGE MANAGEMENT

Summary: A real estate or mortgage broker must be actively engaged in the management of the brokerage with which the broker is registered. [See: *Real Estate Act* Rules, s.51(1)(a), s.67(1)(a)]

Note: For purposes of this Information Bulletin, and where the context permits, “broker” means an individual who holds a “real estate broker” or “mortgage broker” licence issued by the Real Estate Council of Alberta.

Brokers are responsible for the operation of the brokerage. As a result of new business models, larger brokerages and advances in technology, the traditional structure of real estate and mortgage brokerage offices has changed. Over time, the broker’s responsibilities have increased. These responsibilities include supervision of the associate brokers and associates registered to the brokerage, as well as all of the staff/employees in the operation. Ensuring that specific standards and procedures are adhered to by all the individuals registered to and employed by that brokerage are important functions of brokerage management.

Being “actively involved in the management” of the brokerage can vary depending on the size of the brokerage and the number of associate brokers and associates registered to the brokerage. Even though a broker can delegate some of these management activities, ultimately, the broker is the one who is responsible for all of the brokerage activities. The broker must verify that all trading or dealing in mortgages carried out by the broker or any associate brokers or associates registered to the brokerage complies with the *Real Estate Act*, Rules and Regulations. All of the business must be carried out competently by employees and industry members registered to the brokerage.

In determining whether a broker is “actively involved in the management” of the brokerage, the Real Estate Council will review:

- whether there are clear office policies and procedures;
- the process for training new industry members;
- the process for recruiting new industry members;
- whether the broker inspects all real estate trades or mortgage deals done on behalf of the brokerage;
- if the broker ensures proper management and control of all licensing and registration documents;
- the control and responsibility for trust accounting procedures within the brokerage;
- the broker’s monitoring of the activities of any industry members who have been disciplined by the Real Estate Council of Alberta;
- the broker’s level of supervision;
- the broker’s management and control of all accounting documents and records; and,
- whether the broker notifies the Real Estate Council of Alberta of changes of information given to the Real Estate Council of Alberta as soon as the change occurs.