

**REAL ESTATE COUNCIL OF ALBERTA**  
**ANNUAL REPORT - OCT 1, 2008 TO SEPT 30, 2009**



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# 2008-2009

## ANNUAL REPORT

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The Real Estate Council of Alberta (RECA) is an independent, non-government agency responsible for regulating industry professionals in the real estate, mortgage, and real estate appraisal industries in Alberta under the *Real Estate Act*.

## Mandate

RECA is mandated to protect consumers and to provide services that enhance and improve the industry and the business of industry members.

## Values

RECA values cooperation and therefore maintains a consultative relationship with the industry and the public. RECA insists upon open, honest and timely communications, and in effective, efficient and responsive service to industry members and consumers. Professional standards by industry members, including regular Re-Licensing Education Programs (REP), ensure professional practice and therefore trust between industry members and the public.

## Mission

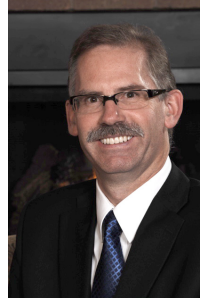
RECA creates consumer confidence and trust in the industry member by setting and enforcing standards of conduct and professional development requirements for the industry; protecting against, investigating, detecting and suppressing mortgage fraud as it relates to the industry; promoting the integrity of the industry; and, providing services that enhance and improve the industry.



# COUNCIL



**Ralph Salomons (Chair)**, appointed by the Alberta Real Estate Association (industry member trading in industrial, commercial, and investment real estate)



**Robert Telford**, appointed by the Alberta Association of the Appraisal Institute of Canada, the Canadian National Association of Real Estate Appraisers, and the Alberta Assessors' Association



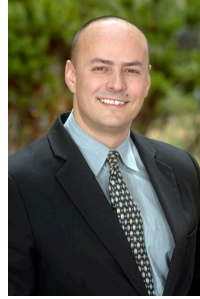
**Richard Parker (Vice-Chair)**, appointed by the Minister of Service Alberta from the public at large.



**Connie Leclair**, appointed by RECA from the public at large.



**Pat Rudiger (Past Chair)**, appointed by the Alberta Real Estate Association (industry members trading in residential real estate)



**Sheldon Johnston**, appointed by the Alberta Real Estate Association (REALTORS® Association of Edmonton)



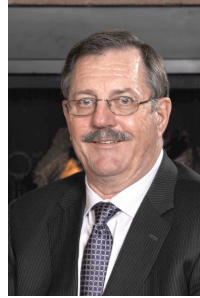
**Gary Siegle**, appointed by the Alberta Mortgage Brokers' Association



**Cindy Dubray**, appointed by the Building Owners & Managers Associations of Edmonton and Calgary, Real Estate Institute of Canada and the Institute of Real Estate Management



**Cheryl Schindel**, appointed by the Alberta Real Estate Association, represents real estate boards (outside of Edmonton and Calgary)



**Wayne McAllister**, appointed by the Alberta Real Estate Association (Calgary Real Estate Board)



**Chris Anderson**, appointed by RECA, represents real estate industry members who are not members of the Alberta Real Estate Association



**Les Higa**, appointed by the Alberta Real Estate Association, represents real estate boards (outside of Edmonton and Calgary). Les passed away during his term on Council.

# 2008-2009 COMMITTEES Industry Advisory Committees

Section 12 of the *Real Estate Act* Bylaws, allows Council to establish standing, advisory and ad hoc committees. Council determines the committee's mandate, composition and reporting requirements, and any recommendation or decision of a committee must be ratified by Council.

The Council chair appoints all committee members, including the committee chair, except the Audit Committee, which is appointed by Council. Additionally, the terms of reference of a committee may provide for appointments to be made by specified external organizations. Industry association appointments have been incorporated into the terms of reference of the residential real estate, mortgage brokerage, property management and real estate appraisal advisory committees.

As with Council itself, committee members are bound by a Code of Conduct, which is available on the RECA website at [www.reca.ca](http://www.reca.ca).

The Council chair and the executive director are ex-officio members of all committees, and are non-voting members of each, unless the committee terms of reference specify otherwise.

In addition to Council committees and industry sector advisory committees, council may, from time-to-time, establish ad hoc committees or task forces to address specific issues usually within specified time lines. Once Council has determined the work of an ad hoc committee is completed or there is no further need for the committee, the committee is disbanded.

## Industry Sector Advisory Committees

**Commercial Real Estate Advisory Committee** - Chris Anderson, Chair

**Mortgage Brokers Advisory Committee** - Gary Siegle, Chair

**Property Managers Advisory Committee** - Cindy Dubray, Chair

**Real Estate Appraisers Advisory Committee** - Robert Telford, Chair

**Residential Real Estate Advisory Committee** - Pat Rudiger, Chair

### Mandate

To provide advice to council on regulatory issues in their industry sector.

### Tasks

- to identify, research and discuss emerging issues related to their industry sector affecting industry members and consumers;
- to make recommendations to council with respect to its responsibilities under the *Real Estate Act* related to their industry sector; topic areas include the *Real Estate Act* and Rules, licensing and education standards, standards of conduct, industry practices, accounting and reporting requirements;
- at the request of council, the committee may be assigned specific projects which could include issues research, preparation of discussion papers, consultations or development of specific recommendations for the council's review and consideration; and
- to meet at least once a year; however, it being understood meetings of sub-committees may be held to assist the committee in achieving its mandate.

# Council Committees

## Audit Committee - Cindy Dubray, Chair

### Mandate

To provide advice and recommendations to Council on the audit of RECA's financial statements.

### Tasks

- Make recommendations for selection and approval by Council of the external auditor on an annual basis
- Review the annual fee paid to the external auditor
- Review the annual audit plan as presented by the external auditor and the plans as they pertain to areas of high risk and control levels
- Review the annual audit results with the external auditor
- Examine any changes in accounting practices and policies
- Receive and review the management letter prepared by the external auditor and meet with the external auditor without the presence of RECA management or the ex-officio members of the committee
- Review the annual financial statements and recommend approval to council

## Finance Committee - Richard Parker, Chair

### Mandate

To review and provide advice on the financial matters of RECA.

### Tasks

- Make recommendations on the financial, accounting and investment policies of RECA
- Make recommendations on the annual budget prepared by administration
- Make recommendations on the real estate assurance fund and use of surplus funds for purposes mandated by the *Real Estate Act*
- Make recommendations on the employment policies and guidelines for council, its employees and agents

## Hearings Committee - Wayne McAlister, Chair

### Mandate

To identify, research and review issues relevant to the responsibilities of council, hearing panels, and appeal panels as outlined in Part 3 of the *Real Estate Act* and to make recommendations to council

### Tasks

- RECA's Practice & Procedures Guidelines for Hearing and Appeal Panels
- Appointment of industry members to RECA's roster of industry members eligible for appointment as hearing panel members
- Education and training of hearing and appeal panel members
- Honorariums for hearing and appeal panel members
- Amendments to the *Real Estate Act*, Part 3 (Conduct Proceedings) concerning the operation of RECA's hearing and appeal panels and related issues
- RECA's bylaws concerning the payment of costs associated with investigations and hearings
- Review of recent hearings and appeal panels and court decisions

## Real Estate Education Committee - Cindy Dubray, Chair

### Mandate

To report to Council and make recommendations on the education required by industry members.

### Tasks

- Review Phase 1 of the Real Estate Associates Program (REAP)
- Perform such other duties and tasks assigned to it by Council

## Governance Committee - Cheryl Schindel, Chair

### Mandate

To report to Council and make recommendations on the governance of RECA.

### Tasks

- Development and evaluation of Council, its committees and members
- Council/Executive Director relationship
- Succession planning and Council member orientation
- Strategic thinking/planning
- Transparency and accountability
- Community/stakeholder engagement
- Oversight of RECA
- Ethics and code of conduct
- Other governance issues

## Consumer and Industry Research Committee - Connie Leclair, Chair

### Mandate

To report to Council on research into relationships between industry and consumers

### Tasks

- To determine if RECA should become an evidence-based decision maker where the evidence is systematically gathered from the various stakeholder groups?
- To determine the role of RECA (if any) in collecting, analyzing and reporting on industry issues that could impact education, licensing and regulation
- To understand and report to Council the resources required to adopt or not adopt an evidence-based decision making model

# CHAIR'S MESSAGE

Ralph Salomons

My year spent as Chair of RECA has given me the opportunity to work closely with 11 hard-working and knowledgeable Council members for the betterment of our industries. As my year as Chair has now drawn to a close, I believe this is a fitting time for me to highlight the achievements and work of Council over the past 12 months.

I would also like to use this opportunity to remember Les Higa. Les was a respected member of Council from November 2006 until his passing this past May. He was appointed director of the Alberta Real Estate Association (AREA) in 1991 and became its president in 2003. In 2006, Les was appointed by AREA as one of its representatives on Council. Les made many valuable contributions to Alberta's real estate industry over the past 20-plus years and will be sorely missed throughout the industry.

Additionally, I would be remiss if I did not use this opportunity to thank my fellow Council members, our executive director Bob Myroniuk and the RECA staff for their commitment to our industry and the support of RECA's mandate. Their hard work remains an integral part of our industry's continued success.

## **New licensing reciprocity policy**

Prompted by the implementation of the national Agreement on Internal Trade (AIT) and the Trade, Investment and Labour Mobility Agreement (TILMA) with British Columbia, Council adopted a new licensing reciprocity policy effective April 1, 2009.

RECA now recognizes applicants trading in real estate and dealing in mortgages from all Canadian jurisdictions that have occupational standards. These applicants will be eligible for licensing reciprocity without additional education requirements. This has been an important step in the process of advancing labour mobility within Canada.

## **Revised advertising rules**

As part of its strategic business plan, Council made a commitment to industry members that it would avoid the implementation of legislative and policy changes unless they were found to be absolutely necessary. Partly as the result of input received through its Residential Real Estate Advisory Committee, Council recognized that changes were occurring in the industry with respect to individual business practices, particularly with respect to business models and advertising. The number of industry members working as part of a "team" increased and Council needed to address the consumer protection issues that could arise, especially with respect to "team" advertising.

After significant discussion and debate, in late 2008, Council approved a policy change that allows industry members to include other identifiers (i.e. franchise names, team names, a branding name) in their advertisements, as long as brokerage information is clearly indicated as well.

Council encourages all industry members who want more information about advertising rules and guidelines to review the advertising Information Bulletins on the RECA website and the recently-published Real Estate Council of Alberta Advertising Guidelines booklet, which is also available on the RECA website at [www.reca.ca](http://www.reca.ca).

## **Mortgage brokerage/consumer research**

This fiscal year saw Council continue its increased focus on consumers and working relationships between consumers and industry members.

This past fiscal year, RECA launched an extensive consumer research project with respect to Alberta's mortgage brokerage industry. RECA commissioned a local market research company to conduct focus groups to assist RECA in determining the extent to which consumer and industry research could assist in RECA's ongoing decision making processes. This pilot project was to demonstrate for Council how the mortgage brokerage industry is perceived by consumers, what consumer perceptions and expectations are before and after using a broker, and to what degree mortgage brokerages are complying with the RECA disclosure requirements contained in the Mortgage Broker Disclosure Document.

Overall, the results were very good news for Alberta mortgage brokers. The findings of the focus groups confirmed consumers have a positive view of the mortgage brokerage industry, perceive the broker as working in their best interest at all times, and have little concern for broker-lender relationships, types of compensation or regulatory safeguards. However, upon



learning more about how brokerages work and the types of relationships brokers might have with clients and with lenders, focus group members became more interested in the information brokers are supposed to provide about potential relationships and compensation.

Going forward, Council will be able to use this research to create more effective standards of practice and materials for use by mortgage brokerage industry members.

### **Candidate-to-appraiser time limit amendment**

In response to a request by its Real Estate Appraisers' Advisory Committee, Council amended section 18 of the *Real Estate Act* Rules to eliminate the timeframe from the Rules for a candidate to become an appraiser.

Previously, section 18 of the Rules required real estate appraiser candidates to become licensed as appraisers within five years of the first date of licensing. The Committee identified that the five-year time limit was impossible for some candidates to meet because the three professional appraisal associations have different requirements. Council's actions were in response to this issue.

The amendments to section 18 mean that a candidate will have to attain the appraisal status of membership of one of the three professional appraisal associations within the time limits of the respective association of which the candidate is a member.

Council contacted the three professional appraisal associations prior to considering the amendment and the associations supported the idea of leaving the responsibility of deciding a time limit by which a candidate must become an appraiser to the individual appraisal associations.

### **Award winning consumer tools**

This year's experience with consumer research in the mortgage brokerage industry demonstrated for Council that industry members – and RECA itself – are doing a good job of connecting with consumers. In March 2009, Council was pleased RECA was recognized as a "Consumer Champion" by Service Alberta. RECA received a Service Alberta Consumer Champion Award of Distinction for its production of consumer tools, which were made possible in part as the result of an Alberta Real Estate Foundation (AREF) grant. The award recognized the production of RECA's online and print materials that help consumers make decisions about working with real estate industry members, and with buying and selling residential real estate.

I am very proud of the work that has been done to improve industry member relationships with consumers and consumer knowledge of our industry. Council is confident the continued production of similar consumer tools will ensure industry members have what they need in the future to foster mutually beneficial working relationships with consumers.

### **Licensing fee changes**

Council has taken many positive steps forward in the past fiscal year, but the year has not been without its own share of challenges. Council was faced with some difficult decisions at its annual budgetary planning meeting in August. As Council is responsible for setting licensing fees, the uncertain economic climate led Council to consider a licensing fee increase, but Council members also worked to ensure that whatever changes they made, would have a minimal impact on industry members.

As a result, Council decided to introduce a new approach wherein the fee now includes both the licence fee and the fee for online RECA re-licensing (mandatory) courses. Council recognizes some industry members may prefer to take these courses in a classroom setting. The re-licensing courses are now being provided, at no charge, to qualified education providers who wish to offer a classroom version; however, course providers may charge industry members separate fees for such course offerings.

Council is pleased to report that industry members responded very well to the changes during licensing renewal period in September. Council believes this new approach to setting its annual fee is a more economic and efficient approach for industry members and RECA. In turn, that means a more economically viable and efficient organization for many years to come.

# EXECUTIVE DIRECTOR'S MESSAGE **Bob Myroniuk**

As outlined in RECA's strategic business plan, in the 2008-2009 fiscal year, RECA's operations were to focus on its six strategic priorities: governance, the provision of core services, education standards, stakeholder relations, communications and operational efficiency.

## **Delivery of Core Services**

While it is essential RECA perform the regulatory duties and responsibilities assigned to it in the *Real Estate Act* of Alberta, RECA strives to deliver its core regulatory services in an efficient and cost effective manner that is consistent with expectations of the government, public, and industry members. In the areas of licensing, investigations and disciplinary matters, RECA must also be cognizant of the courts as they set increasingly high standards on regulatory bodies to ensure timeliness, effectiveness, fairness and due process.

As a self-regulatory body, ensuring it fulfills its regulatory mandate in accordance with expectations and standards is a priority for RECA. Accordingly, RECA completed a number of initiatives this past year to address this priority. The delivery of information (call centre), licensing and registration services improved. RECA completed a review, performed by an external firm, of its complaint analysis and investigation processes to ensure RECA is efficient, effective and consistent with the legislation and requirements of administrative law. RECA fine-tuned and delivered a compliance audit program that focuses on educating and working with brokers as a means of ensuring regulatory compliance. Through tailored training programs, RECA continued to build and improve the expertise of RECA's hearing and appeal panel members.

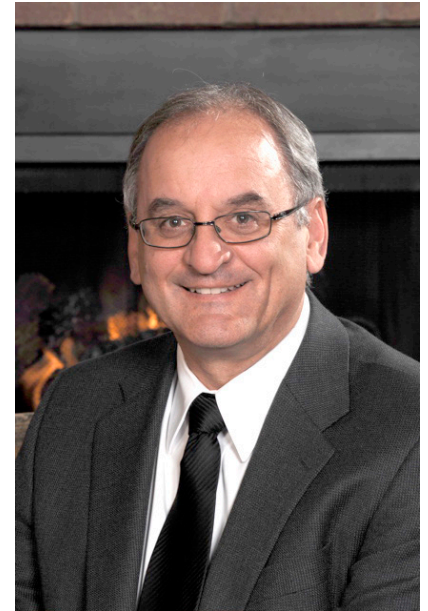
## **Improving Education Standards**

Throughout this past year RECA has seen continued growth and improvement within its education department. As RECA continues to better define and expand its role with respect to pre-licensing and re-licensing education (REP), we anticipate further growth within the department. RECA Education, guided by the core values approved during the 2007-2008 fiscal year, will continue to be the source for timely, informative, multi-media courses of a regulatory nature for all industry members.

A strategy of working with stakeholders, outsourcing as required, and using RECA's own internal expertise, allowed RECA to make significant progress with respect to its multi-year education plan. The education initiatives completed this past year include:

- a) approval of a business plan for the development and delivery of real estate and mortgage broker licensing

- education;
- b) delivery of the Property Management course in Phase 3 of the Real Estate Associates Program (REAP);
- c) establishment of the core curriculum and instructional design for the Mortgage Associates Program (MAP);
- d) building a state of the art technology platform to enable delivery of quality online courses to the industry;
- e) delivery of Real Estate Update 2009-2010, the re-licensing program (REP) for the real estate sector, in an online format as well as for classroom delivery;
- f) establishment of education and training standards for instructors;
- g) training and certifying over 20 individuals as RECA-approved instructors; and
- h) conducting a review of licensing examinations and implementation of a new testing model that meets industry standards including validity, reliability and fairness.



## **Enhanced Communication**

RECA completed a number of initiatives designed to enhance communications and increase industry awareness with respect to regulatory and practice issues, and the operations of RECA.

To increase awareness of regulatory issues, a major effort was undertaken that included providing industry members with updated Information Bulletins on a variety of regulatory topics, and publishing and distributing a new advertising guidelines booklet for real estate and mortgage brokerage industry members. Although not launched until November 2009, RECA's Communications unit worked diligently on the design and development of a new RECA website.

Continuing with communication initiatives from fiscal 2007-2008, RECA was pleased to meet with industry associations, boards and brokerage offices across the province, and to attend a number of industry events.

- Council Chair Ralph Salomons provided a report at the annual meeting of the Alberta Real Estate Association.
- Chair Salomons and Kirk Bacon, RECA's Director of Industry Standards, participated in regulatory panels at the Banff Western Connection conference
- Council member Robert Telford was a key note speaker at the annual Alberta Association of the Appraisal Institute of Canada Conference in Banff
- Kirk Bacon was the keynote speaker at the Alberta Mortgage Brokers' Association spring luncheons where he spoke on RECA's new licensing reciprocity policy and the growing issue of mortgage brokerage relationships with lenders and borrowers
- Council member Gary Siegle provided a RECA Report at the Alberta Mortgage Brokers' Association Annual Conference
- Kirk Bacon and staff from RECA's Industry Standards unit participated in three industry trade shows: REALTORS® Association of Edmonton, Calgary Real Estate Board and Alberta Mortgage Brokers' Association.

RECA also hosted a number of information sessions. June 2008 was an especially busy month as RECA hosted two sessions for commercial real estate brokers, and an information session for executive officers and staff of boards and industry associations across the province.

The sessions for commercial real estate brokers were held in Calgary and Edmonton, and served as an opportunity for commercial real estate brokers to meet with RECA Council members and staff for an update on RECA initiatives with respect to their sector. The sessions also gave attendees an opportunity to provide input to RECA on the issues affecting their industry sector. This input is a valuable resource for the work of RECA's Commercial Real Estate Advisory Committee, and has set the stage for a number of initiatives in the coming years.

At the board executive officer and staff information session held in June in Edmonton, RECA staff was on-hand to provide an overview of the various RECA functions and processes and answer questions. This was a great opportunity for RECA staff to meet face-to-face, as a group, with staff from related industry organizations. A similar information session was held in September in Edmonton for the AREA Presidents and Executive Officers.

### Utilizing Technology

This past year, RECA devoted significant time to upgrading and adding to its technological services. Last January, RECA's Audit department introduced the ability for brokerages to file Form 4, Declaration of Absence of Trust

Transactions online using the RECA Online licensing system. This has been a major step forward for the efficiency afforded to real estate and mortgage brokers, and RECA's own efficiency. RECA anticipates that brokerages will be able to file all required compliance audit forms online using RECA Online by the end of fiscal 2009-2010.

In June, RECA increased the functionality of the RECA Online licensing system to give brokers the ability to notify RECA of all trust account changes using the system. Brokers are no longer required to send a separate letter or email notification when making changes to their trust account information, provided they have used RECA Online to submit the changes. RECA staff are automatically notified when a broker processes a trust account information change using the RECA Online system. This upgrade saves brokers time and money, and is a more efficient way for RECA staff to track such changes.

An upgrade of the RECA Online and website server was completed seamlessly in early July. The new server has increased digital security and increased capacity, which allowed more users to process applications faster, especially during this past September's annual renewal process.

There have been challenges faced by our industry in the past year – many of them economic – but RECA is pleased that its focus on the provision of core services and commitment to provide effective self-regulation has remained of the utmost importance, and will continue to be so for many years to come.

# INDUSTRY STANDARDS Licensing

Industry Standards administers the *Real Estate Act* in the areas of licensing, education and professional standards and maintains a licensing and registration system of industry members and maintains RECA's website. Industry Standards manages the pre- and post- licensing education standards, programs, policies and development and delivery of RECA's Re-Licensing Education Program and selected licensing courses for industry members. Industry Standards provides information and communication services to the public and to the industry, and responds to inquiries made through the RECA toll-free number and the website. In addition, it coordinates RECA communications internally and externally, conducts issue and policy research and undertakes special projects.

## Authorizations

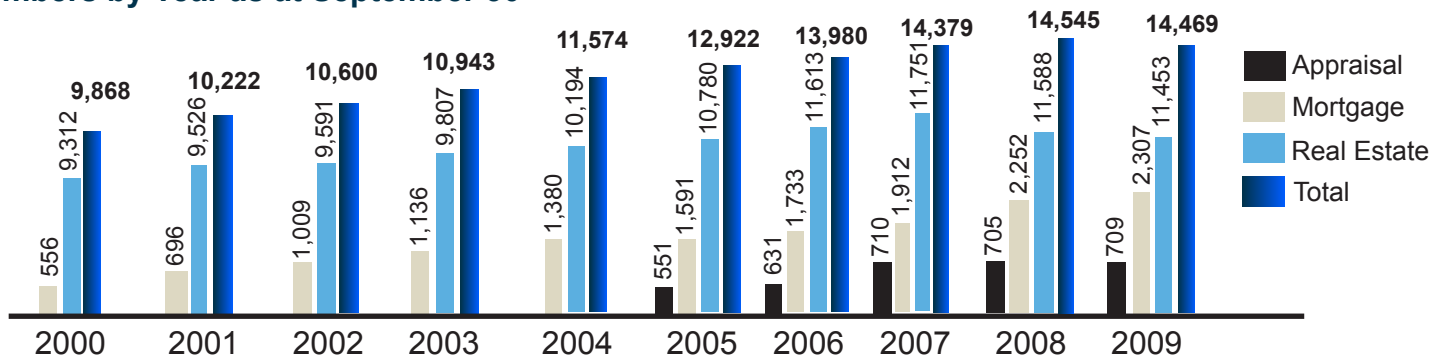
	Sept 30, 2008	No. new industry members	Sept 30, 2009
<b>Real Estate</b>			
<b>Real Estate Brokerage</b>	<b>1,045</b>	<b>75</b>	<b>1,069</b>
Real Estate Broker	1,045	27	1,069
Real Estate Associate Broker	515	25	567
Real Estate Associate	10,028	1,079	9,817
Total individuals in Real Estate	11,588	1,131	11,453
<b>Mortgage</b>			
<b>Mortgage Brokerage</b>	<b>328</b>	<b>51</b>	<b>363</b>
Mortgage Broker	328	13	363
Mortgage Associate	1,924	573	1,944
Total individuals in Mortgage	2,252	586	2,307
<b>Real Estate Appraisal</b>			
Appraiser	391	27	421
Appraiser Candidate	314	68	288
Total individuals in Appraisal	705	95	709
<b>Total number of individuals (excluding brokerages)</b>	<b>14,545</b>	<b>1,812</b>	<b>14,469</b>

## Denied/Cancelled/Suspended/ Conditional Authorizations/Lifetime Withdrawals

	Real Estate Broker	Real Estate Assoc Broker	Real Estate Assoc	Mort. Broker	Mort. Assoc	Appraiser	Candidate	Total
Denied	0	0	0	0	0	0	0	0
Cancelled	0	0	1	1	1	0	0	3
Suspended	1	1	9	0	1	0	0	12
Conditional								
-Licensing	15	0	24	1	1	0	0	41
-Disciplinary Proceedings	3	3	12	0	1	0	0	19
Lifetime Withdrawal*	1	1	11	0	1	0	1	15

\*Industry members may apply to withdraw from industry membership under Section 54 of the *Real Estate Act*. If the Council approves an application to withdraw, all proceedings in respect to an industry member and his/her conduct will be discontinued. As a consequence of withdrawing under s.54, the former industry member will receive a permanent, lifetime ban from any industry that RECA regulates.

## Authorized Individual Industry Members by Year as at September 30



## Phone Inquiries

Topic of Call	From Industry Members	From General Public	Total
Real Estate Associate	3,494	2,482	5,976
Real Estate Broker	1,878	186	2,064
Mortgage Associate	766	544	1,310
Mortgage Broker	496	88	584
Appraisers	554	121	675
Re-Licensing Education	655	380	1,035
Complaint	58	751	809
Other	41	775	816
Unknown Contacts	8	219	227
<b>Total Calls</b>	<b>7,950</b>	<b>5,546</b>	<b>13,496</b>
<b>Average Calls per day</b>	<b>32</b>	<b>22</b>	<b>54</b>

## Phone Inquiries by Year

Year	No. of Calls
<b>2008-2009</b>	<b>13,496</b>
<b>2007-2008</b>	<b>24,431</b>
2006-2007*	40,121
2005-2006	22,069
2004-2005	18,064
2003-2004	14,835

\* 15-month fiscal year

## Email Inquiries

Topic of Email	From Industry Members	From General Public	Total
Real Estate Associate	2,051	1,193	3,244
Real Estate Broker	2,893	199	3,092
Mortgage Associate	690	252	942
Mortgage Broker	1,256	84	1,340
Appraisers	945	74	1,019
CPD	745	807	1,552
Complaint	96	246	342
Other	369	1,049	1,418
<b>Total Emails</b>	<b>9,045</b>	<b>3,904</b>	<b>12,949</b>
<b>Average per day</b>	<b>36</b>	<b>15</b>	<b>51</b>

## Email Inquiries by Year

Year	No. of Emails
<b>2008-2009</b>	<b>12,949</b>
<b>2007-2008</b>	<b>11,644</b>



Industry Standards has focused its efforts in the past year on improving the delivery of our core services, processing licensing applications and the provision of information services, especially during the renewal period. A new RECA Online server was installed in July, which provided greater licence processing capabilities and faster service to brokers when processing applications online. Additional programming changes to RECA Online enhanced RECA's ability to track the renewal process, generate new reports and notify brokers of outstanding issues so they could be dealt with in a more timely manner."

**- Kirk Bacon, Director of Industry Standards**

One of the most significant initiatives within RECA Communications in 2008-2009 was the production of more than 50 Information Bulletins. The Information Bulletins are a series of articles that assist industry members in complying with legislation in their day-to-day business, and are available on the RECA website both in HTML and printable PDF format. Additional Information Bulletins will be developed and published on an ongoing basis.

In fiscal 2008-2009 RECA Communications completed the *RECA Advertising Guidelines* for use by real estate and mortgage brokerage industry members. The 40-page guide will be distributed to all brokerages early in fiscal 2009-2010.

Though not scheduled to launch until early fiscal 2009-2010, RECA Communications devoted a significant amount of time to the redesign and redevelopment of the RECA website. The new website will be more user-friendly, visually appealing and easier for users to navigate and find the information that is used most often.

RECA Communications responded to 16 media inquiries in fiscal 2008-2009, ranging from questions about specific investigations or disciplinary proceedings to questions about the function of RECA, Council's powers and general trends in the industry.

### Top Website Content

Page	Number of Unique Visitors
Online Licensing	29,380
RECA Education	17,454
Contact RECA	11,741
Licensing Forms	9,453
Decisions	6,355
Residential Relationship Forms	5,264
Real Estate Forms and Fees	5,236
Criminal Record Check	4,897
Re-Licensing Education Program Requirements	4,194
Mortgage Brokerage Forms and Fees	3,460

### Website Visits

Visits	213,043
Unique Visitors	86,174

### Top Downloaded Content

File	Number of Unique Downloads
Agency Relationships Guide	1,903
Associate Application for Licensing & Registration	1,005
Associate Application for Registration	904
Common Law Transaction Brokerage Agreement	833
Fee Schedule	562

During the 2008-2009 fiscal year, RECA continued its ongoing involvement in the development and delivery of pre-licensing and re-licensing education programs for the real estate, mortgage brokerage, and real estate appraisal industries.

In terms of pre-licensing education, RECA devoted significant time and resources to the development of a new Mortgage Associates' Program (MAP), in cooperation with the Alberta Mortgage Brokers' Association (AMBA). The new program will have two phases. RECA is developing Phase One, which focuses on the regulatory and foundational aspects of the industry, and AMBA is developing Phase Two, which focuses on practice-related information about mortgage brokerage. RECA anticipates the new program will launch in the spring of 2010.

With respect to re-licensing education, RECA Education has spent much of the past year developing the Real Estate Update and Mortgage Brokerage Update courses for the respective industries as part of the mandatory Re-licensing Education Program (REP) for the 2009-2010 registration year. Both courses will be accessible to industry members through the education portion of the RECA website at [www.reca.ca](http://www.reca.ca).

Individual real estate and mortgage broker industry members must complete their respective REP course prior to September 30, 2010 in order to renew their registration certificate at September 30, 2010.

Through Council's education strategic plan and its education core values, it has laid the foundation for the development and delivery of quality education offerings that are relevant and timely. RECA will take a practical, work-ready approach to all course development, which will be reflected in the course content and instructional design. Council's primary delivery method is online to ensure that students have the option to complete RECA's pre and post licensing education offerings from any place, at any time and at any pace.



RECA Education has spent the past year building a solid foundation for the future of pre-licensing and re-licensing education programs. RECA's online course education platform (MOODLE) is highly regarded as a sound platform that provides excellent flexibility for current and future online course delivery and management of those courses. Through this foundation, RECA will be able to provide effective, efficient, educational, multi-media courses for all industry members. RECA Education is poised to offer industry members a leading-edge e-learning experience as they complete pre and post licensing education courses. Where demand exists, RECA's education offerings are also available in the classroom."

**- Kirk Bacon, Director of Industry Standards**

# AUDITS & INVESTIGATIONS

## Investigations

One of the fundamental responsibilities of a self-regulatory body is to conduct investigations and take disciplinary action when necessary. RECA investigations address unlicensed activity in the industry, examine complaints, and assist in the review of licence applications to ensure that licences are issued in the public interest.

RECA investigations are conducted according to a formal process based on the requirements of the Act and the principles of natural justice. Several criteria must be met before an investigation is initiated, including:

- the matter must fall under the Real Estate Council’s jurisdiction (i.e. it must concern a breach of the *Real Estate Act* or Rules)
- sufficient evidence must indicate the likelihood that an industry member was involved in conduct deserving of sanction

Complaint information in the “Complaints Received” table includes 380 formal complaints pursuant to section 37 of the *Real Estate Act* and 364 information reviews pursuant to section 38(1)(b) of the *Real Estate Act*.

### Complaints Received

Public	305
RECA	224
Industry	142
Other (anonymous & law enforcement)	73
<b>Total</b>	<b>744</b>

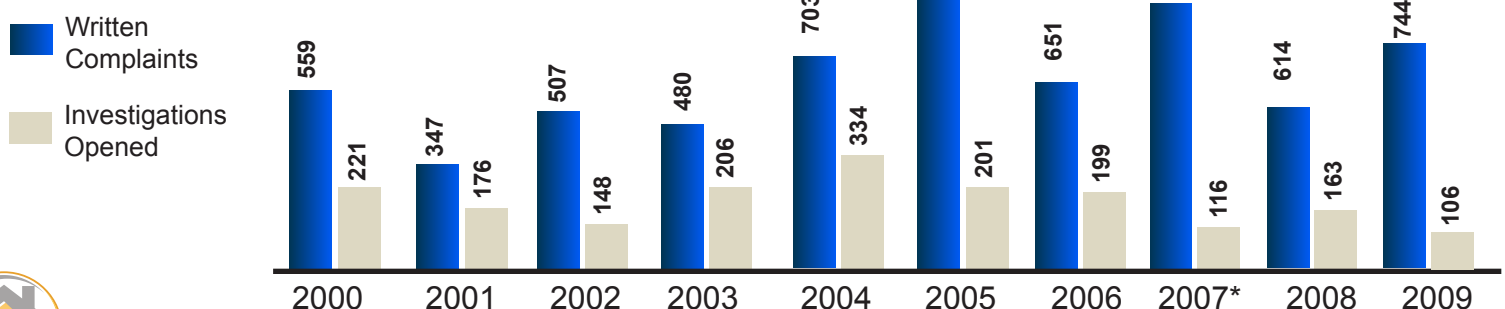
### Summary of Reviewed Complaints

<b>Total Complaints Reviewed</b>	<b>761</b>
<b>Nature of Reviewed Complaints</b>	
Unauthorized Practice	94
Civil Issue	25
Other	8
Breach of Other Legislation/Rules	19
Quality of Service	1
Potential Breach of <i>Real Estate Act</i> /Rules	614
Advertising/ Misrepresentation (109)	
Fraud/Illegal Practice (168)	
Unauthorized Activity (91)	
Role/Remuneration Disclosure (12)	
Fiduciary Duties (123)	
Accounting/Trust Deposits (53)	
Brokerage/Appraiser Operations (47)	
Competence (7)	
Non-cooperation (4)	

### Action Taken on Reviewed Complaints

<b>Refused Complaints</b>	<b>537</b>
Insufficient Evidence/Outside Jurisdiction	375
Issued advisory information	141
Sent warning letter	9
Referred to other agencies	12
<b>Referred for Investigation</b>	<b>224</b>
Full Investigation	167
Expedited Investigation	57

### Written Complaints vs. Investigations Opened



# Complaints, Investigations, Discipline and Compliance Audit

## Investigation Findings

<b>Total number of investigations opened</b>	<b>106</b>
<b>Total number of investigations closed</b>	<b>132</b>
Referred to Legal Services	85
Referred to Industry Standards	2
Issued Audit Administrative Penalty	29
Issued Advisory Note	4
Insufficient Evidence	10
Investigation Terminated	2
Investigation Suspended	0
Unfounded	0

As of September 30, 2009 there were 237 pending/open investigations and 383 ongoing complaint/information evaluations

## Compliance Audit

The Real Estate Council of Alberta's regulatory responsibility includes the periodic inspection of industry members' books and records. These inspections are called audits. The compliance audit program provides positive, constructive assistance to industry members with respect to accounting and legislative requirements by:

- providing advice related to trust accounts and record keeping
- developing effective record keeping and administrative procedures
- identifying and resolving potential problems

## Audit Summary

Regular audits	211
Follow-ups	6
Special	4
<b>Total number of audits</b>	<b>221</b>

## Audit Administrative Penalties

Total number of Audit Administrative Penalties Ordered	29
Total amount of Audit Administrative Penalties ordered	\$25,500
Total amount of Audit Administrative Penalties collected	\$33,000



A new expedited investigations process was implemented during this fiscal year. It is anticipated this process will make it easier for RECA to deal with minor issues and make RECA's investigation process more timely and efficient. On the audit side, this was the first full year of brokerage surveys to determine broker satisfaction with the audit process. The survey results indicate brokers are finding audits helpful in assisting them to develop sound practices and procedures.”

- Joseph Fernandez, Director of Audits and Investigations

## Matters Concluded

<b>Disciplinary (conduct)</b>	<b>102</b>
Administrative Penalties (11)	
Consent Agreements (21)	
Contested Hearings (12)	
Withdrawal-Related (24)	
Appeals (8)	
Appeal Withdrawn (3)	
Advisory Note/Letter of Reprimand/ Insufficient Evidence (9)	
Suspensions (12)	
Complainant Appeals (2)	
<b>Unlicensed practice</b>	<b>3</b>
<b>Litigation</b>	<b>8</b>
<b>Opinion</b>	<b>5</b>
<b>Assurance Fund</b>	<b>12</b>
<b>Total (conduct, licensing, litigation, etc.)</b>	<b>130</b>

## Outcomes

Fines and Administrative Penalties	35
Educational Requirement	17
Withdrawal from Industry	15
Executive Director Cancellation	3
Hearing Panel Cancellation	0
Chair Suspension	5
Executive Director Suspension	4
Hearing Panel Suspension	3
Complainant Appeal	2

## Summary of Fines and Penalties for Fiscal Year

Total fines ordered	\$136,125.00
Total Administrative Penalties ordered	\$20,000.00
<b>Total fines and Admin Penalties ordered</b>	<b>\$156,125.00</b>
<b>Total amount received in fiscal year</b>	<b>\$131,483.33*</b>

\* This amount includes the Audit Administrative Penalties collected as reported on page 17.



Legal Services continues to fulfill a number of core RECA functions. It combines active internal hearings and appeals casework before disciplinary, licensing review and other RECA panels with its general corporate counsel responsibilities. Legal services supports RECA's mission to protect the public, while maintaining and enhancing the integrity of the industry. Legal services continues to act as a resource to Council, committees and the executive director; administer the Assurance Fund; advise on operational, legal and public policy issues; and, act on RECA's behalf in privacy matters. Disciplinary file numbers have remained fairly constant as in previous years."

**- Jean Flanagan, Director of Legal Services**

# Real Estate Assurance Fund

The Real Estate Assurance Fund compensates consumers who suffer a financial loss as a result of fraud or breach of trust by an industry member with respect to a trade in real estate or a dealing in mortgages. It is funded entirely by industry members and administered by the Real Estate Council of Alberta.

Since its inception in 1985, \$1,894,207.44 has been paid out of the Real Estate Assurance Fund. Of this amount, \$346,546.44 has been paid out since RECA was formed. In the 2008-2009 fiscal year, 7 claims were paid, 10 files were opened. Overall there are 20 open Assurance Fund files.

## Assurance Fund Files and Reserves

Fiscal Year	Files Opened	Fiscal Year Reserve
Oct 1, 2008 - Sept 30, 2009	10	\$202,146
Oct 1, 2007 - Sept 30, 2008	8	\$210,000
July 1, 2006 - Sept 30, 2007	8	\$390,000
July 1, 2005 - June 30, 2006	4	\$129,700
July 1, 2004 - June 30, 2005	3	\$35,000
July 1, 2003 - June 30, 2004	1	\$0

## Claims paid by RECA\*

Fiscal Year	# of Files	Total Payment
<b>2008-2009</b>	<b>7</b>	<b>\$143,275.76</b>
2007-2008	6	\$90,139.68
2006-2007	0	0
2005-2006	0	0
2004-2005	0	0
2003-2004	0	0
2002-2003	1	\$20,858.00
2001-2002	0	0
2000-2001	0	0
1999-2000	3	\$56,761.00
1998-1999	0	0
1997-1998	1	\$25,000.00
1996-1997	4	\$10,512.00

\* 2006-2007 Claims Paid report has been adjusted from a Calendar Year to RECA's Fiscal Year. The amount previously reported for Calendar Year 2007 is included in the Fiscal Year 2007-2008 total.

# SUMMARIZED FINANCIAL STATEMENTS

## officers

**Ralph Solomons**  
Chair

**Richard Parker**  
Vice-Chair

**Pat Rudiger**  
Past Chair

**Bob Myroniuk**  
Executive Director

## SUMMARIZED STATEMENT OF FINANCIAL POSITION as at September 30

	Council Operating Fund	Assurance Fund	2009	2008
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 3,981,447	\$ 401,915	\$ 4,383,362	\$ 832,410
Short-term investments	3,955,459	2,596,111	6,551,570	9,439,937
Accounts receivable and accrued interest receivable	34,068	24,214	58,282	110,577
Prepaid expenses and development costs	470,014	-	470,014	266,120
Due from/(to) funds	(134,224)	134,224	-	-
	8,306,764	3,156,464	11,463,228	10,649,044
<b>Long-term investments</b>	1,082,863	1,575,258	2,658,121	2,097,928
<b>Capital assets</b>	781,411	-	781,411	987,231
	<b>\$ 10,171,038</b>	<b>\$ 4,731,722</b>	<b>\$ 14,902,760</b>	<b>\$ 13,734,203</b>
<b>Liabilities &amp; Fund Balances</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 977,654	\$ 4,373	\$ 982,027	\$ 1,397,748
Deferred licensing revenue	6,298,000	138,175	6,436,175	5,099,245
	7,275,654	142,548	7,418,202	6,496,993
<b>Provisions for future claims</b>	-	687,122	687,122	665,398
	7,275,654	829,670	8,105,324	7,162,391
<b>Fund balances</b>				
Invested in capital assets	781,411	-	781,411	987,231
Unrestricted Council Operating Fund	713,973	-	713,973	643,310
Internally restricted Council General Reserve	1,400,000	-	1,400,000	1,100,000
Externally restricted as Assurance Fund	-	3,902,052	3,902,052	3,841,271
	2,895,384	3,902,052	6,797,436	6,571,812
	<b>\$ 10,171,038</b>	<b>\$ 4,731,722</b>	<b>\$ 14,902,760</b>	<b>\$ 13,734,203</b>



Corporate Services is responsible for providing financial and administrative services to RECA. During the 2008-2009 fiscal year, the global economic downturn directly affected the real estate industry, which was reflected in a decline in licensing revenue from the previous fiscal year. Another significant result from the economic downturn was lower than expected returns on RECA investments. To sustain RECA's financial integrity, we responded to the declining revenue by careful stewardship of our expenditures, thereby ending the year with a surplus."

**-Dale Cawsey, Director of Corporate Services**

# Officers and Credits, Corporate Services

## SUMMARIZED STATEMENT OF OPERATIONS for the year ended September 30

	Council Operating Fund	Assurance Fund	2009	2008
<b>Restricted Revenue and Claims</b>				
Assessments	\$ -	\$ 231,575	\$ 231,575	\$ 255,475
Claims and provision for future claims	-	(165,000)	(165,000)	(206,179)
	-	66,575	66,575	49,296
<b>Revenue from operations</b>				
Licence fees	\$ 5,866,640	\$ -	\$ 5,866,640	\$ 5,996,500
Education courses	288,832	-	288,832	694,580
Investment income	74,131	87,492	161,623	326,944
Penalties, fines & enforcement recovery	150,313	-	150,313	191,611
Assurance Fund administration	65,316	-	65,316	151,818
Grant - Alberta Real Estate Foundation	22,440	-	22,440	56,560
Unrealized gain (loss) on investments	(6,106)	(5,794)	(11,900)	5,087
Gain (loss) on sale of capital assets	(13)	-	(13)	(484)
Sundry	4,196	-	4,196	12,081
	6,465,749	81,698	6,547,447	7,434,697
<b>Expenses</b>				
Salaries and benefits	3,833,988	-	3,833,988	3,696,116
Administration	1,052,674	66,372	1,119,046	1,092,383
Professional services	449,851	21,120	470,971	381,026
Information systems	388,471	-	388,471	316,818
Amortization	252,856	-	252,856	250,810
Council	154,893	-	154,893	161,727
Hearings	75,380	-	75,380	71,951
Education course development	56,833	-	56,833	137,173
Industry member services	35,960	-	35,960	56,560
Project costs	-	-	-	4,953
	6,300,906	87,492	6,388,398	6,169,517
<b>Excess of revenue over expenses</b>	<b>164,843</b>	<b>60,781</b>	<b>225,624</b>	<b>1,314,476</b>
Fund balances, beginning of year	2,730,541	3,841,271	6,571,812	5,257,336
<b>Fund balances, end of year</b>	<b>\$ 2,895,384</b>	<b>\$ 3,902,052</b>	<b>\$ 6,797,436</b>	<b>\$ 6,571,812</b>

The complete audited financial statements of the Real Estate Council of Alberta for the year ended September 30, 2009 are available on our website ([www.reca.ca](http://www.reca.ca)) or from the Council's office upon request.

## credits

**Parlee McLaws LLP,  
Calgary  
General Counsel**

**Bank of Montreal  
Banking Services**

**Mawer Investment  
Management  
Investment Counsel**

**Versalt Inc.  
Information Systems**

**Toole Peet Insurance  
Insurance Agent**



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