

BROKERAGE CEASING OPERATIONS / BROKER CANCELLATION

For a variety of reasons, a broker or brokerage owner may wish to cease the brokerage's operations – or a broker may wish to leave a brokerage, therefore requiring a different industry member to assume responsibility for the brokerage as its broker. Below are details of the steps that must be followed for each of these two scenarios.

BROKERAGE CEASING OPERATIONS

Step 1:

- broker must notify the Real Estate Council of Alberta (RECA) in writing of their intent to cease the brokerage's operations and/or the broker's registration [see sample form: [Declaration of Undertaking \(brokerage ceasing operations\)](#)]
 - The declaration details the steps the broker must take to ensure all brokerage trust obligations and agreements in place are satisfied or that arrangements have been made for their satisfaction.
- Ensure all of the following is contained in the Declaration of Undertaking:
 - Full legal name of the brokerage including trade name
 - Identification of all brokerage trust account(s) number(s) and location(s) and current balance(s)
 - Date on which the brokerage will cease operations
- clearly indicate that one of the following arrangements has been made concerning money held in trust and agreements (listings or sales) pending completion (Brokerages' agreements will require the broker to take steps to ensure all parties are protected and arrangements have been made to ensure all agreements can be satisfied.)
 - If agreements contain conditions that require satisfaction or unilateral waiving, these agreements require the active participation of a licensed industry member and **MUST BE ASSIGNED** to a licensed brokerage. Prior to termination, clients of the brokerage must be notified of the broker's intent and be informed of their option to agree or NOT to the assignment of the contract.
 - If **all** conditions of agreements have been satisfied or waived, the broker may indicate that:
 - they will continue to manage all money held in trust in accordance with section 25 of the Real Estate Act and will manage all agreements until the date of completion
 - that the broker will continue to be registered with a licensed brokerage until all agreements contained herein are satisfied
 - that if an agreement requires further action (i.e. extension of date of possession), the broker will assign the agreement to a licensed brokerage
 - If there are no outstanding agreements or trust money, the broker may indicate that the brokerage trust account(s) are at a zero balance and the brokerage has no outstanding licence obligations.

Step 2:

- If the broker will continue to be an industry member: complete the appropriate application for registration along with the required licensing fees.
- If the broker is retiring or leaving the industry: no information is required.

Step 3: Confirmation from RECA

Upon receipt of the completed Declaration of Undertaking, RECA will:

- provide notification to the broker that the brokerage can cease operations
- send written notification from RECA's audit and investigations unit to the broker detailing audit requirements
- require monthly reports to RECA audit and investigations if the broker has indicated they will continue to manage trust money

BROKER CANCELLATION AND REGISTRATION OF NEW BROKER

When the brokerage continues operations, but a new broker is registered, the following is required.

Step 1: Current Broker

Provide written notification to RECA indicating:

- they wish to cancel their registration as broker
- date of cancellation (must be the same as the date of registration of a new broker)

Step 2: New Broker

Must provide the following to RECA:

- a completed Declaration of Undertaking detailing the steps the new broker must take to ensure they are aware of the brokerage's obligations regarding monies held in trust [see sample form: [Declaration of Undertaking \(broker cancellation and registration of new broker\)](#).]
 - Ensure that all of the following information is contained in the Declaration of Undertaking:
 - Full legal name of the brokerage including trade name
 - Identification of all brokerage trust account(s) number(s), location(s) and current balance(s)
 - That they will be accepting responsibility for all of the brokerage's licensed obligations effective (date – must be the same date of cancellation of the previous broker's registration and activation of the new broker's registration)

- A completed **associate/associate broker registration cancellation** form to terminate registration if currently registered with another brokerage OR written notification of cancellation of broker registration if currently registered as a broker (see Step 1 above)
- For a new broker, a completed **broker application for licence and registration** form with required licensing fee (see **Guide to Completion** for further instructions).
- For an existing broker, a completed **broker application for registration** form with required licensing fee (see **Guide to Completion** for further instructions).
- A completed **brokerage licence renewal** form along with all required supporting documentation (see **Guide to Completion** for further instructions)
- A Broker of Record Letter that provides the broker with the authority to perform the duties and responsibilities required under the Real Estate Act if the broker does not have a 51% ownership position