



# ANNUAL REPORT 2016-2017





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# OUR MANDATE, MISSION & VISION



## REAL ESTATE COUNCIL OF ALBERTA OVERVIEW

Established in 1996, the Real Estate Council of Alberta (RECA) is the independent governing authority that sets, regulates, and enforces standards for real estate brokerage, mortgage brokerage, real estate appraisal, and property management professionals under the *Real Estate Act* of Alberta.

## MANDATE

RECA's mandate is to protect consumers, and to provide services that enhance and improve the industry and the business of industry professionals.



## VISION

By 2020, the Real Estate Council of Alberta will:

- set the foundation for real estate professionals to serve the public interest, protect consumers, and provide a positive real estate experience through effective establishment and enforcement of professional standards
- be recognized as an independent, responsive, and impartial governing body
- ensure real estate practitioners have a professional mindset and engage in the practice of self-regulation

## MISSION

RECA builds consumer trust and confidence in industry professionals by:

- setting and enforcing standards of conduct and professional development requirements for the industry to protect the consumer
- providing services that enhance and improve the industry
- promoting the integrity of the industry
- protecting against, investigating, detecting, and suppressing mortgage fraud as it relates to the industry

# 2016-2017 COMMITTEES

The Real Estate Council of Alberta (RECA) receives reports and recommendations from eight committees. Five industry sector advisory committees and three Council committees provide the information and expertise Council needs to make informed decisions.

## Industry Sector Advisory Committees

Industry sector advisory committees provide a direct line to industry professionals and help maintain cooperation, communication and an exchange of information between RECA and the industry. These committees are made up of Council members, industry professionals, and consumers.

### Commercial Real Estate Advisory Committee

Ramey Demian, Chair

### Mortgage Brokers Advisory Committee

Phil McDowell, Chair

### Property Management Advisory Committee

Christine Zwozdesky, Chair

### Real Estate Appraisers Advisory Committee

Rob Telford, Chair

### Residential Real Estate Advisory Committee

Bobbi Dawson, Chair

## Council Committees

Council committees are in place to address issues and make recommendations to Council on its responsibilities under the *Real Estate Act*.

### Finance & Audit Committee

Brian Klingspon, Chair

### Governance Committee

Krista Bolton, Chair

### Hearings Committee

Bonny Clarke, Chair

## Ad Hoc Committees

In addition to these committees, Council may, from time to time, establish ad hoc committees to address specific issues usually within specified time lines. Once Council has determined the work of the ad hoc committee is completed or there is no further need for the committee, the committee is disbanded.

### Condominium Managers Implementation Advisory Committee

Bobbi Dawson, Chair

### Facilities Committee

Christine Zwozdesky, Chair

### Legislation Review Committee

Rob Telford, Chair



# COUNCIL MEMBERS 2016-2017



CHRISTINE ZWOZDESKY

CHAIR

appointed by Council from nominations received from licensed property managers



BRIAN KLINGSTON

CHAIR-ELECT

appointed by the Alberta Real Estate Association, from industry members who are members of the REALTORS® Association of Edmonton



KRISTA BOLTON

PAST-CHAIR

appointed from the public by members of Council who represent the Alberta Real Estate Association and the Alberta Mortgage Brokers Association



BONNY CLARKE

appointed from industry members who are not members of the Alberta Real Estate Association, by members of Council who represent the Alberta Real Estate Association and the Alberta Mortgage Brokers Association



BOBBI DAWSON

appointed by the Alberta Real Estate Association, by industry members who are members of the real estate boards outside of Edmonton and Calgary



RAMEY DEMIAN

appointed by the Alberta Real Estate Association, from industry members trading in industrial, commercial and investment real estate





TONY DHAILWAL

appointed by the Minister of Service Alberta from the public



BILL KIRK

appointed by the Alberta Real Estate Association, by industry members of the Calgary Real Estate Board



PHIL MCDOWELL

appointed by the Alberta Mortgage Brokers Association, by industry members dealing in mortgages



STAN MILLS

appointed by the Alberta Real Estate Association, by industry members who are members of real estate boards outside of Edmonton and Calgary



ROBYN MOSER

appointed by the Alberta Real Estate Association, by industry members trading in residential real estate



ROBERT TELFORD

appointed by Council from nominations received from licensed real estate appraisers

# MESSAGE FROM THE CHAIR

## Christine Zwozdesky

As Chair of the Real Estate Council of Alberta (RECA) for 2016/2017, I am pleased to provide a summary of Council's activity in this Annual Report.

This year was the first year of our 2016-2020 Strategic Plan. This plan positions stakeholders at the core of our objectives and initiatives, with the goal of increasing stakeholder awareness of RECA, and understanding of RECA's role in protecting consumers and promoting and enhancing the professionalism of industry professionals.

### Open and Transparent

Council identified openness and transparency as a key component of positive stakeholder relations and effective self-regulation.

In 2015-2016 Council commissioned Field Law to conduct a regulatory review of RECA licensing and disciplinary processes. Field Law made 33 recommendations to improve RECA processes and I'm pleased to report that in 2016-2017, RECA made progress on every recommendation that did not require legislative changes by the Government of Alberta.

One of the key recommendations that increases transparency between RECA and industry professionals is the documentation of our Good Character Policy. This policy captures how RECA defines good character, and how RECA applies this definition when assessing potential licensees and professionals under investigation or making an application for an authorization with RECA. Now RECA administration, Council, licence applicants, and all industry professionals can understand how RECA applies good character to licensing and disciplinary outcomes.

Other new policies include posting Council meeting agendas and minutes, posting Notices of Hearings and hearing dates, and removing publication restrictions of disciplinary action. Effective January, 2018, all stakeholders will see what Council is talking about, have the opportunity to attend hearings, and have greater access to disciplinary information. These policies make it easier for industry professionals to be a part of the self-regulation experience.

Ultimately, these openness and transparency initiatives are about trust and fairness. To ensure that fairness, Council took steps to improve Council governance and hearing panel effectiveness by instituting an enhanced Council mentorship program, hearing panel

shadowing opportunities, and improved hearing panel training. Council also undertook an external governance review. How Council makes decisions is as important as the decisions themselves.

### Stakeholder Communications and Consultation Consumers

Consumer awareness of RECA is of primary importance, and RECA took further steps to engage with the public of Alberta. In 2016-2017, Council supported the creation of a Consumer Advisory Committee. This committee met twice this year, and those meetings provided Council with the opportunity to hear what Albertans of diverse backgrounds think of RECA's planned initiatives and priorities.

RECA continues to expand its consumer awareness work, which includes new consumer resources, digital advertising campaigns, and an increased presence in media and at consumer events.

### Industry

In 2017, Council approved a Consultation Policy. That policy is Council's commitment to follow internationally-accepted principles for effective consultation. Through this policy and this commitment, stakeholders can be confident RECA consultations will be transparent, comprehensive, and effective. With stakeholders at the core of our strategic plan, we want to ensure that our consultation and engagement processes are as strong and valuable as they need to be.

In 2017, Council invited all stakeholders to provide their thoughts on the proposed openness and transparency policies discussed above. I, and Council as a whole, am grateful to those stakeholders who took the opportunity to participate and have their voices heard. Self-regulation means very little if those in the industry itself do not take time to contribute to its effectiveness.



### Education Partnerships

RECA is a leader in real estate professional education in Canada, and RECA furthered its commitment to leading-edge education opportunities by entering a new agreement with MacEwan University, which will use RECA's pre-licensing courses to develop a minor program in property management. RECA also renewed its existing Memorandum of Understandings with Olds College to provide one of RECA's courses as part of their Land and Environment Program.

Accessible education remains one of RECA's Education Core Values, and partnerships with educational institutions is one way we fulfill that core value. Through these partnerships and our ongoing course development, RECA maintains high-quality accessible educational offerings for industry professionals and future industry practitioners.

Council took important steps in the first year of its 2016-2020 Strategic Plan. We look forward to pursuing the rest of our strategic plan with the support of all stakeholders, and in the best interests of both consumers and industry professionals. We look forward to walking forward with industry professionals as we work together to increase professionalism in the industry and enhance consumer protection.

# MESSAGE FROM THE EXECUTIVE DIRECTOR

Bob Myroniuk

In our 21 years of operations at the Real Estate Council of Alberta, I've seen our team expand from just a few dedicated individuals regulating less than 10,000 professionals, to a strong, multi-faceted, professional, award-winning regulator responsible for governing more than 15,000 professionals across four industries. For every one of those 21 years, RECA has strived to improve its operations, and this year was no different. My message highlights some of RECA's most significant enhancements in 2016-2017.

## Operational Efficiency and Service Improvement

RECA focused on implementing the recommendations resulting from Field Law's Third Party Regulatory Review of its operations. Operationally, these changes include updates to our conduct review and complaint handling processes, as well as enhancements within our licensing department. These changes create greater efficiency, and the process changes will also allow us to re-allocate resources to more complex investigations when necessary.

RECA also launched the Self-Represented Program. This program is the first of its kind for a real estate regulator in Canada. It offers legal information and resources to industry professionals who want to represent themselves at a RECA hearing. Self-represented industry professionals will have the opportunity to review extensive information about RECA's hearing process, and consult with an independent lawyer about the process for up to two hours. This program provides self-represented individuals with a better opportunity to understand the hearing process and the hearing panel's expectations of them.

RECA staff also underwent a full day privacy seminar to ensure all RECA staff abide by provincial and national privacy legislation. RECA has made an ongoing commitment to ensuring staff understand privacy legislation.

## Stakeholder Communications

In 2016-2017, RECA invited industry professionals to complete a communications survey. The survey asked them how they interact with RECA, their opinions of RECA communications, and what types of communications in which they are most interested. The most significant takeaway from this survey was an overwhelming interest from industry professionals in more practice tips. In response, RECA revamped the Regulator newsletter in terms of content and format; it now includes multiple practice tip articles in each issue.



The new Regulator has shown a 25% increase in readership. The survey results also showed that industry professionals want practice tips incorporated into the Case Summaries publications. RECA now includes such practice tips after every Case Summary. These tips better outline how RECA expects industry professionals to act in the given situations.

This year RECA also created the Mortgage Broker Practice Advisor position, which supports mortgage brokerages by responding to broker and delegate questions with practical, timely information, guidance, and advisory services that support them in their responsibilities and duties on a “without prejudice” basis. RECA’s Mortgage Broker Practice Advisor is also available to conduct engaging, timely presentations to brokerages and industry organizations on mortgage brokerage practices and regulatory issues. RECA introduced the Real Estate Practice Advisor position in 2012, and now mortgage brokers can take advantage of the same service.

The 2016-2020 Strategic Plan continues to position consumers as a primary stakeholder. That positioning led RECA to create several new consumer resources. These include:

- the RECA Home Buyer’s Guide and Home Seller’s Guide. These are mobile-friendly, comprehensive micro-websites, allowing consumers to easily access resources to help them through the entire buying and selling process. The Home Buyer’s Guide received the 2017 Association of Real Estate Licensing Law Officials (ARELLO) Communications Award.
- Ask Charles consumer articles in community newsletters and newspapers across the province. These short consumer question-and-answer articles regularly reach more than 200,000 households in Calgary, Edmonton, the Red Deer area, and Lethbridge.
- consumer tradeshow attendance in Calgary and Edmonton

- participation in consumer education initiatives such as Fraud Prevention Month and Financial Literacy Month
- digital advertising campaigns that highlight the value of working with licensed professionals
- plain language version of the Rules for consumers

These resources and initiatives increase RECA’s presence with the public, and we remain committed to them for the future.

#### Education

In 2016-2017 RECA continued its dedication to offering leading-edge education through the launch of Real Estate Update 2017. More than 90% of learners gave it a favourable review.

#### Moving forward

RECA will move to a new office in Calgary in 2017-2018. This move is the culmination of careful planning by both Council and our administrative team. The new space will allow RECA to continue to run its core operations efficiently, and it provides additional flexibility as our regulatory responsibilities expand into the Condominium Management sector in the coming years.

These are just a few of our operational achievements this year. RECA is the authority for a positive real estate experience, and we are committed to building on these operational enhancements going forward.

# 2016-2017 STRATEGIC GOALS AND ACCOMPLISHMENTS

This was the first year of RECA's 2016-2020 Strategic Plan, and these are just a few of the achievements accomplished during the past year.

## 01 CONSUMERS

Aware and informed consumers have trust and confidence in RECA:

- to provide timely and effective responses to their inquiries
- to remedy and resolve issues

### ACHIEVEMENTS

- implemented an "Ask Charles" media program that provides industry information to consumers, and gives them a vehicle through which they can engage with RECA and obtain valuable information
- created a link in the consumers section of RECA's website to "Standards of Conduct" that includes a plain language summary of the conduct sections of the Rules and other material relevant to the standards of conduct expected of industry professionals
- launched comprehensive, mobile-friendly microsites for Alberta home buyers and Alberta home sellers

## 02 REAL ESTATE PROFESSIONALS

Competent real estate professionals serve and protect the public interest by:

- embracing and demonstrating a clear understanding of being a part of the real estate profession and an appreciation for self-regulation
- adhering to clear professional standards
- knowing and accessing RECA's industry advisory services

### ACHIEVEMENTS

- developed a plain language policy document for licence applicants on RECA's website, to explain how RECA interprets and applies the concept of "good character" in licensing and conduct review decisions
- developed a Re-Licensing Education Program (REP) course for the residential and rural real estate sectors



## 03 STAKEHOLDERS

Government, stakeholder associations, and industry colleagues will understand RECA promotes positive relations and is the open, transparent, responsive governing body for real estate professionals in Alberta.

### ACHIEVEMENTS

- established working relationships with organizations (MBRCC and RERC) responsible for education of real estate professionals across Canada and, where appropriate, participate in initiatives that advance RECA's core education values
- RECA's executive staff represented RECA across Canada at industry association meetings, conferences, and trade shows
- approved a statement on openness and transparency, and developed new policies that reflect the commitment to openness and transparency (posting Council meeting minutes and agendas, posting a Hearings schedule)

## 04 CAPACITY

Maximize RECA's capacity to achieve its 2020 Vision by establishing an appropriate regulatory framework of policies and procedures, a prudent financial plan, and develop both internal and external human resources

### ACHIEVEMENTS

- implemented a program to provide independent and confidential procedural advice and direction to industry professionals who are in receipt of a notice of hearing from RECA
- developed Hearing Panel training with respect to when direct evidence is needed and areas of concern when industry members do not attend the hearing or are self-represented at the hearing
- developed performance measures for level 2 and 3 files within the Professional Standards Unit
- introduced a mortgage broker practice advisor to advise brokers, conduct presentations, assist with the development of education materials, and projects for the Mortgage Broker Regulators' Council of Canada

# OFFICE OF THE REGISTRAR

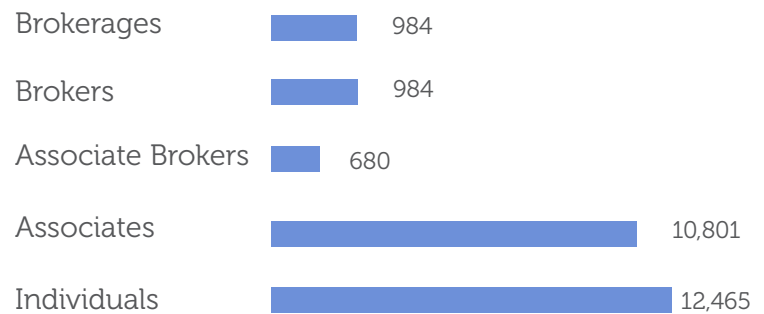
The Office of the Registrar is responsible for the eligibility, education and licensing of industry professionals. The Consumer and Industry Services unit administers licensing and is a source of information to consumers and industry professionals. The Education Services unit develops, delivers and supports pre- and post-licensing courses.

## Consumer and Industry Services

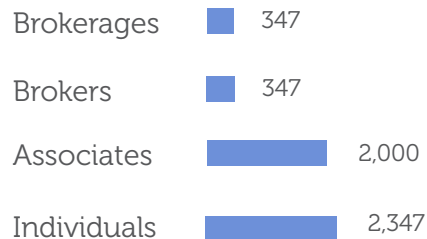
Refused	Real Estate: 1 associate
Cancelled	0
Suspended	Real Estate: 1 brokerage, 2 brokers, 3 associate brokers, 7 associates Mortgage: 1 associate
Conditions Applied	Real Estate: 49 brokerages, 39 brokers, 12 associate brokers, 352 associates Mortgage: 17 brokerages, 12 brokers, 41 associates Appraiser: 8 Candidate: 0
Lifetime Withdrawals Approved	Real Estate: 2 brokers, 3 associates Mortgage: 2 associates

### Authorizations

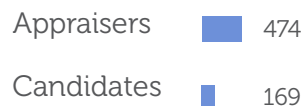
#### Real Estate



#### Mortgage Brokerage



#### Real Estate Appraisal







# Education Services

## Pre-Licensing Enrollment Report

Real Estate Associates Program	
Career in real estate information session	2,305
Fundamentals of real estate	1,801
Practice of residential real estate	1,012
Practice of commercial real estate	248
Practice of rural real estate	126
Practice of property management	243
Mortgage Associates Program	
Fundamentals of mortgage brokerage	287
Real Estate Appraisal in Alberta	48
Consumer Relationships	39

## Course Completions

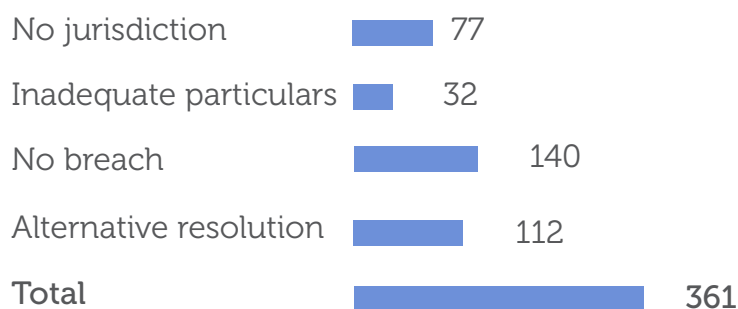
Real Estate Associates Program	
Career in real estate information session	2,305
Fundamentals of real estate	1,147
Practice of residential real estate	995
Practice of commercial real estate	167
Practice of rural real estate	104
Practice of property management	195
Mortgage Associates Program	
Fundamentals of mortgage brokerage	204
Real Estate Appraisal in Alberta	42
Consumer Relationships	29

# PROFESSIONAL STANDARDS

As a regulatory body, RECA performs conduct reviews of industry professionals and takes disciplinary action when necessary, either through the Professional Conduct Reviews unit (investigations) or Professional Conduct Proceedings unit (hearings). RECA also enhances the industry through its Trust Assurance & Practice Review unit, which works constructively with brokers and appraisers to develop sound practices and procedures.

## Professional Conduct Review

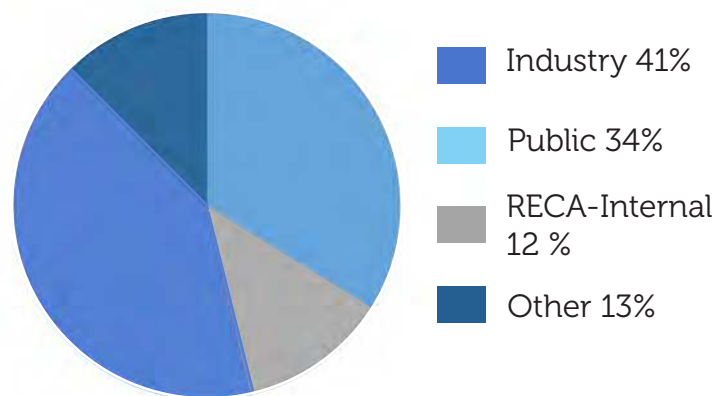
### Reason for Complaint Refusal



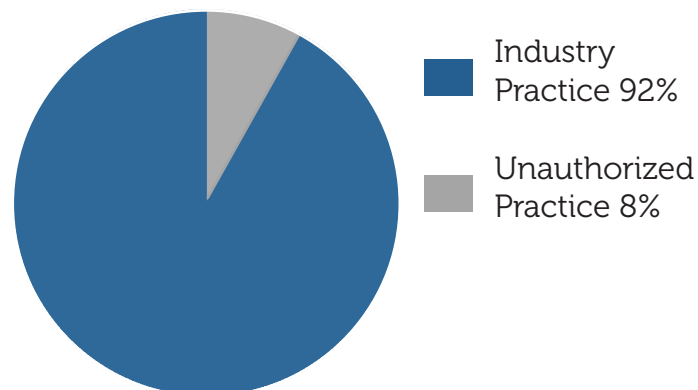
### Complaints and Investigation Outcomes

Refused	361
Alternative resolution post-investigation	39
Discontinued	65
Insufficient evidence	231
Letter of warning (unauthorized practice)	11
Advisory note	147
Letter of reprimand	91
Administrative penalty	98
Sent to conduct proceedings	31
<b>Total</b>	<b>1,074</b>

### Source of Reviewed Complaint



### Complaints Referred for Investigation





## Professional Conduct Proceedings

### File Count

Open files as of Oct. 1, 2016	58
Files opened during year	66
Files closed during year	43
Open files as of Sept. 30, 2017	81

### Subject of Closed Files

Industry Members	■	39
Non-Industry Members	■	4

### Fines and Penalties

Fines Ordered	\$115,500
Fines Received	\$138,439
Administrative Penalties Ordered	\$261,500
Administrative Penalties Received	\$155,000

### File Closing Process

No jurisdiction	2
Insufficient evidence	4
Advisory note	0
Letter of reprimand	0
Administrative penalty	0
Consent agreement	0
Hearing	6
Withdrawal from industry	7
Appeals	8
Judicial review	0
Opinion	8

## Trust Assurance and Practice Review

Regular Reviews	317
Special/Follow Up Reviews	5
Total	322



# REAL ESTATE ASSURANCE FUND

The Real Estate Assurance Fund (REAF) compensates consumers who suffer a financial loss as a result of fraud or breach of trust in a trade in real estate or a deal in mortgages. This includes a real estate or mortgage brokerage's failure to disburse or account for money held in trust. REAF is funded entirely by a levy on new real estate and mortgage brokerage professionals.

Compensation paid from REAF since its inception in 1985 totals \$2,296,680. Compensation paid from REAF since RECA began administering it totals \$748,989. RECA paid \$244,631 in compensation from REAF in the 2016-2017 fiscal year. There are 21 potential future applications for compensation (open claim files) from REAF as of September 30, 2017, with total reserves of \$1,341,060 set aside.

## Files Opened and Reserves Set Aside

		\$
2016-2017	3	219,063
2015-2016	0	0
2014-2015	7	738,000
2013-2014	4	314,600
2012-2013	2	25,000
2011-2012	5	170,000
2010-2011	4	140,000

## Claims Paid

	\$
2016-2017	244,631
2015-2016	0
2014-2015	9,833
2013-2014	0
2012-2013	0
2011-2012	7,124
2010-2011	35,000
2009-2010	105,855
2008-2009	143,276
2007-2008	90,140
2006-2007	0
2005-2006	0
2004-2005	0
2003-2004	0
2002-2003	20,858
2001-2002	0
2000-2001	0
1999-2000	56,761
1998-1999	0
1997-1998	25,000



# SUMMARIZED FINANCIAL STATEMENTS

## Summarized Statement of Financial Position As at September 30, 2017

	Council Operating Fund	Assurance Fund	Sept. 30, 2017	Sept. 30, 2016
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	\$11,377,489	\$178,091	\$11,555,580	\$8,157,580
Short-term investments	13,009,750	4,492,583	17,502,333	17,424,067
Accounts receivable and accrued interest receivable	72,860	-	72,860	154,005
Prepaid expenses	300,264	-	300,264	251,925
Due from/(to) funds	(36)	36	-	-
	24,760,327	4,670,710	29,431,037	25,987,577
Development costs	514,349	-	514,349	536,436
Long-term deposits	-	-	-	225,842
Long-term prepaid expenses	77,079	-	77,079	-
Capital assets	2,242,747	-	2,242,747	1,979,789
	\$27,594,502	\$4,670,710	\$32,265,212	\$28,729,644
<b>Liabilities and fund balances</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$2,319,711	\$3,345	\$2,323,056	\$1,133,050
Deferred licensing revenue	7,341,725	-	7,341,725	7,326,675
	9,661,436	3,345	9,664,781	8,459,725
Assurance fund reserves	-	1,341,060	1,341,060	1,555,100
	9,661,436	1,344,405	11,005,841	10,014,825
<b>Net assets</b>				
Invested in capital assets	2,242,747	-	2,242,747	1,979,789
Unrestricted council operating fund	7,105,819	-	7,105,819	5,451,257
Internally restricted council general reserve	8,584,500	-	8,584,500	8,100,000
Externally restricted as assurance fund	-	3,326,305	3,326,305	3,183,773
	17,933,066	3,326,305	21,259,371	18,714,819
	\$27,594,502	\$4,670,710	\$32,265,212	\$28,729,644

### Officers

Christine  
Zwozdesky  
Chair

Brian  
Klingspon  
Chair-Elect

Bob  
Myroniuk  
Executive Director

## Summarized Statement of Operations

For the year ended September 30, 2017

	Council Operating Fund	Assurance Fund	Sept. 30, 2017	Sept. 30, 2016
<b>Restricted revenue and claims</b>				
Assessments	-	\$143,600	\$143,600	\$123,700
Claims and provision for future claims	-	(30,591)	(30,591)	30,000
	-	113,009	113,009	153,700
<b>Revenue from operations</b>				
Licence fees	8,533,322	-	8,533,322	8,392,780
Education courses	4,933,355	-	4,933,355	4,931,510
Penalties, fines and enforcement recovery	338,076	-	338,076	135,128
Investment income	86,096	19,142	105,238	93,335
Sundry	-	25,000	25,000	-
	13,890,849	44,142	13,934,991	13,552,753
<b>Expenses</b>				
Salaries and benefits	6,367,713	-	6,367,713	6,095,823
Administration	1,774,793	799	1,775,592	1,654,722
Education courses	1,016,820	-	1,016,820	833,510
Amortization of capital assets	788,400	-	788,400	815,323
Professional services	616,827	15,970	632,797	629,609
Council	390,366	-	390,366	314,535
Information systems	376,825	-	376,825	303,787
Hearings	167,897	-	167,897	100,301
	11,499,641	16,769	11,516,410	10,747,610
Excess (deficiency) of revenue over expenses before other items	2,391,208	140,382	2,531,590	2,958,843
<b>Other Items:</b>				
Unrealized gain (loss) on investments	8,439	4,523	12,962	3,791
Assurance fund administration	2,373	(2,373)	-	-
	10,812	2,150	12,962	3,791
Excess (deficiency) of revenue over expenses	2,402,020	142,532	2,544,552	2,962,634
Fund balances, beginning of year	15,531,046	3,183,773	18,714,819	15,752,185
Fund balances, end of year	\$17,933,066	\$3,326,305	\$21,259,371	\$18,714,819

The complete audited financial statements of the Real Estate Council of Alberta for the year ended September 30, 2017 are available on our website ([www.reca.ca](http://www.reca.ca)) or from the Council's office upon request.

### Credits

Parlee McLaws LLP  
Corporate Counsel

Bank of Montreal  
Banking Services

Mawer Investment  
Management  
Investment Counsel

Toole Peete & Co.  
Limited  
Insurance Agent

MNP LLP  
Auditor



## CONNECT WITH US

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