

The Regulator



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**REAL ESTATE
COUNCIL
OF ALBERTA®**

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Message From Council

Bill Buterman, Chair

One of Council's objectives within our current Strategic Plan is to be a leader in identifying trends and issues affecting the real estate professions and in facilitating solutions.

Two such issues that significantly affect our industry professionals are the *Condominium Property Act* and former marijuana grow operations. Recently, the Government of Alberta reached out to obtain RECA's input on its review of the *Condominium Property Act* and it has invited RECA to participate in stakeholder consultations on grow-ops in Alberta. While these initiatives are outside of the main scope of the Council, it is important that our leadership takes on a role in issues that affect our industry members.

To respond to the Government's consultation into the *Condominium Property Act*, RECA created a staff committee with substantial experience in condominium situations to review the consultation paper and draft preliminary responses. Those draft responses were reviewed by an ad hoc committee of Council, and then Council ultimately reviewed and approved the consultation responses at its April meeting.

More recently, the government invited RECA to participate in the first round of in-person stakeholder consultations on grow ops in Alberta. The stakeholder consultations on marijuana grow operations are being led by Rick Fraser, MLA for Calgary-South East. Community and ministry stakeholder consultation meetings will take place between February and May, 2013, and will include police agencies, municipalities, fire officials, health, safety and building investigators,

utilities, mortgage and real estate companies and other organizations.

Of course, these two recent consultations are not the first time that RECA staff and Council have been looked to for input on issues that relate to or concern the real estate and mortgage industries. This is similar to what occurred in late 2011 with respect to the government's research into Alberta's New Home Warranty Program.

As recently as February, I spoke to you about RECA's role as an industry leader – and I looked at some of the roles that RECA staff and Council members play, even beyond Alberta's borders. RECA wins awards and it leads national bodies. And, while it's nice to be lauded for such accomplishments, it's equally fulfilling for Council and RECA staff to simply be consulted as experts on the issues that matter to our authorized industry professionals.

As Chair I would encourage you, our members, to get to know the senior staff at RECA and discuss the roles they play on our behalf across Canada and within our province, which further enhance our respective industries in the real estate world. In short, get involved and please get to know us.

I can assure you that we have a great depth of industry knowledge and level of competence within RECA administration and on Council to support us all as industry professionals.

On behalf of RECA, the Council, have a great spring and we wish to thank you all for your continued professionalism.



April 2013

The Real Estate Council of Alberta (RECA) is committed to providing regular updates to its industry professionals and related stakeholders about its initiatives, progress and future projects. Though only 18 months into its [2011-2016 Strategic Plan](#), industry professionals are already benefiting from the work that has been done in fulfillment of Council's five critical success factors.

Business Plan 2011-2016 Year 2 – Mid-Year Report

Critical Success Factors

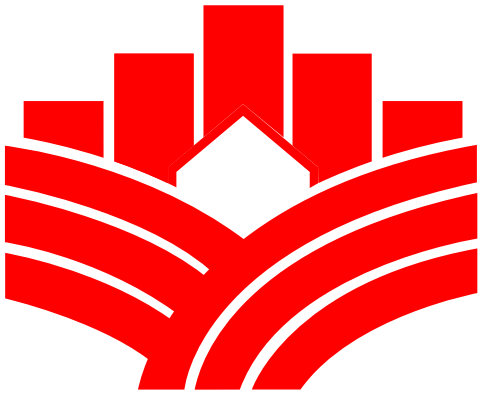
1. Advance Professionalism of the Industry:

- Council has listened to its stakeholders and continues to review and simplify mandatory form content.
- RECA's Real Estate Practice Advisor, Doug Dixon, continues to meet with brokerages across the province. Doug has met with or made presentations to 80+ brokerages since joining RECA in March 2012. His presentations provide updates on RECA initiatives and industry member relationships with consumers. He is also available in the office to answer questions from brokers and broker delegates on any number of practice-related issues.
- While not advocating for a specific business model, RECA is pleased that the practice of

designated agency has increased significantly. As of May 1, 2013, there will be 24 brokerages in Alberta in designated agency, representing 1,900 individual industry professionals. That is up from 8 brokerages and 240 industry professionals on December 1, 2012. This is an excellent example of how real estate brokers are making a commitment to ensuring that their chosen agency model matches their practice and their documentation.

- Staff within the Professional Standards unit have made it a priority to deal with member-to-member advertising complaints with a personal touch, prior to launching a formal conduct review. RECA staff will contact the individual whose advertising does not appear to comply and will work with that individual to bring their marketing into compliance. Only if the industry member does not respond appropriately will RECA consider opening a conduct review file.
- The Voluntary Broker Resolution Process (VBRP) has provided brokers with an opportunity to resolve conflicts that arise without going through RECA's conduct review process. Even outside of the VBRP, RECA has seen industry professionals increasingly taking ownership of their actions and working professionally with each other, and consumers, to address concerns.





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2. Provide Innovative, Leading-Edge Career Preparation and Training:

- RECA is ready to launch Fundamentals of Real Estate, which is the new pre-licensing course that will replace the old Phase 2 of the Real Estate Associates Program (REAP). RECA took over the eligibility process for this course in December 2012, and now that the course is launching, learners will benefit from a more streamlined, consistent course enrollment process. RECA Education Services staff will be available to assist learners as they enroll in this course and work towards launching their real estate career.
- RECA continues to serve as an advisor to the Alberta Mortgage Brokers Association on its development of the new Practice of Mortgage Brokerage course. This course is the companion to the Fundamentals of Mortgage Brokerage, which RECA developed and launched in 2011.

3. Promote Quality Standards and Continuous Performance Improvement :

- RECA continues to work with the Alberta Real Estate Association (AREA) on the development of a Real Estate Brokerage Policy manual as a service to the real estate brokerage sector. This template manual will be a tremendous resource for brokerages around the province and serves as yet another example of how RECA is working with industry associations to ensure industry members have access to the tools they need to act professionally and competently.
- As an advocate for the elimination of overlap between legislation and other rules (Board rules, MLS[®] rules, etc.), RECA has assisted in the reviewing and redrafting of rules for several real estate boards. Now, RECA is proactively assisting AREA in its harmonization of MLS[®] Rules across the province. This project will help to eliminate conflict that may exist and help ensure that industry professionals do not have to “pick” whose rules to abide by as they will be consistent.



4. Build Awareness and Appreciation for RECA:

- RECA attended consumer trade shows for the first time in both Edmonton and Calgary, and brought about greater awareness of it as the governing body for the industry – but also, in doing so, assisted industry professionals with their message of professionalism, competence and high standards within their industry.
- The provincial government has asked RECA to provide input on proposed changes to the *Condominium Property Act* and on changes to the Alta2 redesign at Land Titles, and has asked RECA to participate in the government Grow Op consultation. Our industry professionals have often flagged condominium issues and marijuana grow operations that significantly affect their business. RECA takes part in such consultations and can bring forward its industry professionals' concerns as part of these processes.
- Staff within Consumer and Industry Services provide general information to consumers about renting, buying and selling real estate. They respond to tens of thousands such calls and emails every year, and increasingly, new internal processes and software has improved the volume of calls that are being answered live.

5. Ensure RECA has the capacity to achieve its vision of excellence in self-regulation:

- RECA has listened to industry professionals and other stakeholders about its own processes and has introduced a number of initiatives to streamline things operationally, thereby providing better service. These include:
 - A better case management system, which has resulted in quicker, more efficient review and document processing times
 - Updated licensing resources and tools, such as guides and the forms themselves, which are clearer and easier to complete.
- RECA has launched a project to re-engineer and modernize the RECA Online licensing system. In the coming months, RECA will be consulting with brokers and real estate appraisers on the revamp of this system to ensure the new system will meet the needs of its primary user base – brokers and real estate appraisers – for many years to come.



Real Estate Act Amendments

The Real Estate Council of Alberta (RECA) would like to take this opportunity to thank industry professionals and other stakeholders for the valuable input they provided as part of the *Real Estate Act* amendment consultation process earlier this year.

Now that the extensive consultation with industry professionals, industry associations, the public and other key stakeholders has concluded, RECA has submitted its proposed amendments for the *Real Estate Act* to the Government of Alberta.

Currently, Government has indicated that the *Real Estate Amendment Act* is scheduled to be on the legislative agenda for the Spring 2014 sitting of the Legislature; however, priorities of Government change on a regular basis and these amendments may be postponed.

RECA undertook an extensive Act review prior to beginning consultation with a wider group of stakeholders, but was committed to also listening to input from its industry professionals and other stakeholders. Some of the amendments RECA put forward in its first consultation paper are not being put forward to the Government as a result of feedback from industry professionals. For more information about all of the proposed amendments, please click [here](#).

Additionally, as a result of the first round of consultation, another issue was identified, which was then included in a second round of

consultation. This amendment related to Council members and their ability to continue on a Hearing Panel notwithstanding that their term on Council has ended. RECA received almost unanimous support on that additional proposal and it has been forwarded to the Government for consideration.

At a high level, the amendments RECA has put forward focus on:

- The application of the Real Estate Act to banks, treasury branches, credit unions, loan corporations, trust corporations, insurance companies, and their agents, when they are dealing in mortgages from other financial institutions.
- The *Real Estate Act* not applying to mortgage investment entities, such as MICs, syndicated mortgages and mortgage investment trust.
- Clarifying and strengthening provisions related to conduct proceedings.
- Remodeling and simplifying the Real Estate Assurance Fund claim mechanisms and categories of loss; and,
- General items for clarifying and efficiency.

Together, these amendments will enhance consumer protection, increase professionalism, level the playing field particularly as it relates to financial institutions, and create greater operational efficiencies within RECA.



Information Bulletins

If you haven't checked out RECA's [Information Bulletins](#) lately, what are you waiting for? For those that are unfamiliar with RECA's Information Bulletins, they are short bulletins written for industry members on topics that industry members frequently have questions about. There are currently more than 100 information bulletins on RECA's website and the list is growing. New bulletins are posted on a regular basis and existing bulletins are updated regularly when policies, legislation or best practices change.

[Stigmatized Properties](#)

Discusses what qualifies as a "stigmatized property," and the best ways for a real estate industry professional to handle a situation in which their client is looking to buy or sell one.

[Multiple Offers](#)

Addresses how industry members in multiple offer situations should conduct themselves in order to maintain the trust and confidence of their clients.

[Real Estate Act and Real Estate Association or Board Rules](#)

Outlines how the *Real Estate Act* or the *Real Estate Act Rules* prevail when they come into conflict with Real Estate Board Rules (including Multiple Listing Service Rules).

[Records - Real Estate Appraisal](#)

An everything-you-need-to-know guide for appraisers concerning record keeping.

[Mortgage Fraud – Red Flags](#)

Lists some warning signs that may indicate mortgage fraud is taking place.



Fundamentals of Real Estate

RECA is pleased to announce the May 1, 2013 launch of the brand new *Fundamentals of Real Estate* course. This course will replace the Phase 2 course in the current Real Estate Associates Program (REAP).

This completely redeveloped course focuses on giving learners the fundamentals they need to succeed with the rest of the REAP program, and a solid foundation with which they can enter the industry. Questions about the launch of the *Fundamentals of Real Estate* course should be directed to education@reca.ca.



RECABlog Roll will be a regular feature that highlights some of the blogs posted over the past month. Here is one in its entirety.

Appraisers and Turnaround Times

Real estate appraisal professionals have indicated that the turnaround times sometimes expected by Appraisal Management Companies (AMCs) are not sufficient to allow for the completion of appraisals that meet the applicable appraisal standards. Additionally, appraisal professionals raised concerns that when they turn down work from AMCs because of turnaround times, they will not be given any more work from that AMC.

These concerns were recently discussed at a meeting of the Real Estate Council of Alberta's Real Estate Appraiser Advisory Committee, which led to a meeting between RECA and most AMCs operating in Alberta.

The AMCs stated that the deadlines they impose are those that are requested by their clients. They maintain that AMCs understand real estate appraisal professionals may be busy at particular points in time and if appraisal assignments are declined, this will not result in that appraiser's removal from the AMC's appraiser list. RECA's expectation is that real estate appraisal professionals can turn down real estate appraisal assignments without repercussions – particularly if accepting the assignment would result in a failure to meet appraisal standards. AMCs have indicated a commitment to communicating that real estate appraisers will not be excluded from future assignments as the result of turning down specific appraisal assignments.



Section 41(b) of the *Real Estate Act* Rules states that all industry members must provide competent service. If the competency of a real estate appraisal professional's work might be compromised because there isn't sufficient time to complete the assignment or because the real estate appraiser's overall workload would prevent him or her from meeting the required appraisal standards, the appraiser should request an extension or turn down the appraisal assignment.

Here are some links and snippets to a few RECA Blogs from the past month. For those who may not have visited the RECA Blog, it has been created specifically to assist all industry professionals and to generate discussion. RECA Blog addresses issues and trends that are important to those in Alberta's real estate, mortgage and appraisal sectors.

RECA BLOG.CA

Lights, Camera, Action: Following the Rules with Video Marketing

Discusses how some of the video marketing being generated by those in the real estate and mortgage sectors is missing some of the crucial info required in order to comply with RECA's Advertising Guidelines.



Competence Means Accepting That You Don't Know Everything



Advises how to approach a situation in which a client asks for advice in tax matters from their real estate industry member.

Buyer Representative Compensation: Disclosure, Disclosure, Disclosure

Discusses the disclosure of compensation a buyer's representative will receive, whether that's a stated percentage of the seller brokerage's commission or a bonus incentive of some sort.



2012-2013 Council Members

KRISTA BOLTON
Appointed from the public

BILL BUTERMAN, CHAIR
Appointed from non-AREA industry members

KEVIN CLARK, CHAIR-ELECT
Appointed from residential real estate industry members

CINDY DUBRAY
Appointed from the property management sector

GORDON GRAYDON
Appointed from the public

CHAD GRIFFITHS
Appointed from the industrial, commercial and investment real estate sector

WAYNE MCALISTER, PAST CHAIR
Appointed from the Calgary Real Estate Board

KEN MCCOY
Appointed from the Edmonton Real Estate Board

DALE RUSSELL
Appointed from the boards outside of Calgary and Edmonton

CHERYL SCHINDEL
Appointed from the boards outside of Calgary and Edmonton

GARY SIEGLE
Appointed from the the mortgage brokerage sector

ROBERT TELFORD
Appointed from the real estate appraisal sector

RECA Management

BOB MYRONIUK
Executive Director

KIRK BACON
Deputy Executive Director

DALE CAWSEY
Director of Corporate Services

JOSEPH FERNANDEZ
Registrar

JEAN FLANAGAN
General Counsel

CHARLES STEVENSON
Director of Professional Standards

CONTACT RECA

The Regulator is published by the Real Estate Council of Alberta.

Please forward any questions regarding the content of the Regulator, or any questions regarding licensing or mandatory education, to info@reca.ca



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