

TRADING IN REAL ESTATE – RURAL REAL ESTATE

Purpose: This bulletin clarifies the type of real estate an individual may trade in when they hold a licence to trade in rural real estate.

This bulletin applies to all real estate professionals.

As a real estate professional who holds a licence to trade in rural real estate, you are responsible to understand the type of real estate you may trade. Most times this is obvious but sometimes there may be some confusion.

Alberta's licensing model for real estate industry professionals allows new real estate professionals to complete the practice education courses for the areas of real estate in which they plan to work. Real estate professionals may receive a real estate licence that is restricted to specific areas of practice for which they complete the practice education courses, in this case, rural real estate.

INFORMATION BULLETINS

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What is rural real estate?

The *Real Estate Act* Rules defines rural real estate. "Rural real estate" means real estate located outside a city, town, village, hamlet or summer village having as its primary purpose farming, but does not include:

- (i) minerals in, on or under that real estate; or
- (ii) real estate used primarily for extracting, processing, storing or transporting minerals.

The definitions for each of the practice areas emphasize the use or intended use of the land.

What can I do with licence to trade in rural real estate?

Rural real estate professionals are authorized to assist buyers and sellers of rural properties that have a primary purpose of farming.

The rural definition does not include "rural residential" properties. The definition of residential real estate includes rural residential properties, which can also be known as country residential properties, such as acreages. These properties have a residential dwelling or are intended for a residential dwelling, and their primary purpose is not farming.

Typically, rural properties that are intended for farming have a designated land use that reflects that. A rural real estate professional can assist buyers and sellers of those properties.

You also need to consider the use or intended use of a piece of real estate. Sometimes a property's current land use isn't its best use and a desire to change the land use may necessitate a different type of real estate practitioner representing a buyer of that property. For example, this could be the case for agricultural land near the boundaries of a major city. If changing the land use from agricultural to residential or industrial is the highest or best use, and is successful through the local municipal authority, then a residential or commercial real estate practitioner, as the case may be, would be able to represent a buyer of that land. You always need to consider real estate's highest and best use in determining who could assist a buyer or seller.

Examples:

These examples are not intended to cover every possible situation or scenario, but will provide real estate professionals with some practical guidelines.

- 1) A buyer wants to buy an acreage with 5-10 acres with a single-family residence. If the buyer wants to view real estate for which the stated land use is agricultural, a residential real estate professional would not be able to assist this buyer. This buyer would need a rural real estate professional.
- 2) A seller operates a six-bedroom bed and breakfast on an acreage outside of the city; the primary purpose of the property is not farming. The property does generate income. A commercial practitioner could represent this seller. A rural real estate practitioner could not represent this seller; the primary purpose is not farming.
- 3) A seller stables horses and farms a quarter section of land a short distance from the city limits. If the land use of the property is agricultural and the primary purpose of the land is farming, a rural real estate professional could represent this seller. A residential real estate professional cannot represent this seller.
- 4) A buyer wants to buy an acreage with 5-10 acres with a single-family residence. The buyer will use this as their family's principal residence. A residential real estate professional could assist this buyer in their search for a single-family home on an acreage as long as the land use is not agricultural.

If RECA receives a complaint about a real estate professional acting outside of the scope of their licence, RECA will review their conduct.

You must hold a licence to trade in the practice areas you are trading. If you trade in an area of practice that you do not hold a licence, your actions may be conduct deserving of sanction and be subject to disciplinary action.

RECA would also like to remind real estate professionals that even with a licence to trade in a specific area of practice, they need to ensure they are competent before assisting in any transaction. For example, if you are licensed to trade in all areas of real estate practice, but have never represented a buyer or seller in a commercial real estate transaction, you may not be competent to assist a buyer or seller in a complex commercial transaction. You should refer that buyer or seller to qualified and competent real estate professional. For more information about competence, review the Information Bulletin: Competent Service.

Related Information

Legislation

- *Real Estate Act* Rules – sections 1(1)(g.01)(w)(bb.1) and (bb.2)

Information Bulletins

- Competent Service
- Trading in Real Estate – Commercial Real Estate
- Trading in Real Estate – Property Management
- Trading in Real Estate – Residential Real Estate