

# The Regulator

February 2017  

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# Message From Council



Christine Zwozdesky,  
Chair

The Government of Alberta created RECA in 1996 to develop and enforce protections for the Alberta public when they use a licensed industry professional. A lot has changed in two decades, and as it has, the industry has stepped up: adopting specialty licensing and education, creating new business models, and embracing new technologies.

This year marks a new chapter for the Real Estate Council of Alberta (RECA). After 20 years of progressive self-regulation in this Province, and years spent advancing professionalism in real estate, RECA begins executing an exciting

new Strategic Plan with an amplified focus on our stakeholders – their needs, their priorities, and enhanced engagement with them.

## **Consumer Outreach**

Past research has demonstrated that consumers have too little awareness of RECA, the protections afforded them under the Real Estate Act, and the high standards in place for industry professionals. I'm excited to work with the newly created Consumer Advisory Committee, made up of Albertans from a variety of backgrounds. The Committee will provide advice to Council on consumer issues, and, with their input, Council will

continue to develop its consumer awareness campaign.

Council is also positioning itself to be the “go to” resource for consumer protection education in a real estate, mortgage, property management, or appraisal transaction. We are developing clear and straightforward materials and initiatives to inform the public and to help them make educated and timely decisions related to the real estate industry. Educated consumers are protected consumers, and protected consumers know they can trust and have confidence in the industry professionals RECA regulates.

## Industry Outreach

A strong, knowledgeable industry goes a long way towards protecting consumers, and industry professionals in Alberta can look forward to practical and engaging educational offerings and resources from RECA, including sector-specific re-licensing education, Broker-specific training, and the launch of the most comprehensive commercial real estate pre-licensing course in the country. Awareness of RECA doesn't just apply to consumers. Industry professionals themselves must have extensive knowledge of the regulations as they apply to their work, and how they are accountable for maintaining our industry standards. They should know what resources RECA offers them, and understand how a regulated industry advances their interests.

## Openness and Transparency

Most importantly, RECA is here to listen, to talk, to learn, and to share—with the industry, with consumers, with industry associations, and with government. Through direct consultation, industry advisory committees, and the 20/20 groups, we want to work with industry to promote professionalism and consumer protection.

In addition to our current outreach work with stakeholder groups, Council recently approved a discussion paper on potential changes to RECA and Council practices, designed to enhance openness and transparency. I look forward to sharing that paper with stakeholders in the coming weeks, and later reviewing the important feedback we receive from those on the front lines of real estate.

## Appreciation

It has been my honour to serve with our outgoing Chair, Krista Bolton. She has worked tirelessly on Council as a public member, always keeping the needs of industry and consumers at the heart of her efforts. I extend to Krista my heartfelt thanks for her faithful stewardship and look forward to her continuing counsel and sage advice in the coming year. I also express our sincere thanks to four dedicated Council members: John Farmer, Angela Kolody, Stan Kushner, and Gary Siegle, all of whom completed their term on Council on October 31, 2016. Their outstanding commitment, their passion for our mandate and their principled perspectives were highly valued at the Council table.

## **Council Highlights - January 25 Meeting**

### **Council reviewed the Good Character Policy prepared by RECA Administration.**

As part of its third-party regulatory review of RECA in 2016, Field Law recommended RECA increase the information available to applicants and industry members about its “good character” policies. Field Law further recommended that RECA provide written information on how it applies its good character criteria in licensing decisions and disciplinary outcomes. RECA’s good character policies are not new; however, RECA is sharing them in writing with applicants, and current industry members. These policies assist potential professionals if there is some question of their suitability to hold a licence with RECA, and assists current professionals who may become the subject of a conduct review or disciplinary proceedings.

You can read more about the Good Character Policy on page 5 of the Regulator, and read the policy documents on RECA’s website. Click [here](#) for Good Character relating to licensing, and [here](#) for Good Character relating to conduct.

### **Approved the Openness and Transparency discussion paper and requested consultation on the paper**

Council reviewed and approved an Openness and Transparency discussion paper, which will serve as the basis for consultation with stakeholders on how Council can increase its openness and transparency. Watch for the launch of that consultation in late February/early March.

### **Approved an updated Stewardship Reporting Policy.**

This policy supports Council’s responsibility for oversight of RECA’s operations. The Executive Director reports to Council on matters related to fraud and internal controls, privacy, compliance with legislation, compliance with employee policies, ethical conduct, and litigation. Council added “outstanding litigation or court matters involving RECA” to the list of what the Executive Director reports to Council annually. To review the Stewardship Reporting Policy, click [here](#).

### **Approved a Whistleblower Policy for Staff**

Council approved a policy outlining the procedure and protections for staff who have a concern about any actual, potential, or perceived wrongdoings related to or involving the business and operations of RECA Administration and Council.

### **Approved the Annual Report and Audited Financial Statements**

RECA’s 2015-2016 Annual Report and Audited Financial Statements are available on RECA’s website, [here](#).

# Good Character Policy



Walter White. Leslie Knope, Tyrion Lannister. All are good characters, but unfortunately, they all don't necessarily have good character.

What is good character? RECA must answer this question when determining a potential industry professional's suitability to enter the industry, and when considering possible discipline for current industry professionals.

## Why does RECA consider character?

Assessing good character is fundamental to RECA's role in self-regulation. Industry professionals with

good character serve the public interest, promote high ethical standards, and a professional mindset, and protect the reputation and integrity of the industry. These enhance public confidence in the industry and in self-regulation as a concept.

## If it's not broken, don't fix it

For years, RECA has considered character when issuing licences and administering discipline. As part of Field Law's Third Party Regulatory Review of RECA in 2016, Field recommended RECA increase the information available to applicants and industry members about how we

define good character, and how we apply it to licensing applications and disciplinary matters.

And now, we have.

RECA's Good Character Policy clarifies how RECA applies and interprets good character. The policy itself has not changed, but it is now available in writing to all potential and current industry professionals so they can better understand how good character might apply to their particular situation, whether it's their licensing application or a potential disciplinary matter.



## How Does RECA Define Good Character?

The Real Estate Act and Rules do not define good character. However, case law in Alberta and the rest of Canada defines good character as moral strength, and includes integrity, candour, empathy, and honesty. Based, in part, on this case law, RECA evaluates the following when assessing an individual's good character:

**Respect for the rule of law.** RECA considers convictions under any law of any country when evaluating good character.

**Honesty.** This not only applies to dealings with the public or with clients, but also with RECA.

**Governability.** Accepting responsibility and respecting the rules RECA and the Real Estate Act establish are essential parts of the profession. RECA also considers a person's history of regulation in another profession.

**Financial responsibility.** RECA considers disregard for trust obligations,

taking financial responsibility, and seeking personal interest over financial obligations as serious matters.

### **Professionalism.**

Professionalism is a cornerstone of successful self-regulation. A lack of professionalism may demonstrate a lack of good character. Professional behaviour focuses on civility and having respect consumers, colleagues, and RECA.

## **Demonstrating Good Character**

### **Potential Industry Professionals**

When individuals submit a licensing application, they must answer a list of suitability questions concerning any past criminal convictions, charges, investigations, bankruptcies, and regulatory proceedings. Industry professionals answer similar questions when renewing their authorization annually or transferring brokerages. A positive response to any of these questions may be a sign of a character issue, and the Office of the

Registrar automatically conducts a more thorough review of any application with such a "yes" answer.

### **Current Industry Professionals**

Industry professionals have a number of situations or events they must report to the Executive Director immediately upon their occurrence (for example, criminal charges). Those notifications cannot wait for the annual renewal period or other licensing application.

When considering potential disciplinary action against an industry professional, RECA considers whether actions or behaviours by the industry professional undermines public confidence in, or integrity of, the industry, or brings the industry into disrepute (sec. 42(g) of the *Real Estate Act Rules*). Information received during an investigation into a complaint can trigger a review of character. Regardless if the information received is in relation to the complaint, if the information shows the professional may have brought the industry into

disrepute, RECA will review good character.

Actions that may result in sanction under sec. 42(g) includes private conduct and activities that do not require a licence. If these activities result in bringing the industry into disrepute, RECA will consider them when determining good character.

### Circumstances Matter

RECA understands every situation is different, and RECA considers the specific circumstances surrounding the incident that gave rise to a review of someone's character, as well as the person's actions since the incident. RECA places significant weight on cooperation and honesty during its review process, and expects industry professionals and potential industry professionals to accept responsibility for their conduct.

Good character is a cornerstone of the real estate industry since its inception. Ensuring that only those with good character enter and remain in the industry is an integral part of RECA's mandate to protect the public, and to enhance the business of industry professionals.

To review RECA's policies on Good Character, click below:

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- [Good Character Policy – Licensing](#)
- [Good Character Policy – Professional Standards](#)

# RECA Communications: We asked, you answered, we listened

Industry surveys are one of the ways RECA find out when we're doing something right and when we can improve. This winter, we asked industry members for feedback on our communications, including our emails, newsletters, website, and social media presence.



As we begin a new Strategic Plan, we want to ensure we offer timely and useful information using the communication vehicles that Alberta industry members use and prefer. RECA is constantly striving to improve the quality of the communications we share with industry professionals.

## Demographics and responses

RECA uses Survey Monkey to conduct surveys, which allows industry members to respond anonymously.

RECA received responses from approximately 8%

of industry members. This is a 2% increase in response rate from the 2013 Communications Survey.

## Website and social media

We asked industry professionals how often they visit [reca.ca](http://reca.ca), and 45% said they visit monthly. Approximately 60% rated the usefulness and ease of navigation as good or excellent.

The primary reason cited for visiting [reca.ca](http://reca.ca), at 31%, is to access the myRECA system, and the second is to view RECA Case Summaries, at 17%.

RECA's online presence also

includes social media. The most popular platform for industry members to follow RECA on is Facebook (29%). Industry professionals who follow RECA on LinkedIn and Twitter is 18% and 16% respectively.

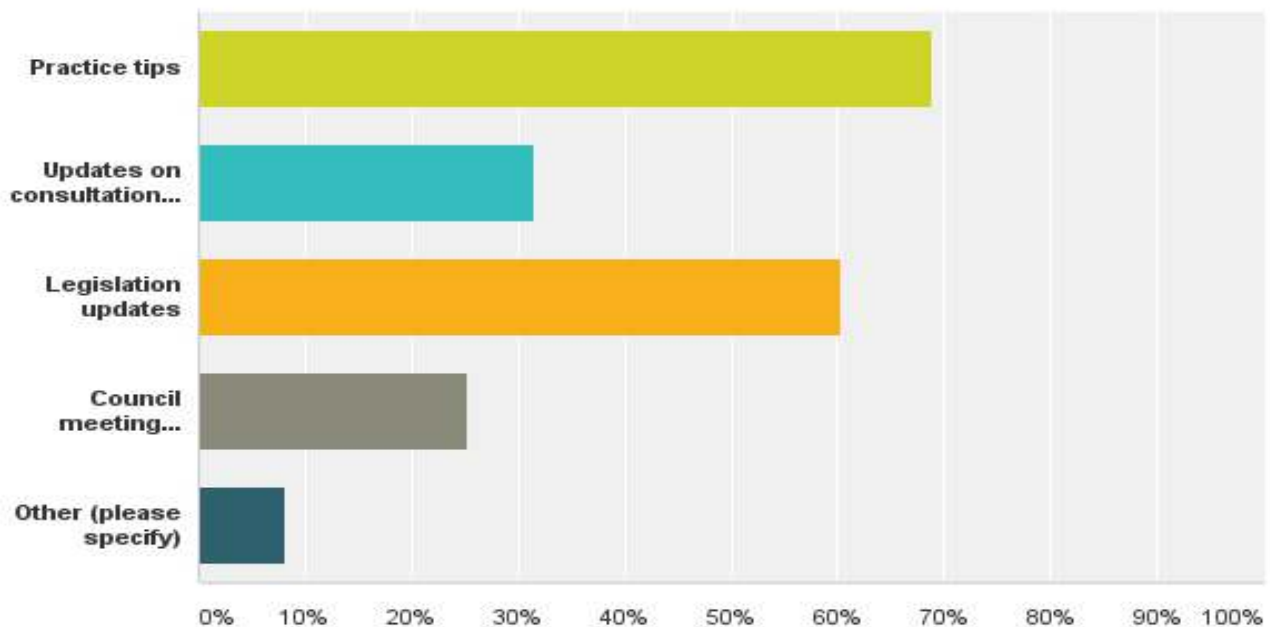
## Newsletters

Over 80% of survey respondents say they read each quarterly Regulator newsletter cover to cover or scan each one, reading some articles and not reading others. Sixty-nine percent rate the usefulness as good or excellent, while 65% rated the design as good or excellent.



## Q11 What types of articles would you like to read in the Regulator newsletter?

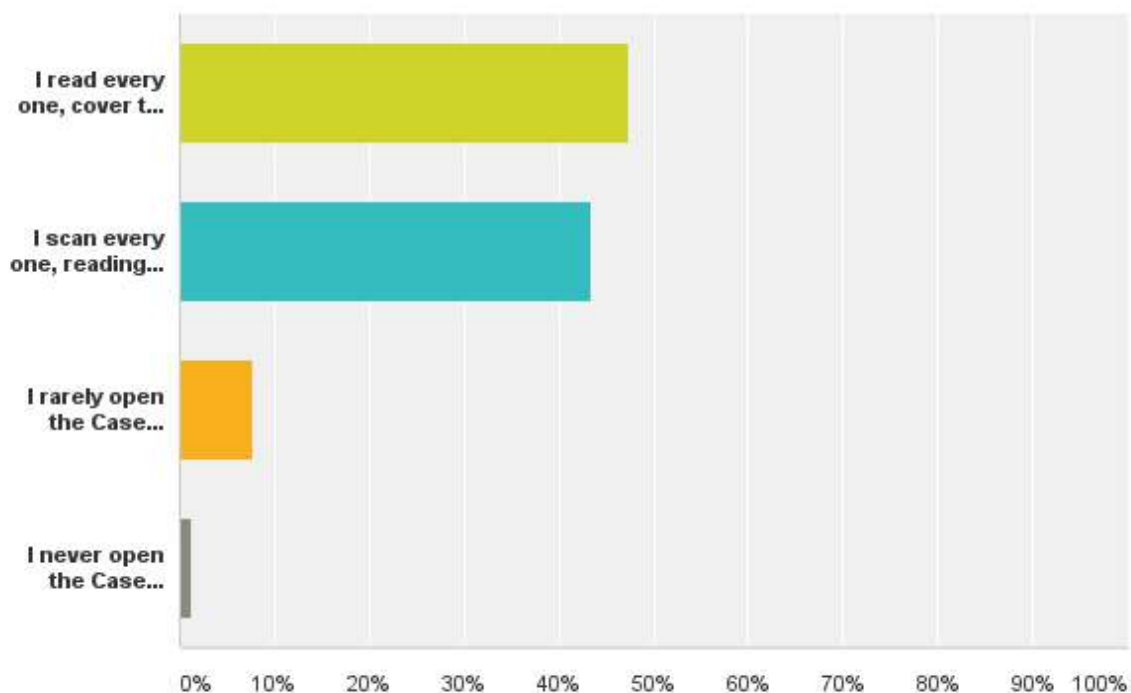
Answered: 1,083 Skipped: 147



More than 90% of respondents say they read the monthly Case Summaries newsletter cover to cover or scan each one, making it RECA's best-read newsletter. Industry professionals were given the opportunity to offer ideas for improvement, and many requested the inclusion of practice tips to accompany each summary.

## Q13 Do you read the RECA Case Summaries?

Answered: 1,128 Skipped: 102



RECA has incorporated this idea into the latest Case Summaries newsletter, distributed on February 6. The case summaries now provide additional information on what the industry member could have done to avoid the discipline; what RECA expects in those situations. We appreciate this suggestion from industry professionals, and hope it adds a valuable education element to the Case Summaries publication. It's also become clear that industry members don't realize the name in each case summary links to the full decision on the RECA website – we've updated the style of those links, so it's clearer that they're links and you can get more information by clicking on them.

## Overall/Going forward

So what do all these numbers mean? What will RECA do to demonstrate that it takes these results seriously, and plans to work towards improved communication?

For starters, with so many industry professionals working on the go, we were not surprised to learn many respondents would like to see RECA's communications and online presence in a mobile-friendly format. While we can't change [www.reca.ca](http://www.reca.ca) overnight, we're committed to ensuring the next iteration of RECA's website is mobile friendly.

We are already taking steps to make more of our communications mobile friendly. We have transitioned to Mail Chimp for mass email communications. MailChimp allows us to send out messages that

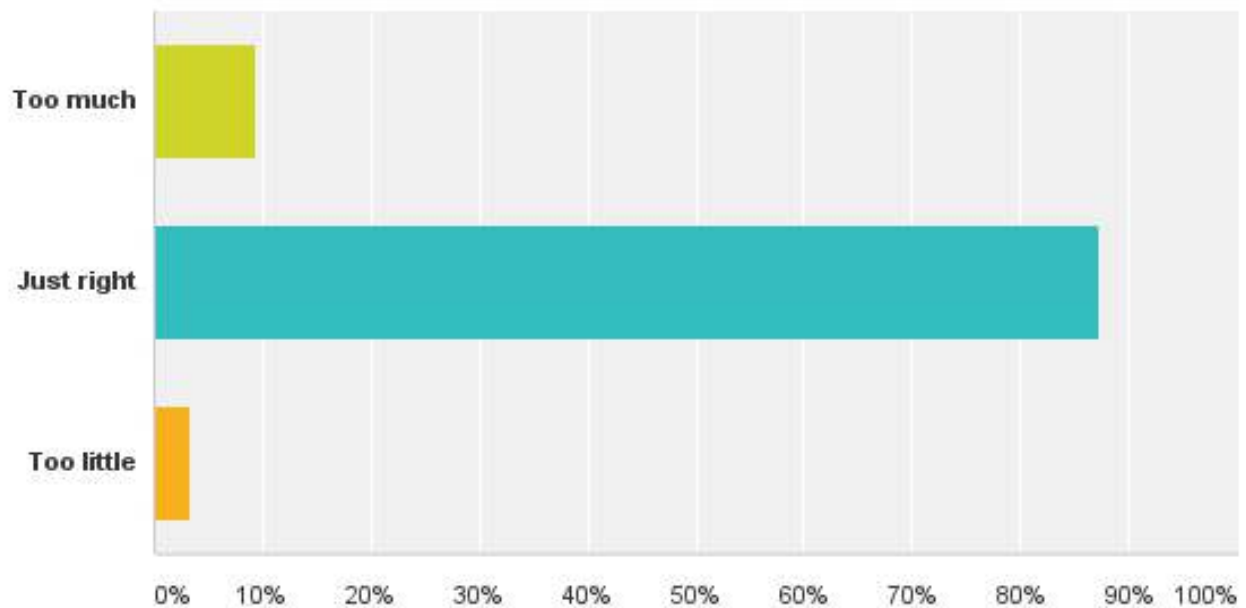
are mobile-friendly for reading on tablets and smart phones. We are also introducing the Regulator newsletter on a new mobile-friendly format using WordPress. We will continue our efforts to make more RECA communications mobile-friendly.

A number of respondents commented on the search function on [reca.ca](http://reca.ca). We took immediate action to update the search, and it now provides better, more accurate, and more up-to-date results to better serve industry professionals.

Overwhelmingly at 87%, respondents to the survey indicated that the frequency of RECA communications is just right. Going forward we are committed to maintaining the right balance for our industry professionals.

## Q26 Is the frequency of RECA communications:

Answered: 1,045 Skipped: 185



In addition to providing important communications and resources for Alberta's industry professionals, RECA offers many resources for consumers. We encourage you to share these consumer tips and resources with your clients to promote smooth and positive working relationships.

As always, we will continue to enhance our communication by incorporating your comments and suggestions. RECA appreciates the industry professionals who took time to provide their valuable feedback.

# To Our Industry's Unsung Professionals: Thank You

Originally appeared on [RECAblog.ca](http://RECAblog.ca)

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A few weeks ago, we circulated a communications survey to all licensees. We genuinely want to know how industry members feel about RECA communications, what we could be doing differently, what we should keep the same, and whether we're providing the information industry members want.

We're still analyzing the responses, but I'm writing this blog today to address one common thread that has already come through the responses. Industry members told us they don't think we have enough good news stories to tell; I hope today's blog post will do a small part towards changing that.

The fact is, RECA doesn't typically receive calls from consumers who want to tell us what a great experience they've had with their appraiser, or their mortgage broker, or their agent as they sold their home. Even without those calls, though, we know they're out there. We

know the overwhelming majority of licensees give consumers those positive experiences every. Single. Day.

I want to share my positive story – just recently, I sold my home. And to say that it was not a seamless process is an understatement, but it had nothing to do with the work of my agent or the buyer's agent – in fact, I owe a huge debt of gratitude to both of those individuals, for persevering through some obstacles to get the deal done. They believed the deal was in the best interests of their clients, and they worked to ensure it went forward.

They kept their clients' needs before their own.

They were timely.

They communicated with each other, and with their clients.

But more than that – they were professional.

Real estate deals don't need to be adversarial. My agent, along with the buyer's agent, showed exactly how deals can and should go when people are working together professionally. Poor behaviour on either of their parts could have sent the deal sideways in an instant, but both were steadfast in their desire to get the deal done, even with extra work. Sure, ultimately, both agents were looking out for their clients, but even with that at the core of their work, they had to work with each other, with the other side, to get the deal done. It's possible to look out for your clients' needs WHILE still being professional and cooperative with the parties on the other side of the transaction.

Specifically, I want to thank the two agents involved in my recent transaction (you know who you are!) – but also all of the licensees out there who create an environment for a positive real estate experience.

**Natalie Scollard,**  
Communications Manager



# Providing Property Management Activities Outside Your Brokerage



- property management is an activity that requires a licence in Alberta
- every licensed activity you perform must be through your brokerage
- you can only be licensed with one real estate brokerage at a time
- industry professionals cannot provide property management services outside of their brokerage, even when they're licensed in property management

These highlights sound straight forward, but problems arise when someone holds a licence for property management activities but provides those services outside of their brokerage. The Real Estate Council of Alberta is

observing an increase in this type of activity.

Providing property management services is a trade in real estate. To provide property management services, you must successfully complete the educational qualifications to conduct property management services and register with a brokerage that allows its registrants to provide property management services.

When you provide property management activities to an owner, you must do it through the brokerage identified on your licence. You must not establish a separate entity to provide property management services.

When an associate provides property management services under a company that is not their brokerage, that's a breach of the Rules. Additionally, a side company, which isn't a licensed real estate brokerage, could find itself in contravention of the legislation and subject to an administrative penalty of up to \$25,000 for each day that the contravention continues.

## Advertising your property management services

Now, let's say that you're licensed in all real estate sectors, and your brokerage allows you to do property management – you need to ensure that advertising you're

placing for your property management services clearly indicates your brokerage's name.

If your brokerage is ACER Real Estate, and you're advertising your services as a property manager, you need to ensure the ad is clear about your brokerage, ACER Real Estate. You may want to add additional wording that indicates you provide property management services through "ACER Real Estate", but you must clearly identify the trade name of your brokerage. .

### **You must receive your compensation through your brokerage**

In real estate, when a consumer agrees to work with you they're actually entering into a service agreement with your brokerage. Property management, as one of

the real estate areas of practice, is no different. You can't contract with a consumer to provide property management services without it being on behalf of your brokerage.

You must deposit all money you receive for rental or lease income into your brokerage trust account. The owner pays the brokerage for all property management services provided.

We know that all of Alberta's industry professionals take the professionalism of the industry and consumer protection very seriously. If you want to offer property management services, simply ensure that you have the qualifications and are doing so through your brokerage.

# Social Media Incentives Are Still Incentives



Tempting, isn't it? In the same way that you offering a potential prize for 'Liking' your social media posts might be tempting for consumers. As incentives, these offers are meant to tempt. However, as an incentive, they must follow the advertising rules set out in the legislation and the RECA [Advertising Guidelines](#).

An incentive is anything advertised, communicated,

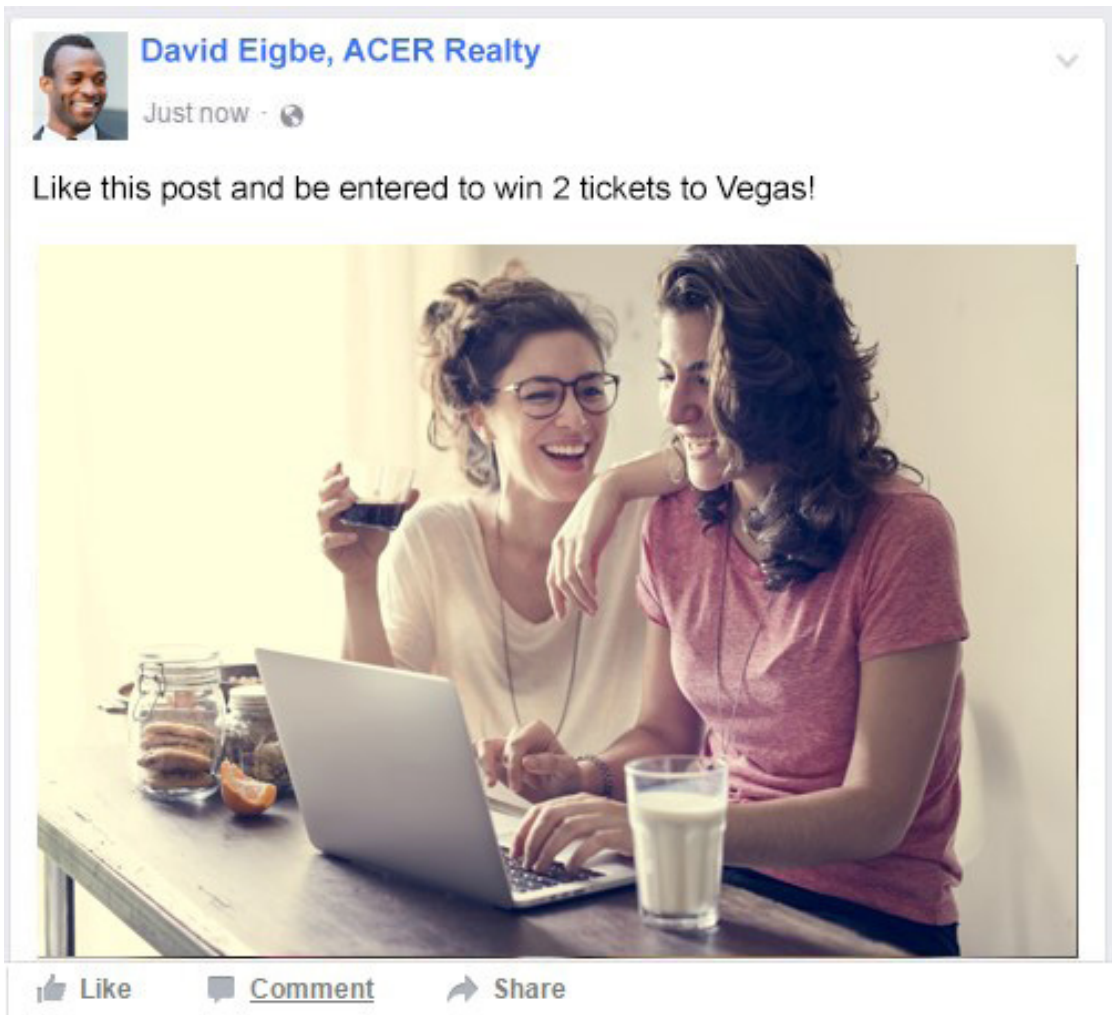
or offered to the public to attract business. This is different from an inducement, which is an offer to a party in a particular transaction to persuade them to close a deal.

## The Golden Rule of Incentives

The most important rule of incentives is that they are supposed to attract business to the brokerage not to an

individual industry member, and they must be available to every client or potential client of the brokerage. They cannot attract business to an individual industry professional.

Social media 'Liking,' 'Sharing,' and other online contests, are no different.



Questions the real estate professional above should ask before advertising this incentive:

- did the broker approve this incentive?
- does the brokerage advertise the incentive?
- is the incentive available to all clients?
- is the incentive available through all industry professionals of the brokerage?
- can industry professionals opt out from participating?
- does the brokerage have an incentive-marketing plan?

- what are the rules and conditions to qualify for an incentive?
- who purchases, lends or gives the incentive?
- who deals with incentive problems?
- who pays for the incentive?

In the above ad, as long as the brokerage is offering the tickets as a brokerage incentive and the contest is available to all brokerage clients, this incentive should be acceptable.

### Practice tips

- Get approval from your broker
- Follow your brokerage's written policies and procedures regarding incentives.
- Brokers are responsible for ensuring compliance: Brokerages must communicate all policies and procedures to the industry professionals and applicable brokerage staff. The broker should have a system in place to ensure compliance with the incentive policies



and procedures. The policies and procedures should require a clear description of the incentive program including details, advertising, terms, conditions and exclusions.

#### Links:

- [Info Bulletin: Incentives](#)
- [Ad Guidelines](#)

Industry professionals are some of the most savvy users of social media out there. It's a great way to market yourself and expand your client-base. But advertising is advertising, and must follow the Rules.

P.S. Remember to like and share this article to win the positive feelings you gain from spreading knowledge.

# News Bytes

## **Find RECA Staff and Council Members at 2017 Consumer Trade Shows**

This spring, RECA staff and Council Members will once again be on-hand at consumer trade shows.

RECA will be at the Calgary Home + Garden Show at the BMO Centre & Corral from March 2 – 5, and the Edmonton Home + Garden Show at the Edmonton Expo Centre from March 23 – 26.

RECA is a resource for consumers and our presence at consumer trade shows will raise awareness of RECA and promote the professionalism of our industry. We will be encouraging consumers to work with one of Alberta's many reputable licensed industry professionals.

## **New Home Buyer's Guide and Microsite Promotes Smoother Working Relationships**

Early in February, RECA launched the comprehensive [Home Buyer's Guide](#). Consumers can download the full guide as a PDF, or view the content on the mobile-friendly Home Buyer's Guide website.

RECA encourages Albertans to work with licensed professionals, and we believe working with educated consumers can make the process smoother and more positive for everyone.

Share the Home Buyer's Guide with your clients to promote a positive working relationship, and a positive real estate experience.

## 2016-2017 Council Members

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### KRISTA BOLTON, PAST-CHAIR

Appointed from the public

### BONNY CLARKE

Appointed from non-AREA industry members

### BOBBI DAWSON

Appointed from the boards outside of Calgary and Edmonton

### RAMEY DEMIAN

Appointed from the industrial, commercial and investment real estate sector

### TONY DHALIWAL

Appointed from the public

### BILL KIRK

Appointed from the Calgary Real Estate Board

### BRIAN KLINGSPON, CHAIR-ELECT

Appointed from the REALTORS® Association of Edmonton

### PHIL MCDOWELL

Appointed from the mortgage brokerage sector

### STAN MILLS

Appointed from the boards outside of Calgary and Edmonton

### ROBYN MOSER

Appointed from residential real estate industry members

### ROBERT TELFORD

Appointed from the real estate appraisal sector

### CHRISTINE ZWOZDESKY, CHAIR

Appointed from the property management sector

## RECA Management

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### 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](mailto:info@reca.ca)



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