

# The Regulator

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# Message From Council



Chad Griffiths,  
Chair

I want to begin by thanking the professionals who took the time to provide their feedback as part of Council's new real estate licence model consultation. You'll see an article later in this newsletter that details Council's decision on the model and you'll see how the feedback we received from industry professionals directly contributed to the direction Council is heading.

When I spoke with you in my first message, back in January, I talked about the need to get involved and provide feedback on important initiatives, to make sure you have a say. There have been many opportunities in the past few years to do so, but right now, I'd like to look ahead and talk about the opportunities coming. Council is less than a year

away from beginning its next strategic planning exercise. We carried out extensive outreach during that process in 2011, including consumer focus groups, surveys with industry professionals, town hall sessions and advisory committee input, and we saw how valuable the input we received was. Council's intention is to have an equally robust consultative process leading into our next strategic planning.

RECA will be offering industry professionals and related stakeholders multiple opportunities to weigh in on our future direction.

While there have certainly been changes in our industry since 2011, there is also plenty that has remained the same:

primarily, our industry professionals' desire to provide consumers with the best possible experience in their real estate or mortgage transaction and Council's desire to support them in doing that – through quality education programs, scalable enforcement policies, and practice tools and resources.

It is within this context that Council will be looking ahead to the future and will want – and need – input from licensed industry professionals.

## Communicating With Committees

Of course, even outside of the strategic planning process there are multiple ways in which you can provide feedback and input. A new Council initiative

has seen it create contact email addresses for each of its Industry Sector Advisory Committees.

RECA's Industry Sector Advisory Committees provide a direct line to industry members and they help maintain cooperation, communication and an exchange of information between RECA and the specific industry sector. These new points of contact will provide licensed professionals with an additional communication tool to provide direct input to the committees on issues affecting the industry. If you contact the committees through those email addresses you can expect to receive an acknowledgement of your input and a response on the outcome after the issue has been considered.

Council remains committed to continually improving its communications with licensed professionals and we hope that you take these – and the opportunities in the coming year – to communicate with us.

The Industry Sector Advisory Committees can be reached via:

Commercial Real Estate Advisory Committee – [commercialadvisory@reca.ca](mailto:commercialadvisory@reca.ca)

Mortgage Brokers' Advisory Committee – [mortgagebrokersadvisory@reca.ca](mailto:mortgagebrokersadvisory@reca.ca)

Property Management Advisory Committee – [propertymanagementadvisory@reca.ca](mailto:propertymanagementadvisory@reca.ca)

Real Estate Appraisers' Advisory Committee – [appraisersadvisory@reca.ca](mailto:appraisersadvisory@reca.ca)

Residential Real Estate Advisory Committee – [residentialadvisory@reca.ca](mailto:residentialadvisory@reca.ca)

# Council Approves New Real Estate Licence Model

A new licensing model is coming to Alberta's real estate industry on June 1, 2015.

The new model will require new real estate professionals to complete the practice education courses for the areas of real estate in which they plan to work (residential, commercial and/or rural). If they want to trade in real estate in multiple areas, they must take the education for each area of practice.

Council formally approved the new licence model for real estate professionals at its April meeting. The feedback RECA received during the consultation process has directly contributed to the structure of the new model.

After reviewing the consultation responses, Council's decision is not to remove the rural real estate course. While the original consultation paper contemplated a residential restricted licence and a commercial restricted licence, based

on feedback, Council is proceeding with three separate restrictions:

- Residential real estate
- Commercial real estate
- Rural real estate

Rural residential is captured by the residential course, while the rural course is devoted to agribusiness. If an individual wants to sell rural residential and agribusiness, they will need to complete both the residential and rural courses.

## Consultation Findings

The consultation included a review of draft definitions for residential and commercial real estate, as well as questions about possible challenges and solutions to those challenges. While there was a relatively low response rate, generally responses were in favour of the upcoming change. Real estate professionals provided important

feedback, including highlighting areas on which they will need more information and pinpointing things that are misunderstood. This feedback is valuable to RECA as it develops the industry tools, resources and information for real estate professionals about the areas of real estate practice.

The finalized practice area definitions that will be reflected in the Real Estate Act Rules, and through the new licence model are:

**"residential real estate"** means:

- i) any premises intended for residential purposes and the land upon which the premises are situated;
- ii) a building comprised of not more than four premises intended for residential purposes; or
- iii) land intended or used as a site for residential purposes

“commercial real estate” means real property intended or used to generate income and includes property used for retail, office, industrial, investment and institutional purposes and multifamily residential property comprised of more than four premises.”

“rural real estate” means real property that is located outside a city, town, village, hamlet or summer village and with a primary purpose of farming, but does not include:

- i) minerals contained in, on or under that real property; and
- ii) land used primarily for the purposes of extracting, processing, storing and transporting minerals.”

The definitions emphasize the use or intended use of the land.

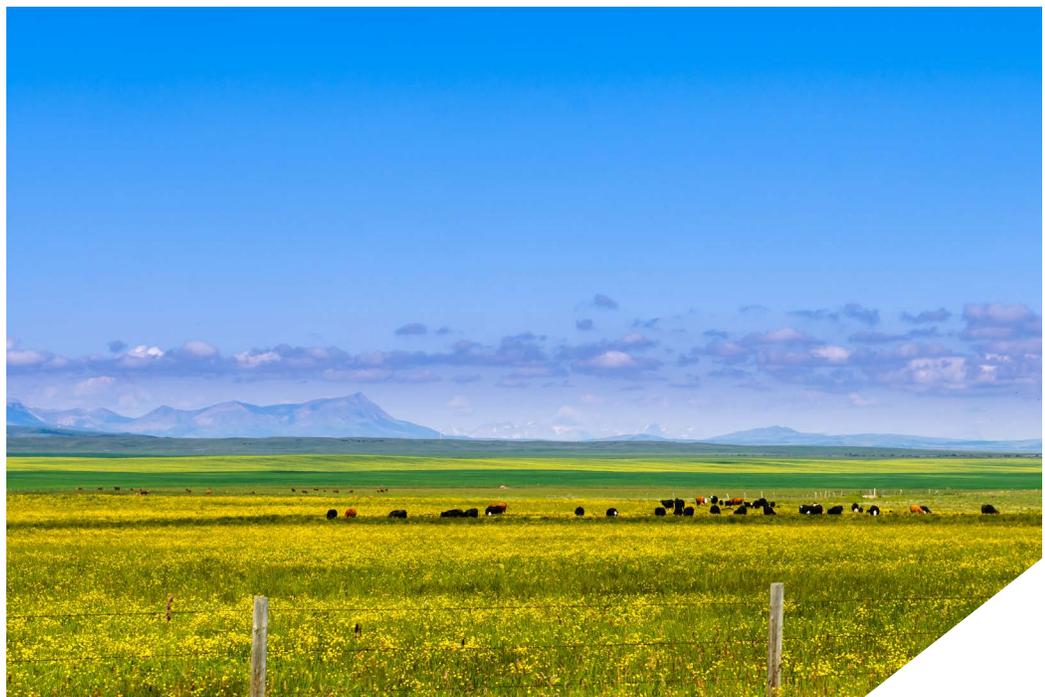
## Status Quo for Current Real Estate Professionals

The new real estate licence model will not affect current real estate professionals. For example, if you’re currently authorized in real estate and can trade in all real estate activities (residential, commercial, rural and property management), your licence to trade in those areas will continue after June 1.

Real estate professionals will continue to require

authorization in all real estate practice areas before becoming a broker or associate broker.

As we move towards June 1, RECA will produce additional information bulletins about the areas of practice, which will be valuable tools to help new real estate professionals understand the restrictions of their chosen licence.



# Changing Agency Relationships

What does a real estate professional need to do when they're representing a buyer client in a sole agency relationship and the buyer client decides they want to buy a property their representative owns? What are the responsibilities? Do those responsibilities go beyond simply disclosing that the owner of the property is a licensed industry professional?

Simply put, the answer is yes.

The important thing to recognize in this case, is there's a change of agency occurring. As soon as the buyer wants to buy a property their real estate representative owns, the real estate representative can no longer represent the buyer and can no longer put the buyer's interests above their own.

## What next?

You need to explain to the buyer that you can no longer represent their interests and you need to end the original buyer representation agreement you have with that buyer; regardless of whether it was an exclusive or non-exclusive agreement.

When you're talking to the buyer, here's what you need to get across:

- 1) We are ending our representation relationship (the buyer representation agreement)
- 2) I no longer represent you or your interests
- 3) I represent myself and my own interests
- 4) You are now a customer and I'd like you to sign a Customer Acknowledgement that acknowledges the change in our working relationship
- 5) You have two options:
  - a. You can represent yourself
  - b. You can seek representation (a sole agency relationship) with a different real estate professional.

## Consider Your Type of Representation

When you're talking to the buyer about them seeking representation elsewhere, make sure you address whether or not you're in a common law brokerage or a designated agency brokerage.

If you're in a common law brokerage, and the buyer wants representation, they'll have to seek it at a different brokerage.

If you're in a designated agency brokerage, the buyer can have a different real estate professional from within your brokerage appointed as their designated agent. Ultimately, though, that choice is up to the buyer.



Whether the buyer is going to represent themselves or seek representation elsewhere, you need their acknowledgement of their customer status with you in writing. The best way to do this is through a customer status acknowledgement.

### **Giving the Right Advice**

That all being said, there are certain circumstances where suggesting to a buyer that they can represent themselves may not be appropriate. A buyer may need representation if:

- They are inexperienced and require advice and guidance

- They have mental or physical limitations
- They are of advancing age
- They are a new immigrant
- They are unfamiliar with the English language

Although these individuals have the capacity to enter into a contract, they may have a limited level of knowledge of real estate transactions and it may be more difficult for them to access information on their own. This is even more so in a situation where the seller of the property, yourself, is a licensed real estate professional.

Ultimately, it's up to the consumer what they want to do, and yet, if there

was a complaint and you were asked by a hearing panel whether you had done enough to discuss the situation with the buyer – would they think the consumer clearly understood the new relationship and the implications of being unrepresented? Would they think your actions went far enough to convince the consumer they could benefit from representation from another real estate professional?

# Interested in Condominium Manager Licensing? Join the List

In December 2014, the Government of Alberta passed amendments to the *Condominium Property Act* and the *Real Estate Act*. These amendments will require the regulation of condominium managers and delegates the authority to the Real Estate Council of Alberta (RECA).

RECA will govern the activities of individuals who provide condominium management services to condominium corporations.

A seamless consultation and implementation process is partly dependent on RECA's ability to identify all stakeholders, particularly those individuals who are currently working as condominium managers but are unlicensed.

Such a list doesn't exist, and RECA needs your help in identifying these important stakeholders.

RECA has set up a survey through which stakeholders and interested parties can provide their contact information. We're asking condominium Board members, condominium owners, condominium

managers and management companies to respond [here](#).

There are more than 11,000 condominium corporations in Alberta; licensing the condominium managers that assist those corporations will bring greater consumer protection.

Condominium managers and management companies have significant responsibilities through the services they provide to condominium boards.

RECA's task is to implement a licensing and regulatory structure for condominium managers in Alberta. This is a critical step in enhancing protection for condominium Boards and owners; however,

the scope of RECA's authority and its regulatory structure is limited. The eventual licensing and regulatory structure will not address disputes between owners and their Boards, nor will RECA regulate condominium developers.

While the Government has yet to set an implementation date, RECA is proceeding with its implementation work:

- hiring a Condominium Manager Project Coordinator
- drafting a implementation plan
- identifying contact information for each condominium

- forming a Condominium Managers Implementation Advisory Committee

As we move towards the implementation of condominium manager licensing and regulation, RECA is committed to gathering feedback and input from all stakeholders – this includes condominium owners and Board members, condominium managers (those currently licensed as real estate professionals and those who are unlicensed), condominium associations and other related entities. There will be frequent and regular opportunities

for stakeholders to provide feedback and input, both in writing and through attendance at town hall sessions that RECA will organize. RECA is committed to working with all stakeholders.

Please share this notice with anybody you know who is involved in condominium management or who simply wants to be kept informed about this initiative. Thank you in advance for your assistance on this important initiative.



# Education News

## Real Estate Education Responsibility Transfers to RECA

On May 6, 2015, the Alberta Real Estate Association (AREA) informed the Real Estate Council of Alberta (RECA) that it had finalized its decision to no longer offer any Real Estate Associates Program or Real Estate Brokers Program courses, effective June 1.

RECA will provide learners with education options and communicate this information to them in advance of the June 1 date.

If you have additional questions, please contact RECA Education at [education@reca.ca](mailto:education@reca.ca).

## Mortgage Broker Update 2015 course available now

Mortgage brokerage professionals must complete the *Mortgage Broker Update 2015* course by September 30, 2015. The course includes extensive information on mortgage fraud and service agreements, and it:

- is mobile-friendly, enabling you to complete it on most devices
- includes a mix of text, narration, graphics, and activities
- has activities from real life schemes and you get to apply the mortgage fraud red flags
- features job aids to help you transfer the course information into your practice

More than 300 mortgage brokerage professionals are already enrolled in the course. Of those who have completed it:

- 98% believe the course has increased their awareness of industry issues and will help them in their mortgage practice.
- they gave the course an overall approval rating of 96.5%.

Verbatim feedback on the course includes that:

- "The information in this course is excellent and useful. Great take aways for the future"

- "... valued information for industry members. A lot of time and effort has gone into this refresher course. Thank you RECA!"

CAAMP members: CAAMP has approved *Mortgage Broker Update 2015* for 4 CE Units in the Compulsory category for the year 2015. Click [here](#) for information on how to self-report course completion with CAAMP.

To access *Mortgage Broker Update 2015*, go to [www.myreca.ca](http://www.myreca.ca), log in to your account and click on "Education Courses" under the Education tab at the top of the page. From there, click on the "+" beside "Re-Licensing Education Program (REP)" and then click on the blue "Enrol" button beside *Mortgage Broker Update 2015*.

For assistance with enrolling and accessing the *Mortgage Broker Update 2015* course, review the [myRECA Tutorial: Enrol in a Re-licensing Course](#). If you have not used myRECA before and need more help, review the full set of [myRECA tutorials](#).

## Alberta Insurance Council Announcement

All Alberta mortgage brokerages that are licensed to sell credit related insurance are required to renew their insurance agents' certificates of authority with the Alberta Insurance Council (AIC).

The renewal period begins on May 1, 2015 and must be completed no later than June 30, 2015.

For more information, visit the Alberta Insurance Council's website, by clicking [here](#).



# Are You Ready? Disaster Planning

It was only two weeks ago that the City of Calgary finally determined how an October 2014 downtown power outage in Calgary started. It was that underground, electrical fire that cut power to about 5,000 Calgary residents and 2,100 businesses; it took five days to fully restore power.



Hearing the city finally release the report into what caused the fire can be a good reminder for licensed industry professionals; a reminder that these kind of unpredictable, unplanned events can have a tremendous effect on business.

In an industry like real estate, where record keeping is so critical, it's always a good idea to have a plan for what happens after

the devastation. Below are excerpts and links to previously written RECA Blogs about how to prepare for the worst.

## [Planning for Disaster](#)

Think about it.

Your brokerage has just been destroyed by a massive fire. What once resembled your office space has been reduced to ashes and soot. The first concern always has to be that all employees have made it out safely,

but then your attention turns to trying to put your brokerage back together. Where do you start?

A number of natural and unnatural disasters in the past few years have clearly demonstrated that these things do indeed happen and it is important to be prepared. That's where a disaster recovery plan (DRP) comes into play. A DRP is a documented process or set of procedures to protect the businesses' critical Information Technology systems in the event of an unforeseen disaster. Here are some tips to help make sure your brokerage is ready with a DRP should the unthinkable occur.

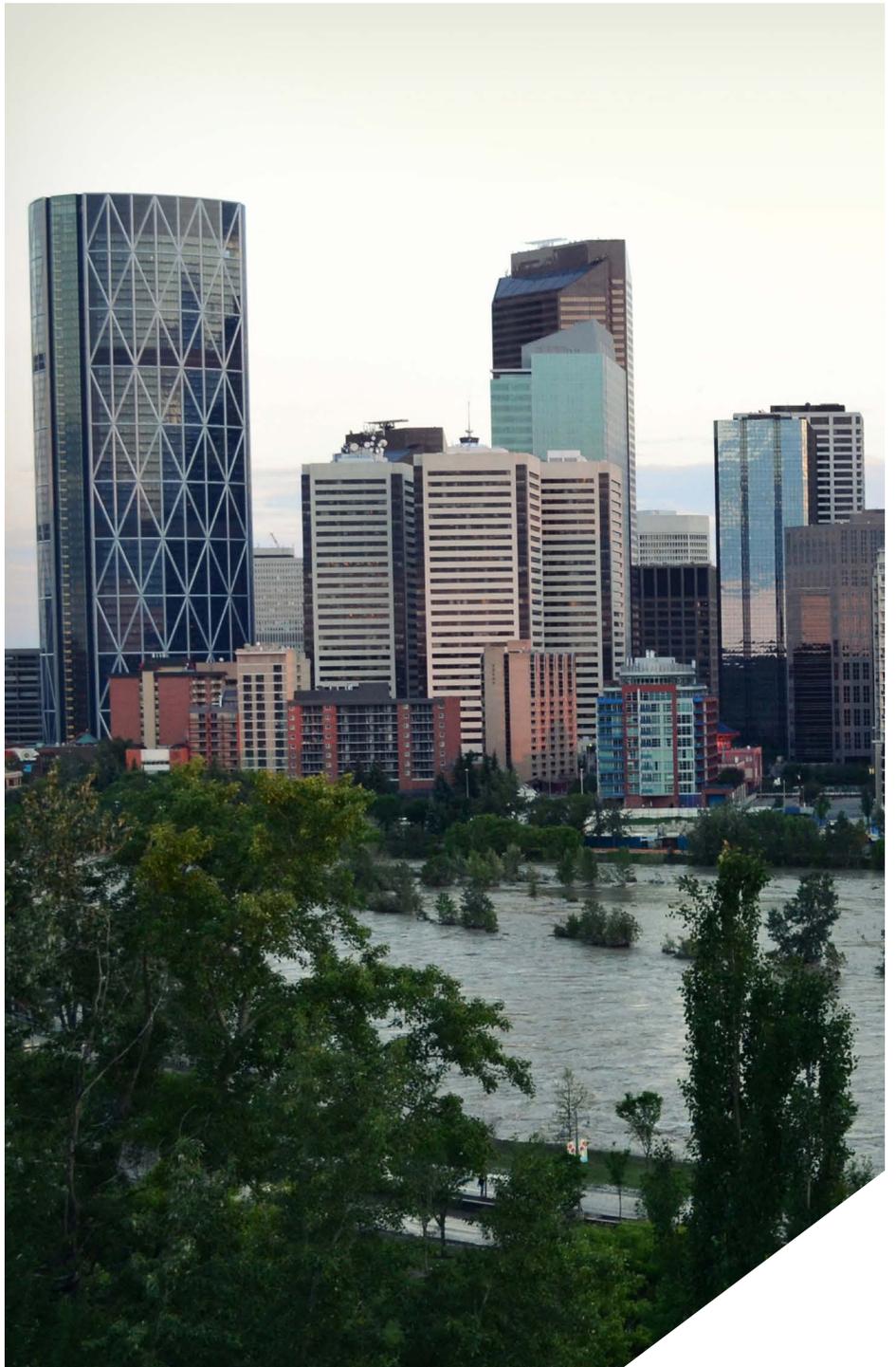
Click [here](#) to read the whole blog

## [Planning for an IT Crisis](#)

Back in the summer of 2012, there was a substantial fire in the Shaw building in downtown Calgary. Not only did it affect some Shaw services, such as email, telephone and internet access, but it also closed a major data centre that was located in the building. That data centre served many critical government services such as health records, motor vehicle licensing and land titles. For close to six days everything from getting medical care to registering land titles was affected.

In our data-driven, IT-dependent industry, what lessons can the Real Estate Council of Alberta, and in fact, brokerages and individual industry professionals, learn from this event?

Click [here](#) to read the whole blog



# News Bytes

## Check out our Consumer Information Section

We've significantly expanded the Consumer Information available on our website – have you checked it out lately? The new consumer information is part of the Real Estate Council of Alberta's plan to better connect with consumers, to highlight important issues for them and to demonstrate to them the importance of working with a licensed professional.

These articles provide consumers with information that will help guide them through one of the most important financial decisions of their lives.

Recent consumer pieces include:

- [Stigmatized Properties](#)
- [Mortgage Brokerage Relationship Options](#)
- [Guaranteed Sales Agreements](#)
- [Why Use an Appraiser](#)

RECA is continually adding to its consumer resources. Make sure to check them out and use the social media widgets on each page to share them with your clients.

## Additional Resources for Real Estate Professionals

Have you come across an unrepresented seller? Do you know what your responsibilities are when working with unrepresented sellers?

The Real Estate Council of Alberta (RECA) has two new information pieces to help you and any unrepresented sellers you encounter.

## Dealing With Unrepresented Sellers

This information bulletin outlines how to deal with sellers who aren't represented by a real estate professional and/or are a mere postings listing. It also details your responsibilities to them when you're

representing a buyer, and the administrative services you can provide without creating a client relationship. This is one of almost 100 information bulletins available on RECA's website.

## Unrepresented Sellers – What You Need to Know

This consumer tip is specifically for unrepresented sellers. Sometimes unrepresented sellers won't be sure what to expect from you, the buyer's real estate professional. This consumer tip can help; please pass it along to any unrepresented sellers you're working with.

**A short time in the future in a galaxy not that far  
away....**

**The Real Estate Council of Alberta**

**Episode 2015: myRECA**

**it is a period of great change.  
A growing desire for information at the touch of a  
button  
paperless renewals  
and easier, seamless access to education.**

**For more than 17 years,  
the Real Estate Council of Alberta has managed  
its licensing needs with the RECA Online  
database  
but now, as the industry advances, it's no longer  
enough**

**RECA will introduce an enhanced licensing  
system and user-driven gateway for industry  
professionals and learners.**

**The new myRECA**

**Watch for it....**

## **2014-2015 Council Members**

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### **KRISTA BOLTON, CHAIR-ELECT**

Appointed from the public

### **BILL BUTERMAN**

Appointed from non-AREA industry members

### **KEVIN CLARK, PAST-CHAIR**

Appointed from residential real estate industry members

### **TONY DHALIWAL**

Appointed from the public

### **JOHN FARMER**

Appointed from the real estate appraisal sector

### **CHAD GRIFFITHS, CHAIR**

Appointed from the industrial, commercial and investment real estate sector

### **PAT KELLY**

Appointed from the mortgage brokerage sector

### **BRIAN KLINGSPON**

Appointed from the REALTORS® Association of Edmonton

### **ANGELA KOLODY**

Appointed from the boards outside of Calgary and Edmonton

### **STAN KUSHNER**

Appointed from the Calgary Real Estate Board

### **DALE RUSSELL**

Appointed from the boards outside of Calgary and Edmonton

### **CHRISTINE ZWOZDESKY**

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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