

# The Regulator

November 2016

Vol. 22 / Issue 4

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Message from Council and Council Meeting Highlights

---

Renewal Roundup

---

Commitment to Continuous Improvement

---

Advertising Secondary Suites: Know the Facts

---

Four New Members Appointed to Council

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News Bytes



# Message From Council



Krista Bolton,  
Chair

As I reflect on RECA's accomplishments during my year as Chair, I can't help but come back to the same question: what is RECA's role as the regulator?

It may seem like a strange question coming from someone who has sat on Council for four years, but as a public member, I feel I have a unique perspective. Also, self-regulated industries have been in the news recently for all of the wrong reasons, and I believe it's an appropriate time to ask this question.

RECA administers the *Real Estate Act* on behalf of the Government of Alberta. Through that

Act and the accompanying industry standards, Council regulates Alberta's real estate industry professionals, therefore protecting consumers. Full stop. RECA protects consumers. That's our role as the regulator. But we can't do it – and we don't do it – without help and cooperation from the industry. This is what being part of a self-regulating profession requires.

Much of Council's work over the years has had an outward focus. How is the industry operating? What education is appropriate? Are consumers aware of RECA's mandate?

In a bit of a shift this year, Council worked to balance the scales. We searched

for answers by looking inward. How are we regulating? Are our regulatory processes working for the benefit of consumers while ensuring fairness for industry professionals? Are we open and transparent? Are we engaging with and listening to our stakeholders? And fundamentally, are we fulfilling our role as the regulator?

In the past year, Council has taken steps to answer these questions. Here's how:

## **How do we engage with stakeholders?**

This has been a major focus of Council's work this year. Council

approved the Stakeholder Engagement Policy in October 2015, and more recently, the Stakeholder Engagement Implementation Plan. The engagement policy ensures transparent engagement with all stakeholders. As part of that policy, we publish a list of all stakeholder engagement activities.

This year RECA approved its 2016-2020 Strategic Plan that builds critical success factors around our varied stakeholders. As we work to fulfill that plan, we are committed to ensuring open, two-way communication with all of our stakeholders.

**Do our regulatory processes adequately protect consumers while ensuring fairness for industry professionals?**

RECA engaged Field Law to conduct a third-party review of its regulatory performance as part of its commitment to ongoing performance improvement, and to help ensure continued fulfillment of its consumer protection mandate. Field Law concluded RECA is a 'high performing regulator' that meets or exceeds all of the assessment criteria,

but also made several recommendations for continuous improvement. Council accepted all the recommendations and many are already underway or completed. Read more on page 7 of the Regulator.

**Are we considering all stakeholders?**

RECA committees have typically focused on industry sectors or RECA's own operations in the case of the Hearings or Governance Committees. As we spent time this year looking at the way in which we fulfill our mandate, we realized consumers need a greater voice. To reflect that, Council is creating a Consumer Advisory Committee to ensure consumers have voice in the regulation of Alberta's real estate professionals.

RECA must be masters of balance. The perspectives and interests of all our stakeholders are equally valid, and equally define RECA's role. A professional, competent industry who adheres to appropriate standards leads to more protected consumers. A knowledgeable, prepared public, leads to higher expectations and an improved industry. If we aim for this balance, all stakeholders are heard

and all stakeholders benefit. And if we periodically peer inward to make sure we're continuously improving, we will fulfill our role.

I'd like to thank my fellow Council members for a productive and engaging year on Council. I welcome incoming Chair, Christine Zwozdesky, and Chair Elect, Brian Klingspon, as well as four new Council members beginning their terms on November 1. I look forward to working with all of you this year.

Before signing off as Chair, I'd also like to thank the outgoing Council members. Gary Siegle, John Farmer, Angela Kolody, Stan Kushner, and Tony Dhaliwal who all diligently served the industry as Council members. Thank you for your dedication and service to self-regulation. It was a pleasure working with you.

## **Council Highlights - October 19 Meeting**

### **Council elects new Chair and Vice Chair**

Council selected Christine Zwozdesky as Chair and Brian Klingspon as Chair Elect for 2016-2017. Ms. Zwozdesky joined Council in 2013, and is the first Council member from the property management sector to serve as Chair. Mr. Klingspon joined Council in November 2013, and serves as an appointee of the Alberta Real Estate Association (AREA) from the REALTORS® Association of Edmonton.

**Council approves the Terms of Reference for the newly formed Legislative Review Committee. [View the Terms of Reference here.](#)**

**Council approves the Terms of Reference for the newly formed Consumer Advisory Committee. [View the Terms of Reference here.](#)**

### **Council approves the Stakeholder Engagement Implementation Plan**

The new Stakeholder Engagement Plan provides direction to Council on implementation of its Stakeholder Engagement Policy.

### **Additional consultation on Principle 4 of the Residential Measurement Standard (RMS)**

Council received and reviewed an additional submission from the Alberta Real Estate Association regarding the RMS, specifically on the measurement of semi-detached properties. As a result, Council requested RECA launch additional industry consultation on measuring those properties. Watch your inbox next week for more information about that consultation.

### **Council approved the Electronic Communication Policy for Council Members**

This policy allows Council members to follow strict engagement protocols in a secure environment to continue to work and communicate in their day-to-day business while ensuring the confidentiality of Council discussions.



# Renewal Roundup



## The Industry – An Update

With the annual renewal period behind us, the Real Estate Council of Alberta is reviewing the current state of Alberta's industry, and overall the outlook is good.

From October 7, 2015 to October 7, 2016 – the number of individuals licensed in Alberta remained stable, with less than a 1% decrease in total licensees across all industry sectors. RECA sets its annual budget with industry number projections in mind, and this year's renewal numbers put RECA in an excellent position to meet its budget for the year.

As of October 7, 2016, the total number of real estate professionals is 11,466, which is a year-over-year decrease of only 196 people.

The number of mortgage brokerage professionals decreased by only three individuals to 2,163 in that same time period, and the real estate appraisal profession gained 24 individuals to bring it to a total of 633. The total number of real estate brokerages decreased by just 10 to 966, while the number of mortgage brokerages decreased by just seven to 347.

What is particularly good news this year is that we saw an increase in new individuals joining the

industry; 1,348 people joined in 2015-2016, which is 20% more than the number of individuals who joined the industry in the previous year. It appears Alberta's real estate industry remains an attractive career option.

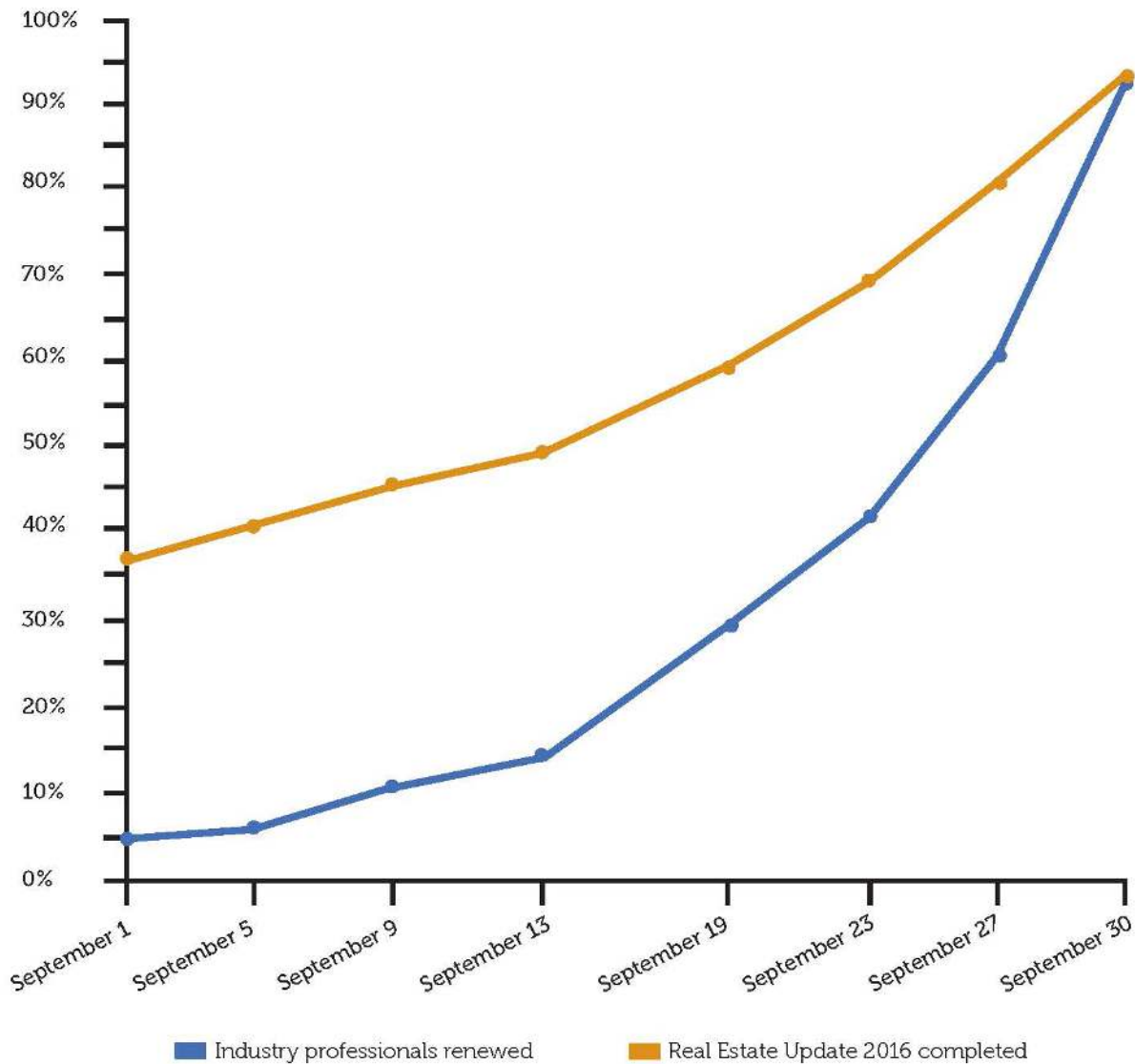
## Technology Upgrades

Alberta's real estate industry is constantly changing, and RECA is committed to developing and upgrading our technology to reflect that. Just over a year after launching the myRECA licensing system, RECA introduced upgrades in July 2016 to facilitate the new licensing model, which allows real estate professionals to license in a single practice area.

As this year's renewal period unfolded, RECA staff worked with industry professionals to resolve any myRECA issues that arose, taking the time to manually process requests when needed. As a result, RECA staff were able to resolve most issues within hours.

As is the case every year, more than half of renewals took place during the last week of the renewal period. myRECA and RECA's education platform accommodated the high user volume extremely well.

This graph shows the renewal percentages throughout September, along with Real Estate Update 2016 completion percentages:



### Communicating with the Industry

You may have noticed that for this year's renewal period, RECA reduced the number of emailed renewal reminders. This was a direct result of feedback we've received from industry members over the years. Industry members requested fewer renewal reminders, and we

took advantage of improved communication technology to send renewal reminders only to those professionals who were not yet renewed.

It speaks to the professionalism of Alberta's industry that even with fewer reminders, an overwhelming majority of industry professionals managed their

time appropriately in order to complete renewal by the September 30 deadline.

RECA would like to thank industry professionals for their support and cooperation throughout this year's renewal.

# Committed to Continuous Improvement

RECA believes in continuous improvement backed up by action.

In April 2016, Field Law concluded a third-party review of RECA's regulatory performance. Field Law concluded that RECA is a high-performing regulator that met or exceeded all assessment criteria, and made 33 recommendations for further improvement. RECA immediately began implementing those that didn't require changes to its 2015-2016 operating budget and incorporated the remaining recommendations into its 2016-2020 Strategic Business Plan.

## Licensing & Registration

RECA should define how it interprets and applies character issues during licensing and conduct reviews, and increase related available information to improve consistency

### What's underway or complete:

- develop a policy document, an information bulletin, and conduct joint training sessions this year for staff regarding character issues

## Here's what we've done so far:

## Managing and Processing Complaints

RECA should accept complaints from third parties and allow written submissions prior to imposing interim suspensions. RECA should also provide more details when resolving complaints.

### What's underway or complete:

- complaints can come from anyone, regardless of their relationship with the industry professional or the transaction
- written submissions now allowed prior to imposing interim suspensions
- guidelines to determine which sanction to use
- revise disciplinary templates
- revised letters to provide more detail when resolving complaints

## Hearings Administration

Panels should better explain how they come to decisions and RECA should provide more resources for self-represented professionals.

### What's underway or complete:

- new policies for explaining outcomes
- developing resources for self-represented
- dealing with self-represented industry professionals now part of hearing panel training

## General Matters

Provide a training session for Council on the entire discipline process and its outcomes.

### What's underway or complete:

- training scheduled for January 2017

## Trust Assurance and Practice Review

Brokerages need better of notice prior to reviews, more information on the reason for the review.

### What's underway or complete:

- RECA has set a minimum time for advising of a review
- RECA set a minimum time between advising of a review and the actual practice review
- a process is now in place to share information between practice reviewers located across the province to create a consistent approach to all practice reviews

[View the progress report for the regulatory review recommendations here.](#)

# Advertising Secondary Suites: Know the Facts

Have you ever been stumped when listing a home that contains a suite? Have you wondered how to find out if it's a legal suite? Accurate advertising is always important, but when it comes to advertising secondary suites, it can be tricky.



## What are secondary suites?

Secondary suites are self-contained dwellings within a main residence or on the same property as a residence originally designed to accommodate a single family. Such suites generally have their own living area, kitchen, bedroom(s), and bathroom(s). Suites may be contained in the main residence, such as in a basement, or in detached buildings in a backyard, in or above a garage or, in some jurisdictions, in a laneway. RECA has seen suites advertised as “mortgage helpers” or “in-law suites.”

Seems straightforward doesn't it? If the property

has a secondary suite, you advertise it in the listing, right? Unfortunately, it isn't always quite so simple.

## Types of suites in Alberta

In many municipalities in Alberta, a suite can be legal, illegal, or non-conforming. For the purposes of advertising a suite in a real estate listing, it is important to know the difference, and to perform the required due diligence to find out which type you are dealing with.

As a real estate professional listing homes with suites, you need to know the rules in your municipality. What makes a suite legal? What makes it illegal? How does your municipality define “non-conforming”?

To find out more, visit your municipalities' website and check rules and bylaws regarding secondary suites. Here are links to Secondary Suite information for Alberta's largest municipalities:

- Calgary
- Edmonton
- Fort McMurray/  
Regional Municipality of Wood Buffalo
- Grande Prairie
- Lethbridge
- Medicine Hat
- Red Deer



## Advertising secondary suites

A legal suite can be an enticing feature for homebuyers. The desirability of secondary suites to some home buyers makes accurate advertising even more important. Imagine buying a home because it includes a suite, only to find out the suite is illegal and you can't use it as planned. Industry professionals can help buyers ensure this doesn't happen.

If you list a property with a suite, make sure you advertise its status accurately. Ask the seller if they know whether the suite is legal, and confirm the accuracy of their information. If the seller doesn't know, visit your municipalities' website or contact the municipality directly.

## Advertising illegal suites

If a suite in your listing is illegal:

- you can still advertise the property as having a suite, but you must specify it is an illegal suite
- if it is possible to make the suite legal, you can ask the seller if they want to mention the steps needed to make it a legal suite in the advertising
- you cannot advertise the suite without mentioning

it is illegal. It is natural for people to assume a suite is legal if it is not otherwise specified; omitting this important information could be considered misleading advertising.

## Advertising legal/non-conforming suites

For more information about secondary suites in Alberta, visit **Alberta Municipal Affairs**. You should also review the bylaws and codes for secondary suites within your own municipality. Your local real estate board may also have rules surrounding the advertising of suites on their listing services, and you can also check out RECA's Advertising Guidelines [here](#).



# New Council Members

Council is pleased to welcome four new Council members who begin their three-year terms on November 1, 2016. Council members are appointed under **section 6** of the *Real Estate Act*.



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## **Bobbi Dawson:**

Appointed by the Alberta Real Estate Association (AREA) from industry members who are members of the real estate boards outside of Edmonton and Calgary. Bobbi is the broker and owner of RE/MAX Grande Prairie, the largest brokerage in Northwest Alberta. As broker of RE/MAX Grande Prairie, Bobbi oversees more than 60 licensed real estate professionals, three satellite offices locations, as well as a commercial and property management division. She previously served on the Board of Directors for the Grande Prairie & Area Association of REALTORS®.

## **Bill Kirk:**

Appointed by AREA from industry members who are members of the Calgary Real Estate Board (CREB®), Bill concentrated on a real estate career after retirement from 27 years with an international airline. He has been a member of the real estate industry since 1992. In 2000, with his wife Elspeth, Bill became the co-owner of HomeLife Cityscape Real Estate. In addition to four years as a Director, Bill served on several task forces and two standing committees with CREB®. He was President of the CREB® Board of Directors in 2014, and recently completed 18 months of service as a Director for AREA.



**Robert Telford:**

Appointed by Council from nominations received from licensed real estate appraisers. Robert became a licensed real estate professional in 1988, and a member of the Appraisal Institute in 1989. His main areas of practice are agricultural, commercial, and oil and gas property appraisal, and land and appraisal litigation support, as both an appraiser and a landman. He was President of the Canadian Association of Petroleum Landmen in 2008, and served as a RECA Council member from 2007-2013, including serving as Council Chair in 2012.



**Phil McDowell:**

Appointed by the Alberta Mortgage Brokers Association (AMBA) from industry members dealing in mortgages, Phil became a licensed mortgage broker in 1999 after a career in finance and banking. He is currently the broker of Mortgage Alliance "Mortgages are Marvellous" in Calgary. Phil spent 10 years on the AMBA Board including serving as its President in 2008, he is a former instructor of the Mortgage 1000 course, and has written articles for AMBA Matters and Canadian Mortgage Professional Magazine.

# News Bytes

## ICYMI: RECA's Question of the Day

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Got a quick question? There's a new Question of the Day feature on RECA's website. The new feature provides short answers to some of the most common questions from Alberta industry professionals. Look for the Question of the Day on the **Industry Homepage** of [reca.ca](http://reca.ca), RECA's **LinkedIn**, and on **Twitter** with the hashtag #RECAQOTD. You can also review the QOTD archives.

## November is Financial Literacy Month

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November is Financial Literacy Month. To support this important initiative, RECA has a new series of [consumer resources](#) to increase consumer financial literacy surrounding real estate and mortgage transactions. Take a few minutes to share these resources with your clients. #FLM2016

## Wanted: Members for Mortgage Brokers Advisory Committee

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RECA is looking for mortgage brokerage professionals to serve as members of its Mortgage Brokers Advisory Committee. The Mortgage Brokers Advisory Committee identifies and advises Council on trends and issues within the mortgage brokerage sector that affect the industry and consumers. Committee members should demonstrate the following qualities, skills, and experience:

- communication, issue analysis, collaboration and group decision-making
- independence, objectivity, sound judgment and personal integrity;
- experience on regulatory bodies or advisory committees; and,
- commitment to RECA's mandate to promote the integrity of the mortgage industry and protect consumers.

Committee members receive an honorarium for meeting attendance, and RECA reimburses expenses.

Click [here](#) for more information about this opportunity, and take a few minutes to review the **Terms of Reference** for the committee.

If you wish to serve on the Mortgage Brokers Advisory Committee, please forward a letter of introduction stating your interest by **Tuesday, November 8, 2016** to:

Rina Hawkins, Executive Assistant  
Real Estate Council of Alberta  
Suite 350, Richard Road SW  
Calgary, Alberta T3E 6L1  
E-mail: [rhawkins@reca.ca](mailto:rhawkins@reca.ca) or Fax: 403.228.3065

Note: RECA would like to thank all individuals who apply for this position. Please note an expression of interest does not guarantee an interview or committee position.



## 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

**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

**VACANT**  
Appointed from the public

## 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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