



# ANNUAL REPORT 2018-2019





# TABLE OF CONTENTS

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Mandate, Mission, Vision	04
2018-2019 Committees	06
Council Members	08
2018-2019 Strategic Goals and Accomplishments	10
Education Programs	12
Office of the Registrar	13
Professional Conduct Review	14
Professional Conduct Proceedings	15
Real Estate Assurance Fund	16
Summarized Financial Statements	18



# OUR MANDATE, MISSION & VISION

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## REAL ESTATE COUNCIL OF ALBERTA OVERVIEW

Established in 1996, the Real Estate Council of Alberta (RECA) is the independent governing authority that sets, regulates, and enforces standards for real estate brokerage, mortgage brokerage, real estate appraisal, and property management professionals under the *Real Estate Act* of Alberta.

## MANDATE

RECA's mandate is to protect consumers, and to provide services that enhance and improve the industry and the business of industry professionals.

*IN 2018-2019 RECA RECEIVED SEVEN AWARDS FROM NATIONAL AND INTERNATIONAL ORGANIZATIONS FOR EDUCATION COURSES, COMMUNICATIONS, AND INVESTIGATIONS.*



## VISION

By 2020, the Real Estate Council of Alberta will:

- set the foundation for real estate professionals to serve the public interest, protect consumers, and provide a positive real estate experience through effective establishment and enforcement of professional standards
- be recognized as an independent, responsive, and impartial governing body
- ensure real estate practitioners have a professional mindset and engage in the practice of self-regulation

## MISSION

RECA creates consumer trust and confidence in industry professionals by:

- setting and enforcing standards of conduct and professional development requirements for the industry to protect the consumer
- providing services that enhance and improve the industry
- promoting the integrity of the industry
- protecting against, investigating, detecting, and suppressing mortgage fraud as it relates to the industry

*RECA HANDLED 54,195 INCOMING PHONE CALLS IN 2018-2019.*

# 2018-2019 COMMITTEES

The Real Estate Council of Alberta (RECA) receives reports and recommendations from eight committees. Five industry sector advisory committees and three Council committees provide the information and expertise Council needs to make informed decisions.

## Industry Sector Advisory Committees

Industry sector advisory committees provide a direct line to industry professionals and help maintain cooperation, communication and an exchange of information between RECA and the industry. These committees are made up of Council members, industry professionals, and consumers.

### Commercial Real Estate Advisory Committee

Ramey Demian, Chair

### Mortgage Brokers Advisory Committee

Phil McDowell, Chair

### Property Management Advisory Committee

Christine Zwozdesky, Chair

### Real Estate Appraisers Advisory Committee

Robert Telford, Chair

### Residential Real Estate Advisory Committee

Robyn Moser, Chair

## Council Committees

Council committees are in place to address issues and make recommendations to Council on its responsibilities under the *Real Estate Act*.

### Finance & Audit Committee

Tiago Lage, Chair

### Governance Committee

Amina Deiab, Chair

### Hearings Committee

Stan Mills, Chair

## Ad Hoc Committees

In addition to these committees, Council may, from time to time, establish ad hoc committees to address specific issues usually within specified time lines. Once Council has determined the work of the ad hoc committee is completed or there is no further need for the committee, the committee is disbanded.

### Condominium Managers Implementation Advisory Committee

Christine Zwozdesky, Chair

### Legislation Review Committee

Amina Deiab, Chair

### RMS Ad Hoc Committee Chair

Stan Mills

## Consumer Committee

The primary purpose of this committee is to provide a direct line to consumers and to maintain cooperation, communication and an exchange of information between RECA and the public of Alberta.

### Consumer Advisory Committee

Bobbi Dawson, Chair





# COUNCIL MEMBERS 2018-2019

## ROBERT TELFORD CHAIR

appointed by Council from nominations received from licensed real estate appraisers

## STAN MILLS CHAIR ELECT

appointed by the Alberta Real Estate Association, by industry members who are members of real estate boards outside of Edmonton and Calgary

## BRIAN KLINGSPON PAST CHAIR

appointed by the Alberta Real Estate Association, from industry members who are members of the REALTORS® Association of Edmonton

(Resigned Sept. 15, 2019)

## TIAGO LAGE

appointed from the public by members of Council who represent the Alberta Real Estate Association and the Alberta Mortgage Brokers Association

## BOBBI DAWSON

appointed by the Alberta Real Estate Association, by industry members who are members of the real estate boards outside of Edmonton and Calgary

## AMINA DEIAB

appointed by the Minister of Service Alberta from the public

(Resigned July 12, 2019)

## RAMEY DEMIAN

appointed by the Alberta Real Estate Association, from industry members trading in industrial, commercial and investment real estate

## BILL KIRK

appointed by the Alberta Real Estate Association, by industry members of the Calgary Real Estate Board

## PHIL MCDOWELL

appointed by the Alberta Mortgage Brokers Association, by industry members dealing in mortgages

## JT DHOOT

appointed from industry members who are not members of the Alberta Real Estate Association, by members of Council who represent the Alberta Real Estate Association and the Alberta Mortgage Brokers Association

(Resigned Sept. 16, 2019)

## ROBYN MOSER

appointed by the Alberta Real Estate Association, by industry members trading in residential real estate

## CHRISTINE ZWOZDESKY

appointed by Council from nominations received from licensed property managers

(Resigned Sept. 15, 2019)





# 2018-2019 STRATEGIC GOALS & ACCOMPLISHMENTS

This was the third year of RECA's 2016-2020 Strategic Plan, and aligned with the 4 critical success factors, these are some of the more significant accomplishments during the past year.

## CONSUMERS

Aware and informed consumers have trust and confidence in RECA:

- to provide timely and effective responses to their inquiries
- to remedy and resolve issues

### ACHIEVEMENTS:

- enhanced public awareness regarding financial literacy by producing resources, communicating with the public, and launch events
- developed and implemented an annual Financial Literacy Program
- improved the RECA search engine with streamlining content to [www.reca.ca](http://www.reca.ca)

*THE RECA WEBSITE HAD 2.5 MILLION  
PAGE VIEWS AND 275,000 UNIQUE USERS  
IN 2018-2019.*

## REAL ESTATE PROFESSIONALS

Competent real estate professionals serve and protect the public interest by:

- embracing and demonstrating a clear understanding of being a part of the real estate profession and an appreciation for self-regulation
- adhering to clear professional standards
- knowing and accessing RECA's industry advisory services

### ACHIEVEMENTS:

- developed a template for the Real Estate Brokerage Policies and Procedures Manual, assisting brokerages to set their own procedures
- conducted a survey of industry professionals on communications platforms (myRECA mobile device services and RECA's website)
- produced informational videos for self-represented industry professionals
- conducted education surveys for new and existing licensees
- launched four new courses
  - Practice of Commercial Real Estate
  - the first Re-Licensing Education Program course for real estate brokers and associate brokers
  - REP course for commercial & property managers
  - REP for all real estate professionals
- Council approved changes to the *Real Estate Act* Rules to clarify procedures for payment from trust, and to better protect the Real Estate Assurance Fund.
- created RECA eBooksite Searchable Knowledge Management System



## STAKEHOLDERS

Government, stakeholder associations, and industry colleagues will understand RECA promotes positive relations and is the open, transparent, responsive governing body for real estate professionals in Alberta

### ACHIEVEMENTS:

- Council Chair presented an online RECA Annual Meeting as part of the openness and transparency initiative

## CAPACITY

Maximize RECA's capacity to achieve its 2020 Vision by establishing an appropriate regulatory framework of policies and procedures, a prudent financial plan, and develop both internal and external human resources

### ACHIEVEMENTS:

- Council approved Code of Conduct for staff and Council
- developed Service Excellence Policy to better serve RECA stakeholders

*2018-2019 SAW A 390% INCREASE YEAR-OVER-YEAR IN PEOPLE SEARCHING FOR RECA ONLINE.*



# EDUCATION PROGRAMS



RECA's Education Programs department provides innovative, leading-edge career preparation and training programs for professionals in the industries RECA governs.

## PRE-LICENSING ENROLLMENT

### Real Estate Associates Program

Introductory Real Estate Info Session	1,664
Fundamentals of Real Estate	1,370
Practice of Residential Real Estate	870
Practice of Commercial Real Estate	281
Practice of Rural Real Estate	116
Practice of Property Management	282

### Mortgage Associates Program

Fundamentals of Mortgage Brokerage	249
Real Estate Appraisal in Alberta	32
Consumer Relationships	26

## COURSE COMPLETIONS

### Real Estate Associates Program

Introductory Real Estate Info Session	1,664
Fundamentals of Real Estate	1,031
Practice of Residential Real Estate	822
Practice of Commercial Real Estate	202
Practice of Rural Real Estate	95
Practice of Property Management	256

### Mortgage Associates Program

Fundamentals of Mortgage Brokerage	195
Real Estate Appraisal in Alberta	31
Consumer Relationships	21

*IN 2018-2019, RECA IS THE 4TH LARGEST EDUCATION PROVIDER IN ALBERTA BY UNIQUE LEARNERS, WITH 19,514 STUDENTS, BEHIND ONLY ATHABASCA UNIVERSITY, U OF A AND U OF C.*



The Office of the Registrar has primary responsibility for RECA's regulatory functions. This includes licensing, discipline, and trust assurance and practice review.

## LICENSING SERVICES

Refused	1
Cancelled	<a href="#">Real Estate</a> : 2 associates <a href="#">Mortgage</a> : 1 associate
Suspended	<a href="#">Real Estate</a> : 2 brokers, 2 brokerages, 14 associate brokers, 1 associate
Conditions Applied	<a href="#">Real Estate</a> : 169 brokers, 4 brokerages, 14 associate brokers, 125 associates <a href="#">Mortgage</a> : 64 brokers, 0 brokerages <a href="#">Appraiser</a> : 2 <a href="#">Candidate</a> : 1
Lifetime Withdrawals Approved	<a href="#">Real Estate</a> : 1 associate broker, 6 associates <a href="#">Mortgage</a> : 1 associate

## AUTHORIZATIONS

Active Authorizations as of September 30, 2019

### REAL ESTATE

Brokerages	983
Brokers	983
Associate Brokers	665
Associates	10,868
Individuals	12,516

### MORTGAGE BROKERAGE

Brokerages	345
Brokers	345
Associates	1,981
Individuals	2,326

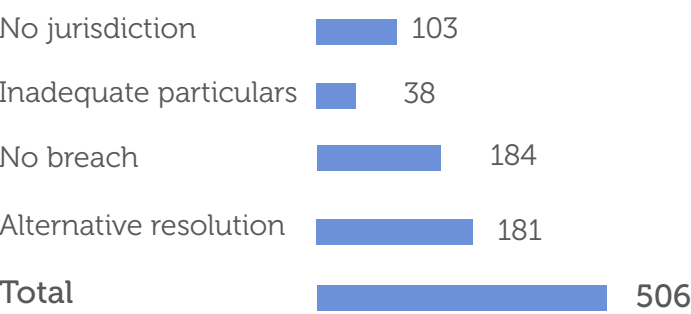
### REAL ESTATE APPRAISAL

Appraisers	439
Candidates	146



# PROFESSIONAL CONDUCT REVIEW

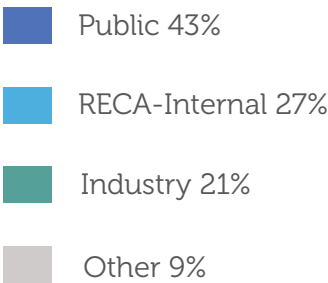
## REASON FOR COMPLAINT REFUSAL



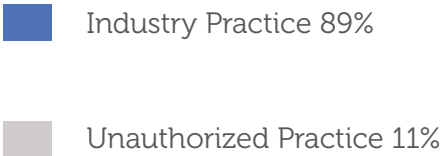
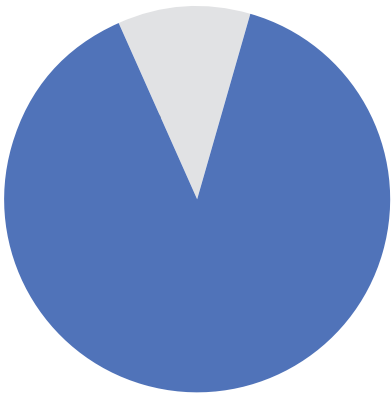
## COMPLAINTS AND INVESTIGATION OUTCOMES

Refused	506
Alternative Resolution Post-Investigation	7
Discontinued	31
Insufficient Evidence Found	112
Letter of Warning (Unauthorized Practice)	21
Advisory Note Issued	72
Letter of Reprimand Issued	60
Administrative Penalty Issued	51
Sent to Conduct Proceedings	18
<b>Total</b>	<b>878</b>

## SOURCE OF REVIEWED COMPLAINT



## COMPLAINTS REFERRED FOR INVESTIGATION





# PROFESSIONAL CONDUCT PROCEEDINGS

## FILE COUNT

Open files as of Oct. 1, 2018	67
Files opened during year	59
Files closed during year	56
Open files as of Sept. 30, 2019	64

## FINES AND PENALTIES

Fines Ordered	\$86,000
Fines Received	\$28,250
Administrative Penalties Ordered	\$214,000
Administrative Penalties Received	\$113,345

## TRUST ASSURANCE AND PRACTICE REVIEW

Regular Reviews	303
Special/Follow Up Reviews	9
Total	312

## FILE CLOSING PROCESS

Hearing Panel Contested REA s.43	6
Hearing Panel Consent REA s.46	10
Appeal Panel Decision REA s.48	1
Court Appeal REA s.52	1
Judicial Review Decisions	1
Administrative Penalty issued by Conduct Proceedings	4
Administrative Penalty Appeal REA s.83.1	3
Letter of Reprimand Appeal s.40.1	1
Insufficient Evidence REA s.39 found by Conduct Proceedings	7
No Jurisdiction REA s.2	1
Complainant Appeal REA s.40	1
Freeze Order REA s.75	1
Withdrawals REA s.54 (people not files)	8
Suspension REA s.38 (people not files)	0
Suspension REA s.53 (people not files)	2
Legal Opinion Completed	4

*RECA PRACTICE ADVISORS CONDUCTED 76 PRESENTATIONS AT BROKERAGES AND ASSOCIATIONS IN 2018-2019.*

# REAL ESTATE ASSURANCE FUND

The Real Estate Assurance Fund (REAF) compensates consumers who suffer a financial loss as a result of fraud or breach of trust in a trade in real estate or a deal in mortgages. This includes a real estate or mortgage brokerage's failure to disburse or account for money held in trust. REAF is funded entirely by a levy on new real estate and mortgage brokerage professionals.

Compensation paid from REAF since its inception in 1985 totals \$3,137,284. Compensation paid from REAF since RECA began administering it totals \$1,589,593. RECA paid \$145,062 in compensation from REAF in the 2018-2019 fiscal year. There are 22 potential future applications for compensation (open claim files) from REAF as of September 30, 2019, with total reserves of \$1,097,163 set aside.

## FILES OPENED AND RESERVES SET ASIDE

		\$
2018-2019	4	133,000
2017-2018	6	581,446
2016-2017	3	219,063
2015-2016	0	0
2014-2015	7	738,000
2013-2014	4	314,600
2012-2013	2	25,000
2011-2012	5	170,000
2010-2011	4	140,000

## CLAIMS PAID

	\$
2018-2019	145,062
2017-2018	695,542
2016-2017	244,631
2015-2016	0
2014-2015	9,833
2013-2014	0
2012-2013	0
2011-2012	7,124
2010-2011	35,000
2009-2010	105,855
2008-2009	143,276
2007-2008	90,140
2006-2007	0
2005-2006	0
2004-2005	0
2003-2004	0
2002-2003	20,858
2001-2002	0
2000-2001	0
1999-2000	56,761
1998-1999	0







# SUMMARIZED FINANCIAL STATEMENTS

## Summarized Statement of Financial Position as at September 30, 2019

	Council Operating Fund	Assurance Fund	Sept 30, 2019	Sept 30, 2018
<b>Assets</b>				
<b>Current</b>				
Cash and Cash Equivalents	\$8,559,734	\$53,053	\$8,612,787	\$8,859,943
Short-Term Investments	6,626,558	4,034,035	10,660,593	10,630,185
Accounts Receivable and Accrued Interest Receivable	51,266	-	51,266	523,389
Prepaid Expenses	348,045	-	348,045	336,128
Due from/(to) Funds	(1,100)	1,100	-	-
	<b>15,584,503</b>	<b>4,088,188</b>	<b>19,672,691</b>	<b>20,349,645</b>
<b>Development Costs</b>				
	885,610	-	885,610	769,345
<b>Long-Term Prepaid Expenses</b>				
	101,892	-	101,892	87,900
<b>Lease Inducement</b>				
	30,536	-	30,536	-
<b>Capital Assets</b>				
	24,127,682	-	24,127,682	24,933,907
	<b>\$40,730,223</b>	<b>\$4,088,188</b>	<b>\$44,818,411</b>	<b>\$46,140,797</b>
<b>Liabilities and Fund Balances</b>				
<b>Current</b>				
Accounts Payable and Accrued Liabilities	\$1,269,983	\$3,556	\$1,273,539	\$1,422,557
Current Portion of Long-Term Debt	389,000	-	389,000	375,000
Deferred Licensing Revenue	7,302,150	-	7,302,150	7,463,375
	<b>8,961,133</b>	<b>3,556</b>	<b>8,964,689</b>	<b>9,260,932</b>
<b>Long-Term Debt</b>				
	<b>14,019,762</b>	<b>-</b>	<b>14,019,762</b>	<b>14,405,162</b>
<b>Assurance Fund Reserves</b>				
	-	1,097,163	1,097,163	1,206,549
	<b>22,980,895</b>	<b>1,100,719</b>	<b>24,081,614</b>	<b>24,872,643</b>
<b>Net assets</b>				
Invested in Capital Assets (Net of Related Debt)	9,718,920	-	9,718,920	10,153,745
Unrestricted Council Operating Fund	7,545,908	-	7,545,908	7,730,157
Internally Restricted Council General Reserve	484,500	-	484,500	484,500
Externally Restricted as Assurance Fund	-	2,987,469	2,987,469	2,899,752
	<b>17,749,328</b>	<b>2,987,469</b>	<b>20,736,797</b>	<b>21,268,154</b>
	<b>\$40,730,223</b>	<b>\$4,088,188</b>	<b>\$44,818,411</b>	<b>\$46,140,797</b>

## Officers

Robert Telford  
Chair

Stan Mills  
Chair Elect

Brian Klingspon  
Past Chair

Bob Myroniuk  
Executive Director

Summarized Statement of Operations  
as at September 30, 2019

	Council Operating Fund	Assurance Fund	2019	2018
<b>Restricted Revenue and Claims</b>				
Assessments	\$0	\$119,700	\$119,700	\$132,500
Assurance Fund Reserves, net	-	(35,676)	(35,676)	(561,031)
	-	<b>84,024</b>	<b>84,024</b>	<b>(428,531)</b>
<b>Revenue from Operations</b>				
Licence Fees	8,572,755	-	8,572,755	8,565,190
Education Courses	3,754,015	-	3,754,015	4,661,995
Office Building Rental Revenue	392,002	-	392,002	221,604
Investment Income	168,959	62,218	231,177	193,317
Penalties, Fines and Enforcement Recovery	150,052	-	150,052	202,763
Sundry	4,876	-	4,876	-
	<b>13,042,659</b>	<b>62,218</b>	<b>13,104,877</b>	<b>13,844,869</b>
<b>Expenses</b>				
Salaries and benefits	6,955,873	-	6,955,873	6,486,555
Administration	2,172,812	852	2,173,664	2,427,009
Amortization of Capital Assets	1,582,703	-	1,582,703	1,162,582
Professional Services	1,129,648	17,046	1,146,694	1,385,702
Information Systems	607,225	-	607,225	462,517
Education Courses	585,721	-	585,721	917,952
Council	357,978	-	357,978	398,136
Hearings	312,202	-	312,202	182,596
	<b>13,704,162</b>	<b>17,898</b>	<b>13,722,060</b>	<b>13,423,049</b>
<b>(Deficiency) Excess of Revenue over Expenses Before other Items</b>	<b>(661,503)</b>	<b>128,344</b>	<b>(533,159)</b>	<b>(6,711)</b>
<b>Other Items:</b>				
Unrealized Gain (Loss) on Investments	(1,894)	3,696	1,802	3,954
Gain on Sale of Capital Assets	-	-	-	11,540
Assurance Fund Administration	44,323	(44,323)	-	-
<b>(Deficiency) Excess of Revenue over Expenses</b>	<b>(619,074)</b>	<b>87,717</b>	<b>(531,357)</b>	<b>8,783</b>
Fund Balances, Beginning of Year	18,368,402	2,899,752	21,268,154	21,259,371
<b>Fund Balances, End of Year</b>	<b>\$17,749,328</b>	<b>\$2,987,469</b>	<b>\$20,736,797</b>	<b>\$21,268,154</b>

The complete audited financial statements of the Real Estate Council of Alberta for the year ended September 30, 2019 are available on our website ([www.reca.ca](http://www.reca.ca)) or from the Council's office upon request.

## Credits

Bank of Montreal  
Banking Services

Mawer Investment  
Management  
Investment Counsel

Toole Peete & Co.  
Limited  
Insurance Agent

MNP LLP  
Auditor



## CONNECT WITH US

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