

# Annual Report 2019 -2020





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## 2019-2020 IN REVIEW

In 2019-2020, the Real Estate Council of Alberta (RECA) underwent a period of major transition. In October 2019, the Minister of Service Alberta dismissed RECA's Council Members and appointed an Administrator. The Administrator, Duane Monea, was to serve as Council for one year beginning on November 8, 2019. Mr. Monea's time as administrator was extended by the Minister to December 10, 2020. During the Administrator's year acting as Council, the Government of Alberta consulted stakeholders and passed the *Real Estate Amendment Act 2020* in June 2020. This Act, which came into force on December 1, 2020, created a new governance model for RECA, among many other changes.

During this time of transition, the selection of a new Executive Director was delayed until a new Board of Directors was in place upon the coming into force of the *Real Estate Amendment Act 2020* on December 1, 2020. RECA's other directors served as Acting Executive Director for rotating, 3-month terms during 2019-2020.

One of the changes in the *Real Estate Amendment Act 2020* was amendments to s.16 of the *Real Estate Act*, creating new reporting requirements for the Annual Report and Financial Statements. However, since the 2019-2020 year occurred prior to these new requirements coming into force, RECA has followed the existing s.16 of the *Real Estate Act*, current to September 30, 2020.

# OUR MANDATE, MISSION & VISION

## 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.

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### MANDATE

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

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### 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

# 2019 - 2020 COMMITTEES

## 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. As RECA was undergoing governance transition in 2019-2020, there were no meetings of the Industry Advisory Committees.

## Ad Hoc Committees

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

## Finance and Audit Committee

Bill Buterman, Chair

*The committee met to assist in the creation and approval of RECA's budget for 2020-2021.*

## Condominium Managers Implementation Advisory Committee

Deborah Howes, Chair

*The committee met to approve proposed condominium manager standards of practice for stakeholder consultation.*



# 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	2,299
Fundamentals of Real Estate	1,738
Practice of Residential Real Estate	833
Practice of Commercial Real Estate	294
Practice of Rural Real Estate	96
Practice of Property Management	289
Mortgage Associates Program	
Fundamentals of Mortgage Brokerage	358
Real Estate Appraisal in Alberta	20
Consumer Relationships	20

## COURSE COMPLETIONS

Real Estate Associates Program	
Introductory Real Estate Info Session	2,299
Fundamentals of Real Estate	934
Practice of Residential Real Estate	649
Practice of Commercial Real Estate	190
Practice of Rural Real Estate	72
Practice of Property Management	228
Mortgage Associates Program	
Fundamentals of Mortgage Brokerage	136
Real Estate Appraisal in Alberta	20
Consumer Relationships	16





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

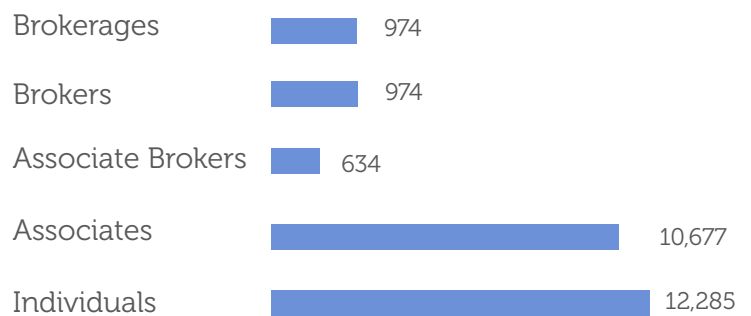
## LICENSING SERVICES

Refused	0
Cancelled	Real Estate: 1 brokerage
Suspended	Real Estate: 4 brokers, 4 brokerages, 2 associate brokers, 12 associates Mortgage: 1 brokerage, 1 broker, 2 associates
Conditions Applied	Real Estate: 88 brokers, 1 brokerages, 97 associate brokers, 87 associates Mortgage: 55 brokers, 0 brokerages Appraiser: 1 Candidate: 2
Lifetime Withdrawals Approved	Real Estate: 2 brokers, 7 associates Mortgage: 1 associate

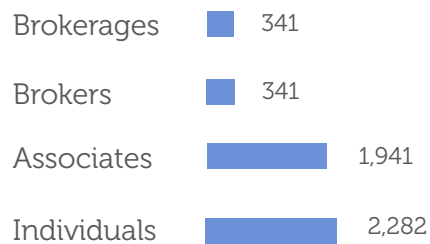
## AUTHORIZATIONS

Active Authorizations as of September 30, 2020

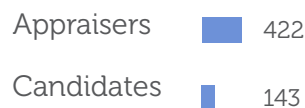
### REAL ESTATE



### MORTGAGE BROKERAGE

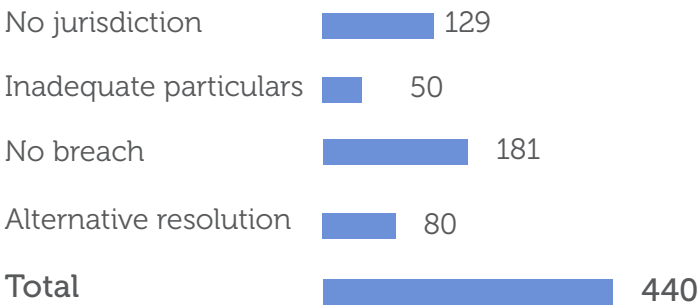


### REAL ESTATE APPRAISAL



# PROFESSIONAL CONDUCT REVIEW

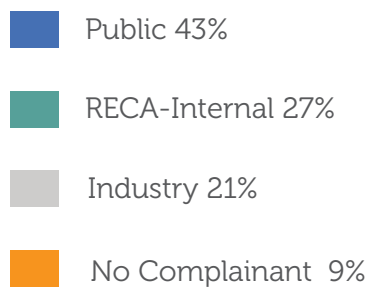
## REASON FOR COMPLAINT REFUSAL



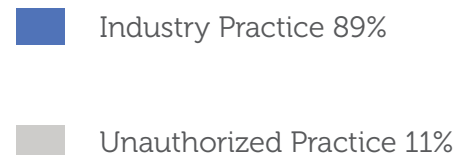
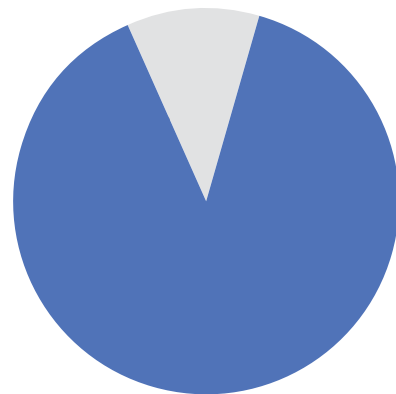
## COMPLAINTS AND INVESTIGATION OUTCOMES

Refused	440
Alternative Resolution Post-Investigation	12
Discontinued	83
Insufficient Evidence Found	106
Letter of Warning (Unauthorized Practice)	25
Advisory Note Issued	64
Letter of Reprimand Issued	82
Administrative Penalty Issued	84
Sent to Conduct Proceedings	14
<b>Total</b>	<b>910</b>

## SOURCE OF REVIEWED COMPLAINT



## COMPLAINTS REFERRED FOR INVESTIGATION



# PROFESSIONAL CONDUCT PROCEEDINGS

## FILE COUNT

Open files as of Oct. 1, 2019	64
Files opened during year	45
Files closed during year	50
Open files as of Sept. 30, 2020	59

## FINES AND PENALTIES

Fines Ordered	\$43,000
Fines Received	\$24,000
Administrative Penalties Ordered	\$185,550
Administrative Penalties Received	\$151,709

## TRUST ASSURANCE AND PRACTICE REVIEW

Regular Reviews	197
Special/Follow Up Reviews	3
Total	200

## FILE CLOSING PROCESS

Administrative Penalty Appeal REA s.83.1	5
Administrative Penalty issued	87
Administrative Penalty withdrawn	2
Appeal Panel Decision REA s.48	3
Complainant Appeal REA s.40	3
Court Appeal REA s.52	0
Extension of Time REA s.79	2
Hearing Panel Consent REA s.46	1
Hearing Panel Contested REA s.43	2
Judicial Review Decisions	1
Letter of Reprimand Appeal s.40.1	1
Letter of Reprimand s.39	68
Advisory Note Reg s.21	65
Freeze Order REA s.75	1
Insufficient Evidence REA s.39	131
Legal Opinion Completed	4
Lifetime Withdrawal REA s.54 (people not files)	10

# 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 \$3,238,642. Compensation paid from REAF since RECA began administering it totals \$1,690,951. RECA paid \$101,358 in compensation from REAF in the 2019-2020 fiscal year. There are 21 potential future applications for compensation (open claim files) from REAF as of September 30, 2020, with total reserves of \$1,272,163.42 set aside.

## FILES OPENED AND RESERVES SET ASIDE

		\$
2019-2020	3	428,000
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

	\$
2019-2020	101,358
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, 2020

	Council Operating Fund	Assurance Fund	Sept 30, 2020	Sept 30, 2019
<b>Assets</b>				
<b>Current</b>				
Cash and Cash Equivalents	\$10,279,611	\$55,297	\$10,334,908	\$8,612,787
Short-Term Investments	6,699,361	4,021,194	10,720,555	10,660,593
Accounts Receivable and Accrued Interest Receivable	51,651	-	51,651	51,266
Prepaid Expenses	360,843	-	360,843	348,045
Due from/(to) Funds	-	-	-	-
	<b>17,391,466</b>	<b>4,076,491</b>	<b>21,467,957</b>	<b>19,672,691</b>
<b>Development Costs</b>	1,374,088	-	1,374,088	885,610
<b>Long-Term Prepaid Expenses</b>	96,170	-	96,170	101,892
<b>Lease Inducement</b>	130,202	-	130,202	30,536
<b>Capital Assets</b>	23,001,567	-	23,001,567	24,127,682
	<b>\$41,993,493</b>	<b>\$4,076,491</b>	<b>\$46,069,984</b>	<b>\$44,818,411</b>
<b>Liabilities and Fund Balances</b>				
<b>Current</b>				
Accounts Payable and Accrued Liabilities	\$1,508,515	\$3,523	\$1,512,038	\$1,273,539
Current Portion of Long-Term Debt	345,000	\$0	345,000	389,000
Deferred Licensing Revenue	7,210,775	-	7,210,775	7,302,150
	<b>9,064,290</b>	<b>3,523</b>	<b>9,067,813</b>	<b>8,964,689</b>
<b>Long-Term Debt</b>	<b>13,809,362</b>	-	<b>13,809,362</b>	<b>14,019,762</b>
<b>Assurance Fund Reserves</b>	-	1,272,163	1,272,163	1,097,163
	<b>22,873,652</b>	<b>1,275,686</b>	<b>24,149,338</b>	<b>24,081,614</b>
<b>Net assets</b>				
Invested in Capital Assets (Net of Related Debt)	8,847,205	-	8,847,205	9,718,920
Unrestricted Council Operating Fund	9,788,136	-	9,788,136	7,545,908
Internally Restricted Council General Reserve	484,500	-	484,500	484,500
Externally Restricted as Assurance Fund		2,800,805	2,800,805	2,987,469
	<b>19,119,841</b>	<b>2,800,805</b>	<b>21,920,646</b>	<b>20,736,797</b>
	<b>\$41,993,493</b>	<b>\$4,076,491</b>	<b>\$46,069,984</b>	<b>\$44,818,411</b>

### Officers

Duane Monea  
Administrator

Charles Stevenson  
Acting Executive Director

Joseph Fernandez  
Acting Executive Director

Warren Martinson  
Acting Executive Director

Summarized Statement of Operations  
as at September 30, 2020

	Council Operating Fund	Assurance Fund	2020	2019
<b>Restricted Revenue and Claims</b>				
Assessments	\$0	\$100,700	\$100,700	\$119,700
Assurance Fund Reserves, net	-	(276,358)	(276,358)	(35,676)
	-	<b>(175,658)</b>	<b>(175,658)</b>	<b>84,024</b>
<b>Revenue from Operations</b>				
Licence Fees	8,374,675	-	8,374,675	8,572,755
Education Courses	4,578,675	-	4,578,675	3,754,015
Office Building Rental Revenue	412,781	-	412,781	392,002
Investment Income	139,973	55,122	195,095	231,177
Penalties, Fines and Enforcement Recovery	181,657	-	181,657	150,052
Sundry	-	-	-	4,876
	<b>13,687,761</b>	<b>55,122</b>	<b>13,742,883</b>	<b>13,104,877</b>
<b>Expenses</b>				
Salaries and benefits	7,163,895	-	7,163,895	6,955,873
Administration	1,839,440	851	1,840,291	2,173,664
Amortization of Capital Assets	1,567,854	-	1,567,854	1,582,703
Professional Services	511,974	17,017	528,991	1,146,694
Information Systems	518,849	-	518,849	607,225
Education Courses	311,183	-	311,183	585,721
Council	199,703	-	199,703	357,978
Hearings	194,471	-	194,471	312,202
	<b>12,307,369</b>	<b>17,868</b>	<b>12,325,237</b>	<b>13,722,060</b>
<b>Excess of Revenue over Expenses Before other Items (Deficiency)</b>	<b>1,380,392</b>	<b>(138,404)</b>	<b>1,241,988</b>	<b>(533,159)</b>
<b>Other Items:</b>				
Unrealized Gain (Loss) on Investments	(14,733)	(11,006)	(25,739)	1,802
Loss on Disposal of Capital Assets	(32,400)	-	(32,400)	-
Assurance Fund Administration	37,254	(37,254)	-	-
<b>Excess of Revenue over Expenses (Deficiency)</b>	<b>1,370,513</b>	<b>(186,664)</b>	<b>1,183,849</b>	<b>(531,357)</b>
Fund Balances, Beginning of Year	17,749,328	2,987,469	20,736,797	21,268,154
<b>Fund Balances, End of Year</b>	<b>\$19,119,841</b>	<b>\$2,800,805</b>	<b>\$21,920,646</b>	<b>\$20,736,797</b>

The complete audited financial statements of the Real Estate Council of Alberta for the year ended September 30, 2020 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



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