

RESIDENTIAL REAL ESTATE BROKER INDUSTRY COUNCIL

9:00 am, Friday, September 16, 2022

In Person, Nakiska Room, RECA Office,
1506 11 Avenue SW, Calgary, AB

MINUTES

In Attendance:

Bill Briggs
Brad Hamdon
Brad Kopp
Sano Stante, *Chair*

Resources:

Russ Morrow
Janice Harrington
Warren Martinson
Stacy Paquin
Kyle Schaub (*Item #15*)
Rina Hawkins

Guests:

Assistant Deputy Minister Ronda Goulden, *Service Alberta (item #7)*
Executive Director, Lois Flynn, *Service Alberta (item #7)*

Recording Secretary:

Christina Harrington

Absent:

Erika Ringseis

1. Call to Order

The meeting was called to order at 9:07 a.m.

2. In-Camera Session with the Industry Council only

The Residential Real Estate Broker Industry Council (the "Industry Council") moved in-camera.

The Industry Council reconvened.

3. Approval of Agenda

The Chair presented the agenda of September 16, 2022.

***MOTION:** The Residential Real Estate Broker Industry Council approves the September 16, 2022, meeting agenda as presented.*

Moved by Bill Briggs,

Seconded by Brad Hamdon

Carried

4. Conflict(s) of Interest Declared

No conflicts of interest were declared.

5. Chair's Opening Remarks

The Chair welcomed Janice Harrington, COO appointed August 25, 2022. Janice Harrington was formerly RECA's Director of Stakeholder Engagement and brings two decades of senior executive leadership in strategic communications, public affairs, and government relations.

The Chair welcomed the newly appointed Registrar, Warren Martinson, effective August 25, 2022. Warren Martinson joined RECA in 2018 as General Counsel & Corporate Secretary before transitioning to the Director of Corporate Services in 2019. A graduate of the University of Saskatchewan's law school, Warren Martinson received his Masters of Administrative Law from Osgoode Hall Law School in 2007, and received his MBA from Haskayne School of Business in 2017.

6. Consent Agenda

The Industry Council reviewed the consent agenda, which included the minutes of the meeting of June 14, 2022, the Action Register Update, and the Regulatory Activity Scorecard.

***MOTION:** The Residential Real Estate Broker Industry Council approves the minutes of the June 14, 2022 meeting, and receives the Action Register Update, and the Regulatory Activity Scorecard as information, as presented within the meeting package.*

Moved by Brad Hamdon,

Seconded by Bill Briggs

Carried

7. Government of Alberta Discussion

Ronda Goulden, Assistant Deputy Minister of Consumer, Registry and Strategic Services, of Service Alberta (ADM Goulden) and Executive Director, Lois Flynn, of Consumer Services, Service Alberta (ED Flynn) joined the meeting.

Service Alberta committed to maintain a strong working relationship with RECA as a provincial regulator and will support RECA and the Industry Councils in their mandate of consumer protection.

ADM Goulden, ED Flynn and the Industry Council addressed four areas;

- 1) Disciplinary Proceedings
- 2) Divestiture of Education
- 3) Transparency and Engagement with Industry, and
- 4) Observed Industry Challenges

Chairman Stante praised the Industry Council for its accomplishments in the first two-years of operation. Key success areas were changes to the interpretation of *Real Estate Act* ("REA") Rules involving non-reporting of conditional sales, and the completion and creation of exam competencies.

The Industry Council reported its strategic initiative to reduce time spent towards issue-management. The Industry Council will take a proactive, innovative approach to tackle industry challenges in the coming year. RECA Management, Industry Council and Service Alberta discussed consultation models for existing and future initiatives.

ADM Goulden advised that the department is proposing to extend the minister's authority to approve amendments to REA Bylaws and Rules for an additional 2 years. ADM Goulden observes an increased confidence in RECA's new governance structure from both the public and industry, and the extension of oversight will maintain improved relations in both areas.

The Industry Council advised that the RECA Board of Directors ("Board") established the Rules Review Steering Committee to conduct a comprehensive 2-year review of the REA Rules, in consultation with industry and the public. The Committee will make recommendations to the relevant Industry Council(s) on proposed rule changes. Council Member Kopp represents the residential real estate industry sector on the Committee.

The Industry Council confirmed the need for a uniform, province-wide Residential Measurement Standard (RMS). ADM Goulden offered to assist in facilitating conversations between the Industry Council and Ministry of Municipal Affairs. ADM Goulden and the Industry Council will contact home developers for comment.

8. RECA Board of Directors Report

RECA Board Member Briggs presented the Board Report. The Board approved the 2022/2023 Budget and Business & Financial Plan, and the 2022-25 Strategic Plan. The Board established the Rules Review Steering Committee. The Hearings Committee is recruiting to fill vacant positions on the Hearing Panel roster, and has amended and clarified the conflict-of-interest rules for hearing panel roster members.

The Industry Council discussed the meeting calendar and the number of meetings per year. RECA Management raised concerns regarding the demands on staff resources resulting from quarterly meetings versus tri-annual meetings. The Industry Council contended that three meetings a year may not be sufficient given the rules review initiative.

ACTION: Management will poll the Industry Council's availability to attend a meeting in June of 2023. Management will raise the issue of the 2022/2023 proposed meeting calendar at the September 29, 2022, Industry Chairs Roundtable.

ACTION: Management will place the item of the proposed 2022/2023 calendar on the Board November 2022 agenda for discussion.

9. Industry Council Chair Election

Management advised that the Chair's term will expire November 30, 2022. Pursuant to the REA section 7.1(6) and REA Bylaws 3.18 and 3.19, the Industry Council must elect a new Chair at its final meeting of the year. Nothing precludes the current Chair from running in the election.

RECA CEO called for nominations for the position of Industry Council Chair. Council Member Kopp nominated Sano Stante. Council Member Ringseis seconded. RECA CEO called twice for further nominations. Hearing none, nominations were closed.

MOTION: *The Residential Real Estate Broker Industry Council elects Sano Stante to the position of Industry Council Chair for the term of two years, effective December 1, 2022, by acclamation.*

Moved by Brad Kopp,

Seconded by Erika Ringseis

Carried

10. Industry Chair Position Description

Management presented the Industry Council Chair Position description for feedback and information purposes. The Industry Council Chair Position description will be recommended to the Board for approval in accordance with Bylaw 3.20 and will be included in the RECA Governance Manual.

11. Alberta Municipal Affairs: New Home Buyer Protection Review Engagement Session

On June 23, 2022, Council Member Kopp attended the New Home Buyer Protection Review Engagement Session hosted by Alberta Municipal Affairs. The session provided a platform for consumers to voice their experiences & concerns with the new home buyer program(s).

12. Residential Measurement Standard and Trust Account Audit Update

On June 24, 2022, RECA received correspondence from the Honourable Nate Glubish, Minister of Service Alberta, which supported RECA's practice of auditing funds held in trust. The Industry Council will explore

opportunities to remove unnecessary red tape while upholding their mandate of public protection and will ensure effective oversight of the real estate sector.

ACTION: Management will provide the Industry Council with a copy of the correspondence sent to the Honourable Nate Glubish in response to concerns raised by the Alberta Real Estate Association (AREA) regarding the auditing of trust funds.

13. Credentialing Report

The Registrar presented the Credentialing Report. The Industry Council reviewed the average examination scores, program success rates, and individual writer reviews. Course providers success rates will become statistically reliable as more writers challenge the examinations.

ACTION: The Industry Council directed Management to place learner success rates as a standing item on the Industry Council action register.

14. Stakeholder Engagement & Communications Report

RECA's COO presented the Stakeholder Engagement & Communications Report (June 7-Sept 9 /22). RECA will conduct licensing surveys and benchmarking workshops to gather stakeholder perspectives.

15. Regulatory Orientation

Kyle Schaub, RECA Practice Review Manager, outlined RECA trust audit (fiscal reporting) requirements, and practice review process. Formerly a "compliance audit", practice reviews examine the records and activities of a brokerage to ensure statutory compliance. The practice review may result in recommended changes in control, policy, and procedures of the brokerage. RECA's auditors work constructively with brokers to develop sound accounting practices and procedures that comply with the REA and the Rules, to safeguard the public interest, and to reduce claims against the Assurance Fund. If necessary, matters are referred to the conduct department for investigation.

16. Publication of Licensee Names Prior to Expiration of 30-day Right of Appeal Period

In accordance with s. 55 of REA, the Board, Industry Councils and the Registrar share equal authority to publish information respecting prosecutions and disciplinary actions taken under REA. The Registrar introduced a process to bring uniformity to publication practices, in response to industry request.

The Industry Council supports withholding the publication of licensee name(s) prior to the expiry of the 30-day right of appeal period, except

where a matter is egregious and would support earlier publication in the interest of consumer protection.

17. Rules Review Steering Committee

The Board established the Rules Review Steering Committee in June 2022, which consists of one public chair and seven industry sector representatives ("Committee"). The Committee will complete a comprehensive review of the REA Rules to identify opportunities for red tape reduction, propose recommendations to the relevant Industry Councils to set and enforce standards of conduct for licensees and the business of licensees, and will promote industry integrity. The Committee will consult with industry associations, stakeholders and the greater public over a two-year period.

The Committee is chaired by public member, Neil McCrank, former Alberta Deputy Justice Minister (1989-1998), former chairman of the Alberta Energy Resources Conservation Board (1998-2007), and retired Senior Counsel of BLG Canada. Mr. McCrank brings with him a wealth of regulatory insight, and formerly authored the "McCrank Report" or "Road to Improvement" which examined best governance practices and structures of Alberta public agencies, boards and commissions.

The Industry Council appointed Council Member Kopp to represent the real estate sector on the Committee. The Committee will meet on September 28, 2022. The Industry Council looks forward to the consultation, communication & approval process between the Industry Council and the Committee.

18. Update on Pilot for Graduated Licenses for Condominium Managers

RECA CEO presented the proposed tiered and/or graduated licensing pilot for the Residential Property Manager Industry Council, for information. The proposal will be put to the Residential Property Manager Industry Council to respond to industry need.

19. Profitability of Alberta Real Estate Agents

Chairman Stante presented the AREA Memorandum on Real Estate Broker Profitability Harmed by Red Tape, dated June 29, 2021. The Memorandum showed a 20% disadvantage in Alberta real estate profitability compared to the national average (*source: Statistics Canada*). The Memorandum suggested areas of red tape reduction to improve profitability. The Industry Council received the memo as information.

20. Triage of Incoming Complaints

The Registrar presented the triage of incoming complaints and the professional conduct review process (investigations). RECA investigates

alleged breaches of the REA or Rules, activities against the standards of practice expected of licensees, activities that demonstrate incompetence, or recklessness or wilful wrongdoing, and/or activities that put consumers or other licensees at risk.

The Registrar may refuse to investigate a complaint, for example where jurisdiction does not reside with the Registrar, the Registrar does not have reasonable particulars, the time limitation has been exceeded, the matter is not governed by REA, its regulations, nor its Rules, the activities are outside of Alberta, or an exemption applies, etc. The Registrar procedurally screens the complaint to determine if a prima facie breach is demonstrated, or if there is an obstacle to proceeding. The Registrar then dispatches resources to investigate the claim.

The Industry Council received the report as information.

RESIDENTIAL REAL
ESTATE BROKER
INDUSTRY COUNCIL

Minutes of Meeting

September 16, 2022

7. RMS Committee Update

Member Kopp reported that the RMS Committee continues to review RMS standards. The RMS Committee will meet within the coming weeks.

8. In-Camera Session with the CEO

The Industry Council went in-camera with the CEO.

9. In-Camera Session with Industry Council only

The Industry Council went in-camera.

10. Termination

***MOTION:** The Residential Real Estate Broker Industry Council terminates the meeting of September 16, 2022.*

Moved by Brad Kopp,

Seconded by Bill Briggs

Carried

The meeting terminated at 2:49 p.m.

11. Next Meeting(s)

Tuesday, December 6, 2022

Approved at Calgary, Alberta on December 6, 2022

Sano Stante,
Industry Council Chair