

Appendix C

Real Estate Act Rules Review – Stakeholder Feedback Summary

Through surveys, focus groups, and direct feedback, RECA received over 3,500 responses across the three phases of the Rules Review, including 2,000 online survey responses, 1,000 phone survey responses, five focus groups and over 100 direct responses through email submissions or direct meetings.

Current Rule #	Proposed Amendment	Feedback
13	<p>Remove the requirement for brokerages to maintain a physical office space, allowing for virtual brokerages.</p> <p>Require a physical address within Alberta that can be used for service of documents by RECA. This can be a private residence of a brokerage licensee.</p>	<p>Licensee Feedback</p> <ul style="list-style-type: none"> • 50% support. Concerns about broker supervision levels and potential for larger and larger brokerages. <i>(NOTE: ensuring proper brokerage supervision levels are a focus of RECA's upcoming Strategic Plan)</i> • Concern over service of documents <i>(NOTE: change would include the need for a physical address for service).</i> <p>Association Feedback One association feels this could potentially impact public perception of professionalism of the industry.</p> <p>Brokerage Feedback Could potentially impact public perception of professionalism of the industry.</p> <p>Consumer Feedback No issues as most consumers never physically go to a brokerage office, instead dealing virtually, having the licensee meet at their home, or meet at a public space like a coffee shop.</p>
32 and 40	<p>Prescribe the time periods allowed before being required to notify the Registrar, including different time periods for different events, depending on their severity or potential for consumer harm. Some events will have 5 days to notify, others will have 10, and the Registrar will be given the discretion to extend the notification period when extenuating circumstances are proven.</p>	<p>Licensee Feedback 75% support</p> <p>Association Feedback One association proposed “immediately notify” to mean 30 days, and the Registrar should have no discretion.</p> <p>Brokerage Feedback 90% support. Primary feedback is that 10 days is too long a period for some events.</p> <p>Consumer Feedback No issues, as long as the notification requirement is present.</p>

Current Rule #	Proposed Amendment	Feedback
3	Change the licence classes for mortgage to mortgage brokerage, principal mortgage broker (formerly broker), and mortgage broker (formerly associate)	<p>Licensee Feedback 2/3 support</p> <p>Association Feedback Supports making brokers somehow more distinct. Should match other jurisdictions. <i>(NOTE: Principal broker matches British Columbia and Ontario)</i></p> <p>Brokerage Feedback 75% support</p> <p>Consumer Feedback No issues</p>
1(bb.2)	Change "rural real estate" to "agribusiness real estate"	<p>Licensee Feedback Two-Thirds support, with many not understanding "rural" and mischaracterizing the need for change, further demonstrating the need for change.</p> <p>Association Feedback Supportive</p> <p>Brokerage Feedback 85% support</p> <p>Consumer Feedback Supportive</p>
43	<p>Requires a written service agreement to be entered before ANY service is provided in the mortgage, property management, and condominium management industries.</p> <p>Residential Industry Council and Commercial Industry Council will keep the status quo for residential and commercial real estate.</p>	<p>Licensee Feedback Two-thirds support. Residential licensees against the change as they feel consumers would be resistant to signing anything until the negotiations stage. Other sectors supportive.</p> <p>Association Feedback Similar objections as residential licensees. Suggests agreements must be signed before negotiating starts.</p> <p>Brokerage Feedback 75% support. They see this as becoming a forced mandatory requirement due to NAR court decisions in the USA concerning buyer brokerage, and a similar lawsuit currently underway in Canada. Best to get on this before forced to by the courts.</p> <p>Consumer Feedback Supportive, as long as it's not a requirement after just meeting a licensee at an open house, and only when actually moving forward with a licensee.</p>

Current Rule #	Proposed Amendment	Feedback
Various	Prohibit licensees from representing the other side to a personal deal, even if disclosures are made and the parties agree.	<p>Licensee Feedback 58% support. Brokerage rules that the broker be involved in any personal deals of brokerage associates mitigates issues.</p> <p>Association Feedback Feel this is not an issue, as in real estate there is no REIX E&O insurance coverage for personal deals, so licensees avoid them. Other associations feel this conflict is resolved through informed consent.</p> <p>Brokerage Feedback 70% support, though many feel current disclosure rules are adequate.</p> <p>Consumer Feedback Fully supports</p>
Various	Update these Rules to reflect modern digital record keeping and modern, online banking activity.	<p>Licensee Feedback 90% support</p> <p>Association Feedback Supports</p> <p>Brokerage Feedback 100% support</p> <p>Consumer Feedback No issues</p>
97	Amend the Rule to allow brokerages to pay commissions owed to cooperating brokerages directly from the trust account (assuming they are following how all parties agreed to the dispersal of trust money in the service agreement).	<p>Licensee Feedback Two-thirds support.</p> <p>Association Feedback Change could result in a risk when a brokerage is in financial trouble and gets creative with trust funds.</p> <p>Brokerage Feedback 55% support. Similar concern as associations.</p> <p>Consumer Feedback No issues. Most consider the deposit to be for the commissions (since that's how it's used 99% of the time), and don't expect it back unless the deal doesn't close.</p>

Current Rule #	Proposed Amendment	Feedback
102	Prohibit loans from the trust account.	<p>Licensee Feedback 53% support, though many respondents did not understand the issue well enough to make an informed opinion.</p> <p>Association Feedback Supports</p> <p>Brokerage Feedback 100% support</p> <p>Consumer Feedback No issues</p>
Schedule 5	Set the fines as ranges, increase the fine maximums, and allow the Registrar the discretion to apply a penalty within those ranges as appropriate for the contravention.	<p>Licensee Feedback 80% support</p> <p>Association Feedback Supports. Happy to see the ability to apply discretion for minor breaches.</p> <p>Brokerage Feedback Two-thirds support</p> <p>Consumer Feedback Supports higher fines</p>
50(c)(i), 66(c)(i), 80.3(c)(i), 80.83(c)(i)	Amend to allow commission payments to corporations where the licensee being paid the commission owns less than 50% of the corporation	<p>Licensee Feedback 56% support</p> <p>Association Feedback Strong agreement</p> <p>Brokerage Feedback 70% support. Feel it could potentially increase brokerage administrative burden.</p> <p>Consumer Feedback No issues</p>
86	Amend the Rule to be more prescriptive in terms of the requirements for monthly bank reconciliations.	<p>Licensee Feedback 72% support</p> <p>Association Feedback Sees no consumer benefit</p> <p>Brokerage Feedback 75% support</p> <p>Consumer Feedback No issues</p>

Current Rule #	Proposed Amendment	Feedback
94(2), 105(2), 110.02(2)	Allow for unique identifiers, instead of sequentially coded records.	<p>Licensee Feedback 58% support. More of a brokerage issue, not a licensee issue, so many don't really understand the goals of this change.</p> <p>Association Feedback Supports.</p> <p>Brokerage Feedback 90% support. This is a brokerage issue and they would like to see this change.</p> <p>Consumer Feedback No issues.</p>
118(1)(c), 118.2(1)(b)	Allow the Registrar the discretion to increase the limits, as needed, and set a requirement for brokerages to inform the Registrar of the reasons an E&O provider cancelled their coverage, when that occurs.	<p>Licensee Feedback 72% support.</p> <p>Association Feedback Supportive, but wouldn't want to see prescriptive maximums</p> <p>Brokerage Feedback 75% support.</p> <p>Consumer Feedback No issues.</p>
New	Create a rule to require mortgage licensees to represent the lender, never the borrower, in deals involving private lenders.	<p>Licensee Feedback 55% support</p> <p>Association Feedback Feels there is a need for regulation in the private lender space, but would like to see lender education or requiring proof of lender sophistication, not a mandatory relationship.</p> <p>Brokerage Feedback 50% support</p> <p>Consumer Feedback No issues.</p>

Current Rule #	Proposed Amendment	Feedback
72	Remove 'if any' and remove along with it the implication that taking steps to verify a client's identity is optional. Essentially making steps to verify identity mandatory.	<p>Licensee Feedback 51% support (though this Phase of consultation was BEFORE FINTRAC requirements for mortgage were introduced).</p> <p>Association Feedback Supports, as it's in line with new FINTRAC requirements</p> <p>Brokerage Feedback 100% support, as Phase 3 consultation took place AFTER FINTRAC requirements for mortgage came into force.</p> <p>Consumer Feedback Supports</p>
1	Updating or adding mortgage terms that are either missing or out of date, including those related to private lenders, syndicated mortgages, and how relationships would work with private lenders.	<p>Licensee Feedback 60% support. Some don't see a need for adding these definitions, as they do not work with any private lenders.</p> <p>Association Feedback Supports as long as the Individual Private Lender definition properly describes the individual as unlicensed.</p> <p>Brokerage Feedback 100% Support</p> <p>Consumer Feedback No issues.</p>