

# BROKERS – ACTIVE IN BROKERAGE MANAGEMENT

Purpose: This bulletin explains what actively managing a brokerage means.

**This bulletin applies to the broker of a real estate brokerage and a mortgage brokerage or their delegates.**

The *Real Estate Act* Rules (Rules) requires the broker to be actively involved in the management of the brokerage.

As a broker, you are responsible for the operation of the brokerage. This includes supervision of industry professionals registered to the brokerage, as well as all of the staff/employees in the brokerage. It is important you ensure industry professionals and staff follow specific standards and procedures.

## What does “actively involved in management” mean?

This can have different meanings depending on the size of the brokerage and the number of industry professionals registered to the brokerage.

Even though brokers can delegate some management activities, you are the one who is ultimately responsible for all of the brokerage activities. You must verify all trades or deals done by industry professional of the brokerage comply with the legislation and in a competent manner.

## How do you determine if the broker is “active in management”?

Questions to consider:

- was the broker was physically available to supervise
- are there clear and written office policies and procedures
- what is the education of brokerage industry professionals and staff on brokerage policy and procedures
- did the broker take reasonable steps for brokerage industry professionals and staff to comply with legislation and brokerage policies and procedures
- what is the process to train new industry professionals
- what is the process to recruit new industry professionals
- does the broker inspect all brokerage transactions to ensure all transactions and clients files are complete and include final, signed contracts and other important documents
- does the broker properly manage and control licensing and registration documents

- does the broker have control and manage trust accounting procedures, accounting documents and records and review trust bank reconciliations within 30 days from the receipt of the trust bank statement
- does the broker monitor the activities of any industry professional disciplined by RECA
- what is the broker's level of supervision
- did the broker notify RECA of changes to information as soon as the change occurs
- did the broker correct or take remedial action when they discover a violation by a brokerage industry professional or staff
- provide documentation to the RECA as required by legislation, including registration, transfers and terminations of industry professionals, renewal applications, and brokers' accounting reports

### Related information

#### Legislation

- *Real Estate Act* Rules - sections 51(1)(a), s.67(1)(a)

#### Information bulletins

- Brokers – Accountability
- Brokers - Delegation