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Message from the Interim Board Chair

David James

I've had the opportunity over the last few weeks to meet with many in the industry, and I want to thank you all for your passion and candor. It is clear that many of you take self-regulation seriously, and are interested in how your industry is regulated.

For those who I haven't met, a re-introduction may be in order. My name is David James, and I am the interim RECA Board Chair while government works to identify and appoint a permanent Chair. The previous Chair, Patricia McLeod, resigned as Chair on April 1, 2022, and I was appointed as interim Chair by the Minister of Service Alberta. I also serve as the Deputy Minister of Service Alberta.

I want to take this opportunity to thank Patricia for her outstanding 16 months as Chair. Under her leadership RECA, its Board, and the Industry Councils have done a tremendous amount of work in fleshing out the modernized governance structure that came into effect on December 1, 2020, and in undertaking the divestment of education, as per the *Real Estate Act* and Regulations. Patricia's leadership in bringing together a Board, four Industry Councils, and stakeholders was essential to establishing a strong self-regulating governance structure for the industry, and was vital to developing the numerous bylaws required by the government.

For my part, I am looking forward to building off this strong foundation as RECA turns its focus to finalizing our strategic planning, education divestment, and advancing a much-needed rules review. RECA is committed to robust and meaningful engagement for all matters that effect stakeholders. During my public service career, I have been responsible for, or participated in, a number of very complex and sensitive files that involved significant

stakeholder engagement. I look forward to leveraging that experience and more than 25 years of leadership as we work together to advance these important matters.

Strategic Planning

One of my first activities as Chair was to participate in the Strategic Planning session the Board undertook on April 8, 2022. At this meeting, the Board reviewed and carefully considered the feedback it heard from stakeholders in the initial strategic planning consultation in late-2021 and from various engagements throughout the past year, and from the in-depth meeting with all the Industry Councils in late-February.

The result of this meeting was the proposed Mandate, Mission Statement, and Strategic Priorities that [went out to all stakeholders for consultation on April 21, 2022](#). I want to invite licensees, brokers, and associations to take time out of your busy schedules to review these proposed priorities and plans, and to let the Board know what you think. The Board will once again review all feedback prior to finalizing the Mandate, Mission Statement, and set of Strategic Priorities at the July 2022 Board meeting.

Rules Review

A key part of the proposed Strategic Priorities is a comprehensive review of the *Real Estate Act* Rules. The Rules first came into force on October 1, 2006, and we all know how much has changed in real estate and in the world generally since then. It's time to ensure the Rules continue to make sense and protect consumers. This will be a complete and thorough review, with consultation with stakeholders at all stages.

While a comprehensive review will take time, RECA will be giving careful consideration to changes that will have substantive value to the industry if implemented before the end of the calendar year. This near-term work will be conducted in parallel with a focused look at licensing rules as the first stage of the broader review. Given the importance of the project and



the number of existing Rules, RECA will undertake the fulsome review over a period of two years, and in several different stages, beginning with the licensing rules this Summer.

Many of you have flagged the importance of reviewing the rules and making meaningful progress in the near term. The Rules Review will be primarily undertaken by the Industry Councils with support from RECA staff, and we are looking forward to actively engaging with all of you as we undertake this work.

Regulatory Performance Review

RECA remains committed to Regulatory Excellence and continuous improvement. In that spirit, and given the recent governance model and legislation changes, RECA will undertake a Regulatory Performance Review in 2022, to be conducted by a third-party consultant. At the May meeting, the Board approved the content and structure of a Request for Proposals for a Regulatory Performance Review. RECA's last Regulatory Performance Review was [completed in 2015-2016 by Field Law](#) and provided RECA with numerous recommendations to improve upon its strong performance. By February 2019, RECA had completed all recommendations from the review except for those that required legislative change.

Education Divestment

We are fast approaching RECA's set divestment date for education of June 1, 2022. Each Industry Council will speak to the divestment details of their sector in their updates in this Regulator. This divestment process was a tremendous amount of work for all of us—RECA, Industry Councils, associations, brokers and licensees. This is a significant change and, while the divestment process has been efficient and broadly successful, we are tracking concerns from the industry carefully. For example, RECA is closely monitoring the success rates of the condominium management licensing under new third-party providers. As the divestment process continues, RECA staff and the Industry Councils will continue to work closely with all of you to ensure a complete and effective transition.

I would like to thank all of you, the rest of the Board, the Industry Councils, and RECA Administration for their time and effort during the monumental change in RECA's direction. I can report that third-party providers have expressed interest in providing courses in all sectors, and new licensees should have choice in education providers for many disciplines.

Thank you again to all stakeholders who have taken part in RECA's many consultations over the past year. It is both critical and encouraging when licensees take part in the self-regulation of their industry. Without your thorough and considered feedback, RECA could not have achieved the divestment of education under such tight timelines.

As I close, I want to both encourage all of you to continue to be active participants in all the activities noted above, and assure you that your input will be carefully considered as the Board and Industry Councils undertake this work.

Commercial Real Estate Broker and Commercial Property Manager Industry Council Update

Summary of activities since February 2022 from Terry Engen, Chair



It has been a busy year with the Commercial Real Estate Broker and Commercial Property Manager Industry Council, and I would like to thank all the stakeholders who have engaged with us in that time. Stakeholder engagement is something that the Industry Council, and RECA, takes very seriously. We have heard you, and we continue to want to hear more from you as we undertake the important work in regulating the vibrant and growing commercial real estate and property management industry in Alberta.

Stakeholder Engagement Activities

Some of our Industry Council members recently had the pleasure of attending the Commercial Broker Forum in Edmonton, and I and others will be attending the Forum in Calgary this week. It is always great to hear directly from brokers from diverse backgrounds and brokerages as they explain the issues and concerns they see working in the business day-to-day. Thank you to all the brokers and broker delegates who took or will take part.

I also had the distinct pleasure of hosting all stakeholders at our second annual

Spring Engagement Session on May 17. If you missed the engagement session, you can [view the recording](#) on RECA's YouTube Channel. We had originally hoped to also hold this engagement session in-person, but there did not seem to be a lot of interest in in-person gathering, so we moved to entirely virtual. Despite not being in-person, there were plenty of questions, and plenty of engagement.

What we heard at the broker forum and at the engagement session was that there is a lot of interest in breaking out the commercial real estate licence into further specialties, whether that be selling vs. leasing, office vs. retail vs. industrial vs. agri-business, or simply large project commercial properties vs. smaller buildings and businesses. These are things the Industry Council will be discussing, and will want to hear more about as we undertake the Rules and licensing structure review, which I'll talk more about below. Thank you to everyone who provided their feedback.

Strategic Planning

RECA's Board has been working on RECA's strategic direction and strategic planning for many months now, beginning late-2021 with a comprehensive consultation on the strategic direction. Based on that feedback, the Board came up with a set of strategic priorities to inform RECA's future strategic and business planning. Consultation on those proposed priorities is happening now, with a deadline of June 9. I encourage all commercial licensees to take some time to provide feedback on those priorities. The Board consulted with the Industry Council on commercial and other issues prior to creating these proposed priorities, but the more feedback the better.

Rules Review

As I mentioned, RECA will be undertaking a comprehensive review of the *Real Estate Act* Rules as part of the strategic priorities put forward. The licensing structure for our industry (and all others) are part of the Rules, and consultation on both will occur shortly, and will continue for the next two years. The current Rules are extensive, and the Industry Council, as the body that is responsible for a lot of the Rules, will consult with all stakeholders at every step along the way.

Keep an eye on your inbox for the first phase of consultation on the Rules over the Summer.

Education Divestment

Another area where we received a lot of questions in our engagements was with education divestment. As we have stated often, RECA has set June 1, 2022, as the divestment date for licensing education. I can tell you that there are several providers interested in offering courses in the commercial sector, from education specialist firms, associations, and from universities. When the Industry Council recognizes a course provider and their courses, we will be sure to let all stakeholders know immediately. These are the providers who will be training your future colleagues, and it is important that all licensees take an interest and provide their feedback on how the education is working.

This is an exciting time in commercial real estate regulation, and I'm looking forward to seeing all the outstanding thoughts and suggestions that come out of our consultations on the Rules. It's thanks to those of you who take the time to provide that feedback that we on the Industry Council can know we are making good decisions.

Mortgage Broker Industry Council Update

Summary of activities since February 2022 from Clarence Lee, Chair



Thank you to everyone who took part in the Spring Engagement Session on May 5, and in the Broker Forum in Edmonton on May 17. It was great to engage with a diverse group of licensees, and I look forward to engaging with more of you at the Calgary Broker Forum on May 26.

If you missed the engagement session, you can [view the recording](#) on RECA's YouTube Channel.

As an Industry Council responsible for setting the standards of practice for the mortgage brokerage industry in Alberta, it is vitally important that we hear from the licensees we regulate. Three of the five Industry Council members are practicing licensees, including myself, Paul Bojakli (Vice Chair), and Gord Appel, but we need to get the full picture of the issues and concerns going on province-wide, and thanks to the dedicated and passionate licensees who participate in these engagement sessions and provide feedback to consultations, we can feel confident in our decision-making for the regulation of the industry.

What we heard at these sessions was that private lending is an area where there continues to be a lot of activity, but not a lot of rules. This is one section where the Industry Council will be focusing on to ensure those who deal with private lenders are competent to do so, and that consumers who use private lenders are best protected.

Another area we heard concern with was with the Rules for incentives. Concerns about incentives and advertising incentives is nothing new, and will be something that the Industry Council considers as we go through the comprehensive Rules review I'll talk about more below.

Strategic Planning

As you are all aware, the RECA Board is undertaking consultation on proposed strategic priorities. These priorities will inform a detailed business and strategic plan, to be approved by the Board at their July meeting. The Mortgage Broker Industry Council was consulted heavily by the Board in preparing these proposed priorities. If you haven't already, I encourage you to let the Board know what you think of the proposed priorities through the [survey on reca.ca](#). The deadline to contribute is June 9.

Rules Review

One of the largest parts of the proposed strategic priorities is a comprehensive review of the *Real Estate Act* Rules. The Rules haven't been fully reviewed since their implementation in October 2006. Things have certainly changed in the mortgage world since then, and a review of where the Rules continue to make sense, or not make sense, is certainly in order.

This review will be completed in phases over the next two years, beginning this Summer.

As I mentioned, we've heard from stakeholders that the mortgage sector has particular concerns with private lending and with advertising and incentives. So please be on the lookout for when the consultation opens for the first phase of the Rules review. The hope is that the Industry Councils and the Board can immediately deal with some low hanging fruit in need of updating in the Rules before the end of the calendar year, and we'll need your feedback to ensure we get things right.

Education Divestment

It was thanks to all of you providing comprehensive feedback to the mortgage licensee competencies late last year that we were able to move ahead so quickly with education divestment. RECA, including the Mortgage Broker Industry Council, has set June 1, 2022 as the divestment date. RECA will stop enrolling new licensees in its Fundamentals of Mortgage Brokerage and Mortgage Brokers Program courses, and will hand that function over to recognized third-party course providers. Associations, universities, and colleges have all expressed interest and are developing licensing courses for the mortgage sector. Things are changing rapidly with course providers, so please go to [reca.ca](#) for the latest information on which [providers are recognized](#).

Thank you again to all the licensees who have taken part in consultations and in engagement sessions. Please know that we at the Industry Council take your feedback seriously, and hope to engage further, and often, for all decisions and matters within the Industry Council's scope.

In closing, self-regulation is a privilege and we all have a stake in the future of our industry! I want to thank RECA management for their tireless efforts to assist in our goal in making the Mortgage Brokerage Industry the best it can be!

Residential Property Manager Industry Council Update

Summary of activities since February 2022 from Don Newell, Chair

First, I want to remind all condominium manager licensees to make sure that you start your required licensing education as soon as possible. The deadline to complete the courses to qualify for a full licence is November 30, 2022. If you leave completion of your courses and your exam(s) too closely to the last minute, you risk not being licensed on December 1, 2022 and will therefore be unable to perform your duties to your clients. If you haven't already done so, please go to your myRECA account to check which courses are required in your circumstances.

For those of you who have already begun, or even finished the education and successfully challenged or passed the exams, congratulations and thank you for being proactive!

There are currently three providers for the Fundamentals of Condominium Management, two providers for the Practice of Condominium Management, and one provider for the Condominium Management Broker Program. You can see the number of candidates, the program success rate, and the average exam score for each of those courses from each provider on reca.ca. There are also comments and ratings from those who have taken the courses. We start to report these numbers and add comments once at least five learners have completed the exam after taking the course.

You may have heard reports from people who have failed the exams, or who believe the courses available may not properly prepare licensees for the exams. There have also been certain issues with a small number of exam questions that have been identified and rectified.

We have heard your concerns on the Industry Council, and we have been communicating with course providers to ensure their courses cover the required competencies to allow for the best chance of success on the exams. Defensible, comprehensive professional examinations are a complicated undertaking, requiring constant analysis and updating. Accordingly, if you identify any issues in courses or the exams, please bring them forward to your course provider and/or to RECA.



Stakeholder Engagement Activities

It has been a busy year so far with the Residential Property Manager Industry Council, and I would like to thank all the stakeholders who have engaged with us over the past few months.

Stakeholder engagement is something that the Industry Council and RECA takes very seriously. We have heard you, and we continue to want to hear more from you as we undertake the important work in regulating the vibrant and growing property and condominium management industries in Alberta.

This May we took part in the broker forum for property and condominium management in Edmonton, and we will have a similar forum in Calgary this week, along with our [2nd Annual Spring Stakeholder Engagement Session](#), open to all stakeholders, on May 27. These are great opportunities for licensees to hear what the Industry Council is working on and are also times for the Industry Council to hear directly from stakeholders.

We heard a lot about the education process and the exams for condominium managers at the broker forum, and I expect we will hear more at our other engagement opportunities. I want to ensure all licensees that we have heard your concerns, and we are revising exams and working with course providers to ensure course material reflects what will be on the exams. On behalf of the Industry Council, I would like to offer a sincere thank you to everyone who provided their feedback.

Strategic Planning

On April 21, 2022, the RECA Board opened consultation on proposed strategic priorities. These priorities were the result of earlier strategic planning consultations conducted by the Board in late 2021. The Board also sought the comprehensive feedback of our Industry Council, as well as the other Industry Councils, before setting these priorities. I urge all property management and condominium management stakeholders to take a moment to complete the short survey on the priorities. Your feedback will be critical for the Board in making sure they've got things right.

Rules Review

One of the actions RECA will take as part of its strategic priorities is a comprehensive review of the *Real Estate Act* Rules. We often hear from stakeholders that certain Rules may no longer make sense given changes in technology and how the industry operates. The Industry Council will want to hear from stakeholders as to where you think these Rules can or should be changed, where consumer protection can be improved, or where a Rule is viewed as "red tape." The Rules review will be an extensive two-year project, with consultation at every stage along the way. Please be on the lookout for when the first phase of consultation is released, currently planned for this summer.

Education Divestment

As you all know, RECA has set June 1, 2022 as the divestment date for licensing education. For our Industry Council, this means that third-party providers will start providing licensing education for residential property management. Our Industry Council has received interest from several different providers, including associations, colleges and universities. To offer licensing education, these providers must first be recognized by our Industry Council. When this occurs, we will let all stakeholders know. Brokers who have potential licensees waiting to take courses after divestment occurs should be on the lookout for any announcements. [All recognized providers will be disclosed on reca.ca.](#)

Regulatory Decisions

Part of the Industry Council's responsibilities include enforcing the standards of practice property and condominium managers must follow. Recently, the Industry Council approved the application for Lifetime Withdrawal from the Industry of David Bauer. The Registrar had previously suspended Bauer's Brokerage, David Bauer Real Estate Group Ltd. o/a MaxWell Direct Realty, for failure to immediately fund a trust shortage, and RECA had frozen his brokerage's trust accounts shortly before that.

RECA's mandate is to protect consumers, and the Industry Council takes that seriously. A lifetime withdrawal is a serious result. A person who has their application accepted by the Industry Council can no longer hold any licence with RECA for life, and their withdrawal, along with the related allegations will be [publicly posted on reca.ca](#) in perpetuity. Other jurisdictions will also be made aware of the lifetime withdrawal should an applicant try to become licensed in another province.

We are truly hitting the home stretch of full condominium manager licensing. Thank you to my fellow Industry Council members, the Board, RECA staff, the Condominium Manager Implementation Advisory Committee, the industry associations, and to the individual condominium management firms and licensees who passionately provided their feedback, allowing the Industry Council to make the best decisions it can in the public interest.

Residential Real Estate Broker Industry Council Update

Summary of activities since February 2022 from Sano Stante, Chair



I would like to first thank those of you who participated in the various engagements and consultations RECA and our Industry Council have undertaken this past year. As an active practitioner, I know how difficult it can be to get even a few minutes to offer feedback to your regulator, particularly on matters that may not affect your immediate, day-to-day business. I want you to know that your Industry Council appreciates any time you are able to give, and takes all of your feedback and suggestions seriously. Self-regulation works when the industry practitioners are active participants, and I am grateful to witness an engaged and passionate group of individuals taking part.

Education Divestment

RECA has set the divestment date for licensing education as June 1, 2022. That's only a week away! This is the culmination of many months of work by our Industry Council, the Board, and RECA Administration, and it's hard to believe we're on the verge of completing this mammoth undertaking. Every aspect of the divestment process had to be carefully planned, validated, and ultimately approved by the Minister of Service Alberta. Thanks to everyone's hard work and the valuable feedback during the process, we're finally here.

Out of all the sectors, residential real estate licensees make up the bulk of new entrants to the industry. It was a priority that there be choice in education providers going forward. I'm pleased to report that our Industry Council has officially recognized seven course providers for residential real estate. At least one of those providers has also had their Fundamentals of Real Estate course recognized and ready for June 1. These providers range from real estate learning specialist organizations, to trade associations, to colleges and universities. New entrants to the industry will be able to choose the course provider that fits them best. Brokers and hiring managers should make sure they are familiar with the providers as they become available. To help new licensees choose, RECA will be posting all exam pass rates for each course provider and course.

Strategic Planning

RECA is currently finalizing its strategic plan, and all licensees are an important part of the process. The Board has created some [proposed strategic priorities](#) for RECA and sent them out for consultation with all stakeholders on April 21. Our Industry Council was consulted by the

Board prior to creating these priorities, and now the Board wants to know what licensees and other stakeholders think. Please take a few moments to provide your feedback. The deadline is June 9.

Stakeholder Engagement Activities

As Industry Council Chair, I have committed to engaging meaningfully and as often as possible with all stakeholders so that our Industry Council maintains a strong sense of the pulse of the industry, and of issues that occur in day-to-day practice. On May 16, I participated in the residential broker forum in Edmonton, and this week I'll be in-person at the Calgary forum. And I'm also looking forward to running the [2nd Annual Spring Engagement Session](#) for our Industry Council, which will be held both in-person and virtually on May 25.

These sessions are vital, not just to update licensees on RECA and our Council activity and priorities, but to also hear from licensees. The discussions at the broker forum were excellent, and I look forward to hearing more from brokers in Calgary and from all stakeholders at the engagement session.

What we've heard so far are the same sorts of things we've been hearing at all our engagement opportunities, namely that incentive and other advertising rules may need a review. This issue, and many others, will be an important part of the Industry Council's upcoming review of the *Real Estate Act Rules*.

Rules Review

As part of RECA's proposed strategic priorities, the Board and the Industry Councils have committed to a comprehensive review of the *Real Estate Act Rules*. The Rules first came into effect on October 1, 2006, nearly 16 years ago. A lot has changed in real estate and in our society and economy since then, and perhaps many of our Rules no longer work as intended. This will be your opportunity to let us know where you think the Rules can be updated, where we can improve consumer protection, and where we can possibly remove Rules that add unnecessary red tape. We want the Rules to be relevant to the current real estate environment and to anticipate future business models, consumer trends, and other influences.

This is a tremendous undertaking, that will be rolled out for consultation and review in phases. We will act fast on those Rules that are in most need of changing quickly, so be on the lookout for the first phase of consultation this Summer. This will be an important step in modernizing the regulation of real estate in Alberta, and it will work best if you make your voice and ideas heard.

RMS Committee

Our RMS Committee continues to meet and review the Residential Measurement Standard in Alberta. We have heard that many feel it is an additional cost and burden on industry, and that it is unfair to the public when unlicensed builders are not required to use the same standards. The committee has taken all of this feedback into consideration, and will be prepared to consult with stakeholders should the Industry Council decide on potential changes. Please be on the lookout for this consultation if and when it becomes available.

Mortgage Broker Relationships with Borrowers and Lenders—Your Responsibilities

By Gary Siegle, RECA Regulatory Compliance Advisor, Mortgage Brokers



There are many factors and variations related to a mortgage broker's role in their relationships with both borrowers and lenders.

Since brokerages are licensed to assist borrowers in securing a mortgage as well as assist lenders in finding borrowers, it's not always clear where their responsibilities to each party lie. To complicate matters further, mortgage brokerages can also act as an intermediary *between* borrowers and lenders. Depending on the relationship option the brokerage chooses their role will carry different obligations.

Ultimately, mortgage brokers are responsible for ensuring that whichever relationship role is chosen is clearly understood by all clients and third parties.

Brokerages can use RECA-developed [service agreements](#) to assist in making the relationship and compensation disclosures when representing borrowers or lenders, or when acting as an intermediary.

When representing the borrower, they are the client and brokerages must act in their best interest at all times.

When representing the lender, they are the client and brokerages must act in their best interest at all times. Mortgage brokers typically only represent lenders who are private lenders. In fact, RECA requires brokerages represent private lenders when they are dealing directly with the private lender. In these situations, the borrower is a customer (not the client) and must sign the [Borrower Disclosure and Consent form](#) to clarify they are not represented in the transaction.

Brokerages *cannot* represent the lender and borrower at the same time.

When a mortgage brokerage is not representing the lender or the borrower, it can act as an intermediary between them, offering mortgage products from multiple lenders to the borrower.

Many brokerages choose the intermediary relationship and have the borrowers sign the [Intermediary Written Service Agreement](#). In this type of relationship, brokerages may not offer advice, make recommendations or advocate on behalf of the borrower. Brokerages must ensure the borrower understands and is comfortable with how an intermediary relationship works.

The relationships between a mortgage brokerage, its borrowers, and lenders can be confusing. The bottom line is brokerages must choose which relationship option works best for their clients' and customers' specific circumstances and maintain the corresponding relationship guidelines set forth for each specific arrangement.

Finally, if circumstances change and the chosen relationship is no longer appropriate, the brokerage should enter into a new [Written Service Agreement](#) reflecting the current situation.

For more information on defining borrower and lender relationships, brokers are encouraged to review the [Mortgage Brokerage Relationship Options information bulletin](#) or reach out to Gary Siegle, Regulatory Compliance Advisor at gsiegle@reca.ca.

Becoming a Private Lender

Likely due to the increased activity in the Alberta real estate market, there has been an increase in inquiries from consumers and licensees who are interested in more information regarding becoming a private lender.

Before becoming a private lender or representing a private lender directly, brokerages should check with their Errors and Omissions Insurance provider to determine if that activity is covered by their policy.

When a mortgage broker is involved in a mortgage deal where they decide to use personal or brokerage funds, there are written disclosures required by the *Real Estate Act* Rules regarding mandatory conflict of interest disclosures.

[Learn more about becoming a private lender.](#)

Using an Escalation Clause in a Multiple Offer Situation

By Kristian Tzenov, RECA Regulatory Compliance Advisor, Real Estate Brokers

Real estate sales activity in Alberta has continued to increase throughout 2022. As the market continues to thrive, so does the possibility of transactions that involve [multiple offers](#).

The process for handling multiple offer situations is currently determined by the seller. This means, it's the seller's choice whether they disclose multiple offers to all potential buyers, to select potential buyers, or to none of the potential buyers.

When sellers don't disclose multiple offers, buyers aren't aware. When buyers aren't aware of other offers, they aren't always given the opportunity to make a counteroffer.

Multiple offer situations have become more the norm than the exception. I have been hearing from more and more licensees who are advising their buyer clients to use escalation clauses to ensure they end up the winning offer.

It is important for real estate licensees to help their buyer clients understand the purpose, advantages, and disadvantages of an escalation clause when they anticipate their offer to be among multiple offers.

Advantages

- buyers may get the home they want without the need to pay the highest price as when there are no competing bids, the escalating clause does not come into play
- no need for buyers and sellers to go back and forth with counteroffers

Disadvantages

- some sellers will not accept offers with an escalation clause. They may feel they are unfair or unethical and prefer potential buyers to submit exactly what they are willing to pay for the property upfront
- some brokerages are not well-versed in escalation clauses or how they work, which may cause them to misadvise their licensees on how to structure a client's escalation clause. e.g., there is no maximum price specified or the seller is not required to disclose the next best offer
- some brokerages may simply instruct their clients to avoid an escalation clause, due to the fact they do not understand them well themselves

Remember, real estate licensees must act in their client's best interests. If appropriate, this may include discussing the purpose and use of an escalation clause and to seek professional legal advice if they require additional information.

If you need further information or have questions on escalation clauses and their use in Alberta real estate transactions, please reach out to info@reca.ca.

Escalation Clauses in Brief

Escalation Clause: An escalation clause in a real estate contract is a provision allowing for an increase to the buyer's offer price, activated only if a competing offer is submitted that is higher than the buyer's original offer.

For example, a contract could state that the buyer is willing to pay a specified amount over the highest offer to a maximum specified purchase price, but only if the seller receives another offer at the same time which is higher and provides proof of the higher offer. If there turns out to be no competing offers, the buyer's original asking price remains.

Education Deadline Fast Approaching for Newly Licensed Condominium Managers

By Doug Dixon, RECA Regulatory Compliance Advisor, Real Estate Brokers



It's hard to believe we're already halfway through the year! But we are, and we are fast approaching the November 30, 2022 deadline for conditionally licensed condominium managers to complete their education requirements. This applies to anyone who was granted a conditional condominium management associate or broker license in 2021 due to the changes to the *Real Estate Act* that created the regulatory framework of the condominium management industry.

Time is Running Out

With roughly six months left, let this act as a reminder to begin conditional course requirements as soon as possible. Individuals with conditional licenses who fail to complete the required education before the **November 30, 2022** deadline, will be required to immediately cease practicing any condominium management activities that require a licence.

Choosing to challenge the exam should also not be left to the last minute, as should you be unsuccessful in the exam challenge, there may not be enough time to complete the course and retake the exam before the deadline.

To learn which courses and exams are required based on individual circumstances, please visit [RECA's Pre-Licensing Education webpage](#).

Practice Exams

To help you prepare for your licensing exam, you have the option of completing practice exams for a cost of \$65 per attempt. You are not required to have taken or completed the course before attempting a practice exam.

Challenging Exams

RECA strongly encourages individuals complete a course prior to taking the related exam. However, individuals with a conditional licence who have at least 75 days experience in the last five years may challenge the exam(s). You should note, some of the exam questions will relate to regulation and RECA's legislation. Individuals who have not previously been licensed by RECA before may not be familiar with this information. You should consider your personal experience and knowledge before choosing to challenge the exam(s).

If you choose to challenge the exams, you will only be permitted one challenge attempt. If not you are not successful in passing the exam, you will need to enrol in the necessary courses.

For more information, regarding exams please contact education@reca.ca

Choosing Courses and Writing Exams

All three condominium management licensing courses are now available through [recognized third-party course providers](#). The accompanying licensing exams are available through your [myRECA account](#). To successfully complete the education requirement, you must achieve a grade of at least 70% on the course exams.

RECA's exams are specifically designed to test whether learners have developed the competencies required to provide competent service and to protect the public. RECA encourages you to carefully consider your individual learning needs and research course providers in order to choose courses that will prepare you to successfully complete the licensing exams.

Learn more about [Choosing a Course Provider](#).

Setting Client Communication Expectations

By James Porter, RECA Investigations Manager



A common issue brought to RECA's investigations department is from clients who believe their licensee has failed to relay important information. Whether information is not communicated promptly, or key details were missing, it can be frustrating for clients to feel like they are not getting the specifics they need.

Often, we see this issue arise in client/licensee property management relationships or between residential real estate licensees and their buyers or sellers, yet all industries RECA regulates can be subject to communication breakdowns.

When deals are happening at a quick pace—such as the multiple offer situations we are seeing in Alberta's booming real estate market—it may seem easier to proceed quickly or with less detail, in favour of getting the job done swiftly. However, this is rarely the case. The faster the transaction, the more need for detailed information to be shared in a prompt and succinct manner.

Licensees should avoid cutting corners when it comes to communicating the details. Purchasing and financing a home, managing a rental property, or navigating the rules of a condominium corporation can involve large sums of money, complex rules, and legal regulations. Your clients need to be able to take comfort in the fact that their trusted licensee is passing on all the information they need to know in a way they can understand.

Tips to Improve Client Communication:

- discuss client communication preferences beforehand—manage expectations in terms of their preferred method of communication, e.g., phone, email or text message, let them know what your working hours are, and how or if you will be responsive outside of those hours
- always communicate any planned vacation or time away and let clients know who their main point of contact will be while you're away
- if dealing with multiple clients in the same contract (e.g., spouses, or business partners), establish whether all clients want to be included in communications, or if one is the designated contact person
- important communication should be done in writing or followed-up in writing, in the case of phone calls
- when communicating with clients via text message, don't use shorthand messages.
- for property management, establish beforehand what types of events property owners/renters wish to be kept informed about

No matter the communication method, make sure to explain things thoroughly and clearly so there is no ambiguity.

A happy, well-informed client who trusts their licensee is working in their best interest, leads to less stress and opportunity for disagreements and ultimately benefits all parties.

What strategies do you use to make sure your clients are well informed?



Update on Education Divestment

With the passing of the *Real Estate Amendment Act 2020*, the Government of Alberta tasked RECA with divesting itself of pre-licensing education and creating a framework where pre-licensing education is delivered by third-party course providers.

As previously announced in late 2021, the RECA Board of Directors set June 1, 2022 as the education divestment date. This date was chosen after consultation with Industry Councils and is well ahead of the December 1, 2022 legislated date for education divestment.

RECA plans to cease to enrol individuals in RECA pre-licensing courses, as long as a recognized course equivalent is available and offered by a third-party course provider.

Introducing RECA Credentialing Services

RECA Education department is now called RECA Credentialing Services. This department will continue to ensure learners meet the eligibility criteria to begin education, as well as manage licensing examinations, which RECA continues to administer.

RECA remains committed to facilitating a greater choice in education while ensuring all licensees are competent and can protect the public.

If you have any questions regarding RECA's education divestment process or the role of RECA Credentialing Services department, please email education@reca.ca.



Changes coming to CDIC Insurance for Trust Accounts

Did you know the Government of Canada has made important changes to the rules governing CDIC deposit insurance protection for deposits held “in trust”?

As of April 30, 2022, real estate and property management brokerages will be able to designate their trust accounts as professional trustee accounts. This is of particular importance to real estate and property management brokers who operate pooled trust accounts, as there is no longer the requirement to report the beneficiary information to CDIC member institutions on an annual basis. This can be a significant time-saver, given that pool trust accounts often include many beneficiaries. Please note the requirement remains for brokerages to keep beneficiary records and report to CDIC if required. The coverage per beneficiary also remains at \$100,000/beneficiary.

Licensees are encouraged to review their trust accounts and make this designation if appropriate.

For more information, please contact practicereview@reca.ca

Advise Your Clients - Land Titles Delays and Municipal Property Tax

Due to the current increase in real estate transactions province-wide, there is an average delay of three months in updating ownership information and mailing addresses through Alberta Land Titles.

Municipalities are concerned about how these delays are affecting the receipt of municipal property tax bills which are mailed out in late May.

Licensees should advise clients who recently bought property that it is likely they will not receive their property tax bills on time. If property owners have not received their property tax bill by the first week of June, they are advised to contact their municipality to obtain an up-to-date statement of account for their property and avoid late payment penalties. Up-to-date information on the status of registrations can be found on the provincial government’s [land titles website](#).

If you or your clients have any questions regarding the delay, please contact your local municipality.

RECA MANAGEMENT

RUSS MORROW

Chief Executive Officer

WARREN MARTINSON

Director of Corporate Services

STACY PAQUIN

General Counsel & Corporate Secretary

CHARLES STEVENSON

Registrar

VACANT

Director of Stakeholder Engagement &
Communications

CONTACT RECA

Phone (403) 228-2954
Toll-free 1-888-425-2754
Fax (403) 228-3065

GENERAL QUESTIONS

Call or email an Information Officer
at: info@reca.ca

BROKER ADVICE

Call or email one of our Compliance Advisors:

Mortgage: gsielgle@reca.ca

Real Estate: ktzenov@reca.ca

Condo: ddixon@reca.ca

CONTACT RECA'S BOARD OF DIRECTORS OR INDUSTRY COUNCIL MEMBERS DIRECTLY

Board of Directors: board@reca.ab.ca

Mortgage Broker Industry Council:
mortgageic@reca.ab.ca

Residential Real Estate Broker Industry Council:
resic@reca.ab.ca

Residential Property Manager Industry Council:
respmic@reca.ab.ca

Commercial Real Estate Broker and Commercial
Property Manager Industry Council:
commic@reca.ab.ca

WATCH RECA.CA FOR CURRENT ENGAGEMENT EVENTS, BROKER FORUMS, AND MORE.