

RECBC REAL ESTATE COUNCIL
OF BRITISH COLUMBIA

REAL ESTATE COUNCIL OF BC

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JANUARY 2019



Role

Protecting the public interest by enforcing the licensing and licensee conduct requirements of the *Real Estate Services Act*.

Three categories of licensure: trading services, strata management, rental property management

1

License individuals and brokerages engaged in real estate sales, rental and strata property management, set entry qualifications, investigate complaints against licensees and impose disciplinary sanctions under the Act

2

Ensure that the interests of consumers who use the services of real estate licensees are adequately protected against wrongful actions by licensees.

3

Encourage public confidence by impartially setting and enforcing standards of conduct, education, competency and licensing for real estate licensees.

4

Crown agency accountable to government, and the Superintendent of Real Estate. Provide advice to government on real estate industry issues.

VISION

Public trust in ethical
and competent real estate
professionals



Vision

Public trust in ethical and competent real estate professionals

Mission

RECBC protects the public interest by promoting professional standards, enhancing competency, and regulating the conduct of licensed real estate professionals in BC

Values

**We are
dedicated to
public service.**

**We are
principled,
fair, and
accountable
for our
decisions.**

**We are open
and transparent
– we
collaborate and
seek diverse
perspectives.**

**We are
proactive and
take
appropriate
action.**

**We are
committed to
ongoing
learning and
innovation.**



Mandate

The objects of the Real Estate Council are to:

1

Administer the Act, the regulations, rules and bylaws

2

Maintain and advance the knowledge, skill and competency of its licensees, and

3

Uphold and protect public interest in relation to the conduct and integrity of its licensees

Organizational Overview



ESTABLISHED IN 1958



CROWN AGENCY



GOVERNMENT-
APPOINTED COUNCIL

RECBC

16 COUNCIL MEMBERS



70 FULL-TIME STAFF



4 DEPARTMENTS



RECBC Departments

ACCOUNTING & AUDIT

RECBC's auditors conduct inspections at hundreds of real estate brokerages to ensure that each business is taking the required steps to safeguard consumers' money held in trust

COMPLIANCE & LEGAL

RECBC initiates, receives and investigates complaints against licensees from consumers, other licensees, local real estate boards, and other regulators or law enforcement agencies

EDUCATION & LICENSING

RECBC promotes regulatory compliance, consumer protection and competent real estate service through licensing education and continuing professional education

OPERATIONS

Supports the ongoing operations of RECBC (Data analysis, corporate and risk reporting, project management, human resources, technology, communications, administration)



Significant regulatory changes since 2016



Increased penalties (RESA s.43, s.56)

- Maximum penalty for individual licensee up to \$250,000 per infraction, up from \$10,000
- Maximum penalty for brokerage up to \$500,000 (up from \$25,000)
- Disgorgement of fees
- Administrative penalties to a maximum \$50,000



Increased oversight and rule-making authority of Superintendent of Real Estate (RESA s. 89.1)



Ban on limited dual agency, increased consumer disclosures (RESA Rules)

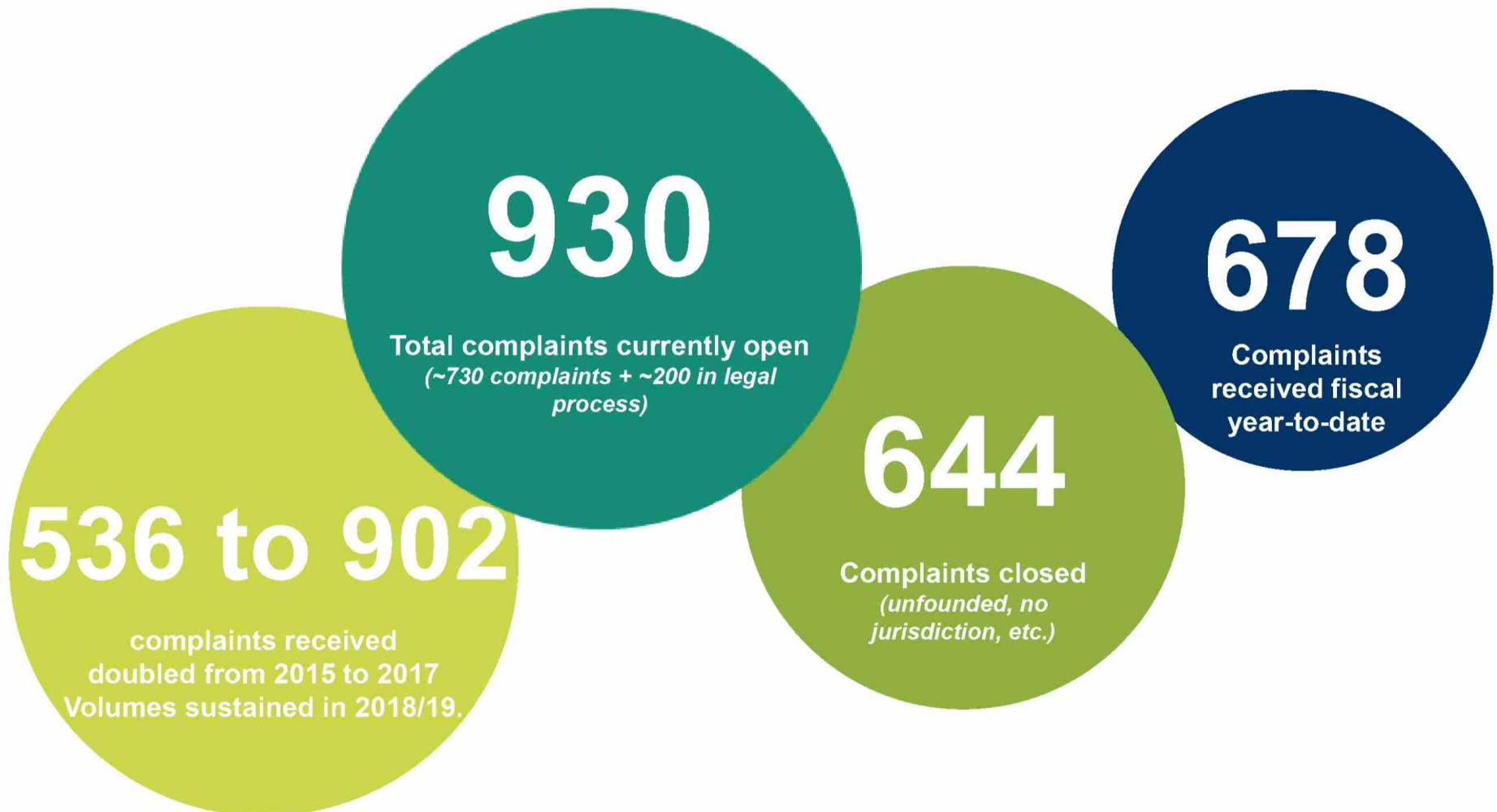
Regulatory Activity

BY THE NUMBERS



Regulatory Activity

BY THE NUMBERS



Examples of Misconduct / Market Manipulation

Deceptive dealing

Behroyan – under appeal

Bratch – urgent order

(pending discipline hearing)

Referral fees

Wang – payment of

referral fees to unlicensed

brokerage (VanFun)

Fraud

Misappropriation of trust

funds: 8th Avenue Elite and

Tumbler Ridge Realty

New Coast Realty

Imposition of significant

conditions pending

investigation; multiple

licensees disciplined

Prevention / Detection

Real estate professionals can be key players to support the detection of suspicious activity as agents in the transaction and trusted advisors.

Opportunities for proactive joint investigation / collaboration with law enforcement.

Regulatory audits are used to monitor brokerage trust accounts mitigate risks of those accounts being used to launder money in real estate transactions.

Enhancing education in partnership with other agencies to support best practices in regulatory compliance.

Audit Risk Factors

FLAGGED FOR POTENTIAL SUSPICIOUS ACTIVITY IN OFFICE AND RECORDS INSPECTIONS



NUMBERED COMPANIES

Use of numbered companies in trade deals



MISSING DISCLOSURES

Licensees required to disclose remuneration (including referral fees) and their personal interest in a trade



ANOMALIES IN TRUST ACCOUNTS

High value deposits, unusual volume of transactions, even balances (rental management)



BROKERAGE POLICIES

Records management; trust accounts; acceptance of cash deposits

Data and Resource Limitations



Unrepresented parties: licensee obligations are to their client. Improved data collection in agency relationship with consumer

Office and records inspections are risk-based: forensic audits are limited by resources.

Role of real estate agent in financial transaction: deposits and commissions are small piece of total potential capital flow



Key Opportunity

Enhance data collection
(regulatory and market) and
exchange among real estate
entities.

Opportunities

TO ENHANCE ENFORCEMENT AUTHORITY



BROADEN JURISDICTION

Consumer protection enhanced if licensed and unlicensed conduct are under one regulatory authority



STRENGTHEN RULES UNDER RESA

Ongoing work with Superintendent to improve existing rules (e.g. duty of managing brokers to report misconduct; financial reporting responsibilities)



PARTNERS IN RISK DETECTION

Increase collaboration with other regulators to monitor and investigate risks across the spectrum of real estate

Opportunities

FOR CONTINUOUS IMPROVEMENT AND INCREASED COLLABORATION



INFORMATION SHARING

Operationalizing information sharing agreements

01



DATA COLLECTION

Improve risk detection through brokerage activity reports and licensee activity at relicensing

04



EDUCATION

Partnerships to ensure reporting on suspicious transaction as required by law

02



ENHANCE AUDIT PROCESS

Transition to focus on quality assurance as well as risk detection

05



MANAGING BROKERS

Empower managing brokers with additional resources to improve brokerage policies

03



WORK WITH OSRE

Ongoing collaboration to review regulatory framework for managing brokers, ethical conduct

06

Thank You

Questions?

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