

Shortfalls and missing property

This bulletin explains the brokerage's obligations related to shortfalls in the real estate trust account and missing property held in trust.

Shortfalls

If a brokerage determines that there is a shortfall in its real estate trust account, the brokerage must immediately:

1. Notify RECO of the shortfall; and,
2. Deposit sufficient funds in the account to eliminate the shortfall.

SHORTFALLS ARISING FROM FINANCIAL INSTITUTION SERVICE FEES

Where the shortfall results from financial institution service fees, a brokerage is not required to notify RECO as long as the shortfall is eliminated as soon as it is discovered.

Missing property

A brokerage must keep a written record of having received the property that is not money and that comes into the brokerage's hands in trust for other persons in connection with the brokerage's business. A brokerage must also maintain records of every transaction relating to the property held in trust.

If a brokerage determines that some or all of the property that is not money is missing, the brokerage must immediately:

1. Notify RECO of the missing property; and,
2. Replace the missing property.

Related information

Bulletin No. 8.1 Unclaimed money in the real estate trust account
Bulletin No. 8.3 Interest-bearing trust accounts

RECO Bulletins are a series of publications developed to provide helpful information to brokerages and real estate agents about their duties and obligations under the *Trust in Real Estate Services Act, 2002* (TRESA) and its regulations. Bulletins may be updated as required. Please check the RECO website to ensure you are referencing the most current version.

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