

## AGM 2023: Additional questions and answers

At RECO's recent AGM, we received some questions that we didn't have an opportunity to address. Please see additional Q&A below and note that questions have been edited for grammar and brevity; where there were multiple questions with similar themes, they have been consolidated.

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**Realtors are allowed to have incorporation for the commission purposes. But that disclosure/information is not given to brokerages. Brokerages will not know if incorporation is approved by RECO or not.**

Registrants are permitted to receive remuneration from their brokerage for trading in real estate directly or through a corporation that meets the requirements of a personal real estate corporation (PREC) that meets the requirements under the law.

More information about PRECs is available at [www.reco.on.ca](http://www.reco.on.ca).

**Why don't we have a united MLS system under RECO, and why is there no mandatory requirement to post (properly) all commercial listings on MLS? Thank you!**

RECO does not control the MLS system or have a say in real estate board or MLS rules. Suggestions of this type should be directed to your local real estate board, the Ontario Real Estate Association or the Canadian Real Estate Association.

**I believe continuing education requirements are changing, but I have not been able to find information about this on the RECO site under the Registrant log-in (MyWeb). Is it there? And does the updated education system include an updated RECO Update Course?**

There was a change with MCE requirements that started to transition in August 2021. However, some individuals will not be affected by the changes until 2023. Here is a [helpful resource](#) about the changes to the MCE program.

The new Learning Management System (the MCE system) launched February 2023. Registrants still need to complete the RECO update course annually. All current courses are updated and active in the new Learning Management System (the MCE system).

**Since COVID, it has become common for lawyers to request that the listing agent leave a key in the lockbox for the buyer for closing. I assume if the seller's lawyer is asking, then that is permission from the seller, however, given that**



**this is done via phone, is it a problem that there is no paper trail? Are agents covered by errors and omissions insurance if there is ever a problem with keys being given through our lockbox to buyers, for example when a property doesn't close and people are there with a moving truck, or the lockbox code is given prematurely by the lawyer's office?**

When a lockbox is used, the expectation is that a registrant will outline for the seller the benefits and risks of a lockbox. If a seller's lawyer is requesting that a key for closing be left in a lockbox, the expectation is that the instructions received will be in writing. Making assumptions in the situation described would not be acceptable. Clear instructions on what is to be done with the key are to be obtained from the homeowner. For questions on what is covered or excluded by insurance, the insurer should be contacted directly.

**Why is not more regulation around standardizing how agents operate? There is such a melange of professionalism which really hurts our industry.**

Registrants are required to remain professional in all trading situations under the law. The legislation sets out the minimum requirements for all registrants.

**As a full-time registrant, based on the years of interaction with other realtors, I find that part-time realtors especially, are not able to fully "protect" their clients given their lack of trading in a given year and time spent keeping up-to-date with today's changes. Consumers have the right to know who is full time and who isn't, do they not?**

All registrants, regardless of how much or little they trade, are required to comply and keep up to date with the legislation. If a consumer is concerned about how often a registrant trades it would be their responsibility to ask those questions when interviewing potential agents. Under the law, all registrants are permitted to trade anywhere in the province and are subject to the same rules and regulations.

**Why did Bylaw #3 not get circulated?**

We thank the registrants who identified this administrative error to us during our meeting. As a consequence, the related motions were withdrawn. The By-Law adjustment and Amending Articles are required to be in place during the 3-year transition to the Ontario Not-For-Profit Corporations Act (ONCA). As such, the motions will be put forward at next year's AGM and the details will be posted in accordance with RECO bylaws.

**What are RECO executive salaries?**

RECO's annual report, including financial statements, is publicly available and can be found in our [annual report](#). Total salaries and benefits are disclosed there. Individual salaries are not disclosed.



### **Has RECO abandoned in-person AGMs?**

RECO held its first virtual AGM in 2020, as well as in 2021 and 2022, to respect pandemic-related public health protocols. We have had positive feedback, including from registrants from and outside of Toronto, that a virtual event allowed them to attend where they otherwise may have had challenges travelling to an in-person event. At the 2023 AGM, RECO had a higher number of voting participants compared to prior years. RECO will consider member input in making decisions about the format of future AGMs.

### **Please explain the lease inducement amortizations.**

Lease inducements are amortized on a straight-line basis as a reduction of rent expense over the term of the lease. Please refer to Note 7 of RECO's 2022 financial statements for further information.

### **Why does RECO invest in private equity REITS?**

RECO manages any surplus funds according to its Investment Policy. RECO's asset allocation is designed to preserve capital and generate a reasonable rate of return on the investment of funds over the long term. As part of RECO's strategic asset allocation, REITs provide inflation hedging benefits.

### **Is RECO subsidized by taxpayers?**

No. RECO is funded predominantly by registration fees. RECO does not receive any government subsidies.

### **Who decides whether an organization is a not-for-profit? Does it have to do with financial performance in a given year?**

RECO meets the requirements as a not-for-profit corporation. RECO was originally incorporated as a not-for-profit corporation under the Canada Corporations Act in 1997, and subsequently incorporated in Ontario in 2021.

While reserves have increased in recent years, RECO has implemented a fee reduction for registrants which we expect will put RECO in a deficit position starting in 2025.

### **Is it beneficial to have an Auditor audit our financial framework?**

It is a matter of good governance for an independent auditor to review an organization's financial statements and to provide its professional opinion.