

Annual Report 2025



RECO

Real Estate Council of Ontario

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Administrator's Message

When I assumed the role of Administrator for the Real Estate Council of Ontario, my mandate was clear: restore confidence, strengthen governance, and ensure that Ontario's real estate services regulator operates in the best interests of consumers.



Purchasing real estate is among the biggest financial decisions people make in their lifetime. The responsibility entrusted to RECO under the *Trust in Real Estate Services Act (TRESA)*, is therefore profound: to regulate the conduct of real estate professionals and protect the public.

Over the past few months, our focus has been on stabilizing the organization and laying the foundation for a modern, data-driven regulator. We have taken steps to strengthen governance, improve transparency, and reinforce compliance with the rules that govern Ontario's real estate services sector.

Key priorities have included enhancing oversight of registrant conduct, strengthening the protection of consumer funds, and advancing the systems and data capabilities necessary to support proactive regulation. We have also worked to rebuild constructive relationships with government, industry stakeholders, and the public while reaffirming that RECO's foremost responsibility is consumer protection.

This work is part of a broader transformation. Effective oversight must evolve alongside the market RECO regulates. New technologies, changing consumer expectations, and increasingly complex transactions require a regulator that is agile, informed, and prepared to act decisively when standards are not met.

While meaningful progress has been made, our work continues. The coming year will focus on further strengthening compliance tools, improving the transparency of regulatory outcomes, and ensuring RECO has the governance and operational capacity necessary to fulfill its mandate.

I want to thank the Minister, RECO staff, and our many partners across government and industry who have supported this work. Together, we are building a regulator that Ontarians can trust, one that upholds professionalism in the real estate services sector and protects the consumers we serve.

Jean Lépine
Administrator and Acting CEO



Key Developments in 2025

iPro Realty Ltd. Matter

In 2025, developments involving iPro Realty Ltd., a registered brokerage in Ontario, brought significant attention to issues related to brokerage trust accounts and the handling of consumer deposits. Trust accounts are a critical safeguard in real estate transactions, holding funds entrusted to brokerages on behalf of buyers and sellers and ensuring those monies are protected until transactions are completed.

RECO's immediate priority was to protect consumers and support the orderly completion of affected transactions, while ensuring appropriate regulatory oversight of the situation. In response to the broader concerns raised, RECO commissioned the Dentons audit, which examined the circumstances surrounding the matter and identified opportunities to strengthen regulatory oversight, governance, and financial controls within the sector.

The iPro matter underscored the importance of robust oversight of brokerage trust accounts and financial governance practices across the industry. In response, RECO began developing and implementing measures to strengthen monitoring, compliance, and financial oversight of brokerages, including enhanced inspection approaches and new initiatives aimed at improving the regulator's ability to identify and respond to potential risks earlier.

Together with the recommendations emerging from the Dentons review, these measures will reinforce safeguards that protect consumer funds, strengthen accountability within brokerages, and maintain public confidence in Ontario's real estate services sector.



Appointment of an Administrator

Following concerns raised by the iPro Realty Ltd. matter, In November 2025, the Minister of Public and Business Service Delivery and Procurement issued a Minister's Order under the Safety and Consumer Statutes Administration Act, 1996, appointing Jean Lépine as Administrator for RECO to oversee the organization. Upon the appointment, RECO's Board of Directors ceased to hold office. The appointment is a time-limited measure.

The Administrator assumed responsibility for the governance and oversight of RECO's operations and activities, in accordance with the Terms of Reference established by the Minister. These Terms of Reference outline the Administrator's mandate and objectives, including overseeing RECO's operations, strengthening governance and regulatory practices, and implementing measures to support consumer protection and restore public confidence RECO and in the sector.

The [Minister's Order and Terms of Reference](#) can be viewed on the Government of Ontario website.

Auditor General's Report

RECO continues to make progress implementing the recommendations arising from the Office of the Auditor General of Ontario's (OAGO) 2022 value-for-money audit.

In 2024, the OAGO conducted a follow-up audit and reported that 79 per cent of the recommended actions had been fully implemented by RECO and the Ministry as of August 2024. By December 31, 2025, RECO had completed 90 per cent of the action items directed to the organization¹.

RECO maintains a [public action plan](#) that provides updates on progress in addressing the Auditor General's recommendations.

Under the oversight of the Administrator, work has continued to advance the remaining recommendations with the objective of achieving near-full completion by the end of 2026, further strengthening governance, transparency, and RECO's regulatory operations.

¹ The year-end status of action items is based on RECO's self-assessment; a final assessment will be completed by the Office of the Auditor General of Ontario in a subsequent follow-up audit.

About RECO

The Real Estate Council of Ontario (RECO) is a not-for-profit corporation established in 1997 to regulate real estate agents and brokerages and ensure consumer protection in Ontario’s real estate services sector.²

RECO administers the Trust in Real Estate Services Act, 2002 (TRESA), the legislative framework previously known as the Real Estate and Business Brokers Act, 2002 (REBBA). The legislation applies to more than 110,000 real estate agents and brokerages (often referred to as registrants) operating in Ontario today.

As an Administrative Authority (AA) under the Ministry of Public and Business Service Delivery and Procurement (the ministry), RECO oversees the registration of real estate agents and brokerages across Ontario and enforces TRESA with a mandated focus on consumer protection. RECO has the authority to investigate complaints, inspect brokerages, and enforce regulatory standards, including imposing fines and revoking registrations when necessary.

RECO also sets and maintains educational requirements for real estate agents, helping ensure that registrants have the knowledge and skills needed to serve the public effectively. In addition, RECO facilitates and administers insurance programs — including professional liability and deposit protection — that provide important safeguards for both consumers and registrants.

RECO’s relationship with the ministry is governed by an [Administrative Agreement](#) between the organization and the Minister of Public and Business Service Delivery and Procurement. RECO must fulfill its responsibilities as an Administrative Authority in a manner consistent with the expectations set out in this agreement.

For more information about RECO and the sector it regulates, please visit reco.on.ca.

We protect consumers

As Ontario’s regulator, we ensure that real estate agents and brokerages follow the law. We investigate complaints and take necessary actions to safeguard consumer interests.

We provide oversight

As an independent authority, we hold real estate agents and brokerages accountable, make unbiased decisions to protect the public, and maintain trust in the real estate services market.

We educate and support

We help consumers understand their rights and responsibilities when buying or selling real estate, enabling them to make informed and confident decisions throughout the process.

We set educational requirements

We establish educational requirements for real estate agents, including pre-registration, post-registration, broker, and continuing education programs, to provide them with the knowledge needed to remain compliant with the law and effectively serve consumers.

² The annual report references “agent(s)” and “real estate agent(s)” throughout; these refer to both “salesperson(s)” and “salesperson(s) and broker(s)”.

Mission, Vision, and Values

Strong and effective regulation begins with a clear purpose. RECO's mission, vision, and values guide how we carry out our mandate, how we serve the public, and how we hold the real estate services sector accountable. Together, they form the foundation of trust that underpins RECO's role as the regulator of real estate services in Ontario.

RECO's mission and vision statements were updated in April 2025.

MISSION

As Ontario's regulator, our role is to protect consumers by ensuring that real estate agents and brokerages in Ontario understand and follow the law.

VISION

A trusted and transparent real estate services sector where consumers feel confident in every transaction.

VALUES

Model empathy and choose inclusivity
Be intentional in all actions
Act with integrity
Embrace curiosity
Be strategically agile

Strategic Plan

RECO’s strategic plan establishes the organization’s priorities and guides its work to strengthen consumer protection and regulatory oversight in Ontario’s real estate services sector.

The current plan, **Strategic Plan 2024–2026: Innovative and Progressive**, was extended by the Board into 2027. However, under the direction of the appointed Administrator, RECO will develop a new strategic plan to guide the organization’s priorities through 2027-2030. This new plan will identify a clear direction to strengthen consumer protection, regulatory effectiveness, and public confidence.

This 2025 Annual Report focuses on three priorities identified in the 2024-2026 strategic plan:

STRATEGIC GOAL #1

Deliver innovative, progressive regulation

STRATEGIC GOAL #2

Advance an informed real estate market in Ontario

STRATEGIC GOAL #3

Enhance the organization’s resilience and agility



Eight Transformational Initiatives

In understanding this 2025 Annual Report, it is important to be aware of the key initiatives that are currently underway in 2026 to drive meaningful and needed change to RECO.

In January 2026, RECO announced the establishment of eight transformation initiatives that, taken together, will drive the organization's focus for the next year. These initiatives are directly informed by the fall 2025 Dentons audit into the iPro Realty Ltd. matter, and are as follows:

- 1 Culture renewal plan
- 2 Regulatory modernization plan
- 3 Stakeholder engagement strategy
- 4 Digital and technology modernization roadmap
- 5 Financial sustainability strategy
- 6 Renewed governance approach
- 7 Public awareness campaign
- 8 New strategic plan for 2027-2030

These initiatives are explained further in RECO's 2026 Business Plan.



Report on 2025 Objectives

STRATEGIC OBJECTIVE

1.1 Modernize the way RECO operates using data to drive decisions.

2025 BP INITIATIVE

OUTCOMES

1.1.1 Initiate a multi-year project to validate and enhance relevant performance data across the organization to support effective business decisions. This is an expanded scope of a 2024 business plan initiative.

Work on this initiative will be incorporated into the Digital and Technology Modernization transformation initiative.

This initiative will establish a technology roadmap to replace outdated systems, streamline operations, and strengthen RECO's data and reporting capabilities.

1.1.2 Identify new ways to interface with consumers and registrants to communicate effectively and to gain feedback.

Consumer and registrant surveys were conducted in June 2025 to assess awareness, satisfaction, and engagement with RECO. The results will inform future engagement initiatives, including the Stakeholder Engagement Strategy and Public Awareness Campaign planned for 2026.

STRATEGIC OBJECTIVE

1.2 Review and assessment of RECO's customer service standards.

2025 BP INITIATIVE

OUTCOMES

1.2.1 Assess internal service-level agreements between departments at the operational planning level.

RECO undertook an assessment of internal service-level agreements between departments as part of its operational planning process. This work identified opportunities to improve coordination, transparency, and accountability between departments involved in the complaints, investigations, litigation, and discipline processes. This work will continue as part of the Regulatory Modernization initiative in the 2026 Business Plan.

STRATEGIC OBJECTIVE

1.3 Be bold in the regulation of industry, while respecting the boundaries of the administrative agreement and the law.

2025 BP INITIATIVE	OUTCOMES
<p>1.3.1 Continue to actively promote agent regulatory compliance, competence, and professional practices, with a specific focus on priority areas.</p> <p>Priorities will be determined based on RECO’s ongoing review and assessment of complaint and industry trends, as well as stakeholder and other input.</p>	<p>RECO launched a mandatory update course addressing changes to FINTRAC requirements and completed updates to TRESA-related content within the registration education program. Development is also underway on new professional practice courses focused on representing buyers and sellers. The courses are expected to launch in 2026.</p>
<p>1.3.2 Continue to actively promote regulatory compliance and accountability of brokerages through a combination of education and targeted information delivery to brokers of record.</p>	<p>Following feedback from the 2024 registrant survey, RECO launched For the RECOrd: Brokerage Leadership Edition, a newsletter designed to support brokers of record and promote regulatory compliance. The first issue was distributed in June 2025 and the second in October 2025. Development of additional brokerage management course content was deferred to 2026 due to competing priorities.</p>

STRATEGIC OBJECTIVE

1.4 Have a more consultative approach with the government and make suggestions on how to better protect consumers.

2025 BP INITIATIVE	OUTCOMES
<p>1.4.1 Continue to actively advise the government on trends to address consumer protection, in keeping with our values.</p>	<p>RECO continued advising government on regulatory trends and consumer protection reforms. This included providing advice on potential policy, legislative, and operational reforms to strengthen oversight, enhance brokerage governance, and improve regulatory tools.</p> <p>Through the eight transformational initiatives, RECO will work with government on proposed regulatory reform and governance improvements to strengthen consumer protection.</p>

STRATEGIC OBJECTIVE

1.5 Leverage the change in legislation to optimize RECO’s new authority to gain access to data.

2025 BP INITIATIVE

OUTCOMES

1.5.1 Develop a strategy around what additional information RECO will seek from registrants.

RECO began developing an approach to expanded data collection under the enhanced authorities provided through legislative changes. Initial input was received from the ministry regarding potential data sets to support regulatory oversight. Sector engagement is planned for 2026.

STRATEGIC OBJECTIVE

2.1 Enhance consumer outreach to build public confidence.

2025 BP INITIATIVE

OUTCOMES

2.1.1 Develop and deploy content to consumer resource section of the website.

Expanded consumer content is being developed to provide clearer, more accessible information that supports informed decision-making. This content is currently under review and will be refined and published on a rolling basis throughout Q2 and Q3 2026. RECO also launched its new brand and enhanced website in 2025. Further work to identify and prioritize consumer engagement initiatives will continue in 2026.

STRATEGIC OBJECTIVE

2.2 Develop a communication strategy with organized real estate to increase confidence in RECO as a regulator.

2025 BP INITIATIVE

OUTCOMES

2.2.1 Design a program of continual engagement with stakeholders and consumers to build knowledge and awareness.

RECO participated in industry events, conferences, and meetings throughout 2025, including the Ontario Real Estate Associated Peak Leadership Summit, Toronto Regional Real Estate Board (TRREB) Realtor Quest, the London and St. Thomas Association of REALTORS® (LSTAR) Annual General Meeting and trade show, and the Ottawa Real Estate Board (OREB) trade show. Following the appointment of the Administrator, RECO also hosted its first Stakeholder Roundtable in December 2025.

A stakeholder engagement strategy is also being developed through the RECO’s transformational initiatives to drive better ideas and outcomes issues critical to consumer protection.

STRATEGIC OBJECTIVE

2.3 Advocate on adjustments to forms and language to help enhance consumer protection.

2025 BP INITIATIVE

OUTCOMES

2.3.1 Engage with the sector and other stakeholders to ensure commonly used consumer-facing forms and agreements are compliant with the legislation and its policy intent, so that buyers and sellers are provided with and understand the information they need to make informed choices.

RECO provided input to OREA on proposed revisions to its standard forms, including buyer and seller representation agreements. RECO also reviewed revised forms submitted by OREA in mid-2025 to assess compliance with TRESA.

STRATEGIC OBJECTIVE

2.4 Improve transparency by increasing the information that is available on the register so that consumers can search registrants and their information.

2025 BP INITIATIVE

OUTCOMES

2.4.1 Improve transparency by enhancing the registrant information available to the public.

RECO assessed options to expand the information available through the registrant search function, including improved visibility of regulatory actions and potential publication of decisions through CanLII. Further enhancements are expected in 2026.

STRATEGIC OBJECTIVE

3.1 Enhance RECO’s performance measure dashboard to measure and track progress.

2025 BP INITIATIVE

OUTCOMES

3.1.1 Work with the Ministry to develop and align performance measures as required under the Administrative Agreement.

Initial work began to define performance metrics aligned with areas of focus identified by the ministry. Progress was paused in 2025 as RECO and the ministry prioritized the response to the iPro matter. Work is expected to resume in 2026.

3.1.2 Work with the Ministry to update the Administrative Agreement between RECO and the government.

RECO continued preparing for updates to the Administrative Agreement by reviewing agreements across other Administrative Authorities and consulting with peer regulators. A target date for a new Agreement will be established with the ministry in the future.

STRATEGIC OBJECTIVE

3.2 Leverage technology to modernize systems and processes and enhance security posture.

2025 BP INITIATIVE

OUTCOMES

3.2.1 Explore new and existing technologies to gain efficiencies in service delivery and regulatory processes.

RECO introduced a new online Criminal Record and Judicial Matters Check (CRJMC) process in 2025. The system integrates with the MyWeb registration renewal process, reducing administrative burden and improving efficiency.

These improvements will be explored and implemented through the Digital and Technology Modernization transformation initiative.

STRATEGIC OBJECTIVE

3.3 Foster a culture of innovation and continuous improvement.

2025 BP INITIATIVE

OUTCOMES

3.3.1 Recognizing the importance of greater learner choice and access to registration education, as well as strong oversight of exams, launch new education delivery providers and an independent exam provider for registration education program.

RECO launched the multiple-provider model for registration education in 2025. Four approved education providers began accepting learners in summer 2025, with the full transition completed on October 1, 2025. RECO also introduced a centralized examination model with Meazure Learning as the independent examination provider.

RECO is also pursuing education reform to ensure registrants possess the competencies, judgment and ethical grounding to protect consumers. A revised education framework will be developed by Fall 2026.

3.3.2 Continue to identify opportunities to enhance or improve internal processes.

RECO continued work to enhance internal processes related to dormant trust documentation. Technology requirements are being assessed to support a more efficient process, with implementation expected as part of 2026 operational planning.

Through the cultural renewal plan initiative, RECO will also break down silos, strengthen accountability and implement a performance management system.

Regulatory Operations

Regulatory Action

RECO takes regulatory action when investigations identify evidence of misconduct. Depending on the circumstances, alleged contraventions of the law may proceed through one of three enforcement pathways:

Referrals to the Discipline Committee for a hearing

Prosecutions through the Ontario Court of Justice

Proposals to refuse, revoke, suspend, or apply conditions to a registration

Discipline Committee Proceedings

Discipline hearings address alleged breaches of the TRESA Code of Ethics and provide an independent process for reviewing registrant conduct. Matters involving conduct prior to December 1, 2023 are considered under the former REBBA Code of Ethics, while matters involving conduct on or after that date are considered under TRESA and its regulations. Hearings are conducted by panels of the Discipline Committee, which consider evidence and determine whether a breach has occurred.

Where violations are found, the panel may impose sanctions such as fines, additional education requirements, or orders to pay costs.

In 2025, fewer matters proceeded to a full hearing due to effective early resolution processes. Many cases were resolved through pre-hearing discussions, allowing matters to be addressed efficiently while maintaining fairness and regulatory oversight.

Appeals Committee Hearings

Appeals of discipline decisions are heard through different processes depending on when the underlying conduct occurred. Appeals for matters involving conduct prior to December 1, 2023 are heard by RECO’s Appeals Committee, while appeals for matters involving conduct on or after that date are heard by the Licence Appeal Tribunal (LAT).

Total Discipline Procedures Initiated vs. Concluded

DISCIPLINE PROCEDURES INITIATED VS. CONCLUDED	2023	2024	2025
Allegation statements initiated	92*	51*	76
Discipline decisions released	92*	51*	52

*Corrections were made to previously reported figures following a review of case tracking data.

Discipline Committee Hearings

DISCIPLINE HEARINGS HELD	2023	2024	2025
Number of hearings	30	18	10

APPEALS HEARINGS HELD	2023	2024	2025
Number of appeals	3	0	3

Sanctions Imposed

SANCTIONS	2023	2024	2025
Fines imposed	86*	70*	48
Educational requirements imposed ³	121*	85*	46
Total fine amount issued (\$)	1,019,700*	843,500*	\$617,000

*Certain figures reported in previous annual reports were revised following data corrections and removal of duplicate case counts.

Early Resolution Option

RECO's Early Resolution Option (ERO) provides an alternative process to resolve certain matters without proceeding to a full hearing. This approach allows for appropriate sanctions to be imposed efficiently while maintaining fairness and regulatory accountability.

PENALTIES	2023	2024	2025
Number of early resolution outcomes	38	30	21
Total amount issued (\$)	176,000	154,500	\$115,500

Provincial Offences Prosecutions

RECO may lay charges under the *Provincial Offences Act* where alleged breaches of TRESA or its regulations warrant prosecution.

PROVINCIAL OFFENCE PROSECUTIONS	2023	2024	2025
Prosecutions ⁴	22	19	15
Convictions ⁵	15	14*	9
Total fines (\$)	118,000	133,000	\$44,500
Total restitution (\$)	0	219,761	0
Probation	0	2 years	2 years
Jail Time	None	None	None

*Correction: The number of convictions for 2024 has been revised from 15 to 14 due to a data entry error.

³ In some cases, more than one course is ordered as part of a decision.

⁴ Prosecutions reflect the number of persons (registered or unregistered individuals or corporations) charged.

⁵ Convictions reflect the number of persons (registered or unregistered individuals or corporations) convicted of one or more offences.



Investigations

Number of Investigations Opened vs. Closed

INVESTIGATIONS OPENED VS. CLOSED	2023	2024	2025
Opened	88	105	165
Closed	120	106	165

RECO conducts investigations where allegations of serious misconduct by a registrant may involve a contravention of the *Trust in Real Estate Services Act, 2002 (TRESA)* or its regulations.

In 2025, RECO **opened and closed 165 investigations**, representing a significant increase in investigative activity compared with previous years.

This increase reflects a growing focus on complex matters, including historical patterns of misconduct

and issues related to brokerage trust accounts identified through RECO’s inspection program. These investigations often require extensive evidence gathering, including the execution of search warrants and interviews with multiple parties.

Given the complexity of these matters and evolving market conditions, RECO expects investigative activity to remain elevated as the organization continues to address emerging risks and protect consumers.

A total of 1,308 inspections were completed, representing a 23 per cent increase compared with 2024 and reflecting the continued strengthening of RECO’s inspection program.

Audit and Inspection

RECO conducts brokerage inspections to assess compliance with the law and provides guidance to brokers of record on their obligations.

RECO’s audit and inspection program uses both routine and risk-based approaches to determine inspection scope and scheduling. Brokerages with higher levels of non-compliance or potential risk to consumers are prioritized, while routine inspections ensure oversight across the sector.

The program includes several inspection types designed to assess brokerage management practices and operational compliance. These include inspections of new brokerages, trust account reconciliation reviews, financial and trade record analysis, complaint-initiated inspections, and non-trading verification inspections.

Inspection activity continued to expand in 2025. A total of 1,308 inspections were completed, representing a 23 per cent increase compared with 2024 and reflecting the continued strengthening of RECO’s inspection program.

RECO also expanded its financial and trade analysis inspections as part of its efforts to strengthen preventative oversight. These inspections increased from 346 in 2023 to 616 in 2025, reflecting enhanced analytical capacity and a proactive approach to identifying potential risks within the sector.

Information received through whistleblowers is also reviewed and assessed as part of RECO’s regulatory oversight. In 2025, whistleblower submissions resulted in 58 inspections.

RECO also conducts re-inspections where necessary to ensure brokerages have addressed areas of concern identified during previous inspections. In 2025, 210 brokerages were re-inspected, most commonly due to deficiencies in completing trust account reconciliations.

Overall, inspection activity has increased steadily over the past four years, reflecting enhanced oversight capacity and a strategic shift toward risk-based supervision.

Number of Inspections by Category

CATEGORY	2023	2024	2025
Financial & trade analysis	346	420	616
Trust reconciliation ⁶	374	426	417
New brokerage	113	152	100
Complaint	10	13	58
Non-trading verification*	45	54	117

* In prior years, non-trading verification inspections had been included with trust reconciliation inspections. These have been separated for greater transparency and therefore the number of trust reconciliation inspections for 2022 and 2023 have been revised accordingly.



⁶ In prior years, non-trading verification inspections had been included with trust reconciliation inspections. These have been separated for greater transparency and therefore the number of trust reconciliation inspections for 2022 and 2023 have been revised accordingly.

Registration

RECO administers the registration requirements necessary for individuals and brokerages to trade in real estate in Ontario. Applicants must meet legislated suitability requirements to obtain and maintain registration as a salesperson, broker, or brokerage.

At the close of 2025, RECO had 111,332 registrants, a 1.36 per cent decrease from the previous year's total of 112,865. This decline reflects continued market adjustment following elevated registration levels in prior years.

Number of Registrants at Year End

2025

111,332

2024

112,865

2023

112,014

RECO processed 85,395 registration transactions in 2025, representing an increase compared with 2024. This included 48,363 renewals, 17,474 transfers, and 4,671 new registration applications.

While new registration applications declined in 2025, renewal activity increased and transfers reached their highest level in three years. Terminations and reinstatements also increased, reflecting continued movement within the sector.

Total Registrant Transactions by Type (in numbers)

TYPE	2023	2024	2025
Registration renewals	46,118	44,971	48,363
Registration transfers	13,334	14,733	17,474
New registration applications	7,556	6,329	4,671
Registration terminations	5,785	6,118	6,457
Reinstatement applications	4,645	4,642	5,211
Registration profile revisions	2,987	3,001	2,862
Broker applications	674	412	357
Total	81,099	80,206	85,395

Total Registrants by Category in 2025

SALESPERSONS

84,798

BROKERS

20,567

BROKERAGES

3,738

BRANCH OFFICES

2,229

Registration Application Processing

RECO continues to exceed its service standard of completing 80 per cent of applications within established timelines. In 2025:

- 99% of non-complex new salesperson or broker applications were processed within eight business days
- 94% of salesperson and broker renewal applications were processed within eight business days
- 99% of reinstatement applications for brokers and salespersons were processed within eight business days
- 95% of non-complex new business applications were processed within 15 business days

In addition, RECO introduced a new performance metric in 2025 to measure the average processing time across all applications, including complete and incomplete submissions. The average processing time was 8.7 days, establishing a baseline for future reporting beginning in 2026.



APPLICATION	TARGET*	2023	2024	2025
New salesperson applications processed within eight business days	> 80%	99%	94%	99%
Salesperson/broker renewal applications processed within eight business days	> 80%	93%	90%	94%
Reinstatement applications for brokers and salespersons processed within eight business days	> 80%	100%	94%	99%
New business applications processed within 15 business days	> 80%	96%	98%	95%
Registration application processing time (all applications - complete/non-complex and incomplete/complex)*	To be established for 2026**	n/a	n/a	8.7

*Target reflects RECO’s service standard of completing at least 80% of applications within the specified processing timelines. This also includes the introduction of a new metric in 2025 to measure average processing time across all application types.

**A formal service standard for this metric will be established in 2026 following baseline measurement in 2025.

Education

RECO establishes education requirements for real estate agents, including **pre-registration, post-registration, broker licensing, and continuing education programs**. These programs ensure registrants have the knowledge and skills required to comply with the law and serve consumers effectively.

Pre- and Post-Registration Education

The **Real Estate Salesperson Program – Pre-Registration**, redesigned in 2019, combines coursework, examinations, and scenario-based simulations to prepare learners for real-world transactions and regulatory compliance. Learners may begin the program at any time and must complete it within two years.

In 2025, **7,064 individuals began the pre-registration program, while 4,268 completed it**. The **Real Estate Salesperson Program – Post-Registration** builds on this foundation, providing mandatory compliance training under TRESA along with elective courses tailored to registrants' professional interests.

In 2025, **6,011 registrants began the program, while 5,649 completed it**.

Updating Curriculum to Reflect TRESA

Implementation of the December 1, 2023 changes to the *Trust in Real Estate Services Act, 2002 (TRESA)* and its regulators required updates across both registration education and continuing education programs.



To support these updates and the transition to a multiple-provider education model, RECO brought maintenance and management of the registration education curriculum in-house. The curriculum includes approximately **400 hours of instruction** supported by more than **1,200 learning assets**.

Subject matter experts worked with RECO to review and update all course materials to ensure alignment with the legislative and regulatory framework under TRESA. Updated course materials were finalized in the second quarter of 2025 in preparation for the launch of the new education delivery model.

Expanding Real Estate Education Delivery

In July 2025, RECO launched a **multiple-provider model for registration education**, marking a significant milestone in the modernization of real estate education in Ontario.

Four RECO-approved institutions — **Algonquin College, Career College Group, Fleming College, and Humber Polytechnic** — began accepting learners in summer 2025. The new model provides learners with greater flexibility and choice while maintaining a consistent curriculum and regulatory standards.

RECO worked with the four designated education providers and the examination provider to align policies across 17 areas, including admissions, registration, curriculum delivery, attendance requirements, and learner conduct.

Exam Delivery and Oversight

Under the new education model, RECO introduced a centralized examination system to ensure consistency across education providers.

Following a competitive procurement process, **Meazure Learning** was selected as RECO's independent examination provider. Beginning August 1, 2025, Meazure Learning administers examinations and provides exam security monitoring, while RECO maintains oversight and responsibility for investigating suspected misconduct and imposing disciplinary outcomes where appropriate.

This model strengthens exam integrity while supporting consistent assessment standards across all education providers.

Education Standards and Policies

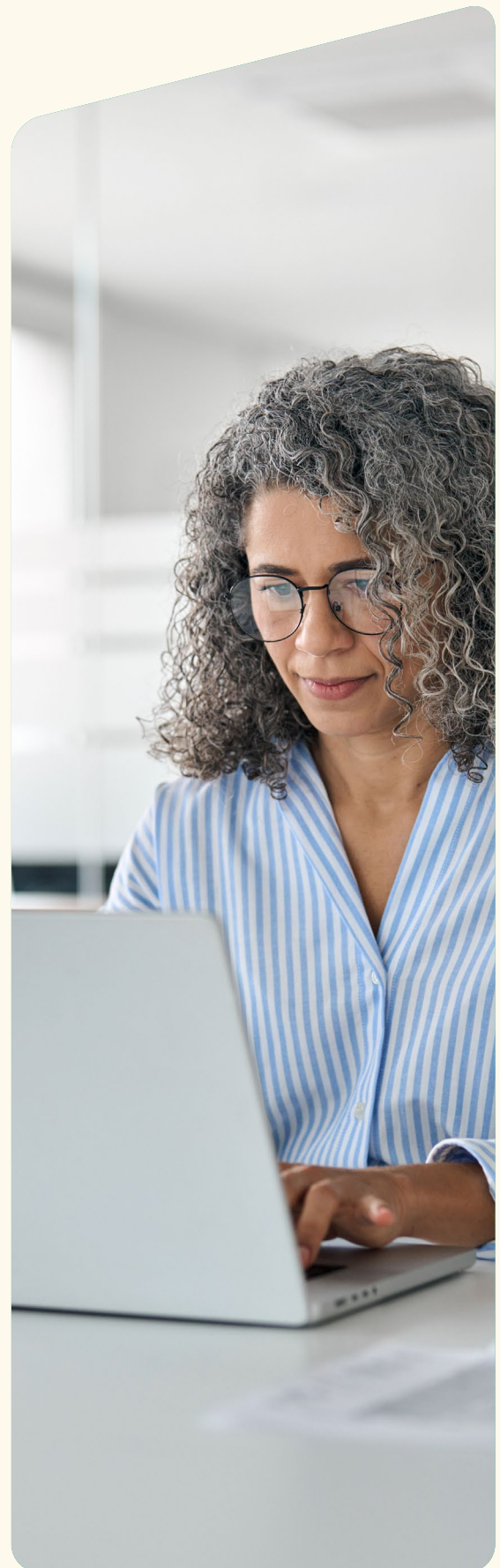
The launch of the multiple-provider model required updates to education standards and policies to ensure consistent program delivery across institutions.

RECO worked with the four designated education providers and the examination provider to align policies across **17 areas**, including admissions, registration, curriculum delivery, attendance requirements, and learner conduct.

Systems Integration Supporting the New Education Model

Implementation of the new education delivery model required significant systems integration across education providers, the examination provider, and RECO's regulatory platforms.

More than **15 interconnected systems** were integrated, including RECO's core platforms **MyWeb** and **RECOserv**, enabling secure learner registration, exam administration, and regulatory reporting.





Continuing Education

Continuing education is a key component of maintaining professional standards across Ontario’s real estate services sector. Registrants must complete mandatory and elective courses during each two-year registration cycle.

In 2025, RECO continued to expand and maintain its Continuing Education (CE) program to reflect evolving regulatory requirements and industry practices.

A new **mandatory update course on FINTRAC compliance** was introduced on January 1, 2025. Existing courses, including the **2024 Update Course: Introduction to TRESA**, continued to be available as part of the CE program.

Elective courses address a range of topics relevant to real estate practice, including advertising compliance, environmental site assessments, commercial leasing, mortgage financing, human rights fundamentals, residential condominiums, and waterfront properties.

RECO also completed a comprehensive maintenance cycle for the CE program in early 2025, updating course content to reflect the December 1st changes to TRESA and its regulations and RECO’s new brand identity.

CE Participation and Feedback

Participation in the CE program continued to grow. **Course completions reached an all-time high of 170,246 in 2025**, increasing from **163,967 in 2024** and **147,658 in 2023**.

CE Course Completions

2025

170,246

2024

163,967

2023

147,658

Continuing Education Survey Results

RECO also surveys participants to assess the effectiveness of the CE program. Results from 2025 indicate strong satisfaction with both the mandatory update course and the broader CE course library.

QUESTION	AGREE/ STRONGLY AGREE IN 2025	
	2025 UPDATE COURSE	OTHER COURSES (COMBINED)
The course was organized in a manner that helped me understand the underlying course concepts.	97%	97%
The course activities increased my knowledge of the course material.	97%	96%
The course helped increase my knowledge in regulatory compliance and industry issues.	97%	96%
The course activities were engaging.	93%	95%
I would recommend this course to other registrants.	87%	87%
The course activities were challenging.	82%	81%

Education Reform

It is also important to note that the current education framework is currently being reviewed to better support:

Professional competence and decision making

Ethical conduct and professional accountability

Regulatory compliance under TRESA

Heightened consumer protection expectations within an increasingly complex marketplace.

RECO is seeking guidance and input from the real estate services sector as it works to develop a revised education framework by Fall 2026.



Insurance

RECO administers a mandatory insurance program that provides important financial protections for both consumers and registrants. Participation in the program is a requirement of registration and is funded through annual contributions from registrants.

The program provides three types of coverage:

Consumer deposit insurance

Errors and omissions coverage

Commission protection coverage

Consumer Deposit Insurance

Consumer deposit insurance protects deposits submitted to registrants in connection with real estate transactions. Coverage applies in situations such as brokerage insolvency or misappropriation of trust funds and also includes protection against certain forms of fraud, including social engineering fraud.



	2023	2024	2025	SINCE INCEPTION (2000)
Consumer deposit occurrences reported ⁷	12	14	19	160*
Estimated payments for claims (\$) -settlements and expenses ⁸	340,862	119,950	2,669,564 ⁹	11,758,123*

*Corrections have been made to previously reported figures following a review of historical records.

Errors and Omissions Coverage

Errors and omissions (E&O) insurance protects consumers where registrants may be liable for losses arising from errors or omissions in the course of providing professional services.

Most insurance program activity relates to claims under this coverage.

From 2000 to December 31, 2025:

Residential claims outnumber commercial claims approximately 5:1

Claims involving urban properties outnumber rural claims approximately 6:1

Transactions exceeding \$250,000 account for approximately 73% of reported claims

⁷ An occurrence is an event, or related sequence of events which can lead to one or more claims.

⁸ This figure does not include any provision for the insurer's internal administrative expenses or further development on claims not yet finalized or reported.

⁹ This figure does not include potential future recoveries.

Errors and Omissions Coverage

	2023	2024	2025	SINCE INCEPTION (2000)
Errors and omissions claims reported	1,205	1,152	1,122	24,008
Errors and omissions claims closed	1,128*	1,139*	1,145	22,079*
Errors and omissions claims remaining open at year end	1,939*	1,952*	1,929	n/a
Estimated payments for claims (\$) - settlements and expenses ¹⁰	23,954,573	19,680,020	15,693,018	297,156,989

*Corrections have been made to previously reported figures following a review of historical records.

Commission Protection Coverage

Commission protection coverage protects registrants against loss of commission resulting from fraud, misappropriation of funds, or brokerage insolvency.

	2023	2024	2025	SINCE INCEPTION (2000)
Commission protection occurrences reported	26	40	42	336*
Estimated payments for claims (\$) (settlements and expenses) ¹¹	1,858,996	-174,685	12,392,407 ¹²	26,551,570

*Corrections have been made to previously reported figures following a review of historical records.

Claims and Loss Summary

The following tables provide additional analysis of claims data across transaction types, transaction values, and the most common causes of claims. These trends help inform RECO's regulatory oversight and education initiatives.

CLAIMS BY TRANSACTION TYPE	NUMBER OF CLAIMS AS OF		
	DEC 31, 2023	DEC. 31, 2024	DEC. 31, 2025
Residential	17,920	18,671	19,559
Commercial*	3,344	3,749	3,882
Other	470	466	567

*Included in commercial transactions are vacant land – 2023: 750, 2024: 776 and 2025: 820 and agricultural –2023: 190, 2024: 198 and 2025: 207.

¹⁰ This figure does not include any provision for the insurer's internal administrative expenses or further development on claims not yet finalized or reported.

¹¹ An occurrence is an event, or related sequence of events, which can lead to one or more claims.

¹² This figure does not include any provision for the insurer's internal administrative expenses or further development on claims not yet finalized or reported. A negative figure represents a recovery of funds.

Number of Claims Against Value of the Transaction

VALUE OF TRANSACTION INVOLVED ¹³	NUMBER OF CLAIMS AS OF		
	DEC 31, 2023	DEC. 31, 2024	DEC. 31, 2025
Unknown	1,695	798	1,047
\$0-\$150,000	3,062	3,206	3,274
\$150,000-\$250,000	2,947	2,994	3,016
\$250,000-\$500,000	5,715	5,977	6,094
\$500,000-\$1,000,000	4,980	5,757	6,072
\$1,000,000 and up	3,335	4,154	4,505

Top Five Causes of Urban Loss

CAUSE	NUMBER OF CLAIMS AS OF		
	DEC 31, 2023	DEC. 31, 2024	DEC. 31, 2025
Incomplete sale	2,332	2,525	2,634
Foundations	1,482	1,504	1,525
Property description	1,415	1,452	1,438
Financial/mortgage	949	980	1,018
Deposit	924	941	976

Top Five Causes of Residential Loss

CAUSE	NUMBER OF CLAIMS AS OF		
	DEC 31, 2023	DEC. 31, 2024	DEC. 31, 2025
Incomplete sale	2,282	2,513	2,648
Foundations	1,663	1,703	1,734
Property description	1,449	1,495	1,541
Septic/environmental	996	1,025	1,054
Structural	953	981	1,000

¹³ As claims are developed, the reported numbers will change to reflect actual values; unknown indicates that the value of a transaction related to a claim has not been determined in the reporting period.

Top Five Causes of Rural Loss

CAUSE	NUMBER OF CLAIMS AS OF		
	DEC 31, 2023	DEC. 31, 2024	DEC. 31, 2025
Septic/environmental	293	310	332
Well/water	280	291	296
Property description	238	250	269
Incomplete sale	222	288	341
Foundations	167	184	196

Top Five Causes of Commercial Loss

CAUSE	NUMBER OF CLAIMS AS OF		
	DEC 31, 2023	DEC. 31, 2024	DEC. 31, 2025
Incomplete sale	445	481	513
Leasing/income	317	340	369
Tax (incl. HST/GST)	299	304	313
Property description	244	253	257
Deposit	233	234	242

Insurance Reform

It is important to note that RECO is currently pursuing insurance reform to ensure the professional liability insurance program reflects the realities of today’s real estate services sector. This initiative aims to explore:

Modern coverage structures to align with evolving brokerage business models and transaction volumes

Differentiated approaches that recognize varying brokerage size, complexity, and risk profiles

Sustainable cost-sharing mechanisms

Options for independent commission-related coverage

This comprehensive assessment of the insurance program is expected to be a multi-year initiative.

Complaints

RECO investigates complaints related to alleged breaches of the Trust in Real Estate Services Act, 2002 (TRESA) or its regulations involving real estate agents, brokerages, and individuals trading without registration. The complaint process helps ensure regulatory and discipline processes remain fair, consistent, and effective in protecting the public interest.

As of May 1, 2024, RECO refined its complaint tracking methodology to count each respondent individually rather than grouping multiple respondents under a single complaint. This approach provides a more accurate reflection of complaint volumes and improves case management when multiple respondents are involved.

How RECO Handles Complaints

When RECO receives a complaint, it assesses the submission against three key questions:

Does RECO have the authority to address the matter?

If the conduct were proven, would it be a breach of the law?

Is the complaint supported by sufficient evidence?

If these criteria are met, the complaint proceeds through appropriate compliance or enforcement pathways, which may include educational or corrective measures, discipline hearings, or prosecution under the Provincial Offences Act.

Complaint Volumes

Complaint volumes increased in 2025. Using the updated tracking methodology, 2,878 complaints were opened and 2,755 were closed during the year.

The increase reflects several factors, including increased awareness of RECO’s role, wider distribution of the RECO Information Guide, media coverage of regulatory matters, and challenging market conditions affecting real estate transactions.

IN 2025

50%

of complaints resulted in administrative action such as warnings or mandatory education

5%

of complaints proceeded to prosecution streams, including discipline hearings or Provincial Offences Court

45%

of complaints were closed without action where matters fell outside RECO’s authority, did not constitute a breach, or lacked sufficient evidence

COMPLAINTS OPENED VS. CLOSED ¹⁴	2023	2024	2025
Opened	1,720	1911 (Base case: 1528)	2,878 (Base Case: 2450)
Closed	1,551	1737 (Base Case: 1448)	2,755 (Base Case: 2322)

RECO continues to monitor complaint volumes to maintain an appropriate balance between complaints opened and closed.

¹⁴ In 2024, RECO updated its methodology for counting complaints. Previously, complaint figures reflected the number of compliance matters handled by RECO (base case figures in the table below), regardless of how many registrants were involved in each matter. Under the updated approach, complaint figures reflect the number of individual registrants involved in each complaint matter. This methodology provides a more accurate representation of the number of complaints and the number of registrants under investigation during the year.

Number of Active Complaints at Year-End

At the end of 2025, 569 complaints remained active, exceeding RECO’s target range of 500 or fewer cases. Higher complaint volumes throughout the year contributed to the increase.

Staff responded with increased case-closure efforts and improvements to complaint distribution processes. RECO will continue implementing improvements in 2026 to reduce the active complaint inventory.

YEAR	2023	2024	2025
Active complaints	392	502	569*

*New methodology

Average Number of Days to Close Complaints

The average time to close a complaint in 2025 was 113 days, slightly above RECO’s service standard goal of closing most complaints within an average of 110 days.

YEAR	2023	2024	2025
Days to close complaints ¹⁵	74	104	113

Sources of Complaints

Most complaints continue to originate from consumers.

YEAR	2023	2024	2025
Consumers	74%	76%	80%
Registrants	24%	23%	19%
Other	2%	1%	1%

Increased consumer awareness of RECO’s role, including the wider use of the RECO Information Guide, has contributed to the growth in consumer complaints.



¹⁵ This measure excludes those complaints related to more serious offences referred for possible disciplinary action.



Top 10 Complaint Categories 2025

RECO analyzes complaint data to identify trends and emerging issues within the real estate services sector.

COMPLAINT CATEGORY 2025	% OF TOTAL COMPLAINTS ¹⁶
Unprofessional Conduct - General Misconduct	22.5%
Best Interest of Client	15.6%
Misrepresentation	10.9%
Competence, Knowledge and Skill Gap	10.0%
Integrity, Honesty, Good Faith Issues	9.5%
Unprofessional Conduct - Communication	7.5%
Care of Property	6.6%
Dealings with Tenants	6.5%
Advertising - False and Misleading	6.3%
Unauthorized Access - No Permission	5.2%

Complaint Trends

Several complaint categories showed notable movement in 2025.

Unprofessional Conduct – General Misconduct was the most frequently cited category, accounting for **22.5% of complaints**, compared with **15.4% in 2024**. This category was introduced following updates to the TRESA Code of Ethics and includes conduct that could bring the industry into disrepute, including certain forms of social media behaviour.

Best Interest of Client remained the second most frequent complaint category, accounting for **15.6% of complaints**, highlighting the importance of registrants consistently prioritizing client interests.

Misrepresentation was the third most frequent category at **10.9%**, often involving situations where registrants failed to verify or accurately communicate important property information.

These categories highlight the ongoing importance of professionalism, competence, and integrity in real estate practice.

To support compliance, RECO continued to provide guidance to registrants through bulletins, Continuing Education courses, e-blasts, and the **For the RECO**rd newsletter.

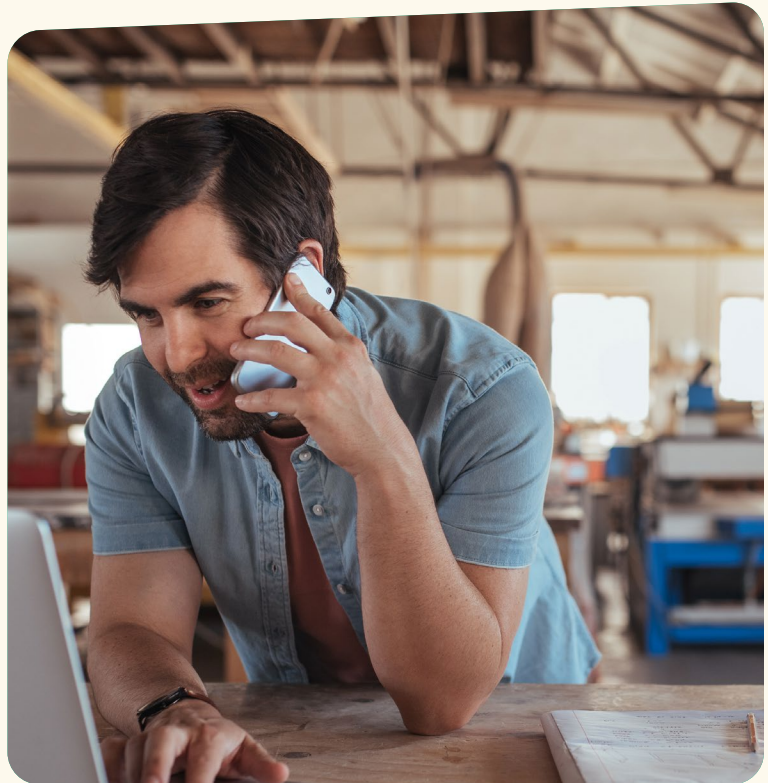
¹⁶ The 2024 data is based on complaints closed during the year; a single complaint may involve multiple categories and therefore the total does not add up to 100%. The 2025 data is based on complaint cases that closed during the year. Note that a single complaint may involve multiple categories and therefore the total does not add up to 100 per cent.

Inquiries

RECO responds to inquiries from consumers, real estate agents, and others in Ontario’s real estate services sector. These inquiries are received primarily through phone calls and email.

Inquiry volumes increased in 2025, with **phone calls rising by 11 per cent and email inquiries increasing by 14 per cent compared with 2024**. This increase reflected several factors, including the launch of new initiatives such as the online Criminal Record and Judicial Matters Check process, the implementation of the multiple-provider education model, and inquiries related to the iPro matter.

Despite higher inquiry volumes and temporary spikes during the rollout of new programs, RECO maintained strong overall service levels.



Number of client services inquiries received

2025	Emails	Calls	Average call waiting time*
	92,865	116,129	66s
2024	83,460	100,081	54s
2023	85,063	78,369	52s

*Self-reported, unaudited results.

Stakeholder Engagement

Engagement with stakeholders is an important part of RECO's role as the regulator of real estate services in Ontario. Through ongoing dialogue with registrants, industry organizations, and consumers, RECO gathers insights that help inform regulatory priorities, communications, and consumer protection initiatives.

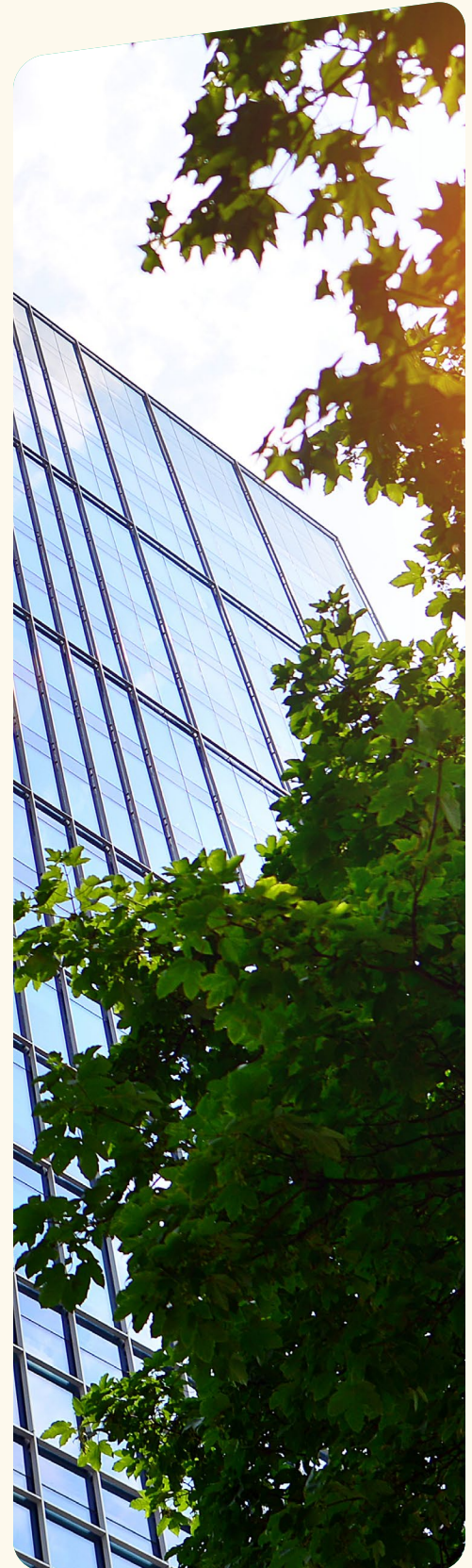
Industry Engagement

In 2025, RECO's leadership engaged with sector professionals and stakeholders through industry events, conferences, and meetings across Ontario. These engagements provided opportunities to share regulatory updates, address sector questions, and reinforce expectations related to compliance and professionalism.

RECO participated in several key industry events during the year, including the Ontario Real Estate Association (OREA) Peak Leadership Summit, TRREB Realtor Quest, the London and St. Thomas Association of REALTORS® (LSTAR) Annual General Meeting and trade show, and the Ottawa Real Estate Board (OREB) trade show. RECO also engaged with sector leaders through meetings and presentations on emerging regulatory trends.

In December 2025, following the Minister's appointment of an Administrator, RECO hosted its first Stakeholder Roundtable. The roundtable brought together leaders from real estate boards and associations across Ontario. The Honourable Stephen Crawford, Minister of Public and Business Service Delivery was also in attendance.

Participating organizations included OREA, TRREB, the Central Lakes Association of REALTORS®, Ottawa Real Estate Board, Thunder Bay Real Estate Board, Oakville, Milton and District Real Estate Board, Cornerstone Association of REALTORS®, Niagara Association of REALTORS®, London and St. Thomas Association of REALTORS®, and OnePoint Association of REALTORS®.





Surveys

Registrant Survey

Under its Administrative Agreement with the Minister, RECO surveys registrants to assess satisfaction and evaluate the effectiveness of its programs and activities.

The 2025 registrant survey, conducted by a third-party research firm, received **3,625 responses from registrants across Ontario**.

Survey results indicates a majority of registrants reported high satisfaction with RECO:

51%

of registrants reported high satisfaction, including 29% who were very satisfied

10%

reported dissatisfaction

In 2025, results show continued improvement in registrants' understanding of obligations under the Trust in Real Estate Services Act (TRESA), with 62% reporting they understand their obligations very or completely well, an increase from 2024.

There is also strong and increasing alignment with RECO's strategic priorities:

90% support advancing an informed real estate market

88% support delivering innovative, progressive regulation

84% support strengthening organizational resilience

These measures continue to inform RECO's regulatory, education, and engagement strategies.

Registrants also demonstrated strong familiarity with RECO programs, particularly continuing education, registration processes, and insurance requirements.

Respondents identified **emails (56%), continuing education courses (54%), and webinars (45%)** as the most effective channels for receiving compliance-related information.

Consumer Survey

The **2025 consumer survey**, conducted by a third-party research firm, gathered responses from **2,518 Ontario residents**.

Satisfaction among those who interacted with RECO remains high, with 59% reporting a satisfactory outcome and 5% reporting dissatisfaction.

Consumer confidence and perceptions of protection remain moderate. Approximately 29% of consumers report feeling confident in their understanding of real estate processes, while 33% report low or no confidence. Similarly, 29% report feeling protected by the rules and regulations governing real estate transactions, while 51% feel only somewhat protected.

Thirty per cent (30%) of those aware of RECO reported having interacted with the organization, most commonly through its website (18%), social media (16%), or email (9%). Most consumers who contacted RECO did so to seek information about real estate matters, while smaller proportions contacted the organization regarding transactions, feedback, or complaints.

Among recent buyers and sellers, 35% recall receiving the RECO Information Guide at the start of their engagement with a real estate agent. Of those, 62% reported that the amount of information provided was appropriate.

Survey results help inform RECO’s consumer education initiatives and efforts to improve awareness of the regulator’s role and consumer protections in Ontario’s real estate services sector.

Advisory Councils & Committees

Registrar’s Professional Practices Committee

In 2024, RECO transitioned its **Registrar’s Education Advisory Committee** into the **Registrar’s Professional Practices Committee (PPC)** to provide broader input beyond education.

The PPC includes registrants with diverse professional experience who provide advice to the Registrar on topics such as:

Registration and continuing education programs

Regulatory guidance and bulletins

Communications with registrants

Emerging business practices within the sector

The committee helps identify emerging issues and supports RECO in developing guidance that promotes compliance with the law.

The survey indicates that many consumers remain uncertain about the roles of different organizations in the real estate services sector:

Unaided awareness of RECO was

9%

Aided awareness increased to

21%



Advisory Councils

In 2024, RECO established two new advisory councils to strengthen stakeholder input:

[Consumer Advisory Council \(CAC\)](#)
[Industry Advisory Council \(IAC\)](#)

These councils replaced the former Consumer and Industry Advisory Group. More information about the advisory councils, including Terms of Reference, membership, and meeting minutes, can be found on [RECO's website](#).

Consumer Advisory Council (CAC)

The CAC provides advice to RECO's board and management from a consumer perspective, focusing on issues related to RECO's consumer protection mandate.

In 2025, the council met on January 13, April 22 and October 1. Council activities included reviewing emerging consumer risks, providing input on consumer-facing communications and education materials, and identifying opportunities to enhance consumer awareness of regulatory protections, including through discussions on implications of brokerage trust account matters.

Industry Advisory Council (IAC)

The IAC provides advice from a registrant perspective on issues affecting the real estate profession and regulatory compliance.

In 2025, the council met on January 6, April 16 and October 21. Council activities included providing input on regulatory approaches, identifying operational considerations for registrants, and discussing

emerging market practices. This included discussions on transparency in regulatory oversight (such as audits and inspections), communication with brokers of record, trust account oversight practices, and emerging issues such as unsolicited purchase offers and brokerage trust account matters.

Impact of Advisory Councils

Advice from the Consumer Advisory Council and Industry Advisory Council informed several areas of RECO's work in 2025. This includes enhanced consumer outreach, reflected in survey results from 2,518 consumers and increased awareness of RECO and the RECO Information Guide; strengthened regulatory oversight, including 1,308 inspections and expanded risk-based supervision; and increased enforcement activity, with 165 investigations completed. Advisory input also supported improvements in registrant engagement and education, including 170,246 continuing education course completions and strong alignment with RECO's strategic priorities in the registrant survey.

Next Steps

Building on this work, RECO will continue to advance these efforts in 2026 through the implementation of its Business Plan. This includes strengthening regulatory oversight and enforcement through Regulatory Modernization, enhancing consumer awareness through a Public Awareness Campaign, and expanding engagement with consumers and registrants through a formal Stakeholder Engagement Strategy. Additional priorities include improved financial oversight of brokerages, Education Reform, and the continued use of data and technology to support risk-based supervision and regulatory effectiveness.

Stakeholder Engagement Strategy

Through the stakeholder engagement strategy transformational initiative, in 2026 RECO will strengthen connections with consumers and participants across the real estate services sector.

The strategy will ensure coordinated and sustained engagement with stakeholders to support more transparency and confidence in RECO as the real estate services regulator.



Governance & Accountability

Sustainability and Accessibility

RECO recognizes that strong regulatory performance includes responsible environmental, social, and governance practices. These principles inform how the organization operates, supports its workforce, and serves the public. Key initiatives during the year included the following:

Environmental

- Continued to provide services, such as hearings, over virtual platforms where appropriate, to reduce carbon footprint.
- Maintained a hybrid work environment to reduce travel and carbon footprint.
- Maintained reduced office footprint, power, and other resource requirements.
- Continued to support the transition from paper-based to electronic systems.

Social

- Ensured compliance with the *Accessibility for Ontarians with Disabilities Act, 2005 (AODA)*.
- Completed an equity, diversity, and inclusion (EDI) current state assessment, which identified no major deficiencies and identified areas for future consideration.
- Introduced RECOcares, a program for employees to work as teams and support approved local charities. In the second year, 81 RECO people provided support to worthy organizations such as the Daily Bread Food Bank, and Haven on the Queensway.

Governance

- Managed integrated enterprise risk through a robust Enterprise Risk and Innovation Management system, with oversight from RECO's board of directors.

French Language Services

RECO provides services in both of Canada's official languages and responds to all inquiries received in French.

In 2025, RECO responded to nine calls in French and three written inquiries in French, and received no complaints submitted in French.

RECO also provides key consumer information and resources in French. In 2024, the organization published a French version of the RECO Information Guide ([Guide d'information du COI](#)), including a commercial real estate version.

Additional consumer resources are available in French on RECO's website at reco.on.ca/fr.



Governance

Administrator

RECO is currently governed by an Administrator, Jean Lépine, appointed by the Honourable Stephen Crawford, Minister of Public and Business Service Delivery and Procurement, pursuant to subsection 5.1(1) of the *Safety and Consumer Statutes Administration Act, 1996*. *The appointment is a time-limited measure.*

The Administrator exercises the powers and performs the duties of RECO’s board of directors, officers, and members, and is responsible for overseeing the organization’s operations and governance.

The Administrator reports to the Minister and is responsible for ensuring that RECO continues to carry out its responsibilities under the Act and fulfil its consumer protection mandate.

Additional information regarding the appointment of the Administrator is available through the [Minister’s Order](#) and [Terms of Reference](#).

For more information about RECO’s governance framework, policies, and procedures, please refer to the By-laws and Policies section on RECO’s website or the [2025 Business Plan](#).

Renewed Governance Initiative

Through the transformational initiative to enhance RECO’s governance structure, the organization aims to strengthen oversight, accountability and transparency. Work is also underway to enable an orderly re-establishment of the Board of Directors.

This initiative is explained further in RECO’s 2026 Business Plan.

Organizational Overview

RECO’s day-to-day operations are led by the executive leadership team under the direction of the Administrator.

As of December 31, 2025, RECO employed 175 employees supporting regulatory, operational, and corporate functions.

RECO has implemented a renewed organizational structure designed to strengthen accountability, improve collaboration across teams, and support more effective delivery of the organization’s regulatory mandate.

The new structure establishes five key areas of accountability across the organization:

- Regulatory Modernization
- Strategy & Corporate
- Finance & Risk
- Data, Technology & Analytics
- People & Culture

These areas reflect RECO’s priority to strengthen governance, modernize regulatory oversight, and build the internal capabilities required to support a modern regulator.

Jean Lépine
Administrator and Acting CEO

Regulatory Modernization*

Samantha Pinto
Chief Regulatory Modernization Officer

Strategy & Corporate*

Emilee Escobar
Chief Strategy & Corporate Officer

Finance & Risk*

Arshad Zaver
Acting Chief Financial Officer

Data, Technology & Analytics*

Carrie Bois
Chief Data Technology and Analytics

People & Culture*

Sylvia Mauti
Director, Human Resources

*(effective January 2026)

Board Committees

The following committees supported RECO's governance and oversight responsibilities in 2025.

Audit, Risk, Finance & Insurance Committee

Three meetings held

The committee assists the board in fulfilling its fiduciary oversight responsibilities related to RECO's financial statements, external audit, budget, internal audit, information technology, and enterprise risk management.

The committee also oversees RECO's corporate insurance program and monitors the performance and operations of the professional liability insurance program administered by RECO, including funds held in the Insurance Administration Fund, Premium Fund, and Program Stability Fund.

Governance, People & Culture Committee

Two meetings held

The committee assists the board in maintaining an effective corporate governance framework that supports RECO's mandate and strategic objectives.

The committee also supports board effectiveness through recruitment, orientation, onboarding, and ongoing development of board members.

In addition, the committee oversees the performance evaluation of the Chief Executive Officer and reviews matters related to human resource management at RECO, including compensation, occupational health and safety, employee engagement, and succession planning.

Strategy & Organizational Performance Committee

Three meetings held

The committee assists the board in overseeing the development and implementation of RECO's strategic and business plans. The committee also monitors RECO's performance against the goals and objectives established in those plans.

Nominations Committee

Six meetings held

The committee makes recommendations to the board regarding individuals qualified to fill vacancies on the board of directors and its committees.

This includes recommending committee chairs and vice-chairs and overseeing recruitment and selection processes for directors and committee members.

Statutory Committees

Discipline Committee

The Discipline Committee conducts hearings related to alleged breaches of the legislation and its regulations referred by the Registrar.

For conduct occurring prior to December 1, 2023, the committee considers matters under the former REBBA Code of Ethics. For conduct occurring on or after December 1, 2023, the committee has authority to determine whether a registrant has contravened any provision of the TRESA or its regulations.

Appeals Committee

The Appeals Committee hears and decides appeals of Discipline Committee decisions related to conduct occurring prior to December 1, 2023. Appeals for matters involving conduct occurring on or that date are heard by the LAT.





Financial Information

Management’s Discussion and Analysis

Management’s Discussion and Analysis (MD&A) reviews RECO’s financial condition and results of operations for the fiscal year ended December 31, 2025. It should be read in conjunction with the audited financial statements. This section also discusses the key drivers of operating and insurance results and provides an outlook based on management’s reasonable assumptions using information available as of the date of this report.

Strategic Goals

RECO’s strategy focuses on enhancing consumer protection in the public interest. 2025 work was guided by the three strategic goals outlined in the 2024–2026 Strategic Plan: Innovative and Progressive:

Deliver innovative, progressive regulation

Advance an informed real estate market in Ontario

Enhance the organization’s resilience and agility

The plan included initiatives aimed at improving operational efficiency and effectiveness while reducing the administrative burden for businesses operating in Ontario.

RECO manages risks to the achievement of its strategic objectives through its Enterprise Risk and Innovation Management (ER&IM) program, which is aligned with the ISO 31000 risk management framework. The program supports the proactive identification, assessment, and mitigation of emerging risks.

RECO will begin a new strategic planning process in 2026 to establish priorities and direction for the 2027–2030 strategic planning cycle.

General Operations

COMPARATIVE FINANCIAL RESULTS

RECO’s revenues and expenditures are largely driven by the number of registrants. As registrant volumes increase, operating costs also rise; however, revenues increase as well under RECO’s fee model.

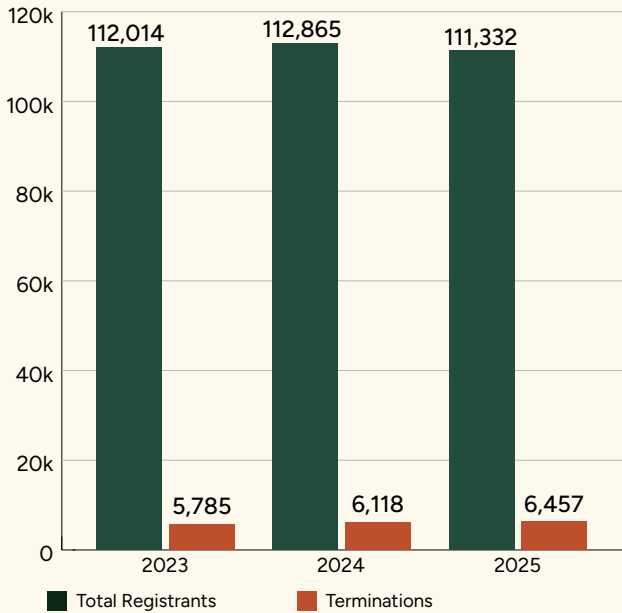
Registrant Count

The total number of registrants represents the combined number of registered salespersons, brokers, and brokerages at the end of the fiscal year. Each year, the number of registrants decreases due to terminations for various reasons and increases due to new entrants.

In 2025, the net number of registrants decreased slightly. Registrants are required to pay RECO registration fees every two years, as well as an annual RECO insurance premium, to remain in good standing.

In 2025, terminations (primarily voluntary non-renewals and terminations due to non-payment of insurance premiums) represented 5.8% of year-end registrants.

Total registrants compared to total terminations



Revenues

Operational revenues are derived from registration fees, other registrant fees, education revenues, and other income, which largely consists of disciplinary fines.

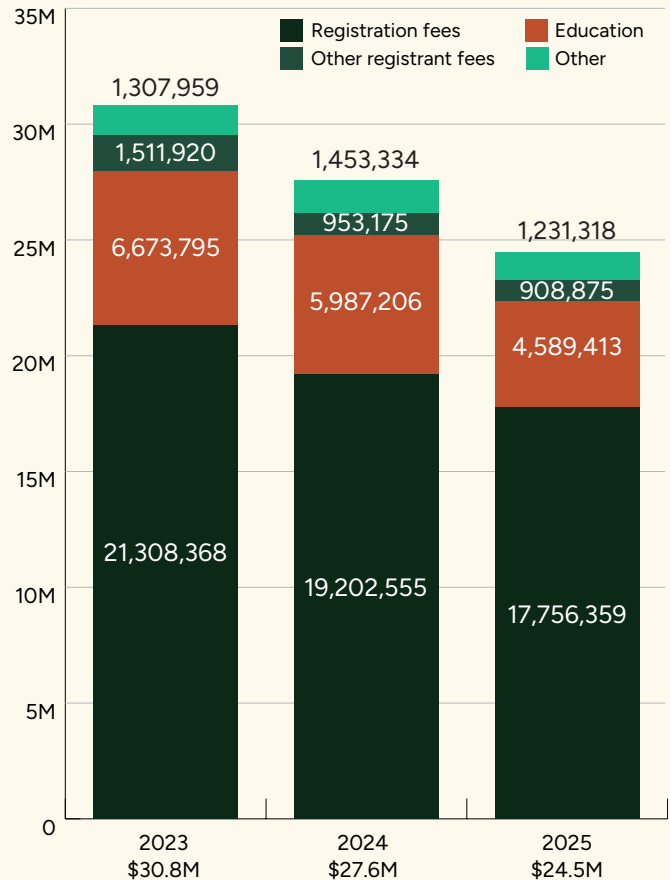
Registration revenues declined by 8% due to the continued impact of the transition to the lower fee structure approved by the Board and introduced on March 1, 2023. Because registration revenue is amortized over the two-year registration period, the full impact of the fee reduction was realized in February 2025.

The decrease in other registrant fees (which include transfer fees and application review fees) was also primarily the result of the fee rate reductions implemented on March 1, 2023.

Education revenues include registration education programs previously delivered by Humber College, as well as Continuing Education programs delivered by RECO. The education delivery model transitioned from a single-provider model to a multiple-provider model in 2025, with a transition period occurring during the third quarter. The ramp-up of the new program, along with changes in the revenue model, resulted in lower education revenue compared to the prior year.

Other income consists of disciplinary fines, early complaint resolution penalties, other fees, and assessments. The increase in other income was largely attributable to higher disciplinary fines recognized in 2025. Education equivalency assessments and miscellaneous revenue related to the administration of unclaimed trust funds also contributed to the increase.

Revenues



Expenses

As a regulator operating on a cost-recovery basis, salaries and benefits represented RECO’s largest expense category in 2025, accounting for approximately 59% of total operating costs.

Salaries and benefits increased modestly due to a rise in staffing levels associated with several initiatives, including:

- Planning, implementation, and contracting related to the launch of the multiple-provider education model
- Migration of RECO’s core systems to the cloud
- Implementation of recommendations from the Office of the Auditor General’s report
- Investments in building a regulatory policy team focused on research, regulatory policy development, and regulatory reform initiatives
- The launch of the RECO brand repositioning initiative

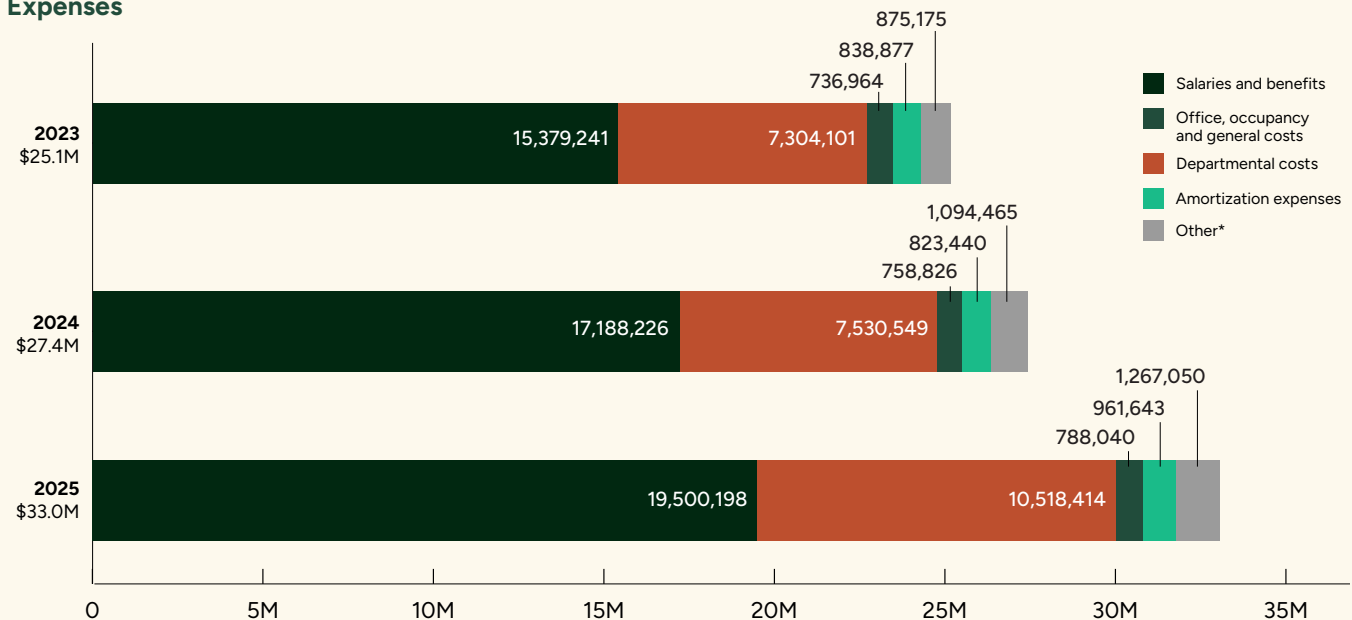
Other expense categories included:

- **Departmental costs**, which increased due to business initiatives and legal expenses associated with the iPro matter (a brokerage that RECO took regulatory action on)

- **Office, occupancy, and general costs**, which remained generally consistent with the prior year due to the optimized use of scaled-down office space, offset by adjustments to common area maintenance charges
- **Board remuneration and expenses**, which increased due to per diem increases approved by the membership at the 2024 AGM and more frequent Board and committee meetings related to the iPro matter, and costs associated with the appointment of the Administrator following the Minister’s Order
- **Amortization expenses**, which increased due to investments in technology enhancements and education content development
- **Government oversight fees**, which increased in accordance with the fee schedule established by the ministry
- **Elections and Annual General Meeting expenses**, which increased due to expanded streaming services to enhance accessibility for attendees
- **Bad debt expenses**, which declined compared to 2024 due to improved recoveries of disciplinary fines*

* RECO continues to actively pursue the recovery of disciplinary fines from both current and former registrants.

Expenses





Investment Income

RECO invests its accumulated reserves in accordance with its Statement of Investment Policy (SIP).

The investment portfolio performed strongly throughout the year, with unrealized gains accounting for the majority of investment income. RECO’s portfolio continues to be positioned defensively, with a focus on long-term capital preservation.

Capital Expenditures

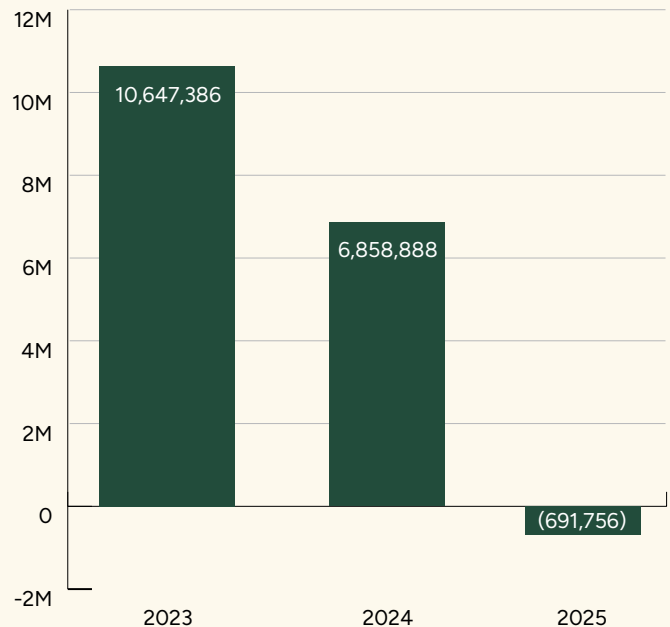
Capital expenditures were higher than in the previous year, primarily to support several information technology initiatives. These included the successful migration of RECO’s core system to the cloud, providing a more resilient, scalable, and secure infrastructure.

Additional system enhancements were required to support the launch of the multiple-provider education delivery model, including system integrations with the assessment service provider and designated education institutions.

Intellectual property development costs related to education content upgrades were also capitalized during the year.

Surplus/Deficit

As a result of changes in revenues, investment income, and expenses, RECO generated a deficit of \$0.69 million in 2025, compared to a budgeted deficit of \$2.25 million. By comparison, RECO recorded a surplus of \$6.9 million in 2024.





Operations Outlook for 2026

Registrant Count

The net number of registrants is expected to remain relatively stable, with no significant changes anticipated in 2026.

Revenues

The fee reductions implemented on March 1, 2023, continued to affect revenues in 2025 and will remain fully in effect in 2026.

Registration revenues are expected to be slightly higher by \$47.6K or 0.3% of 2025 actuals.

Education revenue is expected to increase modestly as the multiple-provider education delivery model completes its first full year of operation. RECO will continue to monitor the newly structured revenue model involving the examination provider and designated education institutions throughout 2026.

Expenses

Expenses are expected to increase by \$9.4 million, or 28% of 2025 actuals in 2026, primarily due to investments in human capital and higher departmental costs associated with transformation initiatives under the oversight and direction of the Administrator. As a result of the events relating to the iPro matter, RECO completed an organizational restructuring, including updates to its regulatory functions and processes, to reduce the risk of similar events in the future. These investments support RECO’s strategic goals and business plan priorities.

The anticipated increase in salaries and benefits reflects both new hires and the filling of existing vacancies, providing the organization with the resources necessary to achieve its objectives for 2026 and beyond.

Investment Income

Investment income is expected to be lower by \$3.5 million than in 2025 due to the planned liquidation of investments to support RECO’s transformation and related restructuring initiatives (discussed above).

Budgeted returns reflect a measured, long-term approach consistent with RECO’s objective of preserving capital. This approach supports a disciplined budgeting process that balances investment performance with risk management. While returns may vary in the short term, RECO’s investment strategy remains focused on long-term capital preservation.

Capital Expenditures

As RECO continues its transformation as Ontario’s real estate services regulator, additional technology investments of \$1.2 million are anticipated in 2026 as part of broader regulatory, digital, and technology modernization initiatives.

These investments will support the modernization of enforcement and oversight functions, the replacement of outdated systems, and the development of a disciplined technology roadmap designed to streamline operations and strengthen regulatory capabilities.

Surplus/Deficit

RECO’s budgeted deficit is expected to be \$12.4 million in 2026, compared to the \$0.69 million deficit realized in 2025, reflecting increased investment in people and departmental capacity, alongside lower investment income due to the strategic use of reserves to support the 8 transformational initiatives*

*More details on the initiatives are available in the 2026 Business Plan.



Registrant Insurance Program

The following section summarizes the financial performance and outlook of RECO’s registrant insurance program. Additional information about the structure of the insurance program and claims activity is provided earlier in this report.

Overview

RECO’s insurance program provides three types of coverage:

Consumer deposit protection

Errors and omissions insurance

Commission protection insurance

Insurance revenues represent contributions to both the Program Stability Fund and the Insurance Administration Fund. Contributions are amortized to income over the period of the insurance policy. Net assets within the insurance program are restricted for use within the program.

Comparative Financial Results

The insurance program recorded a **surplus of \$7.7 million in 2025**, compared to a **surplus of \$7.2 million in 2024**. The increase was primarily the result of favourable investment returns, lower-than-budgeted expenses, and the recovery of credit card program

fees in accordance with the agreement to draw down accumulated reserves held by RECO’s Professional Insurance Program insurance broker.

At year-end, the Program Stability Fund was made available to expedite the payment of claims related to the iPro event while the insurer continues to pursue financial recovery through the courts. These recovery efforts remain ongoing.

The **Insurance Administration Fund** is intended to cover the ongoing costs associated with administering the insurance program. Contributions continued to be lower than the expected cost of administering the program in 2025. As noted above, the recovery of credit card processing fees also contributed to the overall surplus.

Insurance Outlook for 2026

A surplus of \$5.8 million is expected for the insurance program in 2026, driven largely by budgeted investment returns and continued contributions to the Program Stability Fund through premiums paid by registrants.

Negotiations regarding the insurance premium will take place in early 2026 and will inform the final surplus at year-end.

Based on the insurance fee approved by the Board, contributions to the Administration Fund are expected to remain minimal, given the surplus realized in 2025.

Financial Statements of

**REAL ESTATE COUNCIL OF
ONTARIO**

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Real Estate Council of Ontario

Opinion

We have audited the financial statements of Real Estate Council of Ontario (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Management's Discussion and Analysis as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 1, 2026

REAL ESTATE COUNCIL OF ONTARIO

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	Operations Fund		Insurance Program Fund		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current assets:						
Cash (note 2)	\$ 2,681,750	\$ 7,449,507	\$ 16,920,309	\$ 8,080,113	\$ 19,602,059	\$ 15,529,620
Short-term investments (note 3)	–	7,326,277	–	–	–	7,326,277
Accounts receivable (note 15(b))	1,376,659	2,094,143	–	94,553	1,376,659	2,188,696
Deposits and prepaid expenses	946,743	673,417	–	–	946,743	673,417
	5,005,152	17,543,344	16,920,309	8,174,666	21,925,461	25,718,010
Investments (note 3)	71,626,601	57,035,134	30,372,060	32,236,938	101,998,661	89,272,072
Capital assets (note 4)	2,491,577	2,883,294	–	–	2,491,577	2,883,294
Intangible assets (note 5)	2,594,086	1,086,422	–	–	2,594,086	1,086,422
	\$ 81,717,416	\$ 78,548,194	\$ 47,292,369	\$ 40,411,604	\$ 129,009,785	\$ 118,959,798
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities (note 7)	\$ 5,557,329	\$ 1,505,276	\$ 73,344	\$ 77,239	\$ 5,630,673	\$ 1,582,515
Accrued insurance premiums	–	–	679,746	1,541,654	679,746	1,541,654
Government fee payable (note 6)	330,569	324,405	–	–	330,569	324,405
Deferred lease inducement (note 8)	97,693	97,693	–	–	97,693	97,693
Deferred registration fees (note 9(a))	13,342,241	13,451,547	–	–	13,342,241	13,451,547
Deferred insurance fees (note 9(b))	–	–	2,375,490	2,374,777	2,375,490	2,374,777
	19,327,832	15,378,921	3,128,580	3,993,670	22,456,412	19,372,591
Deferred lease inducement (note 8)	586,153	683,846	–	–	586,153	683,846
Deferred registration fees (note 9(a))	4,689,160	4,679,400	–	–	4,689,160	4,679,400
	24,603,145	20,742,167	3,128,580	3,993,670	27,731,725	24,735,837
Net assets:						
Investment in capital assets and intangible assets	5,085,664	3,969,716	–	–	5,085,664	3,969,716
Restricted insurance program fund (Schedule)	–	–	44,163,789	36,417,934	44,163,789	36,417,934
Internally restricted operating reserve	16,000,000	16,000,000	–	–	16,000,000	16,000,000
Unrestricted	36,028,607	37,836,311	–	–	36,028,607	37,836,311
	57,114,271	57,806,027	44,163,789	36,417,934	101,278,060	94,223,961
Commitments and contingencies (notes 12 and 14)						
	\$ 81,717,416	\$ 78,548,194	\$ 47,292,369	\$ 40,411,604	\$ 129,009,785	\$ 118,959,798

See accompanying notes to financial statements.

REAL ESTATE COUNCIL OF ONTARIO

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	Operations Fund		Insurance Program Fund		Total	
	2025	2024	2025	2024	2025	2024
			(Schedule)			
Revenue:						
Registration and insurance fees (note 9)	\$ 17,756,359	\$ 19,202,555	\$ 3,602,811	\$ 3,580,691	\$ 21,359,170	\$ 22,783,246
Other registrant fees	908,875	953,175	–	–	908,875	953,175
Education (note 10)	4,620,665	5,987,206	–	–	4,620,665	5,987,206
Other income	1,231,318	1,453,334	33,823	222,715	1,265,141	1,676,049
	24,517,217	27,596,270	3,636,634	3,803,406	28,153,851	31,399,676
Expenses (income):						
Salaries and benefits	19,500,198	17,188,226	–	–	19,500,198	17,188,226
Departmental costs	10,518,414	7,530,549	–	–	10,518,414	7,530,549
Office, occupancy and general	788,040	758,827	–	–	788,040	758,827
Board remuneration and expense (note 10)	553,524	249,447	–	–	553,524	249,447
Amortization (notes 4 and 5)	961,643	823,440	–	–	961,643	823,440
Government oversight fees (note 6)	438,704	429,268	–	–	438,704	429,268
Elections and annual general meeting	23,266	14,605	–	–	23,266	14,605
Bad debt	251,556	401,144	–	–	251,556	401,144
Net premiums	–	–	–	–	–	–
Insurance administration	–	–	439,134	544,696	439,134	544,696
	33,035,345	27,395,506	439,134	544,696	33,474,479	27,940,202
Excess (deficiency) of revenue over expenses before investment income	(8,518,128)	200,764	3,197,500	3,258,710	(5,320,628)	3,459,474
Change in fair value of investments	2,315,380	4,257,084	2,010,817	2,409,903	4,326,197	6,666,987
Other investment income	5,510,992	2,401,040	2,537,538	1,541,164	8,048,530	3,942,204
Investment income	7,826,372	6,658,124	4,548,355	3,951,067	12,374,727	10,609,191
Excess (deficiency) of revenue over expenses	\$ (691,756)	\$ 6,858,888	\$ 7,745,855	\$ 7,209,777	\$ 7,054,099	\$ 14,068,665

See accompanying notes to financial statements.

REAL ESTATE COUNCIL OF ONTARIO

Statement of Changes in Net Assets

Year ended December 31, 2025, with comparative information for 2024

					2025	2024
	Investment in capital assets and intangible assets	Restricted insurance program fund (Schedule)	Internally restricted operating reserve	Unrestricted	Total	Total
Balance, beginning of year	\$ 3,969,716	\$ 36,417,934	\$ 16,000,000	\$ 37,836,311	\$ 94,223,961	\$ 80,155,296
Excess (deficiency) of revenue over expenses	–	7,745,855	–	(691,756)	7,054,099	14,068,666
Purchase of capital and intangible assets	2,077,591	–	–	(2,077,591)	–	–
Amortization of capital and intangible assets	(961,643)	–	–	961,643	–	–
Balance, end of year	\$ 5,085,664	\$ 44,163,789	\$ 16,000,000	\$ 36,028,607	\$ 101,278,060	\$ 94,223,962

See accompanying notes to financial statements.

REAL ESTATE COUNCIL OF ONTARIO

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	Operations Fund		Insurance Program Fund		Total	
	2025	2024	2025	2024	2025	2024
Cash flows from (used in)						
operating activities:						
Registration fees	\$ 17,654,494	\$ 17,437,823	\$ -	\$ -	\$ 17,654,494	\$ 17,437,823
Other registrant fees	908,875	953,175	-	-	908,875	953,175
Education receipts	4,652,255	6,457,762	-	-	4,652,255	6,457,762
Insurance premium fees receipts	-	-	45,827,206	46,548,124	45,827,206	46,548,124
Insurance program stability fees receipts	-	-	3,079,529	2,752,664	3,079,529	2,752,664
Insurance administration fees receipts	-	-	523,996	863,488	523,996	863,488
Other receipts	1,665,655	1,160,122	33,825	222,715	1,699,480	1,382,837
Insurance premiums paid	-	-	(46,689,114)	(46,392,759)	(46,689,114)	(46,392,759)
Cash paid to suppliers and employees	(28,132,627)	(25,733,036)	(443,032)	(611,933)	(28,575,659)	(26,344,969)
	(3,251,348)	275,846	2,332,410	3,382,299	(918,938)	3,658,145
Cash flows from (used in) investing activities:						
Investment income received	5,510,992	2,401,040	2,632,091	1,469,045	8,143,083	3,870,085
Investment purchase, net	(4,949,810)	2,155,315	3,875,695	2,055,215	(1,074,115)	4,210,530
Purchase of capital assets	(93,722)	(32,127)	-	-	(93,722)	(32,127)
Purchase of intangible assets	(1,983,869)	(249,991)	-	-	(1,983,869)	(249,991)
	(1,516,409)	4,274,237	6,507,786	3,524,260	4,991,377	7,798,497
Net increase (decrease) in cash	(4,767,757)	4,550,083	8,840,196	6,906,559	4,072,439	11,456,642
Cash, beginning of year	7,449,507	2,899,424	8,080,113	1,173,554	15,529,620	4,072,978
Cash, end of year	\$ 2,681,750	\$ 7,449,507	\$ 16,920,309	\$ 8,080,113	\$ 19,602,059	\$ 15,529,620

See accompanying notes to financial statements.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements

Year ended December 31, 2025

The Real Estate Council of Ontario ("RECO") is a not-for-profit corporation, originally incorporated by letters patent under the Canada Corporations Act on January 24, 1997. RECO subsequently incorporated under the laws of the Province of Ontario by letters patent of continuation dated June 9, 2021. RECO is exempt from tax under the Income Tax Act (Canada).

On May 5, 1997, RECO received delegated responsibility to administer the Real Estate and Business Brokers Act (the "Act"). RECO's mandate is to protect consumers and to administer the regulatory requirements of Ontario's real estate professions. On March 31, 2006, the Act was replaced by the Real Estate and Business Brokers Act, 2002 ("REBBA 2002"). As of December 1, 2023, the title of the Act changed to the Trust in Real Estate Services Act, 2002 ("TRESA 2002").

Consumer deposit insurance, errors and omissions insurance and commission protection insurance are mandatory for registrants under TRESA 2002. Payments required under TRESA 2002 are designated to three funds within the overarching Insurance Program Fund. Those three funds are the Insurance Premium Fund, the Program Stability Fund and the Insurance Administration Fund.

The Insurance Premium Fund is a restricted fund that is used to hold the insurance premiums that will be remitted to the insurer. The Program Stability Fund is a restricted fund that may be used to offset future increases in the premiums charged by the insurer. This fund may also be used to reduce the present level of premiums. The Insurance Administration Fund is a fund used to pay the administrative costs associated with the operation of the program.

The Operating Reserve is a designated fund created in 2016 by resolution of RECO's Board of Directors (the "Board"). It is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, an unanticipated decrease in revenue, uninsured losses, and other similarly unusual circumstances as may be recognized from time to time by the Board.

All reserves are managed by RECO as required by RECO's Policy on Financial Reserves.

In August 2025, an independent third-party consulting firm was engaged to conduct a comprehensive review of RECO's governance structure, regulatory decisions, and oversight practices.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

Following the completion of this independent review and a response from the Board of Directors to the Minister of Public and Business Service Delivery and Procurement on November 25, 2025, a Minister's Order was issued on November 28, 2025, under the *Safety and Consumer Statutes Administration Act, 1996* that appointed an Administrator to assume responsibility for RECO's governance and operations. Upon appointment of the Administrator, the Board of Directors ceased to hold office, and the Administrator assumed the powers and duties of the Board, officers, and members of RECO. RECO continues to carry out its statutory mandate under TRESA 2002 under the authority of the Administrator.

1. Significant accounting policies:

(a) Basis of preparation:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Canadian Accounting Standards Board.

(b) Revenue recognition:

RECO follows the deferral method of accounting for revenue. RECO derives its revenue primarily from fees charged to register as a real estate salesperson, a real estate broker, and a real estate brokerage, fees charged to review applications, fees charged for mandatory continuing education, fees charged under the agreement with the consortium of Humber Institute of Technology & Advanced Learning ("Humber") and NIIT Canada, and fees charged for the administration of the insurance program.

Revenue is recognized evenly over a two-year period consistent with the period in which services are to be rendered. Amounts related to future years are recorded as deferred registration fees.

Fees charged to review applications and for mandatory continuing education are recognized as they are earned.

Amounts received under the education agreement are recognized as they are earned. Variable and fixed amounts received under the agreement are recognized over the period of entitlement. Details of the agreement are set out in note 10.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

Revenue from disciplinary fines is recognized as the decisions of RECO's Discipline and Appeals Committees are released. Amounts receivable are subsequently measured at the lower of amortized cost and net realizable value.

Insurance proceeds are for the one-year period of the insurance policy, which runs from September 1 of the current year to August 31 of the following year. Amounts related to the following year are recorded as deferred insurance fees. Other amounts receivable are recognized in the year received.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. RECO has elected to carry investments in private equity at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, RECO determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount RECO expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Computer equipment	30%
Office furniture and equipment	20%
Leasehold improvements	Over the term of the lease

(e) Intangible assets:

Intangible assets are recorded at cost, less accumulated amortization. Amortization of intangible assets is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Management information system	10%
Computer software	30%
Intellectual property	20%
Designate technology integration	20%

(f) Impairment of capital and intangible assets:

Capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to RECO's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the assets are less than their net carrying amounts.

There were no impairment charges recognized for capital and intangible assets in 2025 and 2024.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(g) Lease inducements:

Lease inducements are amortized on a straight-line basis as a reduction of rent expense over the term of the lease.

(h) Use of estimates:

The preparation of RECO's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of certain investments, valuation of certain receivables and accrued liabilities. Actual results could differ from those estimates.

2. Cash:

Cash consists of amounts held in treasury accounts earning interest at Bank of Montreal's deposit reference rate less 2.1% for balances up to and including \$5,000,000 and 2.05% up to and including \$10,000,000.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Investments:

	Operations Fund		Insurance Program Fund	
	2025	2024	2025	2024
Fixed income:				
Canadian	\$ 30,491,892	\$ 31,073,548	\$ 12,727,572	\$ 13,523,301
Foreign	8,499,069	7,282,422	4,181,241	4,113,078
	<u>38,990,961</u>	<u>38,355,970</u>	<u>16,908,813</u>	<u>17,636,379</u>
Equities:				
Canadian	7,270,025	5,641,440	2,774,926	3,098,663
Foreign	20,345,811	15,443,433	7,900,093	8,767,362
	<u>27,615,836</u>	<u>21,084,873</u>	<u>10,675,019</u>	<u>11,866,025</u>
Private equity:				
Canadian real estate	5,018,820	4,918,568	2,788,228	2,732,534
Cash and equivalents	984	2,000	–	2,000
Total investments	71,626,601	64,361,411	30,372,060	32,236,938
Less investments classified as short- term	–	7,326,277	–	–
	<u>\$ 71,626,601</u>	<u>\$ 57,035,134</u>	<u>\$ 30,372,060</u>	<u>\$ 32,236,938</u>

Investments in fixed income consist of managed pooled funds and guaranteed investment certificates. Investments in equities consist of managed pooled funds. Investments in private equity consist of Canadian real estate held through a segregated fund.

The allocation of investments is managed in accordance with RECO's Statement of Investment Policy ("SIP").

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 1,449,324	\$ 1,355,607	\$ 93,717	\$ 73,408
Office furniture and equipment	708,069	554,716	153,353	245,159
Leasehold improvements	3,308,936	1,064,429	2,244,507	2,564,727
	\$ 5,466,329	\$ 2,974,751	\$ 2,491,577	\$ 2,883,294

In the current year, amortization expense related to capital assets totaled \$485,439 (2024 - \$522,717).

5. Intangible assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Management information system	\$ 2,993,940	\$ 2,159,003	\$ 834,937	\$ 1,070,571
Intellectual property	636,934	56,406	580,528	-
Designate technology integration	1,251,599	76,148	1,175,451	-
Computer software	469,476	466,306	3,170	15,851
	\$ 5,351,949	\$ 2,757,863	\$ 2,594,086	\$ 1,086,422

In the current year, amortization expense related to intangible assets totaled \$476,204 (2024 - \$300,723).

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Administrative agreement:

An administrative agreement exists between RECO and the Ministry of Public and Business Service Delivery and Procurement (the "Agreement"). Amounts payable under the Agreement are recognized in the year incurred. In the current year, \$438,704 (2024 - \$429,268) was incurred as an expense. Amounts for future years will be charged in accordance with the table below and amounts thereafter will be as determined by the Ministry of Public and Business Service Delivery and Procurement.

April 1, 2025 to March 31, 2026	\$ 440,758
April 1, 2026 to March 31, 2027	449,133

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$73,325 (2024 - \$77,241) relating to indirect taxes.

8. Deferred lease inducement:

RECO received lease inducements to enter into a long-term lease for office premises. Inducements include amounts receivable from the lessor and broker related to the long-term lease incurred by RECO. These inducements are amortized on a straight-line basis as a reduction of rental expense over the term of the lease.

The liability of \$382,910 related to graduated rental increases is recorded in accounts payable and accrued liabilities (2024 - \$406,149).

The liability related to amounts receivable from the lessor and broker related to the long-term lease is recorded as deferred lease inducement, as follows:

Balance, December 31, 2024	\$ 781,539
Less amounts amortized to office, occupancy and general in 2025	97,693
Balance, December 31, 2025	683,846
Amounts to be amortized in 2026	97,693
Amounts to be amortized in 2027 and subsequent years	\$ 586,153

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Deferred revenue:

(a) Operations Fund:

Deferred revenue represents registration fees received that relate to subsequent periods. The movements in the deferred revenue balance during the year were:

Balance, December 31, 2024	\$ 18,130,947
Registration fees received in 2025	17,656,813
Less amounts recognized as revenue in 2025	17,756,359
Balance, December 31, 2025	\$ 18,031,401
Amounts to be recognized as revenue in 2026	\$ 13,342,241
Amounts to be recognized as revenue in 2027	4,689,160
	\$ 18,031,401

(b) Insurance Program Funds:

Deferred revenue represents insurance payments received that relate to the next fiscal year. The movements in the deferred revenue balance during the year were:

	Program Stability Fund	Insurance Administration Fund	Total
Balance, December 31, 2024	\$ 1,811,745	\$ 563,032	\$ 2,374,777
Insurance payments received in 2025	3,079,529	523,996	3,603,525
Less amounts recognized as revenue in 2025	2,862,697	740,115	3,602,812
Balance, December 31, 2025 and amounts to be recognized as revenue in 2026	\$ 2,028,577	\$ 346,913	\$ 2,375,490

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

10. Education revenue:

Education revenue comprises fees charged for mandatory continuing education and amounts receivable under education service arrangements with third-party providers.

Education programs delivered by Humber, under an agreement with NIIT Canada, ended on June 30, 2025, with a transition period that concluded on September 30, 2025. Effective July 1, 2025, education programs have been delivered through an assessment service provider and four designated colleges.

During the year, the education delivery model transitioned from an annual fee-based arrangement to a per-course enrolment and assessment-based model. Education revenue recognized for the year ended December 31, 2025, amounted to \$4,620,665.

11. Administrator compensation

Under the terms of the Minister's Order issued under the *Safety and Consumer Statutes Administration Act, 1996*, compensation and expenses of the Administrator are payable by RECO.

During the year, RECO paid \$47,000 in compensation and related costs of the provincially appointed Administrator, plus applicable taxes. These amounts are included in board remuneration and expense in the statement of operations.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

12. Commitments:

RECO has minimum operating lease commitments under a lease for premises. The future estimated payments are as follows:

2026	\$ 413,000
2027	413,000
2028	413,000
2029	431,000
2030	431,000
Thereafter	881,000
	\$ 2,982,000

13. Funds held in trust:

RECO holds in trust consumer deposits transferred by brokers as dormant trust funds. As at December 31, 2025, these deposits amounted to \$28,461,948 (2024 - \$19,212,047). These amounts have not been included in the financial statements as RECO does not control or benefit from these funds.

14. Contingencies:

a) RECO is involved in litigation matters where RECO is named as the defendant or co-defendant. All extant matters in which RECO is named as a defendant are insured matters, and RECO's corporate insurer typically has carriage of all actions. In the opinion of management, the resolution of any of these claims against RECO will not result in a material effect on the financial position of RECO. Any pre-trial settlements, or portions of settlements, not covered by RECO's corporate insurance will be reflected in the statement of operations if the likelihood of loss is more likely than not and the amount can be reasonably determined. Any awards or portions of awards at trial or in arbitration and not covered by RECO's corporate insurance will be recognized as the matters are resolved.

b) RECO, in its role as regulator, intends to pursue recovery of eligible commission protection claims related to a specific brokerage matter. These amounts are expected to be paid via recoveries from the specific brokerage and through insurance proceeds. Where recovered funds are not sufficient, RECO has indicated that they are prepared to assist with the financing of certain eligible amounts as recovery efforts unfold. No amount has been accrued at year-end related to this matter, as the amount for which RECO may reimburse in relation to these claims is currently indeterminable.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

15. Financial risks:

RECO is exposed to a variety of financial risks including market risk and credit risk. It is management's opinion that RECO is not exposed to significant liquidity risk.

(a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. RECO is subject to market risk on its investments.

Risk management relates to RECO's understanding and active management of risks associated with all areas of RECO and the associated operating environment. RECO manages its financial risks by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with RECO's SIP. RECO's SIP focuses on the long-term preservation of capital, with a rate of return sufficient to meet the cost of administering the investments.

RECO is not involved in any derivative financial instruments for trading purposes.

(i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. RECO is exposed to foreign currency exchange risk on its foreign investments.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. RECO is exposed to interest rate risk on its fixed-income investments.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2025

15. Financial risks (continued):

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. RECO is exposed to other price risk on its investment in equities.

RECO monitors the impact of market volatility on its financial instruments and structures its investment strategies to reduce the risk to an acceptable level.

(b) Credit risk:

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations.

RECO is exposed to credit risk on cash held with financial institutions. RECO places its cash with high quality institutions to mitigate this risk.

RECO is exposed to credit risk on accounts receivable, which comprises amounts receivable from registration education programs and disciplinary fines. Credit risk from registration education programs is considered to be low, as receivables are recognized only if it is reasonably certain the monies will be received. Credit risk from disciplinary fines in aggregate are material, with most debtors owing individually immaterial amounts. RECO maintains an allowance for doubtful accounts of \$1,569,353 (2024 - \$1,317,796) for disciplinary fines receivable.

REAL ESTATE COUNCIL OF ONTARIO

Schedule of Insurance Program Fund Balances

Year ended December 31, 2025, with comparative information for 2024

	Insurance Premium Fund	Program Stability Fund	Insurance Administration Fund	Total	
				2025	2024
Revenue:					
Insurance fees	\$ –	\$ 2,862,697	\$ 740,114	\$ 3,602,811	\$ 3,580,691
Other income	–	–	33,823	33,823	222,715
	–	2,862,697	773,937	3,636,634	3,803,406
Expenses:					
Net premiums	–	–	–	–	–
Insurance administration	–	–	439,134	439,134	544,696
	–	–	439,134	439,134	544,696
Excess of revenue over expenses before investment income	–	2,862,697	334,803	3,197,500	3,258,710
Change in fair value of investments	–	2,010,817	–	2,010,817	2,409,903
Other investment income	–	2,537,538	–	2,537,538	1,541,164
Investment income	–	4,548,355	–	4,548,355	3,951,067
Excess of revenue over expenses	–	7,411,052	334,803	7,745,855	7,209,777
Accumulated fund balances, beginning of year	–	34,874,155	1,543,779	36,417,934	29,208,157
Accumulated fund balances, end of year	\$ –	\$ 42,285,207	\$ 1,878,582	\$ 44,163,789	\$ 36,417,934



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