



Media Kit
2017-2018

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About RECO Facts and Stats

- RECO is a not-for-profit consumer protection organization.
- RECO was established in 1997 by the Ontario government as a Delegated Administrative Authority (DAA) and reports to the Ministry of Government and Consumer Services (MGCS).
- RECO administers the *Real Estate and Business Brokers Act, 2002* (REBBA).
- REBBA contains the rules, regulations and a Code of Ethics that real estate salespersons, brokers and brokers of record must follow.
- On behalf of the provincial government, RECO regulates more than 80,000 Ontario real estate professionals and educates Ontario consumers about buying and selling a home.
- RECO is governed by a 12-person board:
 - Nine elected representatives from the real estate industry; and,
 - Three representatives appointed by the provincial government.
- RECO is led by a Chief Executive Officer (CEO), who manages the day-to-day operations of the corporation, and by a Registrar, who carries out the powers and duties as set out in REBBA.
- RECO provides advice and recommendations to government on how best to enhance consumer protection.
- RECO currently has more than 130 employees.
- RECO receives funding from new registration dues, registration renewals, fees from education services agreements, fees charged for the administration of the insurance program, and revenues from disciplinary penalties and recoveries.
- In 2016, RECO:
 - Opened 2,529 complaints; closed 2,218
 - Conducted 1,015 inspections
 - Opened 178 investigations; closed 162
 - Laid 79 charges under the *Provincial Offences Act*
 - Prosecuted 31 cases
 - Achieved 29 convictions that resulted in:
 - \$92,800 in total fines (to the court)
 - \$57,750 in restitution to consumers
 - Issued 28 proposals to refuse or revoke the registration of real estate professionals



Understanding the difference between...



The Ministry of Government and Consumer Services (MGCS)

MGCS is a ministry in the Ontario government that delivers vital programs, services and products — ranging from health cards, drivers licences and birth certificates to consumer protection and public safety — all to help create a better quality of life for Ontario's families.

Relationship between MGCS and RECO:

- MGCS is responsible for any amendments to the *Real Estate and Business Brokers Act, 2002* (REBBA) and its associated regulations, as well as general oversight of RECO
- On behalf of MGCS, RECO enforces REBBA, and is responsible for day-to-day delivery of services
- The Minister of Government and Consumer Services reports to the Legislative Assembly on the fulfilment of the Statutory Mandate by RECO, and the affairs of RECO
- RECO's Board of Directors is accountable to the Minister for the performance of RECO

Produced by the Real Estate Council of Ontario



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Real Estate Council of Ontario (RECO)

RECO is the regulator for real estate professionals in Ontario.

Registration is *mandatory* to legally trade in real estate in Ontario.

RECO's mandate is consumer protection on behalf of the Ontario government. As a Delegated Administrative Authority, RECO enforces the law in the public interest.

RECO's mission is excellence in the delivery of regulatory services that protects the public interest and enhances consumer confidence in the real estate profession.

RECO's role is to:

- Help consumers make informed decisions when buying or selling a home and understand that there are benefits to working with a regulated professional;
- Administer and enforce REBBA and a Code of Ethics. Provide advice to government regarding consumer protection legislation;
- Help registrants understand and follow REBBA. Investigate complaints about registrants who may have violated REBBA;
- Be accountable to the public through the Ontario government;
- Set the standards for pre-registration, articling and broker education;
- Develop and deliver mandatory continuing education courses; and,
- Administer a mandatory insurance program that includes consumer deposit protection, errors and omissions coverage and commission protection.



Ontario Real Estate Association (OREA)

OREA is a professional association.

Membership is *voluntary*.

OREA's mandate is to work on behalf of real estate professionals.

OREA's mission is to help Ontario REALTORS®, brokerages and associations succeed.

OREA's role is to:

- Encourage consumers to use a REALTOR® when they buy or sell a home;
- Work to create a legislative and regulatory environment at Queen's Park that is favourable to REALTORS® and real estate;
- Provide information, tools and services, like standard forms, to help REALTORS® with their businesses;
- Be accountable to its REALTOR® members;
- Deliver pre-registration, articling and broker education courses, as approved by RECO (beginning mid-2019, a new provider — Humber College and NIIT Canada — will deliver pre-registration education. OREA's program will continue until the end of 2020);
- Provide voluntary courses for individual professional development; and,
- Develop forms and clauses for residential and commercial transactions. For example, Agreement of Purchase and Sale, Listing Agreement and Buyer Representation Agreement.

Frequently Asked Questions

What is RECO?

RECO is a consumer protection organization that regulates real estate salespersons, brokers and brokerages on behalf of the Ontario government. As a Designated Administrative Authority (DAA), it administers the *Real Estate and Business Brokers Act, 2002* (REBBA).



What is RECO's role?

RECO protects the public interest through a fair, safe and informed marketplace. It does this by:

- Enforcing the standards to obtain and maintain **registration** for brokerages, brokers and salespersons;
- Establishing **education** requirements to become a salesperson or broker, or to maintain registration through continuing education;
- Conducting routine **inspections** of brokerage offices to ensure they comply with REBBA;
- Addressing inquiries, concerns and **complaints** about the conduct of real estate salespersons, brokers and brokerages;
- Establishing and administering an **insurance** program that includes consumer deposit protection; and,
- Providing helpful buying and selling information through **consumer education**.

What does RECO not do?

RECO does NOT:

- Have authority over buyers and sellers, or over the valuations of properties;
- Manage the Multiple Listing Service, also known as MLS (this is owned and managed by CREA);
- Collect, maintain or distribute sales figures or market data (Sales figures are maintained by CREA);
- Have the authority to resolve monetary or contractual disputes, or to assess or award damages;

- Regulate builders (builder regulation is the responsibility of Tarion Warranty Corporation); and,
- Regulate the sale of new homes (Tarion regulates home builders to protect the rights of new home buyers).

What is a DAA?

Delegated Administrative Authorities are responsible for ensuring that a number of Ontario's consumer protection and public safety laws are applied and enforced. The Ministry of Government and Consumer Services currently oversees 10 administrative authorities:

- Bereavement Authority of Ontario (BAO)
- Ontario Film Authority (OFA)
- Electrical Safety Authority (ESA)
- Ontario One Call (ON1Call)
- Ontario Motor Vehicle Industry Council (OMVIC)
- Real Estate Council of Ontario (RECO)
- Tarion Warranty Corporation
- Technical Standards and Safety Authority (TSSA)
- Travel Industry Council of Ontario (TICO)
- Vintners Quality Alliance Ontario (VQA)



What is REBBA?

The *Real Estate and Business Brokers Act, 2002* is the legislation that real estate salespersons, brokers and brokerages must follow in Ontario. The law includes rules, regulations and a Code of Conduct that real estate professionals must follow when helping consumers buy or sell a home.

What is the government review of REBBA all about?

The Ministry of Government and Consumer Services has announced it will be reviewing REBBA and its regulations, in two phases. The goal of the review is to modernize the rules to strengthen consumer protection and standards for real estate professionals. In the first phase of the review, the ministry is considering measures to address concerns raised about the practice of multiple representation and other matters. Phase 2 will start in the spring of 2018 and will be a broader review of the legislation.

The potential measures being considered in the first phase of the review of REBBA are intended to:

- Increase consumer confidence by minimizing the conflict of interest involved in multiple representation situations;
- Make it easier for consumers to better understand the nature of the agreements they are entering; and,
- Strengthen consumer protection by modernizing the penalties for unethical behavior for contraventions of the Code of Ethics.



How does organized real estate work?

While RECO regulates real estate professionals, a number of organizations advocate on behalf of real estate professionals and the industry to consumers and government. These include:

- **The Canadian Real Estate Association (CREA)**, the national trade association for real estate agents. Its membership includes more than 100,000 real estate brokers, agents and salespeople, working through 100 real estate Boards and Associations across Canada.
- **The Ontario Real Estate Association (OREA)**, the provincial trade association for real estate agents. Its membership includes about 70,000 real estate brokers and salespeople members of Ontario's 39 real estate boards.
- **Local real estate boards**, such as the Toronto Real Estate Board (TREB), that represent agents locally. There are 39 real estate boards in Ontario; TREB is the largest board, serving more than 48,000 real estate brokers and salespersons.

How does a brokerage work?

A brokerage is a company that employs people to help consumers buy or sell real estate. Its operations are overseen by a Broker of Record who is responsible for all employees – salespeople, brokers and support staff – who work there.

What should you do if you have an issue with your real estate agent?

When you have an issue with your agent, you should first speak with them, making it clear which expectations they aren't meeting. If you can't resolve the problem with the representative, speak with their Broker of Record. If the Broker of Record

is unable or unwilling to resolve the matter, or you have serious concerns related to a representative's conduct, you can file a complaint to RECO.

What is multiple representation?

Multiple representation, also called "double-ending" or "dual agency," is when a real estate brokerage represents both the buyer and the seller in a real estate transaction. This could happen with each party having a different representative of the same brokerage, or each party having the same representative in a trade.

In Ontario, multiple representation is currently allowed if both parties (buyer and seller) provide written and informed consent to the brokerage. If one party does not give written consent, the brokerage must release one of their clients.

In January 2017, RECO submitted recommendations to government on how to enhance the rules in REBBA around multiple representation so that consumer protection is strengthened. We recommended that the Ontario government revise the rules to:

- Prevent or prohibit conflict of interest situations;
- Eliminate or drastically reduce the financial benefits of acting unethically;
- Ensure consumers are provided with clear, consistent information regarding the nature of their relationship with their representative, and the services they'll provide; and,
- Provide RECO with appropriate tools and penalties to respond to consumer harm.

In June 2017, the government launched a consultation on proposed changes to the rules around multiple representation. RECO welcomed the government's review and urged registrants and other industry stakeholders to contribute to the government's consultation.

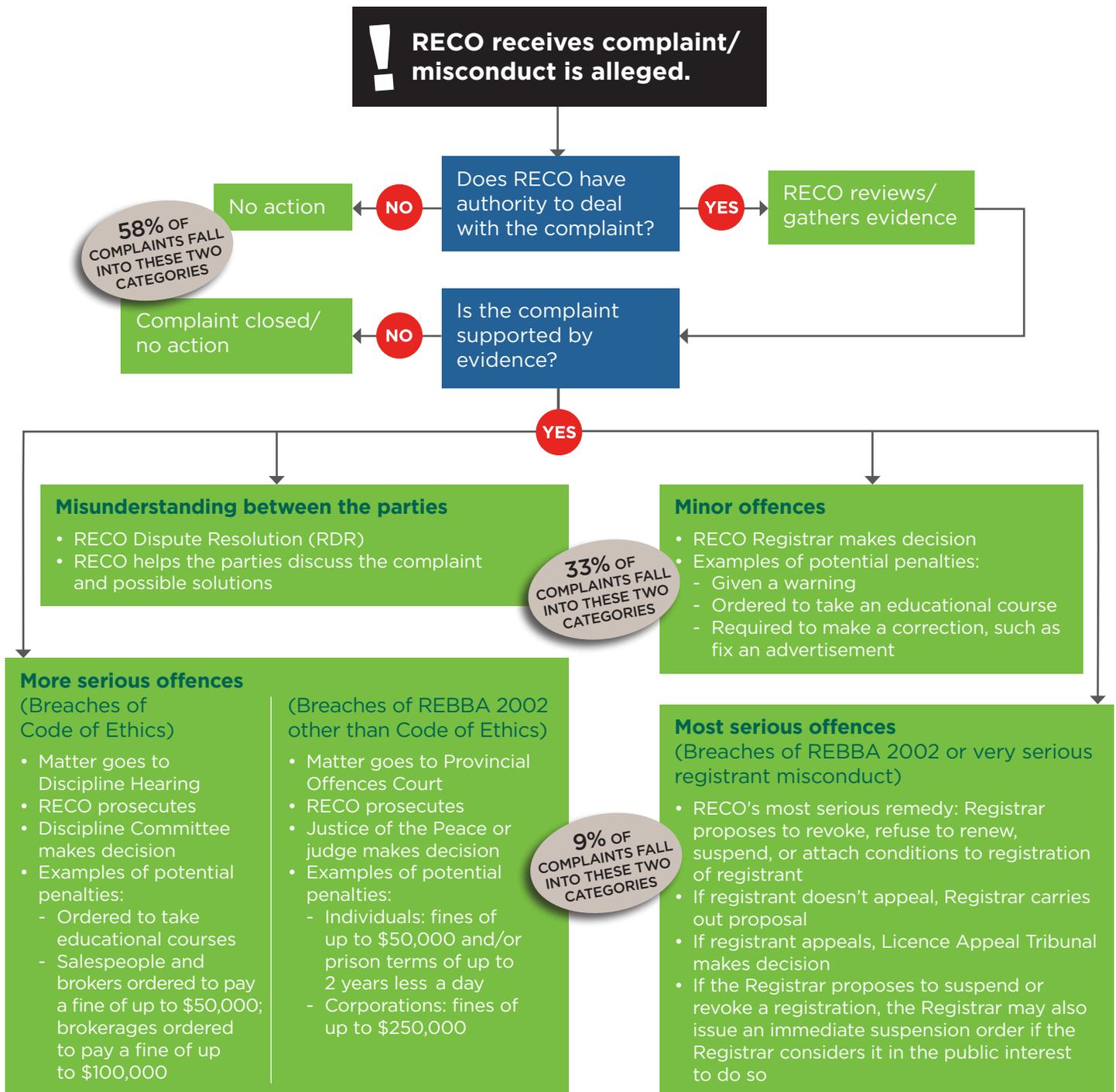
What is illegal trading?

Illegal trading is the practice of trading in real estate without registration to do so. In Ontario, individuals who are in the business of trading in real estate must be registered with RECO. If they are not registered, they are operating illegally.



Discipline Paths and Outcomes

Real estate professionals (often called “agents”) in Ontario must follow the *Real Estate and Business Brokers Act, 2002* (REBBA 2002) including a Code of Ethics. If they breach these rules, there are various discipline paths and outcomes, depending on the severity of the offence.



Examples of typical offences—from minor to serious*

RECO receives more than 2,000 complaints annually. Every case is unique and there are many potential outcomes. This chart is a snapshot of the kinds of infractions we see and possible outcomes that may result.



Repeat offenders

RECO recognizes that some infractions are honest mistakes. However, if the same infraction—like breaking an advertising rule—is made repeatedly, something more serious is happening. Hence, we take a progressive discipline approach. For example:

1st offence

Warning. Must correct the problem.

2nd offence

Warning + Course. Must correct the problem. Must take the RECO Advertising Workshop course (\$225 + HST).

3rd offence

Discipline hearing. A potential fine of up to \$25,000 for the broker of record and/or up to \$25,000 for a sales representative.

*This is not a legal document. It is intended for consumer education. As such, it is not binding and the information and examples are illustrative only. There are many variations of offences, discipline paths and outcomes for each breach of REBBA 2002 and the Code of Ethics—not every possibility is captured here. Phrases like “minor offence” and “serious offence” are used for clarity and simplicity—RECO treats all complaints and offences seriously.

Protecting consumers through education

RECO is a consumer protection organization. Educating real estate professionals is one way that RECO protects consumers and promotes professionalism in the real estate industry.

RECO is responsible for two education programs:

- **Registration education:** training aspiring registrants to enter the industry;
- **Mandatory continuing education:** upgrading the knowledge and skills of existing registrants to help them better serve consumers in an ever-changing industry.

1. New Registration Education program

Before becoming registered as a salesperson, individuals must complete a registration education program that teaches them about the fundamentals of trading in real estate and the rules they must follow.

The industry has changed dramatically over the years, so RECO is establishing a new program to educate aspiring real estate professionals.

The new program will launch in mid-2019 and will aim to ensure that aspiring registrants are practice-ready when they enter the profession. While the new program will begin accepting students in mid-2019, the existing program (run by the Ontario Real Estate Association) will continue through 2020, allowing students enrolled in it to complete their courses.

The new program includes:

- **A new curriculum** that will follow the flow of a real estate transaction, providing students with a practical understanding of every aspect of a real estate trade. In-person simulation sessions will allow students to practise elements of a transaction in a structured and interactive classroom environment;
- **The use of innovative technologies.** In addition to eLearning and physical classrooms, students can also choose a virtual classroom as a new option for course delivery. Augmented reality (computer-based interactive learning) that imitates real-life activities of the salesperson is



another example of a new technology that will be incorporated into course content; and,

- **A new Knowledge Management System (KMS)** that will provide students and all registered real estate professionals with an online databank for materials such as job aids, checklists and guides.

The new registration education program is being designed, developed, administered and delivered by the consortium of Humber College and NIIT Canada. The consortium was chosen following a rigorous Request for Proposals process. Before issuing an RFP process, RECO conducted four years of research and consultation with the profession and other stakeholders.



2. Mandatory Continuing Education (MCE) program

In 2013, RECO introduced a new online Mandatory Continuing Education (MCE) program that is administered and delivered by RECO. The program was initially created so that registrants could receive consistent information on all topics covered, with a focus on matters that supports RECO's mandate, centred on regulatory compliance, consumer protection and current industry issues. Existing real estate professionals must take continuing education courses as a requirement of their registration renewal.

The MCE program aims to ensure that registrants' knowledge and skills are kept up-to-date as the industry evolves. In 2016, RECO introduced two new courses that reflect common issues in the market: condo transactions and advertising compliance. Four more electives are planned for this year.

The MCE program will not be affected by changes to the new registration education program. However, RECO plans to review the MCE program in 2017, as it has been in place now for four years.

One major benefit of the program is the online education component as registrants are provided with consistent and readily accessible education across Ontario, at a reasonable cost. Still, RECO has received feedback that the program can be enhanced. For example, some registrants want an opportunity to be taught in a classroom, so this will be looked at during the review.