



Short-term accommodation rentals Bulletin #2019-1

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Overview

As the business of a real estate brokerage evolves in an ever-changing marketplace, some registrants are looking to provide value-added services such as short-term accommodation rentals. This bulletin explains registrant rights and obligations when facilitating these transactions.

Brokers and salespeople are expected to act professionally and comply with the law at all times. Compliance and professionalism reinforce consumer protection and maintain the integrity of the real estate marketplace.



To facilitate short-term accommodation rentals in Ontario, a business must be registered with either the Real Estate Council of Ontario (RECO) or the [Travel Industry Council of Ontario](#) (TICO), and possibly both if the business trades in real estate and provides other travel services.

By virtue of being registered to trade in real estate, registrants are permitted to trade in limited types of short-term accommodation rentals on behalf of consumers, with cottages, condo apartments, homes, cabin establishments, chalets and vacation homes being among the common examples.

For a real estate registrant to remain compliant with the *Real Estate and Business Brokers Act, 2002* (REBBA), when facilitating short-term accommodation rentals, the transaction must be conducted through a registered real estate brokerage. Providing any travel services beyond short-term accommodation rentals, however, requires registration with TICO.

Registrants who fail to comply with these requirements could face prosecution by RECO or TICO.

Obligations for brokerages facilitating short-term accommodation rentals

Real estate brokerages trading in short-term accommodation rentals must comply with REBBA, including all prescribed record-keeping and accounting requirements.

Alternatively, they may establish and register a separate travel agency with TICO.

Brokers and salespeople facilitating short-term accommodation rentals

There are two ways that brokers and salespeople may legally trade in short-term accommodation rentals.



Option 1 – Real Estate Brokerage	Option 2 – Travel Agency
Conduct the short-term accommodation rentals through their employing brokerage.	Register their business (e.g. Corporation) as a travel agent or conduct the short-term accommodation rentals through a TICO-registered travel agent, as an employee or contractor of the travel agent.

Note: Registrants must inform RECO in writing within five days of starting to work for another business. This can be done by emailing registration@reco.on.ca.

Additional travel services

Providing any travel services beyond short-term accommodation rentals requires registration with TICO. Any time that a business acts as an agent for an end supplier of travel services, the activity falls under the *Travel Industry Act, 2002* (TIA), and therefore must be performed by a registered travel agent. This could include, but is not limited to:

- Booking river/lake tours
- Facilitating the rental of water sport equipment with a third-party vendor

TIA also applies when providing travel services combined with other services. For example, arranging dinner theatre tickets alone would not fall under TIA. But arranging dinner theatre tickets along with accommodations or transportation would fall under TIA, by virtue of including a travel service.

Consumer understanding

Registrants must always clarify their role in any transaction and identify which registered real estate brokerage or travel agent is involved.

Complying with REBBA when facilitating short-term rentals through a real estate brokerage

Clarity in advertising

Advertising of short-term accommodation rentals must comply with the [advertising requirements](#) under REBBA. In particular, all advertising must be under the brokerage's registered name, which must be prominently displayed.

Disclosure of referral fees

If you are receiving a fee or other type of compensation for referring a consumer to a third-party for a short-term accommodation rental, this must be disclosed in writing to the consumer. For more information, see the [Registrar's Bulletin on referral fees](#).



An example of compliant advertising, prominently identifying the brokerage.



Who is TICO?

TICO regulates Ontario's travel industry by enforcing the *Travel Industry Act, 2002* (TIA) and Ontario Regulation 26/05.

For information about obligations for travel agents under TIA see [TICO's Advisory on Short-term Accommodation Rentals](#). To find out how to register as a travel agent, [visit TICO's website](#).

Relevant legislation

REBBA: Sections [1](#), [4](#), [5](#), [37](#) and [40\(1\)\(c\)](#)

O. Reg. 580/05 (Code of Ethics): [Section 36](#)

O. Reg. 567/05 (General): [Section 34](#)

[Travel Industry Act, 2002](#)

Residential Tenancies Act: [Section 5\(a\)](#)



This bulletin has been developed to assist registrant compliance with requirements under in the [Real Estate and Business Brokers Act, 2002](#) (REBBA), the [Code of Ethics](#) (O. Reg. 580/05), and other associated regulations, and to highlight some leading practices. It may not address other federal, provincial, or municipal laws to which registrants may also be subject. If you have any questions regarding the information contained in this document, you may contact RECO.

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