

**ENHANCING PROTECTION FOR REAL ESTATE CONSUMERS IN BC**

**A Progress Report on the Implementation of Recommendations  
from the Independent Advisory Group on Conduct and Practices in  
the Real Estate Industry in BC**

**JUNE 2017 • REPORT TO THE MINISTER OF FINANCE**

## LETTER FROM THE CHAIR

Minister of Finance and Deputy Premier  
Province of British Columbia  
PO Box 9048 Stn Prov Govt.  
Victoria BC V8W 9E2

Dear Minister,

We are pleased to report to you on a number of significant actions taken up to March 31, 2017 by the Real Estate Council of BC (Council) as part of our implementation of the recommendations from the Independent Advisory Group (IAG) on Conduct and Practices in the Real Estate Industry in BC. The measures already implemented by the Council, along with the many initiatives currently in development, are contributing to substantial progress towards the IAG's goal of enhancing protection for real estate consumers in British Columbia.

This progress report reinforces the strong message of the IAG Report: "the time has come to focus forward and make the changes the public deserves." The Council has committed to the thorough and effective implementation of all IAG recommendations that do not require legislative or Rule changes, and to supporting Government and the Superintendent of Real Estate with those that will require such changes. We recognize that meaningful changes to increase consumer protection require the investment of time, resources and energy. The Council is making these investments, and this report sets out our progress for the nine months since the release of the IAG report on June 28, 2016.

Throughout the fall of 2016 and early 2017 the Council staff engaged in intensive planning sessions and consulted with stakeholders including the Office of the Superintendent of Real Estate and educational providers the University of British Columbia and the British Columbia Real Estate Association. These discussions have been central to guiding many of the activities highlighted in this progress report. As the Chair of the Council, I am proud of the work that has taken place since the release of the IAG Report, and I am strongly committed to ensuring that implementing the IAG's recommendations remains the Council's first priority. Protecting consumers in British Columbia's real estate markets is our job: we will continue to work hard to ensure that all consumers can have confidence in the knowledge, skills and professionalism of BC's real estate licensees.

I look forward to continued progress with the Superintendent of Real Estate on the transformation of licensee regulation in BC and welcome the opportunity to meet with you in person to provide an update on our most recent activities.

Respectfully submitted,



Robert Holmes, Q.C.  
Chair, Real Estate Council of BC

## PROGRESS REPORT HIGHLIGHTS

The Council has taken significant steps in responding to the recommendations of the IAG Report. As at March 31, 2017, key actions by the Council include:

- **Raising entry standards** by increasing the required passing grade for all licensing exams and Applied Practice Course assessments to 70%. As of January 1, 2017, students in the licensing courses administered by the University of British Columbia must achieve a qualifying exam grade 5% higher than before. Trading services licensees must also now achieve a 70% grade on the Applied Practice Course assessments (IAG #25).
  
- **Increasing the transparency of its disciplinary processes and the outcomes** by:
  - publishing plain language summaries of discipline decisions,
  - increasing the length of publication for discipline decisions,
  - making information on discipline decisions easily accessible to consumers searching online for a licensed professional,
  - publishing information on licence conditions and restrictions,
  - enacting new bylaws in January 2017 to enable the Council to hold pre-hearing conferences, which help ensure that respondents are more informed about the hearing process and better prepared, facilitating more efficient and effective hearing processes (IAG #18).
  
- **Improving public access to the complaints and discipline process** by publishing notices of hearings on the Council's website so that members of the public can attend disciplinary hearings (IAG #27).
  
- **Increasing its monitoring of consumer protection issues** by establishing a Consumer Protection Issues Identification team to develop risk assessment frameworks and procedures for the early identification and rapid response to consumer risks (IAG #5).
  
- **Improving public reporting of licensee misconduct** by approving plans for confidential reporting channels. At its February 2017 meeting, the Council approved the implementation of confidential reporting tools including a 1-800 line and secure online tips forms, to be implemented in 2017 (IAG #12).

## BACKGROUND

In February 2016, the Council initiated an Independent Advisory Group (IAG) to review the regulatory framework for real estate in BC and make recommendations to enhance consumer protection. On June 28, the IAG submitted its final report, with 28 recommendations focused on improving the regulatory regime and increasing the Council's ability to protect the public interest.

In July 2016, Government passed amendments to the *Real Estate Services Act*, changing the governance structure of the Council, increasing penalties for misconduct, transferring rule-making authority to the Superintendent of Real Estate and increasing the oversight and authority of the Superintendent over the Council. These amendments came into effect on September 30, 2016 and governance of the Council was transferred to a new Council of publicly-appointed members with a mandate to increase consumer protection and implement the IAG's recommendations.

The Superintendent of Real Estate is taking the lead on all nine recommendations that involve the development and implementation of new rules to regulate licensee conduct: recommendations 1, 2, 3, 4, 7, 8, 9, 11 and 22. The Council and the Office of the Superintendent of Real Estate are working together closely to address the issues identified by the IAG.

A number of the IAG recommendations that required legislative changes were implemented by the *Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016*, which received Royal Assent on Thursday, July 28, 2016, including increases in discipline penalties and the disgorgement of profits of misconduct.

## KEY ACTIVITIES TO MARCH 31, 2017

### Transparency and Ethics

The Council has:

- conducted a review of content and delivery of Council information resources, licensing courses and continuing education courses to prepare for anticipated rule changes regarding dual agency and a code of ethics, and to ensure that all information is updated promptly and thoroughly (IAG #1, #2).
- established timelines for implementing changes with education providers and for developing new information resources for consumers and licensees in the event of rule changes regarding dual agency and a code of ethics (IAG #1, #2).
- initiated review of forms and contracts in use by licensees, research on best practices for informed consent and provision of consumer information and discussions with plain language experts regarding future revisions (IAG #5).
- established the Consumer Protection Issues Identification Team, comprised of staff from the Council and the Office of the Superintendent of Real Estate, to develop a consumer risk assessment framework that will inform Council's brokerage audit program and compliance operations, as well as the development of consumer advisories (IAG #5).

### Compliance and Consequences

The Council has:

- expanded its outreach through Professional Standards Advisors to industry groups and brokerages to emphasize licensees' duty to report and the consequences of misconduct under the new penalty regime (IAG #11).
- developed an implementation plan for confidential reporting channels, including a 1-800 line and secure online tips forms, for introduction in 2017 (IAG #12).
- initiated discussions on development of information sharing agreements with other regulatory and enforcement agencies, increasing Council's ability to monitor licensee compliance with other legal and regulatory regimes that govern their conduct (IAG #13).
- initiated development of new risk analysis tools for use during brokerage audits (IAG #15).
- implemented a number of changes to its website and discipline publication policies to increase public access and awareness of licensee discipline. These include:
  - increasing the length of publication, from 1 year to 5 years for minor contraventions and from 5 years to 10 years for more serious discipline;
  - publishing plain language summaries of discipline decisions;
  - publishing licence conditions and restrictions in search results from the online licensee database;

- linking search results from the Council’s online licensee database to discipline decisions so that members of the public can easily discover if a licensee has been disciplined (IAG #18).
- passed bylaws to allow the Council to hold pre-hearing conferences so that respondents, particularly unrepresented respondents, are more fully prepared for hearings (IAG #18).

## **Governance and Structure**

The Council has:

- developed plans for increased investment in data management and reporting technology to enhance its ability to monitor and assess industry practices that may place consumers at risk (IAG #24).

## **Licensee and Public Education**

The Council has:

- raised entry standards for new entrants to the real estate industry by increasing the passing grade for all licensing examinations and applicable applied practice courses from 65% to 70% (IAG #25).
- developed plans with educational providers to implement methods to enhance competency attainment by licensees in required continuing education courses that will include assessment to measure improved competency, beginning in 2018 (IAG #26).
- updated its website to increase the accessibility of the complaints and discipline process, by publishing notices of hearing so that members of the public can more easily attend disciplinary hearings (IAG #27).
- improved access to information for the public by providing translations of key consumer resources, including the Independent Advisory Group report, the Notice to Seller Regarding Assignment forms, and brochures on Buying a Home in BC and Selling a Home in BC. Translated versions are now available in Simplified and Traditional Chinese, Punjabi, Farsi and French (IAG #28).
- applied for funding support from the Real Estate Foundation of BC for the development and implementation of a multi-year consumer education campaign to increase public awareness and help ensure that consumers have the knowledge and skills to make informed decisions about real estate transactions in their own best interests (IAG #28).