

RECBC

REAL ESTATE COUNCIL
OF BRITISH COLUMBIA



LICENSING FEE CHANGES

Supporting Efficient, Effective Real Estate Regulation

Real Estate Council of British Columbia

Consultation Paper
December 10, 2020

The Real Estate Council of British Columbia (RECBC) is a crown agency responsible for licensing and regulating the conduct of real estate professionals in British Columbia. Together with the Office of the Superintendent of Real Estate, RECBC is responsible for administering the *Real Estate Services Act* (RESA) to protect the public interest and prevent harm to consumers. RECBC has the authority to set licensing, application, assessment and education course fees for real estate professionals. These fees enable RECBC to regulate real estate professionals across the sector, including trading services (buying and selling), strata management and rental property management. RECBC does not receive any public funding.

What is Happening?

RECBC has reviewed the projected costs of regulating real estate professionals along with our forecasted revenues over the next three years. After careful consideration, we are proposing to increase bi-annual licensing fees by \$200 effective April 1, 2021. This fee increase will help to sustain and improve the oversight of the real estate sector. RECBC is consulting real estate professionals, the public, and industry stakeholders on the proposed change to licensing fees.

Why Are Fees Changing?

Licensing fees pay for the direct costs of regulating real estate professionals in BC.

That includes:

- making sure that licensing applications and renewals are reviewed carefully and processed efficiently, along with licence transfers, surrenders, and other frequent requests;
- conducting brokerage audits to help ensure that business processes and policies are compliant, and that the money entrusted to brokerages by members of the public is adequately protected;
- providing professional standards guidance and advisory services, as well as consumer and public education; and
- responding to inquiries and complaints from members of the public, conducting investigations, and disciplining real estate professionals in cases of misconduct.

There are also indirect costs of regulation: finance and accounting, communications, technology, stakeholder engagement, facilities and staffing, and more.

RECBC has successfully maintained the affordability of licensing fees in part through the operation of its mandatory education programs on a cost-recovery basis. Course fees are set by Council with the specific goal of recovering the costs of developing and administering the pre-licensing and continuing education programs. Setting course fees separately from licensing fees provides the necessary flexibility to meet the ongoing education needs of real estate professionals.

RECBC is always striving to make regulation of the real estate sector as efficient and cost effective as possible. However, as the sector continues to grow and change in BC, regulatory services must adapt and increases in costs are unavoidable. Over the past three years, the costs of regulating the real estate sector have increased significantly.

Current licence and assessment fees set in 2018 are no longer sufficient to keep pace with a rapidly changing industry, and additional funding is necessary to continue the improvements in service delivery that RECBC has initiated. The proposed fee changes will allow RECBC to continue to invest in systems and technology which are critical to maintaining public protection. RECBC will maintain its focus on increasing public awareness, enhancing the timeliness of processing complaints, conducting thorough investigations and administering appropriate and proportionate discipline for misconduct.

These initiatives will continue after RECBC's anticipated integration with the BC Financial Services Authority (BCFSA) and the Office of the Superintendent of Real Estate (OSRE) in 2021. While these changes are intended to improve service delivery for the public and licensees, the costs of real estate regulation are not expected to reduce following integration.

How Fee Changes will affect Real Estate Professionals

Changes to licensing fees will enable RECBC to continue to deliver service improvements for real estate professionals and achieve our vision: Public trust in ethical and competent real estate professionals.

Fees enable RECBC to deliver on regulatory objectives, including improving operations and modernizing service delivery. Fees also support the retention and attraction of skilled staff to support real estate professionals and consumers. Important technology improvements are underway to streamline and automate workflows, increase data security and improve the efficiency of licensing processes. The proposed fee change will enable RECBC to keep pace with the volume of inquiries and complaints it receives,

become more proactive in assessing the consumer impact of industry changes, and will minimize the risk of regulatory services being undermined from lack of funding.

RECBC's [Service Plan](#) performance measures for 2019/20 demonstrate our progress in enhancing public protection and service delivery through investments in technology and process improvements:



Reduced Inventory and Quicker Responses for Complaints

Investments in staff capacity and case management have increased the efficiency of investigations and resulted in a reduction in the inventory of complaints.



Faster Application Processing

Enhancements in our ability to process new licensing applications means quicker completion of new individual licences.



Expanded Education

Transformations in the development and delivery of regulatory education by transitioning the administration of education courses to RECBC in 2019.

The launch of the award-winning *Anti-Money Laundering in Real Estate* course, and the new *Ethics for the Real Estate Professional*, both adapted for virtual delivery.



Relaunched Consumer and Professional-Focused Website

The fully redesigned [RECBC website](#) launched earlier this year has been recognized for its enhanced accessibility, providing clear pathways for real estate consumers and professionals to key information.

Understanding Licensing Fees

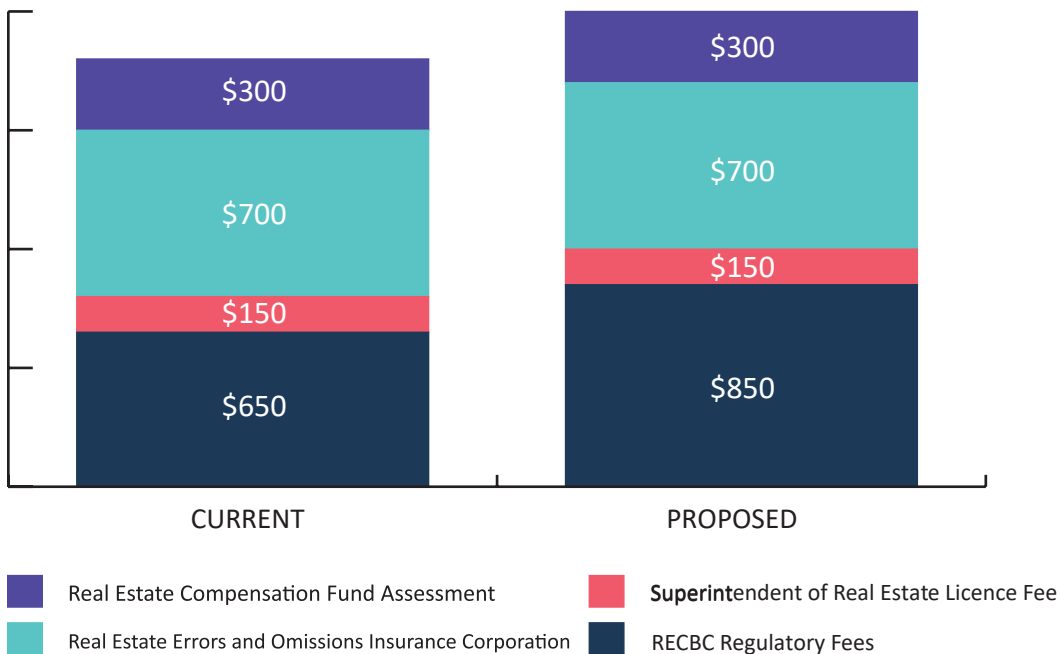
RECBC intends to increase its licensing assessment fee by \$200 effective April 1, 2021. This will mean that of the \$2,000 in total fees paid by first time applicants, \$850 will go to RECBC. For renewal applicants, \$800 out of a total \$1,650 will go to RECBC.

Currently, just over one third of the licensing fee real estate professionals pay every two years is retained by RECBC. The remainder of the fee is collected by RECBC on behalf of other organizations.

Below is a breakdown of what real estate professionals pay as part of their licensing fees, where the fees go, and how each component helps to strengthen the regulatory framework and increase consumer confidence in the real estate industry.

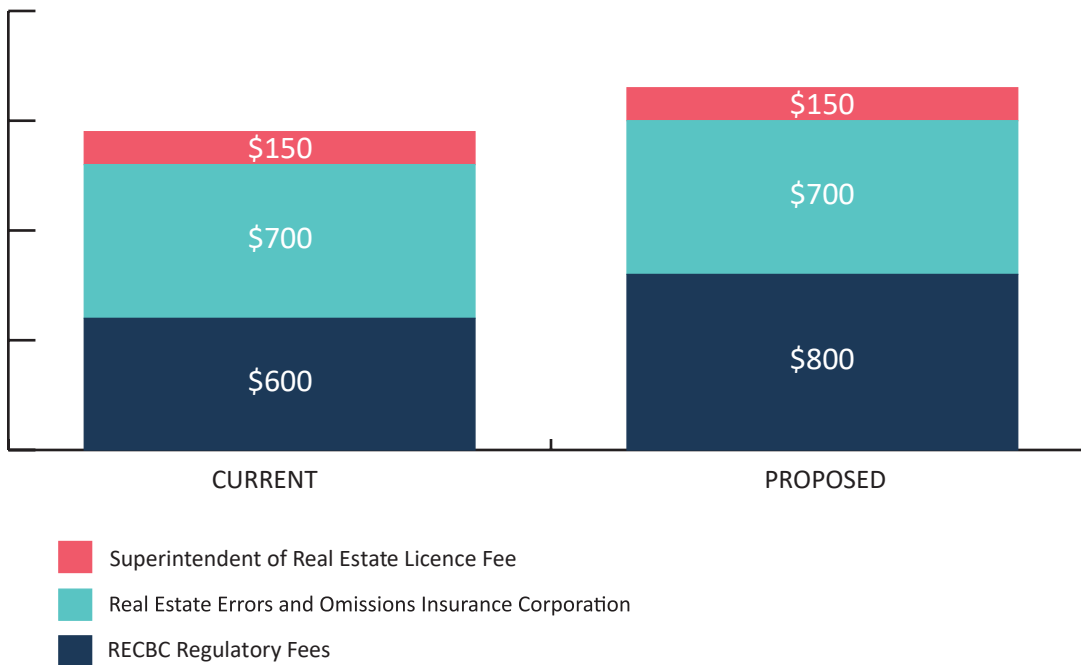
INITIAL LICENSING FEE COMPONENTS	CURRENT	PROPOSED
RECBC regulatory fees (<i>licensing, assessment and initial application</i>)	\$650	\$850
Office of the Superintendent of Real Estate	\$150	\$150
Real Estate Errors and Omissions Insurance Corporation	\$700	\$700
Real Estate Compensation Fund Corporation	\$300	\$300
Total fee first-time applicants pay to RECBC	\$1,800	\$2,000

Initial Licensing Fees



LICENCE RENEWAL FEE COMPONENTS	CURRENT	PROPOSED
RECBC regulatory fees (<i>licensing, assessment and renewal application</i>)	\$600	\$800
Office of the Superintendent of Real Estate	\$150	\$150
Real Estate Errors and Omissions Insurance Corporation	\$700	\$700
Total fee renewal applicants pay to RECBC	\$1,450	\$1,650

Renewal Licensing Fees



- the Real Estate Errors and Omissions Insurance Corporation (\$700)**
 - The Errors & Omissions assessment covers the costs of defending BC real estate professionals against claims. Every licensed real estate professional is required to participate in the fund, which protects them from financial loss from errors, omissions, or negligence, and ensures that consumers who have lost money because of a real estate professional’s negligence will be compensated. Find out more about [E&O coverage](#).
- the Real Estate Compensation Fund Corporation (\$300 on initial licensing)**
 - The fund provides protection if a member of the public suffers a compensable loss when money entrusted to a real estate professional or an unlicensed individual at a brokerage is misappropriated, obtained by fraud, or intentionally not paid over or accounted for. It is not required for renewal applicants. Learn more about the [Compensation Fund](#).

- **the Office of the Superintendent of Real Estate (\$150)**
 - o The Superintendent of Real Estate assessment ensures the Office of the Superintendent of Real Estate has the resources necessary to meet its mandate to strengthen governance of the real estate profession and enhance consumer protection. This includes oversight of RECBC and creating Rules to govern the conduct of licensed real estate professionals and brokerages. Learn more about the [Superintendent of Real Estate](#).
 - o It is anticipated that upon integration with BCFSa the \$150 Superintendent of Real Estate licensing assessment fee will be retained as a component of the overall licensing fee. This portion of the fee will continue to fund the policy and rule-making functions for real estate, the responsibility for investigating and disciplining unlicensed conduct, along with oversight of regulatory activity.
- **RECBC Licensing and Assessment (\$550) and Application Fee (\$100 on initial licensing; \$50 at renewal)**
 - o The portion of the licensing fees retained by RECBC is \$650 for first-time applicants, and \$600 for renewals.

RECBC intends to increase the licensing assessment fee by \$200 effective April 1, 2021.

For first time applicants, the total cost will increase to \$2,000.

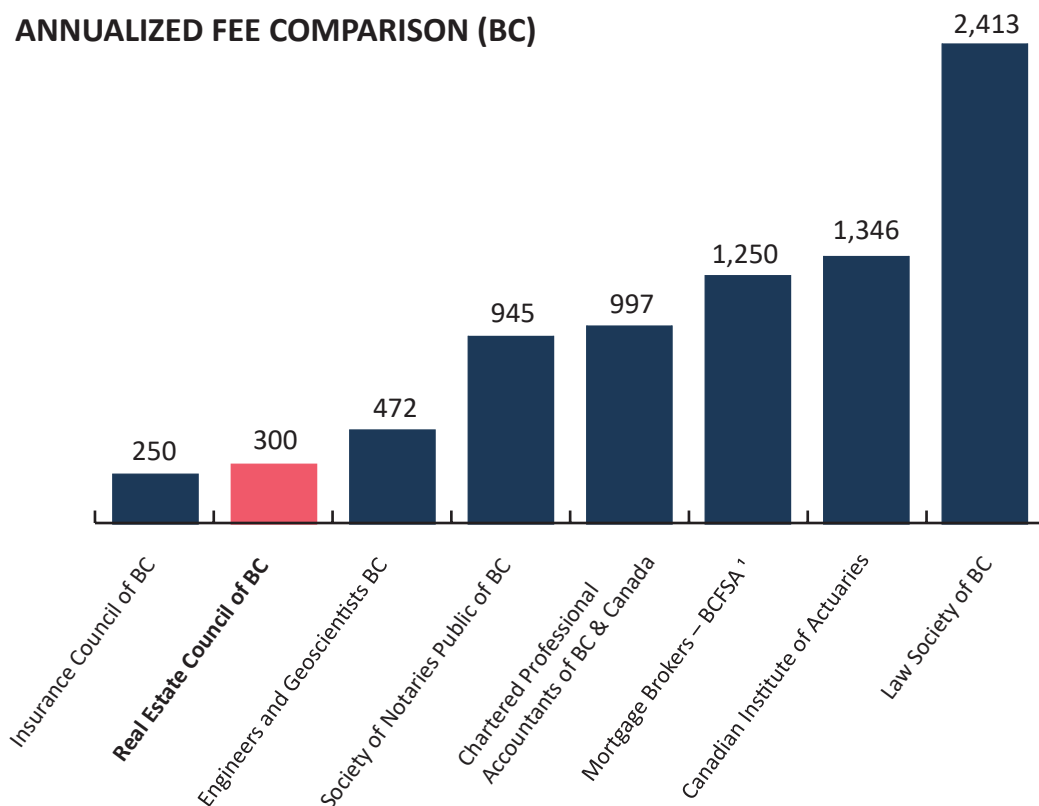
Renewals will cost \$1,650 every two years thereafter.

Licensing Fees Across Canada

Fee and cost comparison research with other Canadian real estate jurisdictions and other BC regulators confirms that RECBC licensing fees are cost-effective relative to the regulatory mandate and the number of licensed real estate professionals. Currently, RECBC's portion of the licence renewal fee is \$600 or \$300 annualized. The RECBC portion of the first time licence fee is currently \$650, or \$325 annualized.

The following table compares the annualized real estate licence renewal fee retained by RECBC to the annualized fees payable for licensing or registration of other professional groups in BC.

ANNUALIZED FEE COMPARISON (BC)



¹ Mortgage Broker of BC Registration Fee scheduled to increase \$500 to \$1,750 on April 1, 2022

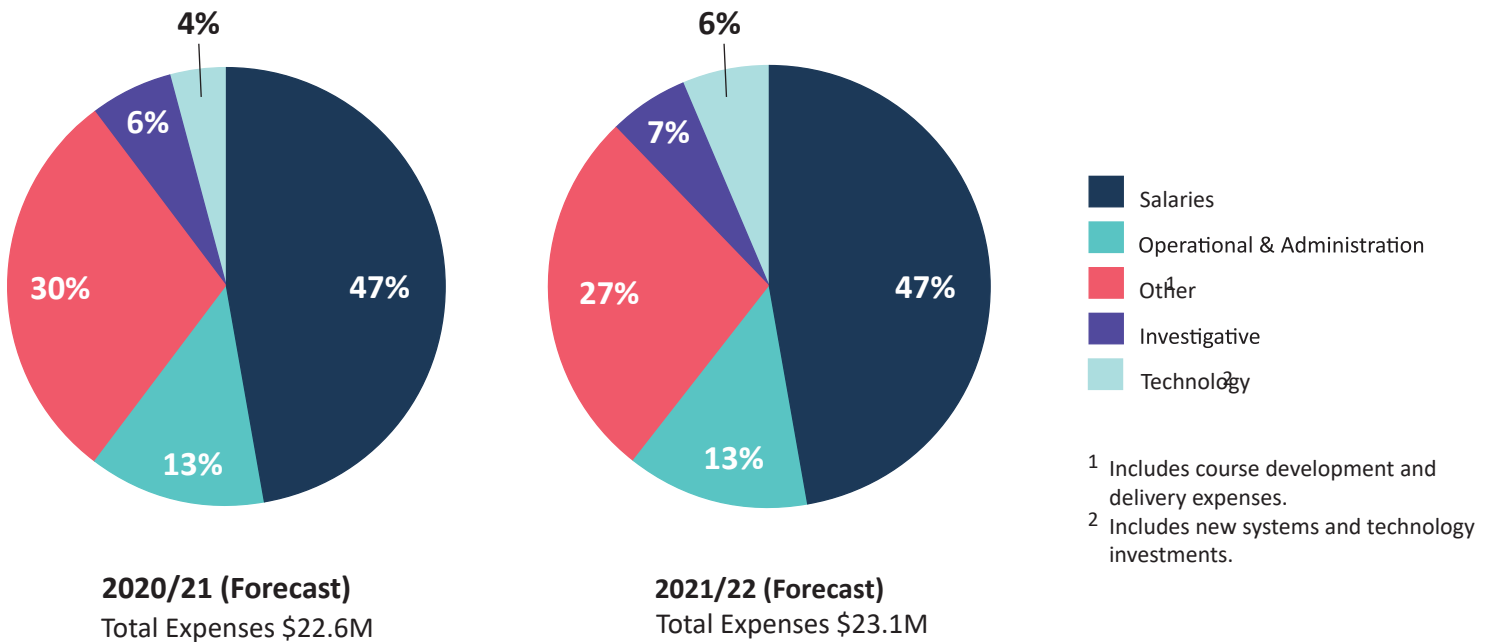
Licensing fees retained by RECBC are lower than those for real estate professionals in many other jurisdictions across Canada, including Quebec, New Brunswick, Alberta, Manitoba, and Nova Scotia, as shown in the table below.

Jurisdictional Comparison of Real Estate Professional Fees

LICENCE RENEWAL FEE (ANNUALIZED)	RECBC BC	OACIQ QC	NBREA NB	RECA AB	MSEC MB	NSREC NS	SREC SK
Licence fee	\$100	\$987	\$536	\$475	\$400	\$385	\$355
Assessment fee	\$175	\$240	\$50	-	-	-	-
Application fee	\$25	\$114	-	-	-	-	-
Total regulatory fee	\$300	\$1,341	\$586	\$475	\$400	\$385	\$355

Changing licensing fees will help ensure real estate professionals can continue to receive timely, responsive licensing services, valuable education programs and professional practice guidance, strong regulatory oversight, and reduced risk of public harm; all of which supports increased public trust in the profession. Each of RECBC’s core business areas is focused on contributing to the achievement of these goals and are reflected in the expense forecast chart below:

EXPENSE FORECAST



We know the value real estate professionals provide to consumers and the public. We are committed to continuing to deliver high quality services to enable real estate professionals to do their jobs safely and effectively.

How to Provide Input

Let us know your feedback. You can participate in the consultation on licensing fee changes by completing our online survey. The survey takes approximately 5 – 10 minutes to complete. Your survey responses are anonymous.

[Access the survey](#)

The survey will be open until January 10, 2021.