

# Meeting Minutes

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Minutes of the meeting of the Real Estate Council of British Columbia held at 9:00 am on Tuesday, September 11, 2018 in the Pacific Room of the Metropolitan Hotel in Vancouver.

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**Present:** L. Allen, J. Daly, R. Gialloreto, R. Holmes (*Chair*), L. Hrycan, K. Lonsdale, G. Martin, E. Mignosa, N. Nicholson, S. Sidhu, T. Styffe

**Support Staff:** D. Avren, L. Holst, M. Peters, M. Scott, E. Seeley, P. Skinner, G. Thiele, B. Chu

**Regrets:** S. Heath, M. Wong, L. Sterritt

**Presenters:**

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## PROCEEDINGS

The Chair welcomed everyone and called the meeting to order at 9:05 am.

The Chair acknowledged the First Peoples on whose traditional territories we live and work. The land where this meeting is held is the traditional, ancestral, and unceded Indigenous territories of the Musqueam, Squamish, and Tsleil-Waututh First Nations.

The Chair welcomed the two new Council members: Linda Allen and Neal Nicholson. Each new Council member provided a short introduction.

The Chair introduced David Avren, the new Director, Legal Services and Compliance, and wished the outgoing Director, Legal Services, G. Thiele, best wishes in his retirement.

The Chair welcomed observing guest, Ruth Hanson, managing broker of Sotheby Realty.

## IN CAMERA SESSION #1

**UPON MOTION IT WAS RESOLVED TO:** move the meeting business to *in camera* and limit it to Council members, the Executive Officer, and the other Council staff already present.

*R. Hanson left the meeting at 9:15 am.*

## PROCEEDINGS

The Chair returned to the open portion of the proceedings at 9:47 am.

*R. Hanson returned to the meeting at 9:47 am.*

## CONSENT AGENDA

**UPON MOTION IT WAS RESOLVED TO:** approve or accept the following Consent Agenda items:

- 1) The Meeting Agenda for September 11, 2018, approved as presented;
- 2) Quorum and declaration of conflicts of interest (quorum satisfied; no conflicts declared);
- 3) The Minutes of the July 10, 2018 Council meeting, approved as presented.
- 4) The internal financial statements to July 31, 2018 accepted; and
- 5) The update on office renovation budget and costs to date accepted.

## **BUSINESS ARISING FROM PREVIOUS MEETING**

### Regulatory Control of Forms

The Independent Advisory Group's (IAG) Report recommended that the Real Estate Council of BC (Council) "focus more attention on the forms and contracts used by licensees, to ensure they reflect an appropriate emphasis on consumer protection and the public interest".

B. Woolley, QC provided his recommendations regarding review of service contracts in a memo to which Ms. Seeley and Mr. Thiele spoke.

**UPON MOTION IT WAS RESOLVED TO:** direct staff to undertake the following next steps:

- 1) Assemble information on complaints relating to service agreements;
- 2) Consider whether the service agreements are consumer friendly and contain reasonable terms; and
- 3) Pending the results of 1) and 2), consider if new Rules might be necessary to mandate or prohibit certain terms in service agreements.

## **NEW BUSINESS**

### Delegated Authority to Manager, Legal Services

Manager, Legal Services is a new unfilled position that will report to the Director, Legal Services and Compliance and assume responsibility for oversight of the day to day prosecutorial activities. As such, this will require the Council to delegate authority to this Manager as the Director does not have authority to delegate any of his own authority. This is a forward looking motion as the Council is looking to fill this position in the near future.

**UPON MOTION IT WAS RESOLVED TO:** delegate, pursuant to section 82 of *Real Estate Services Act* (RESA) and effective September 11, 2018, to the Manager, Legal Services all of its powers of duties under RESA, the Regulations, the Rules and the Bylaws except as follows:

#### RESA sections

- |        |                                                                                |
|--------|--------------------------------------------------------------------------------|
| 13     | Refusal to issue or renew a licence (only exception is qualification hearings) |
| 24     | Cancellation or suspension of a licence if qualification not met               |
| 91     | Council appointment of members of Real Estate Foundation Board                 |
| 100    | Council appointment of members of Real Estate E&O Insurance Corp. Board        |
| 110    | Council appointment of members of Compensation Fund Corp. Board                |
| 116(2) | Special assessment of licensees for compensation fund                          |

117(4) Request for information from the compensation fund corporation

Regulations sections

10.5(2) Refusal to issue a Personal Real Estate Corporation licence

Rules sections

5-9(4) Form approved by the Council (Disclosure of Interest in Trade)

5-10 Form approved by the Council (Representation)

5-10.1 Form approved by the Council (Risks)

5-11.1 Form approved by the Council (Remuneration)

5-17 Form approved by the Council (Dual Agency)

5-18 Form approved by the Council (Conflicts)

8-5 Form approved by the Council (Trading Records)

8-5.1 Form approved by the Council (Referral Fees Received)

8-5.2 Form approved by the Council (Referral Fees Paid)

Bylaws sections

2-10 Auditor appointed by the Council

4-1 Form approved by the Council (Application)

4-5(2) Form approved by the Council (Financial Statement and Certificate for New Brokerage Application)

4-9 Form approved by the Council (Brokerage Accountant's Annual Report)

4-9.1 Form approved by the Council (Solemn Declaration in lieu of Accountant Report)

4-10 Form approved by the Council (Brokerage Activity Report)

4-11 Form approved by the Council (Brokerage Winding Up Report)

FINTRAC MOU

A recommendation from the IAG Report is that the Council should use existing regulatory powers to encourage licensees to comply with all rules that govern their conduct. One existing regulatory power is the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). FINTRAC and the Council have been working together to develop a Memorandum of Understanding (MOU). The MOU will provide opportunities to work with FINTRAC to take action, where appropriate, against non-compliance and to raise the level of compliance in the real estate profession generally through education, training and resources for managing brokers.

**UPON MOTION IT WAS RESOLVED TO:** subject to legal review, authorize the Executive Director to execute a Memorandum of Understanding on behalf of the Council with FINTRAC.

Executive Officer's Report

Ms. Seeley provided an update on the activities of the Council and its staff since the last Council meeting. Notably, she has been meeting with staff in the Ministry of Finance and the release of the Perrin regulatory review report is expected later this month. The Council and the Office of the Superintendent of Real Estate (OSRE) are currently working on two projects intended to re-examine the role of managing brokers in the regulatory context, and enhance ethical conduct of licensees. Staffing up at the Council is underway, with a forecast of 70 full time staff in the current fiscal year.

Implementations of a performance framework and employee goal setting to align with the strategic plan have also been initiated. Finally, a consultant has been contracted to provide interim management services leading technology planning and risk management until the Director, Operations is hired.

#### Communications Update – Managing Broker Listening Tour and Consumer Campaign

Ms. Peters provided an update from the Communications Department. One of the main projects is the consumer campaign, where the goal is to provide proactive material about the new Rules and the role of the Real Estate Council for consumers. The campaign is split into two phases, where phase 1 is the introduction of the new rules and phase 2 is to bring broader awareness to consumers. Bridge Communications was hired to conduct phase 1. Brief animated videos are under development to help consumers understand the disclosure rules and new forms. Consumer campaign deliverables will include videos, fact sheets, infographics, and digital and social medial content.

Another notable project is the “listening tour” which started in August and is still ongoing. Ms. Seeley and Ms. Skinner have been meeting with various real estate boards and managing brokers across the province and listening to their thoughts on the impacts and implementation of the new rules. Their insights will be summarized in a report to OSRE due November 15, 2018, to provide an overview of the first 90 days of implementation of the new rules. A draft of the key report topics will be presented to Council at the October meeting.

Finally, stakeholder engagement has been undertaken with rental property managers to develop a new licensee disclosure form that will reflect the information needs of tenants who face different risks and challenges than buyers or sellers. There is also a need for more training for rental property managers in terms of when and how to use the representation disclosure forms with consumers.

#### Strata Property Management Disclosures

At its meeting on April 4, 2018, the Strata Management Services Advisory Group (SMSAG) raised concerns relating to the proper disclosure of remuneration and benefits from third parties. Ms. Skinner, staff liaison for SMSAG, presented a memo summarizing some of the issues related to consumer disclosures and recommending next steps.

Council directed staff to undertake the following next steps:

- 1) Initiate a review of the current remuneration disclosure forms for strata;
- 2) Develop a public education piece on this issue; and
- 3) Review Professional Standards Manual guidance.

Council also requested that the members of the SMSAG be reminded that if licensees are aware of any instances of improper disclosure, they should bring those concerns to the Council in the form of a complaint.

#### **IN CAMERA SESSION #2**

**UPON MOTION IT WAS RESOLVED TO:** move the meeting business to *in camera* and limit it to Council members, the Executive Officer, and the other Council staff already present.

*R. Hanson left the meeting at 11:25 am.*

## **PROCEEDINGS**

The Chair returned to the open portion of the proceedings at 12:59 pm.

### **REPORT FROM EDUCATION AND LICENSING COMMITTEE**

#### Meeting Package and Minutes from August 29, 2018

The Council reviewed the meeting package and draft minutes of the Education and Licensing Committee from its August 29, 2018 meeting.

#### **UPON MOTION IT WAS RESOLVED TO:**

- 1) approve the Education Advisory Group Terms of Reference as presented and reviewed; and
- 2) approve the Education Advisory Group 2018-19 membership slate.

### **REPORT FROM GOVERNANCE COMMITTEE**

#### Meeting Package and Minutes from August 30, 2018

The Council reviewed the meeting package and draft minutes of the Governance Committee from its August 30, 2018 meeting.

**UPON MOTION IT WAS RESOLVED TO:** adopt the Internal Management Policies, Code of Conduct and Conflict of Interest Guidelines as presented and reviewed.

#### Publication Bylaw and Policy

The Council reviewed a memo from Mr. Thiele dated August 31, 2018, regarding a new Publication Bylaw and revised Publication Policy.

#### **UPON MOTION IT WAS RESOLVED TO:**

- 1) approve the Publication Bylaw as presented and reviewed; and
- 2) approve the Publication Policy as presented and reviewed.

### **IN CAMERA SESSION #3**

**UPON MOTION IT WAS RESOLVED TO:** move the meeting business to *in camera* and limit it to Council members only.

**Next Meeting:** October 23, 2018.

### **ADJOURNMENT**

There being no further business to transact, the meeting was adjourned at 1:15 pm.