



Real Estate Act Amendments and Reorganization of RECA

How this affects NAIOP members

For several years now NAIOP Calgary has been advocating on behalf of several of its members for changes to the *Real Estate Act*, RSA 2000 c R-5 (the "**Act**"), its associated regulations, or the rules promulgated by the Real Estate Council of Alberta ("**RECA**"). Several institutional owners and property managers of commercial real estate in Alberta ("**Institutional Owners**") have been subject to overly burdensome and unnecessary regulatory oversight by RECA. In particular, RECA's requirements for continuous disclosure relating to corporate governance and ownership matters has required Institutional Owners to spend an inordinate amount of time, money and effort to comply.

The recent amendments to the Act and reorganization of RECA to include industry councils give NAIOP members the opportunity to sit on these RECA councils and board and work towards making changes to RECA's rules to reduce the red tape affecting our industry.

Excerpted below is the press release issued by Service Alberta, with links to the Act and amendments. Below that is the link to the Government of Alberta's job postings for the RECA Councils and Board. We encourage our Institutional Owners to put forward candidates for these positions, as applicable. The deadline for applications is August 31, 2020.

Please contact Guy Huntingford guy.huntingford@naiopcalgary.com or Bob Homersham rhomersham@stikeman.com if you have any questions.

Sincerely, on behalf of, NAIOP Calgary

A handwritten signature in black ink that reads "Guy Huntingford". The signature is fluid and cursive, written in a professional style.

Guy Huntingford
Director Strategic Initiatives
NAIOP Calgary

Excerpts from the press release issued by Service Alberta

Overview

A third-party review, conducted by KPMG and completed in late spring 2019, found significant concerns with the performance of RECA and identified the need for urgent governance reform. It was the first formal review of the RECA conducted under the authority of the *Real Estate Act* since it was established in 1996.

To address this dysfunction:

- [*Real Estate Amendment Act, 2019*](#) (Bill 15) came into force in October 2019 to address immediate performance concerns and enabled the transition to a more effective governance structure.
- [*Real Estate Amendment Act, 2020*](#) (Bill 20) passed in June 2020 to restructure and refocus RECA with a mandate on licensing and regulating Alberta's real estate sector – a continuation of action addressing severe problems with the council's governance.

The amendments in these acts are supported by the recommendations of the review.

Key reforms

Real Estate Amendment Act, 2020 (Bill 20)

Bill 20 will restructure the RECA:

- The new structure would consist of a board of directors and four new industry councils:
 - residential real estate agents and brokers
 - commercial real estate agents and brokers, and commercial property managers
 - mortgage brokers
 - residential property managers and condominium managers
- These new industry councils would identify and address emerging issues in the real estate sector, setting standards and rules and determining licensing requirements.
- The board of directors would oversee the RECA's strategic direction and operations of the organization and help coordinate the industry councils.

Bill 20 will also:

- remove services beyond the scope of the RECA's newly focused mandate, including:
 - education
 - professional advice beyond regulatory information
 - promotion of the real estate industry
 - setting standards beyond the minimum for licensing and transactions
- end oversight of real estate appraisers, as they are already self-regulated through their own industry associations
- introduce new business and financial reporting requirements to improve the RECA's transparency and accountability
- require mandatory governance training and dispute resolution procedures be established for all board of directors and industry council members to improve the identification and resolution of issues
- create improved intervention measures allowing the minister to ensure the RECA meets its commitments and performs its duties

Next steps

- Bill 20 received royal assent on June 17, 2020 and will take effect upon proclamation
- The real estate industries will elect representatives to the industry councils. We will work with industry members to support representative elections and continue working with RECA and industry stakeholders to ensure a smooth transition
- A process will be established to make public member appointments to each industry council and the board

Job Posting for Chair and Public Members (Real Estate Council of Alberta)

https://www.linkedin.com/jobs/view/1971362507/?refId=243c407f-7d0c-45ac-984a-657c80074685&trk=eml-sjr-read-more&midToken=AQGY8AT98AtH-Q&trkEmail=eml-email_jobs_saved_job_reminder_01-null-1-null-null-1q27xy~kduke2eo~b8-null-jobs~view