



# THE REGISTER

SREC Newsletter

March 2018

## In This Issue...

Each issue of *The Register* is designed to focus on trending issues in the real estate industry of Saskatchewan as well as offer educational moments and registrant-specific information and reminders. In this edition, we have several articles of importance to all registrants.

- 1) Are you a registrant in Region 3, Rural? There will be an **election** to fill 2 spots on the Commission representing your region. See details on page 2.
- 2) If you are a broker, don't forget to **file your online Annual Financial Report by March 15th!** Info on page 4.
- 3) Still confused about **which organization does what in our industry?** We've broken it down for you on pages 6 & 7.
- 4) Wondering what's going on with the **transition to our new education program and provider?** Read the update on page 10.

We are very interested in hearing from our registrants. What information do you need? What would be helpful? As always, please do not hesitate to contact us with any questions, concerns, or ideas you might have.

We hope you enjoy this issue!



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*The Commission, the Association and the local boards: working together to improve the industry.*

## Introducing...



A new face has joined the office of the Saskatchewan Real Estate Commission.

Darla Hufsmith (CPA, CA), joined the staff at 237 Robin Crescent in Saskatoon on January 2, 2018 in the position of Controller. Darla comes to us from the YWCA in Saskatoon where she was the Director of Finance and Administration.

In her new role as Controller for the Commission, Darla is in charge of the Commission's financial department and manages everything from the budget to annual financial reporting.

The position of Controller is also new to the Commission, and it is with much excitement that we welcome Darla to our staff and operations.

## Commission Member Elections - Region 3, Rural

Pursuant to Section 6 of *The Real Estate Act* and Bylaw 216.2, the Commission is made up of 11 members, six of whom are elected by other industry members, representing each of three regions: Region 1 – Saskatoon, Region 2 – Regina, and Region 3 – Rural (all areas of the province outside of Saskatoon and Regina). Elected members serve a three-year term commencing July 1<sup>st</sup> following the election.

### This Year's Election

Presently, Region 3 is represented on the Commission by Jeff Markewich of Moose Jaw, and Vern McClelland of Lloydminster. The current term of office for both expires on June 30, 2018.

### Election Process

Nomination forms were distributed in January to all registrants in Region 3 and an open call for nominations was made. Candidates had to be a registrant with a brokerage in Region 3 in order to qualify to be nominated for election in the region.

Three nominees have been submitted for the two available positions:

- ⇒ Lynn Chipley - Estevan
- ⇒ Doreen Heinbigner - Moose Jaw
- ⇒ Vern McClelland - Lloydminster.

An election will be called as per the Commission Bylaws, and all brokerages in Region 3 will receive voting instructions at that time.

Candidate profiles and biographies will be distributed to all Region 3 registrants/brokerages via email shortly. Please review the information about our nominees to acquaint yourselves with their backgrounds prior to election time.

The Commission extends our congratulations to the nominees and wishes everyone the best of luck in their campaigns.

For further information with respect to Commission makeup and the election process, please refer to Section 6 of [The Real Estate Act](#) and to Part 2 of the [Commission Bylaws](#).

## FYI & FAQs...

The Commission receives many inquiries from registrants and the public who have similar questions and concerns. We hope that the following information can help address some of the most popular issues.

### **I want to buy a brokerage and merge it with my existing one. Can I just change the name and get started?**

**NO!**

To be in compliance with legislation and to ensure all parties to the transaction are duly protected, several steps must be followed:

- 1) The individual who is running the brokerage MUST be qualified to be registered or already registered as a broker (see [education](#) and [registration](#) information on our website.)
- 2) If one brokerage is closing (or being merged with another), the broker(s) must consult with the Commission and follow the appropriate steps for closure, including, but not limited to, filing a Notice of Termination and an Annual Financial Report, performing the appropriate transfer of trust funds, and making an IBTA report.
- 3) Don't forget about the salespeople in the affected brokerages. The Commission must receive written notice declaring the termination of all registrants in one brokerage and their transfer to the other brokerage.
- 4) All outstanding listing contracts and accepted offers to purchase held by the closing brokerage must be appropriately amended to the new brokerage. All amendments must be signed by all parties to the transaction.

These are only a few steps that need to occur before a brokerage can close or open. Many steps can be handled through your Broker account on the Commission's website database. However, *all notifications and approvals must go through our Registration Administrator, Gail Armstrong ([garmstrong@srec.ca](mailto:garmstrong@srec.ca)), and the Registrar.*

### **I want to get paid for real estate transactions under my business, not personally. Is there something I have to do?**

**YES!**

If you have incorporated yourself to receive payment as a business, several rules apply to you.

- 1) You must obtain a Certificate of Incorporation from the Corporate Registry department of the Information Services Corporation (ISC).
- 2) You must provide the Certificate of Incorporation to the Commission, apply for a Professional Corporation (PC) Permit, and pay applicable fees.
- 3) Each year, *by December 1*, you must renew your PC Permit with the Commission by providing your new/renewed Certificate of Incorporation and paying the renewal fee.

*Note: A PC Permit is not a substitute for being registered to trade in real estate, nor does it grant trading privileges.*

### **My brokerage is being audited. What does that mean?**

All brokerages will be audited from time to time, and new brokerages will be audited within their first year. The Commission hires independent auditors to review brokerage trust transactions. The auditor provides the brokerage with recommendations for improvement, which are copied to the Commission.

After the initial trust audit is performed, a compliance audit is completed on a sampling of transactions. Any issues are communicated to the brokerage for its attention and remedy.

Audits are not intended to initiate compliance proceedings, but are teaching and learning tools for everyone.

Questions? Please let us know!

# Brokerage Annual Financial Reporting

## **Submit by March 15, 2018!**

*It's preparation time for annual financial reporting by brokerages.*

### **The Legislation:**

The Commission's mandate includes consumer protection. Annual Financial Reports (AFR), from brokerages are an essential part of this protection. The AFR allows the Commission to review how brokerages are managing the funds entrusted to them, as well as other information.

*The Real Estate Act* stipulates that all brokerages are required to maintain an interest bearing trust account (IBTA), for monies received in trust for a trade in real estate. Bylaw 606 states all brokerages must file an annual financial report for the previous calendar year with the Commission. The purpose of these reports is to communicate to the Commission a summary of the brokerage's operations over the past calendar year. The Commission conducts audits on these accounts to ensure compliance with the *Act*.

### **Online Filing:**

To file your brokerage's report, **sign into your brokerage screen** where you normally conduct such transactions as adding salespersons. The top section of the page is related to the brokerage. Look to the far right for the Actions box and click on the drop down menu. "*File annual financial report*" is the selection you are looking for; press the **GO** button.

The Commission has posted an instructional guide on the bottom right of your brokerage screen for assistance with the process. Go to Forms > Trust Account Forms > Annual Financial Report Guide.

***Reports for the 2017 year must be filed on or prior to March 15, 2018.***

***The report is not considered complete until all requested and supporting documentation is received by the Commission.*** Supporting documents may be clearly scanned as PDFs and emailed to [info@srec.ca](mailto:info@srec.ca). You may also fax them to (306)373-2295 or mail to 237 Robin Crescent, Saskatoon, SK S7L 6M8. Whichever method you choose to submit your documentation, please send ONE copy only. **All supporting documentation must be received by, or postmarked no later than March 15, 2018.** You should retain all originals with your file records.

### **Late Submission:**

In accordance with Commission Bylaw 407, a ***late submission fee of \$1,500.00*** will be levied against each brokerage whose *complete* report and supporting documentation are received dated/postmarked after March 15, 2018.

If you have any questions, concerns or difficulties regarding the filing process, please contact Gail Armstrong at [info@srec.ca](mailto:info@srec.ca).

## How to Deal with Rented Furnaces or Water Heaters on an Offer to Purchase

In some areas of Saskatchewan, furnaces or water heaters are rented from suppliers instead of owned by the homeowners.

As these appliances are typically considered fixtures that will change hands with the property:

- 1) The listing should indicate that the furnace or water heater is rented, and
- 2) The contract of purchase and sale should specifically state
  - a. that the furnace or water heater is rented, and
  - b. how the parties will deal with the rental.

Paragraph 6.2(c) of the *Residential Contract of Purchase and Sale* asks the buyer to indicate whether or not the water heater is included in the purchase price. If a rented water heater is marked as being included on an offer received by a seller, the seller should respond with a counter offer indicating that the water heater is rented and how the parties will deal with the rental.

**It is up to the buyers and sellers to decide how to proceed in the case of a rented furnace or water heater.**

The seller's agent should begin by talking to the seller about the terms of the rental agreement to get a sense of what the seller can and cannot do with respect to the rented appliance. The buyer's agent should contact the seller's agent for information about the rental agreement and talk to the buyer to find out how they would like to proceed. For example, the buyer could choose to purchase a furnace or water heater to install in place of the rented unit or the seller may be able to assign the lease of the appliance to a third party.

If, after speaking to the registrants involved, the buyer or seller is unsure of the terms of the rental agreement, how the rented appliance should be dealt with, or how to write out the terms of the agreement, the buyer and seller should seek legal advice.

### 2018 Dates to Remember

**March 15**  
Brokerage  
Annual  
Financial  
Reports due

**March 8 (Regina)**  
**June 6 (Saskatoon)**  
Regular Commission  
meetings

**June 6 - 8**  
Real Estate  
Regulators of Canada  
(RERC) Conference

**May 16-June 30**  
Registration renewals

**May 31**  
CPD completion  
deadline

**July 1**  
Registration year  
begins

**Oct. 15-Dec. 31**  
Professional  
Corporation permit  
renewals

## Who Does What?

### *Understanding the Differences between the Commission, the Association, & the Superintendent of Real Estate*

#### **The Saskatchewan Real Estate Commission (SREC)**

The Saskatchewan Real Estate Commission (the Commission), is the regulatory body for real estate in the province of Saskatchewan. Its mission is,

*“To protect the public interest by ensuring that registrants act within a professional framework that promotes ethical conduct and integrity and strengthens consumer trust and confidence.”*

What exactly does that mean?

In order to protect the public interest, the Commission ensures that all real estate practitioners (registrants), are educated, registered, and following the standards of practice as outlined in *The Real Estate Act*, its Regulations and the Commission’s Bylaws.

#### *Education:*

All individuals wishing to become real estate practitioners must complete the mandatory pre-registration training. Details are on the Commission’s website: <http://www.srec.ca/edctnguide.asp>.

In addition, in order to maintain registration, all registrants must complete mandatory annual continuing professional development (CPD). See the website for further information: <http://www.srec.ca/reginfocpd.asp>.

#### *Registration:*

All individuals who have successfully completed the mandatory pre-registration education can apply for registration with the Commission. Applicants must meet several requirements before registration is granted. The application process is described in detail on the webpage: <http://www.srec.ca/reginfoereginfo.asp>.

#### *Regulation, Compliance & Discipline:*

The Commission enacts bylaws to ensure all registrants act in a professional manner while protecting the public interest. It investigates all complaints regarding registrants and possible contraventions of the legislation. If an investigation shows a registrant has indeed breached legislation and failed to act in the best interests of the public, the Commission will proceed with the discipline and hearing process.

#### **Contact Information:**

See [Contact Us](#) on our webpage for details.

Website: [www.srec.ca](http://www.srec.ca)

Twitter: [@SREC\\_comm](#)



## The Association of Saskatchewan REALTORS® (ASR)

The Association of Saskatchewan REALTORS® (the Association/ASR), is a voluntary membership body for registrants. Membership with the Association is not required to be a registrant, but each real estate board and brokerage has its own rules about salesperson membership.

The Association is the provincial representative of the national membership body, the Canadian Real Estate Association (CREA), and as such, also supports the local boards across Saskatchewan. Through membership with CREA and the Association, REALTORS® have access to the Multiple Listing Service® (MLS®), which is available exclusively to members, educational opportunities, and other membership support services.

REALTOR® is a registered and trademarked name used only by those who have membership with CREA. The Association does not regulate or oversee matters related to *The Real Estate Act*, but CREA maintains a “Code of Ethics”, which is the formal REALTOR® professional standards document. The Association, with the help of the local boards, helps enforce this Code in Saskatchewan. They are also concerned with promoting high professional standards, cooperation within jurisdictions, developing good relations between the industry and the public, and ultimately improving quality of service to the public.

### Contact Information:

**Website:** [www.saskatchewanrealestate.com](http://www.saskatchewanrealestate.com).

**Facebook:** [www.facebook.com/SaskREALTORS](http://www.facebook.com/SaskREALTORS)

**Instagram:** [saskrealtors](https://www.instagram.com/saskrealtors)

**Twitter:** [@SaskREALTORS](https://twitter.com/SaskREALTORS)

**YouTube:** [Association of Saskatchewan REALTORS®](https://www.youtube.com/AssociationofSaskatchewanREALTORS)



**ASSOCIATION OF  
SASKATCHEWAN  
REALTORS®**

communicate · educate · advocate

### Local Member Boards:

Association of Regina REALTORS® (ARR), and Regional Councils

Prince Albert & District Association of REALTORS® (PADAR)

REALTORS® Association of Lloydminster & District (RALD)

Saskatoon Region Association of REALTORS® (SRAR), and Regional Councils

## Financial and Consumer Affairs Authority (FCAA) & the Superintendent of Real Estate

The Financial and Consumer Affairs Authority (FCAA) protects consumer and public interests and supports economic well-being through responsive marketplace regulation. It protects Saskatchewan consumers by regulating financial products and service providers in an effective, efficient and balanced manner.

The mandate of FCAA is to oversee the protection of consumer interests through licensing, registration, audit, complaint handling and enforcement activities pursuant to various provincial statutes.

FCAA exercises its influence and legislated authority to hold to account those who have violated the rules. Enforcement may be initiated based on information from complainants, information obtained from audit and compliance activities or from other sources.

The FCAA has five divisions to oversee these functions, one of which is the Insurance and Real Estate Division, which protects real estate buyers and sellers by overseeing the Commission with respect to the real estate brokers and salespersons and the rules it applies to those intermediaries.

The Superintendent of Real Estate is responsible for the general administration of the *Act* and works with the Saskatchewan Real Estate Commission to regulate the real estate industry. The Superintendent carries out this role by approving all Commission bylaws and hearing appeals from Commission disciplinary decisions.

### Contact Information:

**Website:** <http://www.fcaa.gov.sk.ca/>

### Superintendent of Real Estate:

Suite 601, 1919 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H2

Phone: (306) 787-6700



## Commission Disciplinary Action

*Complete Commission hearing decisions can be found on our website through the links provided at the end of each summary.*

*The Commission is also proud to promote our presence on CanLII, [here](#) (full coverage from Jan, 2004).*

### **Bihua (Betty) Lin (salesperson), Select Realty Saskatoon Ltd. (formerly Re/Max Saskatoon)**

**Date of Decision:** November 10, 2017

**Violation:** Ms. Lin was charged with professional misconduct contrary to section Bylaw 701(a) by making a document required by the *Act*, the regulations or the bylaws that contained an untrue statement of a material fact.

**Details:** Ms. Lin assisted a buyer client in writing an offer to purchase a property. The offer indicated that a \$20,000 deposit had been received by her brokerage and was to be deposited within two days of the acceptance of the offer. At the time Ms. Lin assisted the Buyer in writing the offer to purchase the property, neither her brokerage nor Ms. Lin had received the \$20,000 deposit. The offer to purchase also incorrectly indicated that the Seller's Brokerage was Ms. Lin's brokerage.

A conditional contract of purchase and sale was established, but the Buyer did not remove conditions and the transaction collapsed. Neither Ms. Lin nor her brokerage ever obtained a deposit from the Buyer. There was no deposit to be deposited within two business days of acceptance.

**Disposition:** The Hearing Committee agreed with the consent order filed by the parties, found Ms. Lin guilty of the charge and ordered that she receive an order of reprimand and a \$2,000 fine.

**The entire written decision of the Saskatchewan Real Estate Commission in the Matter of Bihua (Betty) Lin dated November 10, 2017 can be viewed on the Commission website at <http://www.srec.ca/pdf/2014-70.pdf>.**



## Commission Disciplinary Action

### Floyd Baldwin (formerly associate broker, Century 21 Prestige Real Estate)

**Date of Decision:** January 25, 2018

**Violation:** Mr. Baldwin was charged with professional misconduct contrary to section 39(1)(a) of *The Real Estate Act* for using a poorly amended Seller's Brokerage Contract in a manner that was misleading, which was harmful to the best interests of the public, the registrants or the Commission.

**Details:** The Seller privately listed his home for sale. Sometime thereafter, the Seller contacted Mr. Baldwin and requested his assistance in selling the Property. The Seller made it clear that he did not want Mr. Baldwin to list the Property for sale. Mr. Baldwin and the Seller verbally agreed that Mr. Baldwin would receive 3% of the sale price as a commission if he found a buyer.

Mr. Baldwin found a buyer and assisted her in writing an offer to purchase the Property. Mr. Baldwin was listed as the salesperson representing the Buyer on the offer. Where the Seller's Brokerage should be indicated on the Residential Contract of Purchase and Sale, Mr. Baldwin wrote "N/A". The Seller accepted the Buyer's offer.

To document their agreed commission on the sale price, Mr. Baldwin provided the Seller with an In-House Exclusive Seller's Brokerage Contract. In two places on the document, Mr. Baldwin crossed out the word "Seller's" and wrote in "Buyer's" where it would normally say "Seller's Brokerage", but he did not make any other changes. The Seller was named as the owner of the Property and described as a "Private Seller". Clause 6A of the contract indicated that the Seller would pay a 3% commission to the Seller's Brokerage with no commission payable to a Buyer's Brokerage. Mr. Baldwin signed the document on the second page as the sales representative under "Seller's Brokerage".

**Disposition:** The Hearing Committee agreed with the consent order filed by the parties, found Mr. Baldwin guilty of the charge and ordered that he receive an order of reprimand and a \$1,000 fine.

The entire written decision of the Saskatchewan Real Estate Commission in the Matter of Floyd Baldwin dated January 25, 2018 can be viewed on the Commission website at <http://www.srec.ca/pdf/2014-35.pdf>.

## Important Note

Questions? Contact the Commission's Legal & Compliance department at [compliance@srec.ca](mailto:compliance@srec.ca), or call 306-374-5233.

## Education Update

### Transitioning to a new education program provider:

The Commission has engaged the services of the University of British Columbia's Sauder School of Business, Real Estate Division, as our mandatory education provider effective January 1, 2019. Across Canada, jurisdictions have faced criticism about the real estate industry and its regulation, calling for higher standards of professionalism and in education.

The Commission is very aware of the need for an effective and efficient transition to the new program so new students and existing registrants are least affected. The Commission, the Association, and Sauder are working diligently to ensure a smooth transition for everyone.

### Continuing Professional Development:

CPD 2017/18 is in full swing. Registrants may purchase their CPD through ASR's website at any time in order to fulfill their annual CPD requirement, which is due May 31. We currently offer a choice of three courses, all of which are available as an online course. Only "Industry Updates" is available as a 1-day in-class workshop.

CPD for the 2018/19 registration year will transition to Sauder. Registrants will still have a choice of three courses to fulfill their requirement, and all courses will continue to be offered online. All registrants will be sent alerts well in advance of the courses being made available, which will describe all of the details about how to access and purchase courses.

**NOTE:** at this time it is not certain that CPD will be made available as a classroom workshop for the 2018/19 registration year. The Commission and Sauder are committed to offering the best quality educational program possible and all aspects are being carefully considered, including delivery methods.

### Pre-Registration Courses:

Sauder will create a web-based portal for all students to access mandatory courses, study guides, resource materials, tutorials, videos, etc. Over the course of 2018, all current students and registrants will be regularly updated as to the status of education and where and how to access it.

The pre-registration learning path and course offerings, while updated, will remain the same, as will the course titles: Real Estate as a Professional Career (Phase 1), Residential/Commercial/Farm Real Estate or Property Management as a Professional Career (Phase 2), and Office Management & Brokerage (Phase 3).

The biggest changes are to content presentation and that all courses will be online and include tutorial assistance and multiple additional resources. Students will have access to the full range of services that Sauder provides as an educational institution. Intermittent assignments and assessments are being added to the program before students register for their final exams, and practical applications are being considered.

As with CPD, pre-registration students will be given full instructions for how and where to access their education and the Commission's website will provide direct links.

### Ongoing Education:

Further education (Phase 3), will have significant changes made to it as well. Among the potential upgrades is the creation of a broker's resource and guidelines manual. While all of the changes we'd like to see to the program may not be made within the first year of the new program being launched, you can be confident that the Commission and Sauder will be assessing performance and looking for feedback as we progress. The end result? Improved education, which improves professionalism in the industry.

The office of the Commission will be **closed** for the following statutory holiday observances:

- **Friday, March 30** (Good Friday)
- **Monday, May 21** (Victoria Day)

**Regular Office Hours:**

**Monday-Friday, 8:30am-noon, 1pm–4:30pm**  
**Closed weekends and holidays.**

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## CPD 2017-18

Each registration year, registrants must complete ONE Continuing Professional Development (CPD) course.

Courses are provided through our education provider, the ASR.

CPD must be **completed by May 31** of each year.

- **Industry Updates**  
*(offered as an in-class workshop OR as an online course)*
- **Commercial Course - Land Management**  
*(offered ONLY as an online course)*
- **Broker/Brokerage Course - Brokerage Audits**  
*(offered ONLY as an online course)*

Please visit

[saskatchewanrealestate.com/cpd](http://saskatchewanrealestate.com/cpd)

or

[asreducation.com](http://asreducation.com)

**TODAY!**

## Contact Us

### Saskatchewan Real Estate Commission

237 Robin Crescent  
Saskatoon, SK S7L 6M8

Phone: 1.306.374.5233  
Toll Free: 1.877.700.5233  
Fax: 1.306.373.2295

Website [www.srec.ca](http://www.srec.ca)



[@SREC\\_comm](https://twitter.com/SREC_comm)

## Commission Staff

**Aaron Tetu**, Executive Director/Registrar  
*(atetu@srec.ca), ext. 7*

**Gail Armstrong**, Registration/Office Administrator  
*(garmstrong@srec.ca, info@srec.ca), ext. 1*

**Darla Hufsmith**, Controller  
*(dhufsmith@srec.ca), ext. 5*

**Susan McCrae**, Education & Communications Coordinator  
*(smccrae@srec.ca), ext. 6*

**Reché McKeague**, Legal & Compliance Manager  
*(rmckeague@srec.ca, compliance@srec.ca), ext. 4*

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**Laura Mychan**, Legal & Office Assistant  
*(lmychan@srec.ca), ext. 2*

**Jason Weiler**, Systems Administrator  
*(jweiler@srec.ca), ext. 8*

## Commission Members

Paul Jaspar, Chair, Saskatoon, appointee

Carla Browne, Saskatoon, IC&I appointee

David Chow, Moose Jaw, appointee

Mike Duggleby, Regina, elected

Dave Hepburn, Saskatoon, elected

Jeff Markewich, Moose Jaw, elected

Vern McClelland, Lloydminster, elected

Al Myers, Saskatoon, elected

Anne Parker, Regina, appointee

Lori Patrick, Regina, elected

Bob Volk, Regina, appointee