



THE REGISTER

SREC Newsletter

May 2018

In This Issue...

In each issue of *The Register* we try 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 are following up on several items of importance to all registrants.

- 1) Change is inevitable they say, and the Commission is not exempt. See page 2 for details about the Region 3 (Rural) election and other new additions.
- 2) When it comes to regulation of a profession, there are always questions. We are here to answer any query you have! See page 4 & 5 for answers to a couple of common questions.
- 3) Wondering what's going on with the **transition to our new education program and provider**? Read the update on page 10.

As always, we enjoy hearing from our registrants. In addition to sending us requests for information you would like to see in upcoming issues of *The Register*, do not hesitate to contact us with any questions or concerns you might have.

We hope you enjoy this issue!



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Don't forget! CPD 2017/18 deadline is Thursday, May 31.

Changes to Note...

Region 3 (Rural) - Election Results

The two Commission positions representing Region 3 were due for election this year. Region 3 encompasses those areas outside of Saskatoon and Regina. The current term of office expires on June 30, 2018.

We are pleased to announce that **Vern McClelland**, Lloydminster, and **Doreen Heinbigner**, Moose Jaw, were the successful candidates chosen to represent Region 3 with the Commission for a three year term (July 1, 2018-June 30, 2021).

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](#).

Thank you to our nominees for allowing your name to stand, and to all registrants who took the time to vote!

New Commission Members

The Commission is no stranger to change. Our job as a regulator is to be responsive to the needs of the public and our registrants, which often necessitates change. For example, we recently began the process of changing some of our legislation. We also have recently changed education program providers. Commission member representation is designed to embrace change (for details about the makeup of the Commission, refer to *The Real Estate Act*, Section 6).

Several changes are also happening within the Commission itself.

The Commission welcomes two new members due to the resignations of Saskatoon region member, Dave Hepburn, and Regina region member Mike Duggleby. Wayne Zuk (Saskatoon region) and Cliff Iverson (Regina region) were appointed via Section 6(3) of the Act, which states: If a vacancy occurs in the membership of the Commission: ... (b) in the case of a person elected pursuant to clause (1)(b), the Saskatchewan Real Estate Association may appoint, in accordance with the bylaws, a person to serve the remaining portion of the term”.

The Commission wishes to express its thanks to Dave Hepburn and Mike Duggleby for their time and dedicated service.

Change occurs within the Commission staff as well. We'd like to welcome Amanda Kimpinski as our summer student. Amanda is in her second year of Law and will be helping out the Legal & Compliance department until the end of August.

REIX E&O Insurance Premiums are Changing

Early in May, Harvey Gamble, CEO of the Real Estate Insurance Exchange (REIX), distributed the following notification to Saskatchewan registrants regarding changes to premiums, which are paid annually with your registration renewal:

Since 2011 your REIX Errors and Omissions Insurance premium has been \$275. It's time for that to change!

Truth be known, most subscribers (and every registrant is a subscriber) don't know they pay a premium. Because it is collected at the time of license renewal and added onto the amount you pay to the Commission, it is usually overlooked or forgotten.

The premium you pay to REIX for errors and omissions coverage is determined strictly by the claims experience realized by the program. Since REIX is a reciprocal and self-funded program, there are no commercial insurance companies that dictate the premium. Also, there is no profit motive involved in the premium considerations.

Every year the provincial insurance regulator requires a study be done by a qualified actuary. The report from this study is reviewed by the REIX Advisory Board and forwarded on the Saskatchewan Superintendent of Insurance. The actuary considers a number of factors including the most recent claims experience, the existing market conditions and the financial health of the reciprocal. Along with the report is a "funding recommendation" which provides guidance for the Advisory Board when setting the premium.

At the recent meeting the REIX Advisory Board the decision was made to lower the premium from the number mentioned above to a new premium of \$235. Further, taking some funding from the Premium Stabilization Fund, the Board voted to subsidize the premium by \$60 for this coming renewal period. So, your REIX premium for 2018/2019 is only \$175.00!

This reduction was made possible by two factors. One is the excellent claims processing activities of your VP of Claims and Litigation, David de la Ronde. Second, I would like to compliment you the practitioner. When you listen to and practice the risk mitigation measures, it not only saves you from lawsuits, but eventually reduces costs for the program and results in a lower premium for everyone. Keep up the good work!

Harvey Gamble, CEO, REIX

For more information about REIX, your coverage, and the program, please visit the [REIX website](#).

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.

Distinguishing Between Commercial Leasing and Property Management

A lot of commercial transactions involve a lease of a property and there have been questions about whether or not a commercial registrant must also be registered to trade in property management in order to deal with the lease of a commercial property.

Section 2(r) of *The Real Estate Act* defines "property management" to mean:

- (i) negotiating or approving a lease or rental of a landlord's real estate;
- (ii) holding money received in connection with a lease or rental mentioned in subclause (i); or
- (iii) both of the things mentioned in subclauses (i) and (ii).

The Commission has recognized a distinction between commercial leasing and property management. Commercial registrants who are not also registered to trade in property management are free to advertise a commercial property as being available for lease, negotiate a lease of the property, and take a deposit on the lease. A registrant who is not registered in property management should not collect rent with respect to a landlord's property or continue with ongoing maintenance of the landlord - tenant relationship.

Trades Involving Stigmatized Properties

(excerpted from Information Bulletin, August, 2013. See [srec.ca>Publications>Information Bulletins for the full article](http://srec.ca/Publications/Information%20Bulletins))

From Buyer Beware to Buyer Be Aware

The principle of caveat emptor (Latin for "let the buyer beware"), applies to trades in real estate. The modern trend in laws protecting consumers; however, has minimized the importance of this rule. Although the buyer is still required to make a reasonable inspection of goods upon purchase, increased responsibilities have been placed upon the seller; and the doctrine of caveat venditor (Latin for "let the seller beware"), has become more prevalent. As a result, the common law and legislation have mandated that a seller and any registrant acting on behalf of a seller cannot withhold information about material defects on the property that are not readily observable.

Under Saskatchewan real estate legislation, a stigma associated with a property is not considered to be material to the transaction unless the stigma constitutes a material latent defect or the buyer specifically indicates that certain activities in a premise would be unacceptable to him or her or the premise is being used for illegal activities.

This circumstance has led to questions about "stigmatized properties". The term, though not defined in *The Real Estate Act*, the *Regulations* or *Bylaws*, generally refers to a property that bears certain unfavorable characteristics that may make the property less attractive to buyers. The stigma may be any one of a number of circumstances which renders the property unacceptable in the eyes of a particular buyer.

It is impossible to know what activities or events constitute an unacceptable stigma in the mind of a buyer.

Obligations of a Registrant Acting on Behalf of a Seller

A seller is obligated to disclose any and all material latent defects on the property of which he or she has knowledge.

- If the seller decides to disclose information about a stigma attached to the property, he/she should carefully consider the source and extent of his/her knowledge of the situation.
- If the seller decides to disclose information about a potential stigma, it may be prudent to include this disclosure in the listing itself.
- If the seller decides not to disclose information about a potential stigma, the onus then falls on the registrant representing the buyer to determine whether or not certain activities in a premise would be unacceptable to the buyer and if any of those certain activities have occurred at a particular property.

A seller should be encouraged to seek legal counsel about any potential stigma attached to the property regarding the necessity and/or extent of any disclosure.

(continued on page 5)

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A registrant is obligated to disclose any and all material latent defects within his/her knowledge, but is not required to disclose his/her knowledge of a potential stigma attached to the listed property.

- The disclosure of a potential stigma by a registrant acting on behalf of a seller is subject to the requirement in Bylaw 714.
- As a listing agent, with information about a potential stigma attached to the property, a registrant cannot tell a buyer or buyer's agent that no potentially stigmatizing event has occurred.

Where there is uncertainty as to whether or not a potential stigma is attached to a property, a registrant acting on behalf of the seller should advise the seller to seek independent legal advice about the necessity and scope of the disclosure.

Obligations of a Registrant Acting on Behalf of a Buyer

When acting on behalf of a buyer, a registrant is obligated to protect and promote the interests of that buyer. Implicit in this obligation is the requirement that the registrant take steps to determine what the client's material interests are. Part of the initial conversation with a client should include a discussion about potentially stigmatizing events or circumstances at a property that are unacceptable to the client.

If the buyer identifies any stigma(s) that would affect his/her willingness to purchase or occupy a property or a general desire to know if there are any stigmas attached to a property, the registrant must make inquiries with the seller of a property or the seller's agent, about any potential stigma(s) associated with that property.

A registrant acting on behalf of a buyer should advise his/her client that the seller is only required to disclose material latent defects and is under no obligation to provide the buyer with information about potential stigmas attached to the property.

If the seller or seller's agent refuses to answer questions about potential stigma(s), a registrant acting on behalf of a buyer should report back to the buyer and advise him/her that he/she can continue the purchase of the property without that information or make his/her own inquiries.

If the seller or seller's agent discloses knowledge of a potential stigma attached to the property, a registrant acting on behalf of a buyer should note that the seller may have learned of the potential stigma from another source and advise the buyer that he/she may wish to consider looking to other sources of information, such as a local police service or media outlet, for confirmation.

Obligations of a Registrant Acting as a Limited Dual Agent on Behalf of Seller and Buyer

A registrant who is acting as a limited dual agent for both the buyer and the seller of a property, who has information about a potential stigma attached to the property, is obligated to disclose such information to the buyer. As a result, a registrant should inform the seller of this obligation as soon as he/she learns of a stigmatizing event and prior to the creation of a dual agency.

And lastly, pursuant to Section 65 of *The Real Estate Act*, a registrant selling a property in which he/she holds a material interest is required to disclose any information within his/her knowledge that could materially affect the value of the real estate.

2018 Dates to Remember

May 31
CPD
completion
deadline

**May 16-
June 30**
Registration
renewals

**June 6 (Saskatoon)
Sept. 6 (Regina)**
Regular Commission
meetings

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

July 1
Registration year
begins

Oct. 15-Dec. 31
Professional
Corporation permit
renewals

Deadline Reminders!

Registration renewal is due June 30th!

Each year, all registrants MUST renew their registration with the Commission. Information about the renewal process, complete with renewal fees, can be found on our [website](#).

Registrants must log in to their personal page through the Registrant Login on the Commission's website (using their RW number and SREC password), submit the appropriate registration form (broker/brokerage or other), and pay the renewal fees online with a credit card.

IMPORTANT:

- If you have not completed your annual CPD (CPD 2017-2018), you must apply *in writing* for an extension, pay a **\$300 late fee**, and purchase and complete your CPD BEFORE you will be able to renew your registration.
- All outstanding fees or fines must be paid BEFORE being allowed to renew your registration.

Changes to your Registration at June 30th?

Are you contemplating making any of the following changes in registration status for the commencement of the new registration period at July 1st?

- a) leaving the industry for a period of time;
- b) changing the brokerage with whom you are currently registered;
- c) registering a new brokerage with the Commission;
- d) moving from salesperson to associate broker category of registration;
- e) establishing a new branch office;
- f) amending your name; or
- g) amending the name of your brokerage.

These are special circumstances and the Commission recommends that you follow the procedure outlined below:

- do not log-in and renew your registration online; and
- contact the Commission office in early June to discuss the process required to affect the noted change in your registration.

Remember: once renewals are processed, refunds are *not* granted except in extraordinary circumstances and a \$100.00 fee applies at anytime when changing brokerages or registration status.

New CPD Program for 2018/19

As you may know, the Saskatchewan Real Estate Commission (the "Commission") selected the UBC Sauder Real Estate Division ("UBC Sauder") as its education provider starting January 2019. Now that the deadline for your mandatory 2017/2018 Continuing Professional Development ("CPD") courses nears its end, the Commission would like to provide you with an update on some of the changes that registrants should be aware of moving forward.

In 2019 and beyond, the CPD program will be delivered by UBC Sauder in partnership with the Commission, with registration for the first courses launching in the first week of January, 2019. In order to renew a registration prior to June 30, 2019, registrants will be required to successfully complete one of three online, accessible, and media-rich courses (Industry Update, Commercial, or Broker/Brokerage).

Each course will contain a series of modules with a lesson (including a variety of interactive features) and an assessment. In order to proceed through the modules, a learner must complete the lesson and obtain a mark of 70% or higher on the module assessment. Depending upon the level of experience and familiarity with the course content, successful completion of a course could take a learner between three to six hours.

CPD course registration will be available on the UBC Sauder website and the Commission will provide more information and details later in 2018.

As the Commission transitions to a new provider for its education courses, please feel free to contact the Commission (info@srec.ca) at any time to discuss your education requirements.



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).

Wally Lorenz (Branch Manager), Re/Max of the Battlefords

Date of Decision: February 16, 2018

Violation: Mr. Lorenz was charged with professional misconduct contrary to section 58(1)(a) of the Act by failing to put offers to purchase in writing.

Details: Mr. Lorenz represented the Buyer and the Seller as a limited dual agent. The Buyer asked Mr. Lorenz to take a verbal offer to the Seller. Mr. Lorenz spoke to the Seller about the verbal offer and communicated the Seller's response to the Buyer. The Buyer made a second verbal offer, which Mr. Lorenz also presented to the Seller. The Seller responded that the purchase price would need to be higher. Mr. Lorenz communicated this information to the Buyer. At this point, Mr. Lorenz assisted the Buyer in writing an offer to purchase the Property.

The conditional sale of the Property to the Buyer collapsed.

Once again, the Buyer asked Mr. Lorenz to take a verbal offer to the Seller. This offer set out the purchase price, chattels included in the sale, and conditions to which the offer would be subject. Mr. Lorenz took this verbal offer to the Seller and communicated the Seller's response to the Buyer. The Buyer advised that he would pay additional money for an outbuilding on the Property and Mr. Lorenz communicated this to the Seller. The Seller agreed to accept the new purchase price and Mr. Lorenz communicated this information back to the Buyer. At this point, Mr. Lorenz assisted the Buyer in writing another offer to purchase the Property.

Disposition: The Hearing Committee agreed with the consent order filed by the parties, found Mr. Lorenz guilty of the charge and ordered that he receive an order of reprimand and a \$1,500 fine.

The entire written decision of the Saskatchewan Real Estate Commission in the Matter of Wally Lorenz dated February 16, 2018 can be viewed on the Commission website at <http://www.srec.ca/pdf/2015-79.pdf>.

Commission Disciplinary Action

Frank Hammel (Salesperson), Re/Max of Moose Jaw

Date of Decision: February 16, 2018

Violation: Mr. Hammel was charged with professional misconduct contrary to section 58(1)(a) of the Act by failing to put offers to purchase in writing.

Details: Mr. Hammel showed the Property to an interested Buyer. The Buyer made an unconditional, verbal offer to purchase the Property for a specified price. Mr. Hammel communicated this verbal offer to the Seller by email and the Seller replied with an increased purchase price. Mr. Hammel discussed this counter offer with the Buyer, who made a new unconditional, verbal offer at a different purchase price. Mr. Hammel sent an email to the Seller advising of the new verbal offer.

Shortly thereafter, the Buyer wrote an offer to purchase the Property with a registrant from another brokerage as his agent.

Disposition: The Hearing Committee agreed with the consent order filed by the parties, found Mr. Hammel guilty of the charge and ordered that he receive an order of reprimand and a \$1,500 fine.

The entire written decision of the Saskatchewan Real Estate Commission in the Matter of Frank Hammel dated February 16, 2018 can be viewed on the Commission website at <http://www.srec.ca/pdf/2016-02.pdf>.

Important Note

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



Your Profession Begins with Education

A profession is defined by education and regulation; both must be present and work together. The profession of real estate trading is no exception to this rule. The Saskatchewan Real Estate Commission is the regulatory body for the real estate profession in Saskatchewan, and one of its mandates is to provide a professional education program before, and after, registration.

The Commission has put significant work into reviewing the existing program of education for real estate professionals. In consultation with industry stakeholders and professional educator groups, areas of improvement were identified and a new program of education will be launched in January of 2019.

UBC's Sauder School of Business, Real Estate Division (Sauder), is the Commission's designated provider for the new education program, and will provide all pre and post-registration education through a dedicated and sophisticated SREC-branded student portal. Both Sauder and the Commission will be communicating with students and registrants in the coming months about the transition, how to access mandatory education, and what to expect from the new program. In the meantime, the Association of Saskatchewan REALTORS® continues to provide the Commission's mandatory education program until December, 2018.

Registration requirements, deadlines and educational standards and requirements will not change as a result of this new program of education. The pre-registration Learning Path remains the same, as do the course titles. CPD will continue being offered as a choice of three online courses for those interested in general real estate practice topics, topics related to commercial trades, or broker/brokerage-related topics.

Because significant changes are occurring within the course content and delivery, registrants are advised to ALWAYS refer to the Commission's website and the real estate legislation as it is the most up-to-date and relevant reference tool. Please contact the Commission's Compliance Department if you have any questions related to standards of practice or about appropriate procedures during transactions.



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

- **Monday, May 21** (Victoria Day)
- **Monday, July 2** (Canada Day observed)
- **Monday, August 6** (civic holiday)

Regular Office Hours:

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

CPD 2017-18

DUE MAY 31!!!

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

Courses are provided through our education provider, the ASR, and are now **ONLY AVAILABLE ONLINE**.

CPD must be completed by midnight, May 31 of each year. If not, registrants will be assigned a \$300 late fee. Registration cannot be renewed until CPD is completed and the late fee is paid.

Choose one:

- **Industry Updates**
- **Commercial Course - Land Management**
- **Broker/Brokerage Course - Brokerage Audits**

Please visit

saskatchewanrealestate.com/cpd

or

asreducation.com TODAY!

Contact Us

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Commission Members

Paul Jaspar, Chair, Saskatoon, appointee

Carla Browne, Saskatoon, IC&I appointee

David Chow, Moose Jaw, appointee

Doreen Heinbigner, Moose Jaw, elected

Cliff Iverson, Regina, ASR appointment

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

Wayne Zuk, Saskatoon, ASR appointment