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# RECOconnect

FOR HOME BUYERS AND SELLERS



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**Before  
you sign  
on the  
dotted  
line...**

Understand your  
representation agreement

RECO saves elderly  
man from  
**mortgage  
fraud**

The road to becoming a  
**real estate  
professional**

Take the right  
steps when  
**planning  
renovations**



## Take the right steps when **planning renovations**

Whether you're renovating a newly-purchased fixer-upper or making repairs to prepare your home for sale, it's important to take the right steps when hiring a contractor.

Ontario's Ministry of Consumer Services has launched a new home repairs and renovation resource that can inform you of your rights when hiring a contractor and provide helpful tips.

### **Some of the tips include:**

#### **Have a detailed plan**

Before you start your renovation or repair work, make sure you know exactly what you want and how much you want to spend.

#### **Choose a reputable contractor**

Ask for recommendations from friends and neighbours. Check websites like RenoMark or call your local homebuilder's association.

#### **Make sure you have a complete, written contract**

Never sign a blank contract.

#### **Pay when the work is done**

Never pay the full amount of the contract before the work is completed to your satisfaction.

For more information, visit the Ministry of Consumer Services website at [www.sse.gov.on.ca/mcs](http://www.sse.gov.on.ca/mcs).



# Before you sign on the dotted line...

## Understand your representation agreement

**A**fter careful consideration, you're ready to buy or sell a home and you want the advantages offered by a registered real estate professional. You're already on the right path because you'll be able to rely on a regulated professional who has significant training and must abide by the *Real Estate and Business Brokers Act, 2002* (REBBA 2002). But before you sign on the dotted line, it's important to understand the agreement you're entering into with the brokerage.

If you are listing your home for sale, your broker or salesperson will ask you to sign a listing agreement. The listing agreement is the contract between you and the brokerage that allows them to market and sell your home. The contract should be in writing and detail the length of the agreement, the services to be provided to you by the brokerage, the rate of commission you will pay and how it will be paid.

On the other hand, if you are looking to purchase a home, your salesperson or broker may ask you to sign a buyer representation agreement. While a buyer representation agreement is not mandatory, signing one makes you a client of the brokerage instead of a customer. RECO's Code of Ethics requires that a broker or salesperson deal fairly, honestly and with integrity and provide conscientious service to all clients and customers. However, their obligations will differ if you are a customer, as opposed to a client.

"It's important to discuss expectations with your real estate professional and make sure that you fully understand and are comfortable with the terms of your agreement," says RECO Deputy Registrar Bruce Matthews. "Once you sign on the dotted line, you have entered into a legally binding contract."

Never sign an agreement unless you are sure you know what it means, how long it will be in effect and what the different clauses mean. While your broker or salesperson can't provide legal advice, they are familiar with these agreements and should be able to answer your questions and explain what each clause means. As an added comfort, feel free to seek legal advice before signing the contract. Once you have signed the contract, make sure that you receive a copy for your own records.

In rare instances, the relationship between the real estate professional and home buyer or seller may not go as planned. If you have entered into a listing or buyer representation agreement, and you have a concern about some area of service, there are steps you can take to make sure your home buying or selling experience is positive:

- *Open the lines of communication – have an open dialogue with your salesperson or broker to voice any concerns you may be having. Provide suggestions about how they can better meet your needs, while listening to their feedback.*
- *Book an appointment with the broker of record – your listing or buyer representation agreement is with the brokerage, and not the individual salesperson or broker. If you discuss your issues with the real estate professional in charge of the brokerage, known as the broker of record, he or she may be able to mediate the situation. Alternatively the broker of record may reassign you to a different salesperson or broker within the same brokerage, who may be better suited to your buying or selling needs.*

"Your registered real estate professional wants to provide you with the best service possible," says Matthews. "By having open and frank conversations about the services to be provided, and your obligations as a home buyer or seller, you will set yourself up for a positive and successful working relationship with your salesperson or broker."

For more helpful information about listing and buyer representation agreements, visit [www.reco.on.ca](http://www.reco.on.ca).

## Consumer Q&A

### Is there a minimum or maximum time frame for a representation agreement?

No, there is no minimum or maximum time frame for a representation agreement. However, if the duration is longer than six months, the expiry date must appear prominently on the first page of the agreement and be initialed by the buyer or seller.

# The road to becoming a real estate professional

**W**hen you're buying or selling a home the expert advice of a registered real estate professional can make a big difference. But before an individual can perform real estate trades they must obtain registration with the Real Estate Council of Ontario (RECO). What does it take? Developing the expertise to navigate the complicated and varied world of real estate takes a lot of hard work.

"Our strong entry standards ensure that real estate professionals can manage the many challenges buyers and sellers face in the real estate world," says RECO Deputy Registrar Brian Schlotzhauer. "It's because of those standards that buyers and sellers can rest assured that a registered real estate professional has the skills and knowledge to guide them through the most important transaction of their lives."

Before prospective real estate professionals can buy and sell, they have to hit the books in a series of pre-registration courses. In the first set they learn about a wide array of subjects, including factors that influence home prices, real estate marketing, land use regulations and home construction. Later, two full courses are dedicated to the intricacies of real estate transactions.

Once they've completed the pre-registration courses and they've obtained employment with a brokerage, candidates can apply for initial registration. In addition to proving they've met the educational requirements, candidates have to undergo a criminal record check and disclose financial and background information that enables RECO to determine if they meet the requirements for registration.

"The initial registration gives candidates a chance to learn by working with veteran real estate professionals at their employing brokerage," says Schlotzhauer. "But during the initial registration phase there's still more in-class learning to come."

While they're learning on the job, candidates also have to complete articling courses that further expand their knowledge. These include an additional course on real estate transactions, a comprehensive course on property law and elective options that cover appraisals, mortgage financing and more.

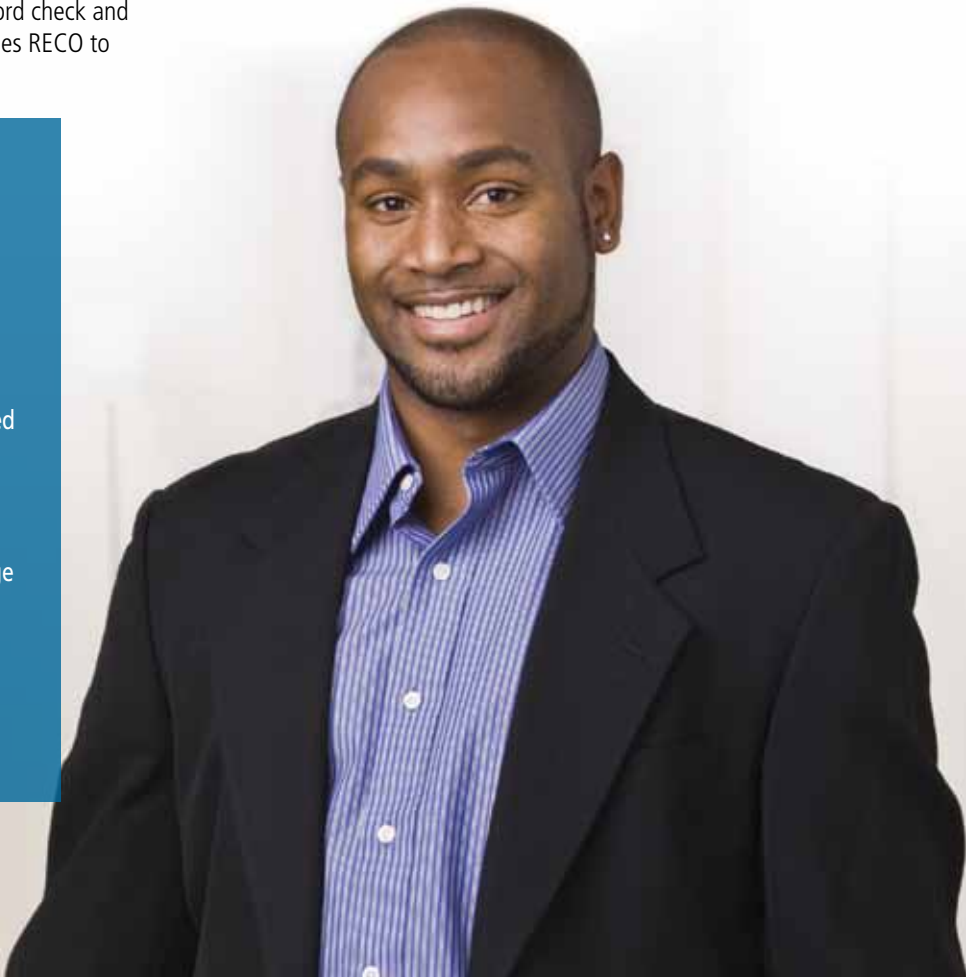
That's the final step on the road to becoming a registered real estate professional. From start to finish, the process can take over four years, giving candidates ample time to build themselves into true professionals.

But even then, their learning continues. All registered real estate professionals must complete continuing education courses every two years. This ensures that their knowledge is constantly expanding and kept up-to-date.

"The real estate industry is incredibly diverse and constantly evolving," says Schlotzhauer. "When a buyer or seller hires a real estate professional we want them to rest assured that their knowledge is comprehensive and up-to-date."

## *The steps to becoming a real estate professional*

1. Complete pre-registration courses that cover a broad range of topics, with a particular focus on how real estate transactions work.
2. Secure a job with a brokerage to learn from experienced professionals.
3. Apply for initial registration with RECO, including a criminal record check with the application.
4. Complete articling courses to further expand knowledge in key areas.
5. Obtain permanent registration.
6. Complete continuing education courses every two years to expand knowledge and keep up-to-date with emerging trends.





# RECO saves elderly man from mortgage fraud

Investigators with the Real Estate Council of Ontario (RECO) are all too familiar with mortgage fraud and the turmoil it causes for the victims who are left fighting to get their homes back. Unfortunately, in most cases, RECO only becomes aware of the mortgage fraud after the fact when a homeowner realizes they have been victimized. But on one recent afternoon, a tip from a brokerage to RECO helped stop a fraudster in his tracks and save a senior from heartache.

"It had many signs of a mortgage fraud including someone misrepresenting themselves as a registrant in order to create the illusion of a legitimate transaction," says RECO's Deputy Registrar Bruce Matthews. "But in this instance we realized that we had an opportunity to act quickly and prevent a fraud from happening."

It all started when a legal assistant at the Toronto law firm representing the supposed seller noticed irregularities in the real estate transaction. She inquired with Sutton Group All Pro Realty, the brokerage that supposedly represented the seller. But Gail Fulton and Doug Lytle, staff members of the brokerage, were shocked to find that they had no record of such a deal. The pair quickly recognized the seriousness of the matter and immediately contacted RECO.

Within a few hours, the urgency of the investigation became clear as RECO's Manager of Inspections & Investigations, Brian Prendergast determined that the transaction was fraudulent and put a face to the fraud's victim: an elderly minister who had no idea that a fraudster was trying to sell his house without his knowledge.

"Naturally he was shocked and alarmed," says Prendergast. "We realized that this kind man could have his life turned upside down if he was forced to go through the exhaustive process of rectifying the title to the home he had lived in for over 30 years. Knowing what was at stake left us even more determined to do everything we could."

Fortunately, it was not too late. Prendergast worked with representatives from Service Ontario's Policy and Regulatory Services Branch to determine that the Land Transfer Office had indeed received and processed an application to transfer the title of the house and to register a \$600,000 mortgage against the property. But, crucially, they had not yet certified the transfer. Once RECO informed them of the fraud they halted the transfer process immediately.



With RECO's help, the homeowner returned the title to his name. He can now rest easy knowing his home is safe.

"I was surprised and shocked, but even in that first call Brian said everything would be okay," says the homeowner, who has asked to keep his identity private. "Just an hour and a half later he phoned again to say everything was straightened out."

"While RECO's quick work played a key role in preventing the fraud, numerous individuals from the brokerage, law firm and the Land Registry Office also deserve kudos for the roles they played," says Matthews. "We owe a great deal of thanks to these individuals. They paid attention to their instincts and reacted quickly, allowing us to protect this gentleman from fraud."

This potential fraud has a happy ending, exemplifying one of the ways RECO fulfills its mission to uphold the integrity of real estate transactions.

While RECO's efforts prevented the fraudsters from making off with over half a million dollars, they remain at large. York Regional Police continue to investigate.

# What you need to know about selling with a **listing-only service**

**W**hen you're selling your home, registered real estate professionals offer a wide variety of services. Some brokers and salespersons may offer a "mere posting" service where they provide minimal service beyond a basic listing on the Multiple Listing Service® (MLS®). Here's what you need to know about mere postings.

## **Q What is a mere posting?**

**A** Mere posting is a service option offered by some real estate professionals where they provide very limited services, often simply facilitating the listing of a property on the MLS® system.

## **Q Will the broker or salesperson put whatever I want on the MLS® listing?**

**A** Under the *Real Estate and Business Brokers Act, 2002* (REBBA 2002) registered real estate professionals have a legal obligation to ensure the accuracy of their listings on MLS®. That means they must perform due diligence to ensure that you have the right to sell the property and that the content of the posting is accurate. For example, they may confirm your claim that your kitchen was recently renovated, that the roof was recently replaced or that the square footage matches your claims.

## **Q How do I know what services the broker or salesperson will provide?**

**A** The broker or salesperson must provide you with a written contract (known as a listing agreement) that describes the services they will provide. Make sure you read and understand the agreement before you sign it, and make sure you keep a copy.

## **Q I see a number of companies offering listing services. Do they all offer the same protection and services?**

**A** Non-registered companies and individuals cannot trade in real estate, but can provide a listing service in affiliation with a registered brokerage. Non-registered individuals and companies are not subject to REBBA 2002 and, as a result, you are not able to take advantage of the protection that the Act provides. As well, if a buyer's deposit isn't held by a registered real estate professional employed by the buyer or seller, the deposit will not be protected under RECO's insurance program. If you want to confirm you are dealing with a registered real estate professional, take advantage of the Registrant Search Feature on RECO's website ([www.reco.on.ca](http://www.reco.on.ca)). Click on the Home Buyers and Sellers section and you'll find the tab is on the top middle of the page.

Do you have any comments or inquiries about the *REConnect* newsletter? Please send them to: [communications@reco.on.ca](mailto:communications@reco.on.ca).



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**@RECOhelps**

Tweeting news and tips important to Ontario's real estate professionals, home buyers and sellers.



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