

The Role of Managing Brokers in BC's Changing Real Estate Landscape

Regional Roundtable Discussion Highlights: Vancouver (Afternoon)

Introduction/Background

In September 2018, the Office of the Superintendent of Real Estate (OSRE) conducted an information gathering survey regarding the role of managing brokers in BC's changing real estate landscape. Subsequently, OSRE organized a series of roundtable discussions with managing brokers in various communities across the Province. The purpose of the discussions was to gather further feedback about the issues, challenges and potential solutions identified through the information-gathering survey. The following report highlights the feedback gathered by OSRE from participants at the Vancouver roundtable, held on the afternoon of December 4, 2018.

Discussion Highlights: Supervision

Feedback regarding effective supervision:

- Participants identified the following components of effective supervision:
 - providing guidance;
 - being accessible and available to answer questions (can be remote);
 - providing adequate training;
 - holding regular meetings and/or interactions;
 - knowing what the brokerage's related licensees are doing;
 - reviewing contracts of purchase and sale, and providing feedback on contracts; and
 - ensuring the brokerage has effective systems and tools.
- Participants recognized that licensees may require different levels of supervision (e.g. based on years of experience). Some participants expressed concern about managing brokers who are not physically present at the brokerage on a regular basis, including those who live in a distant region.
- Participants cited supervisory challenges related to licensees' status as "independent contractors," as well as difficulties with the brokerage's related licensees not attending meetings, and not reading materials and e-mails distributed by the managing broker, OSRE or the Real Estate Council of British Columbia (RECBC). Some participants indicated that supervision is a two-way street; managing brokers need to supervise and train the brokerage's related licensees, but representatives, as managers of their own businesses, need to bear responsibility for their own actions - including their knowledge of the regulatory framework.
- Concern was expressed regarding licensee mobility. Some managing brokers indicated that they feel they cannot be overly strict with their brokerages' related licensees due to the risk that they will move their licences (and business) to another brokerage. This concern may be attenuated outside of Greater Vancouver, where there are fewer brokerages operating. There was also concern that licensees can easily transfer their licences while complaints are pending investigation and resolution, and/or while debts are outstanding to the brokerage. At the same time, participants did not want licensees to be unreasonably restricted from moving their licences to a different brokerage.
- Regarding mobility, other participants (mostly those from larger brokerages) indicated that their brokerages invest in extensive training programs for new licensees, and that this investment is lost

when licensees move their licences to other lower-cost brokerages after completing these training programs.

- Some participants linked supervisory challenges to pre-licensing education. These participants indicated that licensees should learn most of what they need to know before obtaining a licence, and that it is unreasonable to expect supervision by managing brokers to make up for gaps in pre-licensing education. Some participants indicated that a significant amount of their time is spent correcting errors made by licensees from other brokerages that do not provide adequate supervision.
- There was also discussion regarding the perception that real estate is a high-income occupation requiring relatively little pre-licensing education that may attract the wrong individuals to the industry, particularly in sustained periods of strong market conditions.
- Strata and rental property management licensees distinguished their practices from trading services. Differences include:
 - greater emphasis by managing brokers on trust accounting (versus. reviewing contracts);
 - less emphasis on individual entrepreneurship;
 - stronger physical presence of the managing broker at the brokerage;
 - stronger professional relationships between managing brokers and their related licensees; and
 - more training for their related licensees.

In addition, strata and rental property management participants indicated that their brokerages generally do not practice designated agency and work as a team of agents (but not for advertising purposes).

- Strata and rental property management licensees also indicated that BC brokerages frequently manage larger portfolios of buildings/units than their peers elsewhere in North America, yet they receive less remuneration.
- Strata and rental property management participants indicated that the managing broker's primary responsibility is to provide effective systems to ensure that the brokerage's related licensees are effectively meeting their duties to clients; poor systems often lead to poor outcomes. While some participants in this group indicated that frequent interactions and meetings are an important part of effective supervision, they did not support a requirement for these types of meetings to be mandatory.
- Suggestions for further exploration included:
 - delegating supervisory duties to others (e.g. "assistant managing brokers," associate brokers);
 - improvements to pre-licensing education; and
 - capping the number of new licences issued per year.

At the business level, other suggestions outside of the regulatory framework include making some licensees "employees" to allow a greater degree of oversight by the managing broker.

Feedback regarding a cap or ratio on the number of licensees a managing broker can supervise:

- Trading services participants indicated that managing brokers can effectively supervise a large number of licensees by providing appropriate tools and systems to ensure that licensees comply with regulatory requirements.
- By contrast, some participants recognized that a cap or ratio could strengthen the managing broker's influence over the conduct of their brokerage's licensees. Some strata and rental property management participants indicated that a cap should be implemented with respect to trading services, but was not required for their categories of real estate services.

- Some trading services participants indicated that new regulations have significantly increased their oversight duties, making it more difficult to fulfill their duties. Similarly, strata and rental management participants indicated that a managing broker could not provide effective supervision to a high volume of licensees while also ensuring adequate review of the significant volume of paperwork those licensees would produce.
- Participants indicated that the unintended consequences of implementing a cap could include:
 - consolidation of smaller brokerages to achieve economies of scale;
 - changes to the business models or even the closure of many brokerages which rely on high volumes of licensees paying (low) fees (also known as “warehousing”); and
 - managing brokers deciding to downgrade their licences or leave the industry.
- Suggestions for further exploration included:
 - limiting the number of transactions a managing broker can oversee, as some licensees are more active or productive than others; and
 - creating additional classes of licences for managing brokers related to the number of licensees they supervise.

Feedback regarding restricting managing brokers from providing services directly to clients:

- There was discussion that managing brokers who are involved in providing services directly to clients often limit their activities (e.g. long-time clients only) or work in smaller brokerages that cannot support a non-selling managing broker. Some participants felt that doing so allows managing brokers to maintain current knowledge of real estate practices. Other participants indicated that some managing brokers choose to perform these duties on a part-time basis in order to improve their work-life balance and/or to be able to continue to engage in trading.
- There was discussion among strata and rental property management participants that managing brokers in their brokerages do not compete with their related licensees and, therefore, should not be restricted from providing services directly to clients. Participants indicated that in strata and rental property management, often all of the brokerage’s related licensees – including the managing broker – are involved in serving clients directly. These participants distinguished internal competition within a brokerage as a business issue, not a regulatory issue.
- Suggested solutions for further exploration included:
 - restricting managing brokers from providing services directly to clients if they supervise more than a specific number of licenses (e.g. 20 or more), which may be in place in other Canadian jurisdictions; and
 - including other licensees to whom a managing broker has delegated supervisory duties in the calculation of any cap.

Discussion Highlights: Liability and Compliance

Feedback regarding where to place the liability for misconduct - in relation to the liability placed on managing brokers:

- There was discussion regarding the maximum penalty amounts, including concern that managing brokers carry vicarious liability for the brokerage’s related licensees’ conduct, but may have little influence over or knowledge of this conduct until after a contract of purchase and sale has been written.
- Some participants indicated that the prospect of being held responsible for the actions of all of the brokerage’s related licensees is “overwhelming” for them. There was support at several tables for the statement that, “it is unfair to hold managing brokers responsible for misconduct of which they

were not aware and/or in which they did not participate”. There was also discussion about what would be required for managing brokers to demonstrate to RECBC’s satisfaction that they have exercised appropriate levels of due diligence in their oversight of their brokerages’ related licensees, as part of an investigation or complaint.

- Some participants indicated that they perceive a lack of support from RECBC in assisting them with performing their compliance duties. For example, they expressed concern that discussions with RECBC’s Professional Standards Advisors (PSAs) are not confidential and “safe” and could result in a disciplinary investigation being initiated against them. They also indicated frustration when PSAs preface their responses with a disclaimer or indicate that the managing broker should seek independent legal advice. Other managing brokers appeared to be unaware that RECBC’s PSAs are a resource for them.
- Some managing brokers indicated that they have used employment contracts to indemnify themselves against monetary sanctions for misconduct, either through the brokerage or by passing them on to individual licensees. Other participants indicated that the brokerage has indemnified itself against liability as a result of misconduct by a licensee (including a managing broker), but that managing brokers may not have this type of protection.
- Some participants indicated that licensees engaged by the brokerage have greater power than managing brokers regarding their employment relationship. For example, it was reported that licensees interview the brokerage, not the other way around, and their primary interest appears to be finding the brokerage offering the lowest fees and the highest income potential. Managing brokers who try to comply with the regulation are at a competitive disadvantage.
- Other participants indicated that until managing brokers’ compensation is increased to a level that recognizes their workload and level of responsibility, it is unlikely that the industry could achieve cultural change and raise standards of conduct to promote greater regulatory compliance.

Feedback regarding the liability placed on representatives and associate brokers:

- There appeared to be general consensus - including among trading services, strata management, and rental property management participants - that managing brokers are frequently not aware of actions by the brokerage’s related licensees’ that could constitute misconduct until it is too late. Misconduct is often the result of these licensees failing to recognize that they need to seek advice from their managing broker on how to proceed, or when they intentionally conceal their actions from their managing brokers. Strata management licensees expressed concern about the brokerage’s licensees making payments without the appropriate authorization by the strata council. In these situations, participants indicated that the majority of the liability should be borne by the representative/associate broker or the brokerage.
- There was also discussion about whether licensees who work “full-time” in trading services are more experienced and knowledgeable than those who work “part-time.” The distinction between full- and part-time appears to be based primarily on the number of transactions a licensee conducts in a given year. There was consensus among participants that “part-time” licensees present a higher risk of non-compliance and misconduct as result of their limited experience.
- There was mixed feedback regarding the concept of moving towards a single licensing framework. Some participants were aware of single licensing models that are in place in other jurisdictions and indicated that they work well. Other participants raised questions about what, if any, role managing brokers would play in a single licensing model and what kind of changes to pre-licensing educating would be required in order to support its successful implementation (e.g. managing brokers may no longer be available to provide training).

Feedback regarding the liability placed on brokerage owners:

- Some participants did not see brokerage owner liability as a significant issue. For example, they were not aware of many instances of misconduct where the brokerage owners were directly involved.
- Other participants indicated that they are aware that some managing brokers face pressure from brokerage owners to prioritize profitability over regulatory compliance.
- Strata and rental management licensees expressed concern about licensees who intentionally conceal their conduct from the managing broker, particularly where licensees own the brokerages in which they are licensed, but are not the managing brokers.
- Suggestions for further exploration included:
 - increasing licensing fees to enable RECBC to supplement managing brokers' remuneration in order to make the role more attractive;
 - higher licensing fees for so-called "part-time" licensees;
 - shifting a proportion of liability to brokerage owners (e.g. tying discipline decisions to the brokerage instead of the managing broker, where brokerage pressure leads to misconduct);
 - improvements to managing broker education;
 - improvements to supports for managing brokers from RECBC (e.g. dedicated information line for managing brokers, more detailed practice advice regarding supervision, maintaining a list of managing brokers and their brokerage contact information that could be shared to support informal complaint resolution, promoting a cultural shift within industry toward greater mutual support); and,
 - improvement to enforcement, including issuing more severe sanctions for misconduct up to and including licence cancellation.

Feedback regarding the complaints resolution processes:

- Participants identified concerns regarding the length of time required by RECBC to resolve complaints and the need to clear the backlog of pending investigation files in order to provide for more timely discipline.
- Suggestions for further exploration included:
 - having RECBC work through managing brokers to informally resolve non-serious incidents of misconduct;
 - changing RECBC procedures to provide an opportunity for the managing broker to respond as part of an investigation; and,
 - changing RECBC procedures to ensure that managing brokers have an opportunity to provide information regarding licensee conduct prior to a licence being transferred to another brokerage.

Feedback regarding the reporting of misconduct:

- Some participants indicated that they would like RECBC to provide more serious penalties for misconduct, up to and including licence cancellation.
- Some participants expressed concern about mandatory reporting of misconduct by managing brokers. There was concern that if managing brokers were required to report, licensees would not be willing to speak candidly to their managing brokers anymore for fear of repercussion. Rather, these participants preferred that licensees be able to bring up issues with their managing brokers and get their advice.

- Many participants were concerned about even writing the reason for dismissal when they return a terminated employee's/contractor's licence to RECBC for fear of facing an allegation of defamation.
- Suggestions for further exploration included more serious penalties for misconduct.

Discussion Highlights: Pre- and Post-Licensing Education and Qualifications

Feedback regarding education and qualifications for managing brokers:

- There was consensus that managing brokers require different skills and information than representatives and associate brokers in order to fulfill their unique role in the regulatory framework. Some participants indicated that they felt that the current licensing course for managing brokers does not adequately prepare graduates for the day-to-day duties of a managing broker, and that further on-the-job training is needed. Other participants indicated that greater emphasis is needed on topics such as management and leadership, the *Real Estate Services Act* (RESA), contracts, accounting, marketing, human resources, risk management, training and teaching others, and self-management (e.g. how to promote work-life balance).
- There was discussion about the current experience requirements to become licensed as a managing broker. Some participants indicated that experience is the best kind of education for managing brokers, as they draw on their experience as representatives to solve problems in their current roles; the breadth of experience required to identify issues and solutions may be greater than what an average representative would normally acquire in the first two years of licensing.
- There was concern expressed about associate brokers who may have completed their broker licensing course many years ago and who then take on the managing broker role without upgrading or updating their training. Concern was also raised regarding managing brokers who supervise licensees working in specific sub-segments of real estate, in which the managing broker may have limited knowledge.
- However, some participants recognized that raising education and qualification requirements for managing brokers could have the unintended consequence of discouraging licensees from taking on the role at a time when many managing brokers are approaching retirement. There was discussion about how to attract and retain licensees in the managing broker role. Some participants cited managing broker compensation (relative to that earned by successful salespersons) as a significant issue that needs to be addressed in resolving this challenge.
- There were mixed views expressed regarding mentoring of new managing brokers by their more experienced counterparts. Some participants indicated that they had greatly benefited from being mentored by another managing broker early in their careers. Some participants indicated that they did not have the time available to mentor new managing brokers. Some participants indicated that current managing brokers, many of whom are approaching retirement, must find the time to mentor new managing brokers.
- There was limited discussion of post-licensing education for managing brokers. There appeared to be consensus that additional continuing education courses specific to managing brokers were required. There was also support for the idea of RECBC providing more "train-the-trainer" resources for managing brokers, particularly to support the successful implementation of significant rule changes. Strata and rental property management participants indicated that these types of continuing education courses specific to managing brokers were also needed for their licensing categories.
- Suggestions for further exploration:
 - improve the minimum education requirements for managing brokers. Examples include:

- amending the managing broker licensing course to include additional content that is directly relevant to the day-to-day duties they perform; deciding whether or not to require that managing brokers hold a degree in any subject;
 - developing an Applied Practice Course for managing brokers, adopting an MBA-like model in broker licensing education (i.e. cohorts and peer-to-peer learning, discussion, and support); and,
 - requiring associate brokers to requalify to become licensed as managing brokers if they do not do so within a specific timeframe after completing the brokers licensing course;
- improve the minimum experience requirements for managing brokers (e.g. increase the minimum experience requirement to five years or more, and identify an alternate basis by which to determine experience, such as a minimum number of transactions);
 - improve continuing education for managing brokers (e.g. provide courses specific to managing brokers such as Legal Update), and provide priority access for managing brokers to RECBC’s mandatory continuing education courses;
 - add activities to increase the attractiveness of the role to representatives and associate brokers (e.g. raising compensation, mentoring and apprenticeships for new managing brokers); and
 - create additional classes of licences for managing brokers based on the number of licensees they supervise and/or the sub-segments of real estate which they oversee.

Feedback regarding education and qualifications for representatives:

- Some participants linked supervisory challenges to gaps in the pre-licensing education of representatives. These participants indicated that licensees should learn most of what they need to know before obtaining a licence.
- There was a general sense that recent graduates are inadequately prepared to provide real estate services to clients. There was discussion about raising both pre- and post-licensing education and qualifications requirements. Some participants indicated that pre-licensing course participants may have limited understanding of what a career in real estate actually entails. Some participants indicated that the perception that real estate is a high-income occupation requiring relatively little pre-licensing education may attract the wrong individuals to the industry, particularly in periods of strong market conditions.
- Some participants also expressed concern about tutoring services that “teach the answers” to the pre-licensing course.
- There was discussion of the content of the pre-licensing course. Many participants recognized the Applied Practice Course for trading services as a positive development.
- Some participants indicated that managing brokers should not be expected to make up for gaps in pre-licensing course content, and that the licensing course should provide the necessary knowledge to become a competent licensee.
- Some participants indicated that the pre-licensing course should dedicate more time to key concepts, such as the steps in a real estate transaction, agency, contract skills, real estate law, negotiation, general regulatory compliance, and knowledge of specific sub-segments of the market (e.g. commercial real estate). There was concern expressed about the amount of time dedicated to mortgage calculations, which licensees should not be performing anyway. In addition, some participants indicated that the way certain concepts (e.g. ethics) are taught in the pre-licensing course could be considered Eurocentric.

- Strata and rental property management participants indicated that their brokerages may hire individuals who express an interest in becoming licensed, to work as unlicensed assistants. This arrangement allows them to be exposed to licensees' work in order to determine if they would be suited to that work, and to assist them in making a decision about whether to become licensed. The brokerage may assist the individual with pre-licensing costs as well. Some of these participants indicated that issuing a limited licence or temporary licence could help pre-licensing course participants build their practical skills and experience while providing a restricted set of services to clients, a model which may already be in place formally in other jurisdictions. A supervising licensee would be required and would hold the liability for the student's conduct.
- Strata and rental property management participants also discussed continuing education courses for licensees. Some participants provided examples of courses offered by colleges (e.g. BCIT, Langara College) that they felt could be recognized equivalents in pre-licensing education. Other participants felt that the courses provided by regulators were good and provided appropriate information.
- Some participants indicated that post-licensing education requirements also needed to increase, and recognized that this idea would be very controversial. There was also discussion about cheating in post-licensing education. It was indicated that representatives should take greater responsibility for educating themselves on an on-going basis.
- There was discussion about the continuing education courses provided by RECBC (e.g. Legal Update), as well as industry-based PDP courses that are not part of the regulatory framework. Participants expressed dissatisfaction that, historically, the emphasis has been placed on mere attendance without testing that learning has actually been acquired. Some participants expressed that they were pleased with the introduction of a test in the online portion of RECBC's Legal Update course, and that they would like to see it extended to the classroom portion as well.
- Strata and rental property management licensees expressed concern that trading services licensees have inadequate knowledge of how to read strata disclosure documents obtained in relation to the purchase of a strata unit, or how to assess whether sufficient disclosure has been provided.
- Suggestions for further exploration:
 - make improvements to the pre-licensing course (e.g. increase the length to one year or make it a two-year diploma program, increased or decreased emphasis on certain topics, and an increased in-person component), in collaboration with managing brokers and/or other industry representatives;
 - implement a longer articling or apprenticeship period (e.g. six months) for representatives.
 - consider brokerage sponsorship of pre-licensing course participants;
 - increase managing broker involvement in the Applied Practice Course for trading services;
 - increase post-licensing education and training requirements for existing licensees (e.g. extending the English language proficiency requirement to existing licensees, re-licensing examinations);
 - increase the amount of practice advice provided to strata and rental property management licensees through the *Brokerage Standards Manual* and *Professional Standards Manual*; and
 - provide more post-licensing training available to strata and rental property management licensees, whether from industry or regulators.

Feedback regarding education and qualifications for brokerage owners:

- Some participants expressed concern about how additional qualification requirements for brokerage owners would impact current business models, as well as how they would be applied to companies (versus individuals).

- Strata/rental property management participants liked the idea of non-licensee owners being held accountable, and expressed concern about investor brokerage owners who lack knowledge of RESA. However, they did not feel that licensing of brokerage owners was required.
- Suggestions for further exploration:
 - develop a “fit and proper” standard for brokerage ownership, as recommended by the Independent Advisory Group on Real Estate Regulation; and
 - implement a system for licensing “training brokerages.” For example, a training licence would be required in order for a brokerage to hire new licensees.

Feedback regarding consumer education:

- There was limited discussion of consumer education.
- Some participants identified gaps in consumer education.
- Some strata and rental property management participants indicated that strata council members sometimes do not understand the role of their rental property managers, and often expect them to perform unrelated duties (e.g. building maintenance, pest control).
- Other participants inquired about the status of RECBC’s planned public education campaign regarding new Rules related to agency and disclosure.
- Suggested areas for further exploration included increased public education regarding real estate regulation.

Discussion Highlights: Teams

Feedback regarding the supervision of teams:

- Generally, most participants did not feel that teams are a significant challenge. Most managing broker participants supervised small teams of licensees at their brokerages. Some participants indicated that many teams have disbanded under the new Rules related to agency, and have not formed independent brokerages due to the additional costs of doing so.
- There was discussion about the supervision of teams and the following items were raised:
 - some participants indicated that large teams may use their sales volume as a weapon in negotiations with the managing broker (e.g. to seek concessions on fees), but that the same risk exists with individual high-volume licensees;
 - some participants expressed concern that some teams may ignore brokerage policies, or see themselves as separate or independent from the brokerage;
 - some participants indicated that team members may seek the advice of their team leaders on issues that managing brokers are better skilled/experienced to advise on. This was a particular concern in relation to new licensees, as the training provided by team members may not be consistent with RECBC’s education and guidance materials. By contrast, some participants found team leaders helpful to assist managing brokers with their supervisory duties, and indicated that team leaders also provide mentorship opportunities for new licensees. Other advantages to licensees working in teams included the ability to operate multiple open houses concurrently for the team’s listings;
 - some participants expressed concern about the limited requirements for teams in the Rules; and
 - some participants expressed frustration with RECBC’s practice advice, which states that all team members are collectively considered to be the designated agent of the teams’ collective clients. Some participants indicated that team members do not necessarily share confidential client information with other team members.

- Some participants did not see merit in the survey suggestion to limit the number of team members, and indicated that most challenges related to supervising teams are related to the personalities of the team members, regardless of the number of members. Other participants indicated that qualification requirements may be appropriate for leaders of larger teams.
- There were mixed reactions to the suggestion to create qualification requirements for team members; some participants were supportive, while others indicated that an unintended consequence of doing so could be reinforcing team members' perceptions that they are distinct from their brokerages.
- There was also discussion about whether teams are complying with the Rules, including advertising requirements and new Rules regarding agency. In the absence of regulatory requirements, some brokerages have put their own policies and procedures in place regarding teams (e.g. requiring a written agreement regarding commission sharing, and holding managing broker interviews with prospective team members).
- Suggestions for further exploration:
 - consideration of additional Rules-based requirements for teams related to qualifications (e.g. requiring at least one team member to hold an associate or managing broker-level licence), team structure, team member conduct, handling of confidential information; and, formal team leader liability for team member conduct;
 - more RECBC audits of teams for regulatory compliance and
 - improvements to the RECBC's processes for creating teams (e.g. requiring managing broker approval to create a team, or agreement to supervise it).

Discussion Highlights: Issues in Rental Property Management, Strata Management, and Commercial Real Estate

Feedback regarding issues in strata and rental property management:

- Overall, some participants indicated that trading services exerts undue influence over the regulatory framework. Similarly, some participants also expressed general frustration that strata and rental property management face the same regulatory requirements as trading services, yet the nature of their work is very different. Strata and rental property management participants viewed some of the regulatory requirements which they face as unnecessary administrative burdens (e.g. FINTRAC, prescribed RECBC disclosure forms.)
- Strata and rental property management participants discussed conflicts of interest (e.g. common ownership of strata management brokerage and other companies that provide services to strata councils). Some participants indicated that transparency and clear disclosure of conflicts to clients was important to alleviating any concerns about "backroom deals" made by licensees.
- Strata and rental property management participants also expressed concern about managing potential conflicts of interest, which they may face in providing services to strata council in sectioned buildings. Rental property management participants, in particular, expressed frustration regarding new prescribed disclosure of representation in trading services to prospective tenants; these participants indicated that prospective tenants have always understood that the licensee's role is to serve the best interests of the landlord.
- Some participants also indicated that some trading services licensees may have insufficient knowledge of how to read a strata disclosure statement. Some participants indicated that this presents a consumer protection risk, as trading services licensees are not fulfilling their duty to serve clients' best interests in the purchase and sale of strata units.

- Rental property management participants, in particular, expressed concern about unlicensed rental property management services. For example, some companies are exploiting the licensing exemption for for-lease-by-owner activities, and are providing wholesale subletting activities without being bound by the regulatory framework for rental property management.
- Some participants also identified issues that are outside of the RESA regulatory framework. For example, some participants raised concerns about the increasing complexity of strata plans, which may include multiple sections or lots dedicated to different uses (e.g. commercial, residential, airspace parcels). Consumers contemplating purchasing strata units from developers are not able to understand the complex disclosure statements that they receive and may not understand what they are purchasing; this may place consumers at risk.
- Participants also expressed concern about small strata councils, which may not be able to afford licensed strata management services. Where these small councils do obtain professional management services, there may be exorbitant fees per unit as compared to large councils. Some participants indicated that volunteer strata council members do not have the necessary sophistication to meet their statutory obligations to owners.
- In addition, rental property management participants indicated that short-term rentals should be distinct from long-term rentals in the *Residential Tenancy Act*.
- Suggested areas for further exploration:
 - review of the regulatory framework to better identify which requirements are and are not relevant to strata and rental property management versus trading services;
 - provide more in-depth training to trading services licensees regarding strata disclosure statements;
 - provide consumer disclosure forms and additional Council practice advice regarding what information strata and rental property management licensees must disclose to consumers (e.g. referral fees) - specific to strata and rental property management;
 - require developers to provide consumer disclosure statements in plain language;
 - reduce statutory requirements for small strata plans and their council members (e.g. not required to provide monthly financial statements); and
 - to better distinguish short- and long-term rentals under the *Residential Tenancy Act*.

Feedback regarding issues in commercial real estate:

- Participants suggested that commercial real estate transactions do not pose a consumer protection risk and the parties are responsible for performing due diligence prior to completing a transaction. Civil litigation could be used to resolve any issues between parties.
- Suggestions for further exploration included:
 - developing a separate regulatory framework, or an exemption from the RESA regulatory framework, for commercial real estate services.