



RULES THAT HELP SMALL COMMUNITIES & COMMERCIAL REAL ESTATE

WE SUPPORT THE GOVERNMENT'S CONSUMER PROTECTION GOALS

The British Columbia Real Estate Association (BCREA), on behalf of 23,000 REALTORS® in communities around British Columbia, works with 11 regional real estate boards to provide members with professional education, research and administrative support – all in the service of ensuring high professional standards, public confidence and consumer protection.

We support accountability for REALTORS® and protection for consumers and applaud the government's work to advance these aims.

THE BAN ON LIMITED DUAL AGENCY IS HURTING SMALL COMMUNITIES

While we support government efforts to protect consumers, BCREA believes the recent ban on “limited dual agency” (LDA) is having the effect of undermining the government's goals of consumer protection in some smaller communities. Here's why:

- The ban—which prohibits a single agent from representing both buyer and seller in a transaction—is very difficult to observe in small communities with few REALTORS®.
- The current co-regulatory system was developed and implemented too quickly, causing problems for both licensees and consumers.

As a result, real estate offices in small communities are closing, costing jobs, leaving real estate consumers with fewer choices and often obliging consumers to seek representation from REALTORS® unfamiliar with local markets.

What is Limited Dual Agency?

LDA occurs when one REALTOR® represents more than one party in a real estate transaction. That can be the buyer and the seller, more than one buyer or a landlord and tenant. The practice was banned with rule changes that took effect on June 15, 2018.

THE BAN ON LIMITED DUAL AGENCY IS HURTING COMMERCIAL REAL ESTATE

The ban on LDA was designed for residential transactions and does not work for commercial transactions. Here's why:

- The pool of commercial REALTORS® is comparatively small, and their specialized knowledge is integral to the successful completion of complex transactions.
- The pool of buyers and sellers in the commercial market is likewise comparatively small and REALTORS® often deal with the same buyers and sellers repeatedly.
- The interests of all parties involved in commercial transactions are well represented and protected by lawyers and accountants.

The ban on LDA for commercial real estate does not reflect the complexities of the commercial market. It does not offer the protection it was intended to, as buyers' and sellers' interests are also protected by other professionals.

A PLAN TO HELP UNDERSERVED CONSUMERS

A robust regulatory framework is necessary to achieve our shared goals of professionalism for REALTORS® and protection for consumers, and BCREA wants to serve as a resource as the government moves forward on this problem.

Our recommendations are:

- Clarify the existing exemption from the ban on LDA to help consumers in underserved communities.
- Create a new exemption from the LDA ban for commercial transactions.
- Ensure developers cannot circumvent the LDA ban by requiring them to employ trading services licensees for the sale of new property developments.
- Appoint more REALTORS® to the Real Estate Council of BC.
- Ensure reforms to the regulatory framework that provide clarity, consistency and confidence.

WORKING TOGETHER TO ACHIEVE OUR SHARED GOALS

We believe these recommendations will help smooth the transition to the new rules, and BCREA is happy to discuss this issue in further detail. Giving consumers greater clarity on their rights and giving licensees more certainty and guidance on the application of the exemption will create the confidence needed to use LDA in instances where it is in the client's interest.

We look forward to working collaboratively to advance solutions that protect consumers and meet the needs of real estate professionals.

BCREA is the professional association for about 23,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's 11 real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to help REALTORS® provide value for their clients.

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73 per cent of British Columbians think it is “very” or “somewhat” important to be able to work with the REALTOR® of their choice.