

Duty to Report Misconduct and Risks in a Hot Market

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Today's Speakers



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Agenda

- 1 RESA OBLIGATION TO REPORT**
- 2 ETHICAL CONSIDERATIONS**
- 3 UNSURE WHEN TO REPORT?**
- 4 RISKS IN A HOT MARKET**
- 5 QUESTIONS & ANSWERS**

RESA Obligation to Report Misconduct



Knowledge of Improper Conduct

Your Obligations When Misconduct is Reported to You Include...

- Taking those steps that an ordinary, diligent, and prudent managing broker would take.
- Using your professional judgement when determining what is reasonable.
- This may include resolving the issue with the real estate professional at the brokerage or reporting the conduct to RECBC if appropriate.

Ethical Considerations



Ethical Considerations

WHAT ARE ETHICS?

Ethics are the way to determine how real estate professionals ought to conduct themselves in order to meet their professional obligations.

A Framework for Ethical Decision Making

1. **Stop.** Consider the situation and identify the potential ethical issues
2. **Identify** the stakeholders
3. **Determine** feasible alternatives to be evaluated
4. **Evaluate** each alternative in terms of ethical consequences
5. **Make and justify your choice**

Unsure When to Report?

REAL ESTATE PROFESSIONALS SHOULD ASK THEMSELVES:

- Have a consumer's interests been harmed by the real estate professional's actions?
- Does it seem likely that someone's interests may be harmed in the future by the real estate professional's actions?
- Does the real estate professional stand to benefit as a result of their actions, and this has not been adequately disclosed to the client?
- Does the real estate professional seem unaware or unwilling to correct their actions?

Risks in a Hot Market



Expectations for Professional Practice

- Meet fiduciary and client obligations
- Identify, avoid or disclose conflicts of interest
- Disclose **ALL** the information needed to make informed decisions
- Reasonable efforts to discover relevant facts respecting the real estate
- Ethical decision making
- Meet all AML obligations
- Use professional judgement
- Report professional misconduct

**You are the first
and best protection
for a consumer.**

Explain Risks and Benefits of all Client Options

REVIEW

**ANSWER
QUESTIONS**

**PAY ATTENTION
TO BODY
LANGUAGE**

“Hot” Markets can Result in:



**RASH
DECISIONS**



**FEELING
PRESSURED**



**SUBJECT
FREE OFFERS**

IMPACTS TO THE BROKERAGE



Errors can lead to:

COMPLAINTS

Complaints to RECBC which could result in compliance investigations



LAWSUITS

Lawsuits by consumers against both the real estate professional and brokerage





INVESTIGATIONS & SANCTIONS

Investigations and sanctions from external government organizations

REPUTATIONAL HARM

Reputational harm to the real estate professional, brokerage, and industry



Tools to reduce risk



RECBC Knowledge Base



Disclosure Forms App



PSA's



Video Conferencing
Software



Brokerage Policies &
Procedures



Report from Council



Continuing Education

QUESTIONS & ANSWERS



Q: I'm afraid to report misconduct to RECBC for fear of reputational harm if I report a fellow real estate professional. What should I do?

A: Complaints can be submitted anonymously, but be aware that evidence supporting the complaint must be included or an investigation may not be initiated.

Q: In a hot market, clients are wanting to submit referential offers. Is that allowed?

A: There is no specific Real Estate Rule prohibiting referential offers, however, the BC Court of Appeal held that an offer by one bidder which is dependent for its definition on the offers of others is invalid and unacceptable.

AUDIENCE QUESTIONS



Thank you

For information on
practice issues, contact
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