

Regulatory Statement

Indirect Remuneration and the Provision of Real Estate Services

Regulatory Statement Number	RESA 23-016
Legislation:	<i>Real Estate Services Act</i>
Date:	August 9, 2023
Distribution:	Interested parties

PURPOSE

This Regulatory Statement outlines the regulatory requirements with respect to indirect remuneration and the provision of real estate services.

BACKGROUND INFORMATION

The *Real Estate Services Act* (“RESA”) requires any individual or corporation providing real estate services in British Columbia to or on behalf of another, for or in expectation of remuneration, to be licensed with BCFSa unless otherwise exempted.

Under RESA, “**real estate services**” means

- a) Rental property management services;
- b) Strata management services; or
- c) Trading services (services related to buying/selling or leasing real estate).

A real estate licence is not required if a person is providing real estate services without remuneration. RESA broadly defines “**remuneration**” to include any form of remuneration, including any commission, fee, gain or reward, whether the remuneration is received, or is to be received, directly or indirectly.

Direct remuneration involves receiving some form of payment, such as a commission or a fee, in exchange for providing real estate services. Indirect remuneration includes situations where a person provides real estate services without direct remuneration but benefits from remuneration for other ancillary services or in-kind benefits. Examples of this may include:

- An immigration consultant that offers to help a client purchase a property at no additional charge.
- An individual hired to provide maintenance for a rental property who offers to help a client find a tenant for no additional charge.

REQUIREMENTS

Where there is a commercial or business relationship between two parties, the services provided and the remuneration that is being collected cannot be separated and it is impossible to differentiate remuneration provided for real estate or other services. In these types of situations, a real estate licence is required for any real estate services that may be provided by an individual or corporation. Any unlicensed person that is receiving remuneration indirectly for providing real estate services, and is not otherwise exempted, is in contravention of the requirements of RESA.

The provision of real estate services without a licence contrary to RESA is a very serious contravention. BCFSa will take enforcement action against any corporation or individual that provides real estate services in B.C. contrary to RESA. BCFSa may take various regulatory actions, including ordering the person to pay the following discipline penalties for each contravention of RESA:

- An amount up to \$500,000 in the case of a corporation; and

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600-750 West Pender Street
Vancouver, B.C. V6C 2T8

T 866 206 3030
F 866 660 3365

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- Up to \$250,000 in the case of an individual.

For additional information or advice on specific situations, BCFSA recommends seeking independent legal advice.

LEGISLATION

RESA, ss. 1, 3, 49

Copies of the legislation are available from www.bclaws.gov.bc.ca.