

# PRACTICE POINTS: When a Client Moves Brokerages

Webinar for Managing Brokers

March 30, 2023

**BCFSA** BC Financial  
Services Authority

Classification: Public





# Land Acknowledgment

# Agenda

- Welcome and Introductions
- Strata Management Services  
Obligations
- Rental Property  
Management Services  
Obligations
- Trading Services Obligations
- Questions
- Reminders and Wrap Up

# Speakers

**BRUCE MCCOUBREY**

Practice Standards  
Advisor

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Practice Standards  
Advisor



# Strata Management Services Obligations



# Services

Licensees must continue to provide all services that have been agreed to in the service agreement and mandated under RESA/Real Estate Services Rules once termination notice is received.

## FOR EXAMPLE:

- Financials, answer client inquiries, arrange and manage maintenance and contractors, provide Form B's & F's.
- Duty of confidentiality extends beyond the termination of the agency relationship.





## Strata Corporation Funds

- Strata management brokerages must promptly transfer control of the strata corporation's funds to the strata corporation or their new brokerage (Section 77(10)).
- Brokerages are permitted to hold sufficient funds to cover any outstanding expenses that have not yet been paid.

## Real Estate Services Rule

- Section 77(10)

# Documentation

Brokerage has obligation to provide all records to the new brokerage or strata corporation:

- Section 37 of SPA allows up to four weeks to provide strata corporation documents to the client after the agency relationship is terminated.
- Section 88 reminds licensees that strata management brokerages must provide strata corporation financial statements upon request.
- Any record collected by the brokerage during the agency relationship is owned by the strata corporation and therefore must be provided to them.

## Real Estate Services Rule

- Section 88



# Best Practice Advice

# Provide Information Promptly and Verify

- Assist the new brokerage in setting up their systems in advance of the termination date by providing any records promptly that are requested upon instruction or authorization from the client.
  - Trust and verify in writing.





# Prepare for Client's Funds Transfer

- Have the bank drafts (or other method) available to be provided to the client or their new strata management company on the date of termination.





## Retain Copies

- Brokerages must remember that they are required under Section 92 to retain copies of specific records as identified in this section for **seven** years.
- Do not provide the **ONLY** copy of the records to the client or the new brokerage – Section 91 permits records to be stored electronically.

## Real Estate Services Rules

- Sections 91 and 92

# Rental Property Management Services Obligations



# Services

Once a termination notice is received, licensees must continue to provide all services that have been agreed to in the service agreement and mandated under RESA/Rules.

## FOR EXAMPLE:

- Financials, answer client inquiries, arrange and manage maintenance and contractors, file RTB dispute resolutions, etc.
- Duty of confidentiality extends beyond the termination of the agency relationship.





# Records

## OBLIGATION TO PROVIDE ALL RECORDS TO THE NEW BROKERAGE OR LANDLORD

- Section 87 of the Rules reminds licensees that they must provide financial records including invoices, accounting statements, and contracts to the landlord or new brokerage upon request and within four weeks of the date of termination of the services.
- Any record collected by the brokerage during the agency relationship is owned by the landlord and therefore must be provided to them.





# Funds

- Any other funds being held on behalf of the landlord must be provided to them promptly upon termination of the agency relationship.





# Best Practice Advice



# Provide Information Promptly and Verify

- Assist the new brokerage in setting up their systems in advance of the termination date by providing any records promptly that are requested upon instruction or authorization from the client.
  - Trust and verify in writing.





# Prepare the Records

- Prepare the records that must be provided to the client or other brokerage as soon as possible so they can be turned over immediately after the agency relationship ends.





## Retain and Store

- Brokerages must remember that they are required under Section 92 to retain copies of specific records as identified in this section for **seven** years.
- Do not provide the **ONLY** copy to the client or new brokerage – Section 91 permits records to be stored electronically.

## Real Estate Services Rules

- Sections 91 and 92



# Trading Services Obligations



# Considerations for Buyer and Seller Clients



- Review terms of any Exclusive Buyer Agency Agreements.
- Existence of any deposit monies held by the brokerage (including HBRP obligations) including whether monies held under RESA, or as trustee under REDMA.
- Any accepted contract with the seller. All clients to the contract to consent to move brokerage.

**RESA 7-3 PROHIBITS LICENSEES FROM CONTINUING TO PROVIDE TRADING SERVICES TO A CLIENT WHO HAS MOVED BROKERAGES**

**Considerations  
when a **buyer**  
informs the  
brokerage that  
they want to  
switch  
brokerages**



- Always verify with the client(s) if another licensee informs you of your client's intention to switch.
- Remember not to provide any confidential client information to another licensee without your client's written consent.

**RESA 7-3 PROHIBITS LICENSEES FROM CONTINUING TO PROVIDE TRADING SERVICES TO A CLIENT WHO HAS MOVED BROKERAGES**

**Considerations  
when a **buyer**  
informs the  
brokerage that  
they want to  
switch  
brokerages**



- Review terms and obligations of Listing Agreements.
- Existence of any monies held by the brokerage on behalf of the client.
- Any accepted contract with the buyer, and stage of the contract (pre-/post subject removal)

**Considerations  
when a **seller**  
informs the  
brokerage that  
they want to  
switch  
brokerages**



- Always verify with the client if another licensee informs you of your client's intention to switch.
- Do not provide any confidential client information to another licensee without your client's written consent.
- If requested by seller, return all documents or other materials, provided (i.e., copies of surveys, tenancy agreements, strata documents, Power of Attorney, etc.).

**Considerations  
when a **seller**  
informs the  
brokerage that  
they want to  
switch  
brokerages**



# Deposits

## LICENSEE OBLIGATIONS

- Confirm the existence of any deposit.
- Confirm the nature of the deposit:
  - Are the funds held by the brokerage as a stakeholder or as a trustee per REDMA?
- To transfer the deposit to the new brokerage, there must be a written agreement between the parties per Section 30 of RESA.
- Ensure that any transfer takes the HBRP into consideration.

**RESA 7-3 PROHIBITS LICENSEES FROM CONTINUING TO PROVIDE TRADING SERVICES TO A CLIENT WHO HAS MOVED BROKERAGES**





## Retain and Store

- As with strata and rental property management, brokerages must remember that they are required under Section 92 to retain copies of specific records outlined as identified in this section for seven years.
- Do not provide the ONLY copy to the client or the new brokerage.

## Real Estate Services Rule

- Section 92



# Advertising

- Cease all marketing activities on behalf of the client once the agency relationship ends.
- Remove signs from the property.
- Inform client that their property may still appear on third party sites and publications.
- Know your trade association's rules around marketing and information provided to them.





## TREAT THE LISTING AS ANY NEW LISTING

- Complete a new DORTS form (and any other required disclosure forms).
- Complete a new service agreement if representing a seller.
- Re-identify client to meet PCMLTFA obligations.

## Other Considerations

For the brokerage receiving the new client transfer



## TREAT THE LISTING AS ANY NEW LISTING

- Observe all other FINTRAC/PCMLTFA obligations.
- Do a new title search and complete any other documentation required.
- Confirm any beneficial ownership through LOTR.

## Other Considerations

For the brokerage receiving the new client transfer



# Best Practice Advice



# Communicate and Document

- Good communication with client.
- Good communication with managing broker.
- Ensure the managing broker has all necessary trade records, forms, and documents to effectively transfer.





# Frequently Asked Questions



**Q: How would the transfer of a client impact a team?**



**A:** It is important that all team members are aware of the client's intention to move brokerages, and that all team members provide any documents in their possession to the brokerage promptly. Team members who are unaware of the client's move to another brokerage may accidentally continue providing trading services.



**Q: If I am representing a buyer and my client's offer has been accepted, and the seller then switches brokerages, how does that impact service of an HBRRP Notice?**

**A:** Should you become aware that the seller has moved brokerages, it is prudent to protect your BUYER client's interests by verifying where any rescission notice must now be served.



# Questions?



# New Teams Rules Effective April 1, 2023

## BE PREPARED

- All licensees need to understand how the upcoming amendments to Real Estate Services Rules may impact their business.





# Learn More About Teams Rules Changes

Recently released and available in BCFSA's Knowledge Base are the following resources:

## TEAMS GUIDELINES

- Explains the requirements for registering a team
- Issues related to joining and leaving a team
- Acting under the exemptions found in the Rules when you are part of a team
- [Link to Teams Guidelines](#)

## TEAMS INFORMATION

- Clear, concise, easy-to-read explanations of the requirements
- [Link to Teams Information](#)

## TEAMS FAQs

Updated [FAQs](#) on:

- Team registration
- Team and broker name requirements
- Team member considerations
- Unlicensed assistant considerations
- Advertising requirements
- Team operations and agency

# Ongoing Communication and Support

**BCFSA  
Website**

**Brokers'  
Brief**

**Real Estate  
Bulletin**

**Practice  
Standards  
Advisors**

**Managing  
Broker  
Webinars**



# Practice Standards Advisors Contact Information

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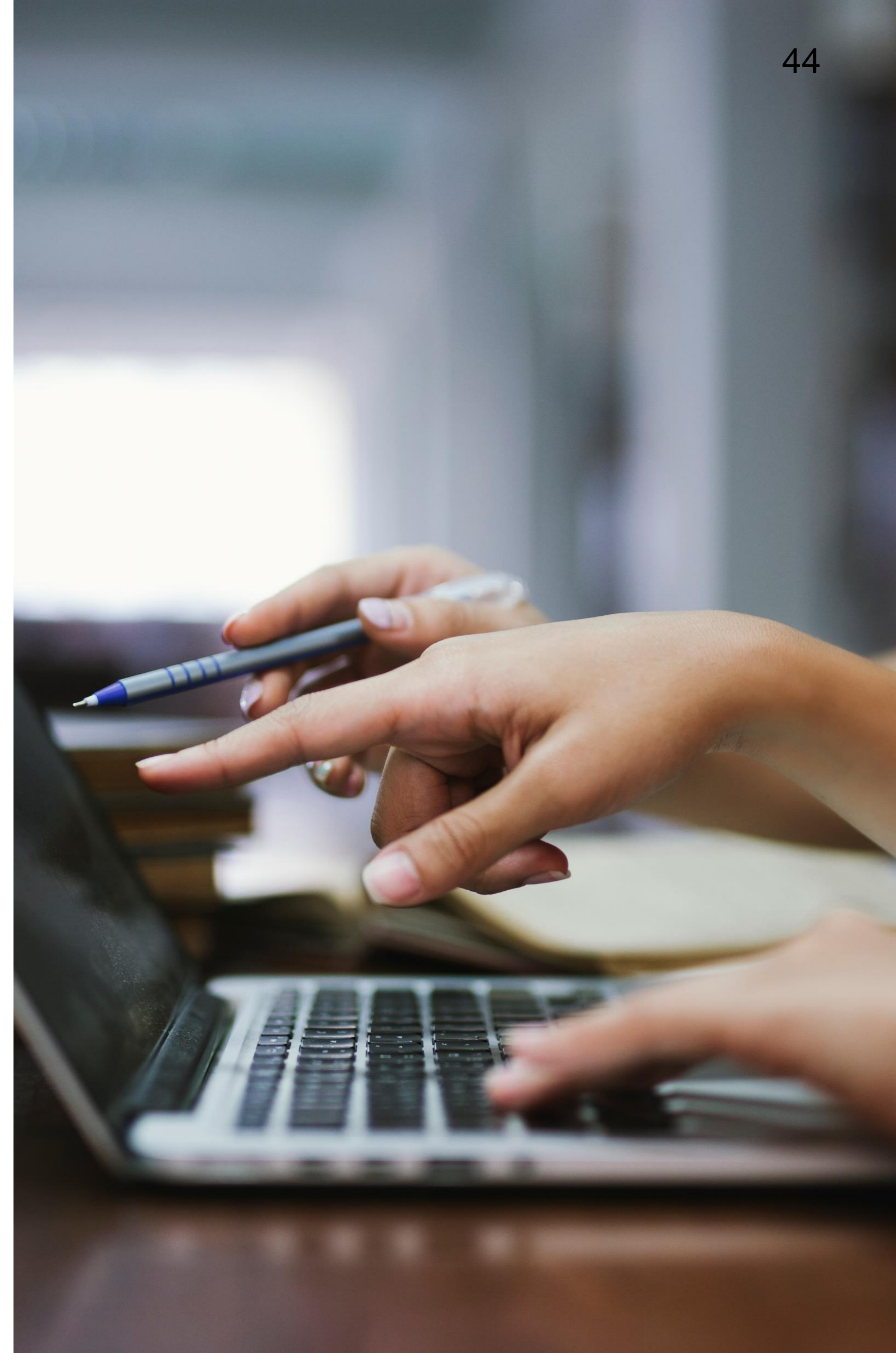




# Webinar Changes

## STARTING APRIL 1

- BCFSA is reducing the number of Managing Broker Webinars.
- Next webinar: May 18, 2023





**Thank  
you.**