

# **Continuing to Raise the Bar for Real Estate in Ontario: A Whitepaper for TRESA Phase 3**

## **Background Information**

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For over a decade, REALTORS® across Ontario have called for modernization of the legislation governing real estate in Ontario, previously known as the *Real Estate and Business Brokers Act* (REBBA). OREA's advocacy led to the passage of the *Trust in Real Estate Services Act* (TRESA) in 2020, which the Government of Ontario has committed to implementing in three phases.

Thanks to OREA's advocacy, many REALTOR®-led solutions were included in Phase 1 (October 2020) and Phase 2 (December 2023) of TRESA, raising the bar for professional standards, ethics, and consumer protections in real estate across North America – but there is still more work to be done. OREA's latest whitepaper, *Continuing to Raise the Bar for Real Estate in Ontario*, offers several bold policy proposals for the Government of Ontario to implement in the third and final phase of TRESA, aimed at improving consumer confidence with increased protections, raising the bar on REALTOR® education and professionalism, and deterring bad behaviour with stronger penalties.

## **SECTION 1: IMPROVING CONSUMER CONFIDENCE WITH INCREASED PROTECTIONS**

The provincial government has always played a consumer protection role in the housing market, ensuring Ontario's home buyers and sellers are protected against dishonest actors when making one of the largest financial transactions of their lifetime.

OREA is committed to working with the government on TRESA Phase 3 to tackle issues that continue to put consumers at risk, including closing the auctioneer loophole, strengthening disclosures, and new oversight of the regulator.

### **Recommendation 1: Eliminate the Auctioneer Loophole**

- **Ask:** Eliminate the two-tiered system of consumer protection by requiring auctioneers who transact real estate to register with the Real Estate Council of Ontario (RECO), the regulator.

### **Recommendation 2: Enhanced Transparency and Disclosures for Latent Defects**

- **Ask:** Amend TRESA to introduce new rules regarding latent defects and disclosure obligations to ensure consumers have access to all the information they need to make an informed decision when purchasing a home.

### **Recommendation 3: Enhanced Disclosures for Guaranteed Sales**

- **Ask:** Introduce new rules, including written disclosure for guaranteed sales, ensuring the terms and conditions are clearly outlined to the consumer.

#### **Recommendation 4: Make RECO subject to Ombudsperson Oversight**

- **Ask:** Ombudsperson oversight would help instill registrant and public confidence in the regulator's programs and processes, bringing RECO in-line with over 1,000 other government agencies.

### **SECTION 2: RAISING THE BAR ON EDUCATION AND PROFESSIONALISM**

A stronger education for REALTORS® will better prepare registrants for Ontario's increasingly complex real estate market and the challenges of helping families through one of the biggest purchases of their lives.

By continuously improving REALTOR® education standards, we can ensure that future agents are even more knowledgeable and capable of providing high-quality service right from the start.

#### **Recommendation 5: A Better, More Practical Education**

- **Ask:** Introduce a new two-year articling and mentorship requirement for new registrants, ensuring REALTORS® are better prepared and equipped to handle the market's evolving demands.

#### **Recommendation 6: Speciality Certification Designations**

- **Ask:** The government should enact section 8 of TRESA to permit registrants to use speciality certification designations. Possible designations could include commercial, farm/agriculture, waterfront/recreational, or condominiums.

### **SECTION 3: DETERRING BAD BEHAVIOR WITH STRONGER PENALTIES**

When one unethical agent is caught breaking the law, it erodes consumer confidence in the home buying and selling process.

OREA refuses to stand idly by while a few individuals take advantage of consumers and tarnish the reputation of thousands of hard-working real estate professionals across the province.

#### **Recommendation 7: Allow Administrative Monetary Penalties (AMPs) for Minor Infractions**

- **Ask:** Proclaim the necessary legislative and regulatory measures to permit AMPs for black-and-white, indefensible actions, like advertising violations.

#### **Recommendation 8: Eliminate the Financial Incentive for Bad Behaviour**

- **Ask:** Grant RECO the ability to order disgorgement, thereby forcing a registrant to repay all, or some, of the profits earned through a breach of TRESA and its Code of Ethics, ensuring that any proceeds from such breaches are returned to the victims and impacted parties.

#### **Recommendation 9: Strengthen the "Cooling Off" Period for Licensing Revocations**

- **Ask:** Considering revocations only occur in extremely serious cases, the mandatory "cooling off" period should increase to two years less a day before the offending individual can reapply for registration following a major violation of TRESA.