



Annual Report

March 31, 2024

Message to Minister

The Honourable Katrine Conroy
Minister of Finance
PO Box 9048
Station Provincial Government
Victoria, BC
V8W 9E2

On behalf of the Board of Directors of the Real Estate Compensation Fund Corporation (“RECFC”), I am pleased to present the Annual Report for the year ended March 31, 2024.

RECFC was formed under the *Real Estate Services Act* in 2004 to protect the public interest by providing compensation in certain cases of wrongdoing by real estate licensees. Since inception, RECFC has paid over \$1.8 million in compensation claims to consumers.

To provide enhanced protection for consumers, our increased coverage of \$200,000 for single claimants and \$1 million per brokerage contributes to the government’s goal of increasing housing affordability by reducing risk of loss for consumers making home purchases.

This was our second full year operating under our new oversight body, the BC Financial Services Authority, and we are pleased to report that we are working collaboratively with BCFSAs to enhance consumer protection in the real estate sector.

RECFC fulfills an important role in providing consumer protection to the citizens of British Columbia. I am confident that with the ongoing support of the government and industry, RECFC will continue to provide the public with the protection that it expects and deserves when dealing with real estate licensees.

Sincerely,



Jorda Maisey
Chair

Introduction

The Real Estate Compensation Fund Corporation (“RECFC”) and its operations are governed by the *Real Estate Services Act*.

In accordance with the legislation, RECFC established the Real Estate Special Compensation Fund (the “Fund”) for the purpose of providing compensation in accordance with Part 5 of the Act [Payments from Special Compensation Fund]. The Act provides for payments from the Fund to be made in one of the following three ways. In each case, a claim on the Fund is filed in writing with the Superintendent of Real Estate, who is appointed by the BC Financial Services Authority (“BCFSA”):

- 1) Civil Suit - a court finds that a claimant has suffered a “compensable loss,” as defined in the legislation. Any such finding is binding on the Superintendent of Real Estate, and the Superintendent is obliged to issue a Certificate of Compensable Loss, accordingly, in favour of the claimant. Upon receipt of such a Certificate, RECFC is obliged to make the payment so certified from the Fund.
- 2) Discipline Hearing - the Superintendent determines after a discipline hearing that a licensee committed wrongful taking. Again, any such finding is binding on the Superintendent in relation to the determination of whether there has been compensable loss and, consequently, on RECFC.
- 3) Compensation hearing - in the absence of a preceding Court or Discipline hearing decision, a member of the public alleging that they have sustained a compensable loss is able to apply directly to the Superintendent. In such cases, the Superintendent is entitled to conduct a hearing to determine whether a compensable loss has been incurred and issue a Certificate of Compensable Loss. On receipt of such a Certificate, RECFC is bound to make the payment so certified.

It should be noted that the legislation grants RECFC intervention rights regarding court and Discipline proceedings. These intervention rights are critical to allow RECFC to become a party to the proceeding to adduce or challenge whatever evidence it believes appropriate and to make submissions to the court or Discipline hearing on what it believes the appropriate disposition of the proceeding ought to be. RECFC is the only entity that has these intervention rights in the courts. The determination on whether a compensable loss has occurred and, if so, who is liable for it, either in whole or in part, still rests with either the Superintendent or the courts, rather than RECFC.

The number of compensation cases arising in any given year is proving to be extremely low in comparison to the number of trust transactions conducted through real estate licensees in the province. Experience indicates that compensation claims often come in groups, often because a single licensee generates multiple claims. Given the enormous amount of trust funds held by the industry, the claims history demonstrates the high integrity of the whole industry.

In addition, pursuant to an amendment to the Regulation in 2007, RECFC is permitted to make an emergency payment in cases where the Superintendent determines that:

- a) A person has suffered a compensable loss,
- b) Money is required to
 - i. Complete a trade in real estate in which the person is involved, or
 - ii. Prevent further significant compensable loss to the person,
- c) It would be in the public interest to use money from the Fund to complete the trade or prevent the loss.

RECFC came into effect on December 31, 2004. Since inception, payments from the Fund have been made for compensable losses in 40 cases totaling approximately \$1.8 million.

An important function of RECFC is to pursue recovery rights against the wrongdoers who were responsible for the claims. Once a payment has been made by the Fund by one of the three mechanisms outlined above, the Act entitles RECFC to seek recovery of the amount paid from whoever may be liable for the loss, either in whole or in part. The section expressly permits RECFC to exercise whatever recovery rights the claimant had “as against any other person” in that regard. Most commonly, that recovery effort would be expected to take the form of RECFC filing a civil suit against one or more of the parties the claimant could have sued. RECFC has been able to successfully recover funds in several cases.

Given how highly variable real estate transactions and the parties involved in them are, determinations by the Directors of RECFC on precisely how to exercise recovery rights, or how extensively to exercise them, can only be made on a case-by-case basis, having regard to all the circumstances of the particular case and having regard to what is in the best interests of RECFC and the Fund. Because Court proceedings, Discipline hearings, or hearings before the Superintendent may or may not provide a complete answer to the question of who all the potentially liable parties are, the Directors may consider it appropriate for RECFC to conduct further investigations of its own before deciding what recovery steps to take, or which recovery efforts to abandon, in any given case.

Factors considered include: the degree of apparent liability of a particular party given all the circumstances, the anticipated costs of recovery, and the amount to be recovered. In considering such matters, RECFC takes appropriate legal advice. If a decision is made to not pursue RECFC’s recovery rights, then the file is closed.

To support the Real Estate Special Compensation Fund, RECFC may:

- a) Levy assessments on licensees,
- b) Levy different assessments against different classes of licensees as defined by RECFC, and
- c) Establish terms and conditions in relation to the payment of assessments.

Every licensee must pay to RECFC, on or before the time set by RECFC, any assessment levied by RECFC. To limit the size of the Fund to only the amount necessary to fund future compensation claims, RECFC reduced its assessments in 2017 by assessing new licensees only. In 2023, the Board voted to cease assessments for two years. The legislation continues to provide that if a licensee has not paid an assessment as required, the licensee's license is suspended until the licensee pays the full amount due, together with interest on that amount at a rate determined by RECFC.

RECFC invests the money in the Fund that is not immediately required for disposition, as permitted under the provisions of the Trustee Act respecting the investment of trust property by a trustee, with the primary purpose of protecting the capital in the Fund for future compensation claims.

RECFC has been fortunate in receiving strong support from the real estate sector. Through the payment of their annual assessments, real estate licensees have contributed over \$19 million to the Fund. We are grateful for the initial grants made by the real estate regulator totaling \$1,000,000 and \$600,000 by the Real Estate Foundation of BC.

2024 Board of Directors

The Board of Directors governing the Real Estate Compensation Fund Corporation (“RECFC”) consists of three directors appointed by the British Columbia Financial Services Authority (“BCFSA”) and two directors appointed by the British Columbia Real Estate Association (“BCREA”). RECFC Directors may serve two consecutive three-year terms. The Corporation is administered by a part-time Executive Officer.

Jorda Maisey, Chair, Langley

As Chair of the Real Estate Compensation Fund Corporation, Jorda Maisey brings a wealth of knowledge. A licensed realtor with 30 years of experience, she is well-equipped to lead in her role. In her previous leadership roles, Jorda skillfully chaired arbitrations for both BCREA and FVREB, underscoring her proficiency in resolving disputes. She also played a pivotal role in advancing BCREA’s Quality of Life initiative and emerged as a staunch advocate for government relations. At the Fraser Valley Real Estate Board, Jorda served as President, leading key committees such as Finance, Business Practices, and Government Relations. Beyond her professional life, Jorda is actively involved in non-profit organizations and has served as a Rotary Past Assistant Governor for District 5050. Her dedication and community service make her a valued asset to RECFC.

Lori Mullin, CPA, Vice Chair, Kelowna

Lori Mullin, CPA, CA, CFP operates her own professional accounting public practice in Kelowna. Previously a partner in a regional accounting firm in northern BC, Lori enjoys working with a wide variety of businesses and non-profit entities including small businesses, real estate companies and government agencies. In addition to her practice, Ms. Mullin conducts professional misconduct investigations on behalf of CPABC. She has also volunteered with not-for-profit agencies including six years with the Kelowna General Hospital Foundation, four of those years as Finance Committee Chair.

David Weiss, Director, Vancouver

David Weiss is Senior Vice President of Corporate Service & Transformation at BC Financial Services Authority. He has been involved in setting strategy, driving business growth, building teams, and leading transformational change in organizations for over 25 years. He has volunteered with a variety of non-profit organizations in his community throughout his career.

James Palanio, Director, Penticton

James Palanio has been a licensed realtor since 2002 and is now the Managing Broker of Royal LePage Locations West realty in Penticton, BC. James has served on his Regional Board, the South Okanagan Real Estate Board for 7 years, and then on the British Columbia Real Estate Association Board, including a year as Chair. He has also served his community on local non-profit Boards over the past two decades, and is an elected School Trustee, and the current Chair of the Okanagan-Skaha, School District 67 Board of Trustees.

Erin Seeley, Director, Vancouver

Erin Seeley is the CEO of the YWCA of Metro Vancouver. She previously served as Senior Vice President, BC Financial Services Authority and CEO of the Real Estate Council of BC and spent more than 15 years in progressively senior leadership roles with the BC Government. Erin holds a BA in Political Science and Hispanic Studies from the University of Victoria and an MA in International Studies from Simon Fraser University.

Anna Solnickova, CPA, Executive Officer, Burnaby

Anna Solnickova, BBA, CPA, CGA is a seasoned finance professional with 20 years of progressive experience in finance, accounting, management and leadership. Before her role as Executive Officer of RECFC, she held the position of Vice President, Finance at a private financial services company in the Lower Mainland that specializes in real estate financing and investments. Her expertise and dedication are invaluable assets in guiding the organization through dynamic real estate markets.

Claims Activity During 2024

In the current year, RECFC paid out a \$25,131 claim. Last year, RECFC paid out \$8,376 in claims.

During 2024 there were no recoveries of claims paid out in prior years pursuant to RECFC's recovery rights. Last year there was a \$912 recovery.

Through careful investment management, RECFC has been successful in protecting the Real Estate Special Compensation Fund (the "Fund") and building a proper financial reserve for the payment of future compensation claims.

Financial Summary 2024

During 2024, RECFC collected \$0 in assessments as there is a two-year hiatus (2023: \$1.069 million) and incurred operating expenditures of \$240,000 (2023: \$290,000).

The Fund was valued at \$24.9 million at 2024 fiscal year end (2023: \$23.7 million).

Please refer to the audited financial statements on our website for detailed financial information.

Contact Us



www.recfc.org

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