Real Estate Council Alberta

Home Buyer's Guide

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Congratulations! You've decided to buy a home.

Maybe this is your first home, maybe you have a growing family and are moving into something bigger, or maybe you're about to retire and become an empty-nester. Regardless of your stage in life, buying a home is a significant financial commitment. This Guide will help you get ready for every step of the home-buying process.

Who We Are

The Real Estate Council of Alberta (RECA) is the independent governing authority that sets, regulates, and enforces standards for real estate, mortgage brokerage, property management, and real estate appraisal professionals. We're a source of neutral, independent information for consumers about Alberta's real estate industry and working with its licensed professionals.

RECA has information that, when combined with assistance from a licensed real estate professional, can help you navigate your home purchase.

Keep reading to find out more.

Getting Ready to Buy

Do Your Homework

Before you start home shopping, there's a lot to consider:

- **Are you ready to buy?** Are you prepared to maintain a property or do you prefer to have a landlord make repairs? Have you considered the additional home ownership costs (property taxes, utilities, insurance)?
- **Do you have stable employment?** If you're new in a job, or only on a contract, you may want to wait until you have a more stable job situation. The reality is, if you have unstable employment, it may be more difficult to get a mortgage. Likewise, if you're self-employed, do you have the savings necessary to cover home ownership costs in the event your self-employment encounters tough times.
- **What type of housing do you want?**
  - **New vs. Resale:** Besides the obvious differences in new construction homes versus resale, buyers need to know that GST applies to the purchase of a newly constructed home. New homes are usually covered by a warranty from one of Alberta's seven new home warranty providers. On the other hand, GST does not apply to resale homes, but there is no new home warranty unless it is still covered from when it was first built.
  - **Attached vs. Detached:** Detached homes are typically more expensive than attached homes, but they also provide you with some physical space between your home and your closest neighbour. Detached homes won't share any walls with a neighbour, and that likely makes them quieter.
  - **Single-family vs. Condominium:** This relates to the type of ownership, not the style of the home. Single-family homes do not have common property. As the owner, you own the entire structure plus the land it sits on. A condominium is a form of property ownership that includes the individual ownership of a unit and shared ownership of common property with other unit owners; the common property includes the land on which the condominiums sit.
    - An owner of a traditional condominium does not own the land on which their home sits nor do they own the structure of their home.
    - An owner of a bareland condominium owns the structure of their home, but not the land on which it sits; that land is common property.

Condominiums can be apartment-style, townhouse, attached, or detached. In a condominium, you pay a monthly fee to cover your share of expenses for the common property, and you have to follow the condominium's rules (bylaws). When you own a condominium, the condominium board makes some decisions on behalf of all owners, such as maintenance, allowable exterior décor, and garden rules. Owning a condominium, though, also means the condominium corporation pays certain expenses, subject to the bylaws of the corporation (i.e. roofs, window replacements).

- **Single-family with revenue**: A single-family property with revenue potential is an option for a buyer who wants a single family home, but is concerned about costs. That revenue potential would most likely come from a basement suite. When considering such a property, keep in mind that you become a landlord, which means you will have to deal with finding tenants, additional property maintenance, and you will need to become familiar with relevant legislation (in Alberta it's the *Residential Tenancies Act*). While such revenue can assist in the financial side of home ownership, it is not a decision you should take lightly. Remember also that different Alberta municipalities have varying rules surrounding suites, and just because you see a bedroom and a kitchen in the basement of a home, doesn't mean you can legally rent it out.



Financial Readiness

Are you financially ready to buy a home? It may be a good idea to sit down and write a draft household budget. Get a sense of your current monthly expenses. A licensed mortgage broker or bank can also help you determine if you're financially ready, but there are things you can think about on your own too:

Consider your down payment: A down payment is the part of the purchase price the buyer pays in cash rather than financing with a mortgage. Buyers typically need a minimum 5% of the purchase price as a down payment, though some lenders now have mortgage options that allow you to borrow your down payment and/or a relative can provide you with a gift of a down payment. In that case, you'll need a letter from your relative ("gift letter") verifying the down payment funds are a gift and don't need to be repaid. Other than any such gift funds, you must prove to the financial institution or lender that your down payment is from your own funds.

If your down payment will be less than 20% of the purchase price, you will need a high ratio mortgage and it has to be your primary residence (i.e. you can't rent it out). Lenders require borrowers to obtain mortgage insurance for high ratio mortgage, since they can be riskier for financial institutions. The insurance will protect your lender in the event you default on the mortgage. If you need a high ratio mortgage, you need to include the cost of the mortgage insurance in the total mortgage amount. Your mortgage insurance premium will vary depending on the size of your down payment relative to the price of the property, but ranges from under 1% of the purchase price to more than 3%. A real estate professional, mortgage broker, or lender can calculate your exact premium, and some websites have calculators available for doing the math yourself. If your down payment is 20% of the purchase price or more, you do not require mortgage insurance.

Ensure you have deposit funds: You need to provide a deposit with your offer to purchase. Your real estate professional can advise you on the deposit amount, and your deposit funds are typically part of your down payment.

Budget for closing costs: Closing costs are separate from your deposit and down payment, and are typically due on possession date, which is the date when the real estate transaction is complete and the property is yours. Closing costs include lawyer fees, property tax adjustments, title insurance (if any), etc. It is a good idea to budget a couple thousand dollars on top of the purchase price as closing costs. You can read more about closing costs on page 30 of this Guide.

Remember that being approved for a mortgage of a certain amount doesn't mean you have to spend that much. In fact, many experts believe you shouldn't max out on the value of your home. You want to leave enough room in your budget in case you have unplanned expenses come up, interest rates rise in the future, or if there's going to be a period of time when you're off of work (sickness, parental leave, etc.).

Get a sense of market conditions: News articles often refer to real estate market conditions. You may hear the terms buyer's market, seller's market, or balanced market. But what do those mean?

- buyer's market - where property supply is strong and buyer demand is weak. In a buyer's market, you're more likely to hear that buyers think they received a good deal.
- seller's market - where buyer demand is strong and property supply is weak. A buyer in a seller's market may worry they're paying too much for a property because they're competing with other buyers for a limited supply of properties.
- balanced market - where demand from buyers is keeping pace with the supply of properties for sale.

Market conditions affect home prices. Sellers want to get as much for their property as they can and buyers want to pay as little as they can; the market conditions will dictate who has a stronger negotiating position.

Finding Professionals to Work With

If you believe you're financially ready to buy a home, your likely next step is to find the professionals to assist you. In many cases, this will be a mortgage professional (a bank employee or a licensed mortgage broker) and a licensed real estate professional.

You want to find professionals you trust, who can answer your questions, help you secure financing, help you find a property, and help you successfully negotiate a purchase.

It's important to find the professionals that will suit your needs. But how?

Word of mouth referrals

Get recommendations from your friends and neighbours about experiences they've had with mortgage brokers and real estate professionals.

Search online

The internet is your friend. Almost all mortgage brokers and real estate professionals have an online presence, whether it's a personal website or profiles on various social media sites. Do some searching online and find someone who appeals to you.

Find out if they're licensed

Mortgage brokers and real estate professionals need a licence to operate in Alberta. Once you've found the name(s) of some professionals you're considering, do a public licence search on RECA's website to make sure their licence is current. Visit www.reca.ca and click on "Searching for an industry professional." Bank employees can assist in mortgage financing and do not require a licence through RECA, but mortgage brokers do. Either one can assist you with your mortgage needs.

Check the RECA website

RECA posts disciplinary decisions on its website. Check the Complaints & Discipline tab on the Consumer side of RECA's website for two years of disciplinary history, to see if RECA disciplined the professional with whom you want to work.

Interview some options

While the above suggestions will help you find professionals to talk to, they won't tell you exactly which professionals are right for you. Your next step should be to interview those you are considering. Make sure they have the experience, background, and knowledge necessary to assist you in your purchase or sale. You need to feel comfortable with your choice, so it's a good idea to ask them for references and let them know you're interviewing multiple professionals.

Working with a Mortgage Broker

Most buyers need at least some financing (a mortgage) to purchase a home. The two most common sources of a mortgage are directly through a bank or through a mortgage broker. Typically, banks only offer their own mortgage products while mortgage brokers can source mortgage products from different lenders. Ultimately, it's your choice how to obtain your financing, but speaking with a mortgage broker at the outset is a good idea.

Interview questions for a mortgage broker

- are you a licensed mortgage broker?
- do you represent the borrower, the lender, or both?
- do I need to sign a contract?
- what services do you provide and how will you help me?
- do you charge borrowers a fee?
- how do you receive compensation for your services?
- how many lenders do you work with?
- was most of your business done through one lender last year?

It's important that borrowers understand the relationship they have with their mortgage broker. Did you know that when you're talking with a mortgage broker about applying for and getting a mortgage, that broker's business model may be to represent the lender, not you?

A mortgage brokerage may:

- represent the borrower (you);
- represent the lender; or,
- act as an intermediary.

Each relationship option comes with different roles and obligations. In all cases, though, mortgage brokers have a responsibility to clearly explain their role to borrowers they're working with.

When they are representing you, the borrower

When a mortgage brokerage represents you, as a borrower, you are a client. They must act in your best interests at all times, and will owe you general, fiduciary, and regulatory obligations. These include undivided loyalty, confidentiality, full disclosure, obedience, reasonable care and skill, and full accounting. They will recommend financing options to you, advocate on your behalf, and provide you with confidential advice.

When they are representing the lender

When a mortgage brokerage is representing the lender as their client, they will be acting in the lender's best interests at all times, not yours. They can still work with you; however, they will treat you as a customer, not a client.

When you are the customer of a mortgage brokerage, that brokerage must:

- treat you honestly and act with reasonable care and skill
- gather information on the property you want to finance and on your financial situation
- explain the lender's options to you
- complete the necessary documents and submit them to the lender
- tell you about the transaction's progress and pass along any communications from the lender to you

The mortgage brokerage cannot give you advice or act in any way that would be a detriment to their client, which is the lender. The lender has their undivided loyalty.

When they are acting as an intermediary

A mortgage brokerage may act as an intermediary between you, as a borrower, and potential lenders. In this case, the mortgage brokerage is not representing you or the lender. Neither of you are clients. Both are customers.

The brokerage will facilitate the mortgage deal by gathering information, explaining the options, completing the necessary documents and keeping both sides apprised of the deal's progress. They will not act to the benefit or detriment of you or the lender(s). Alberta mortgage brokerages often work as intermediaries when working with residential borrowers.

It is the mortgage brokerage's decision
Each mortgage brokerage decides its own business model. Some only represent lenders, some only represent buyers, and some will represent neither. The brokerage should explain its model, and inform you of your options, including sending you to another brokerage, if you are not satisfied with the options they offer.

Written Service Agreements

When you find a mortgage broker you'd like to work with, they will ask you to sign a written service agreement. Mortgage brokers are required to have written service agreements when working with clients; that requirement applies whether the broker represents the borrower, a lender, or acts as an intermediary between a borrower and lender.

Written service agreements enhance consumer protection by giving clarity about the roles and obligations between mortgage brokers and borrowers, and reduce any potential for conflicts and confusion.

Your written service agreement with your mortgage broker will tell you what you can and should expect from your working relationship with your mortgage broker. Your agreement will:

- describe the responsibilities and services of the mortgage broker
- outline the obligations of the mortgage broker and the borrower
- set out the fees, if any, or how the mortgage broker will receive their fee
- give consent to collect, maintain, use, and distribute a borrowers' personal information
- address any potential conflict of interest scenarios
- give consent to "pull" a credit bureau on the borrower(s)
- give an option for the borrower to receive electronic messages from the mortgage broker after the funding of the transaction

RECA has sample documents for use by mortgage brokers to comply with written service agreements and other legislative requirements. These sample documents include:

- **Representing the Borrower Service Agreement**
- **Acting as an Intermediary Service Agreement**
- **Borrower Consent & Disclosure When you Represent the Lender**

These agreements meet the requirements of the *Real Estate Act* Rules relating to disclosure of relationship and compensation, mandatory written service agreements, as well as the requirements of the *Personal Information Protection Act*, the *Fair Trading Act*, and *Canadian Anti-Spam Legislation*. Take a few minutes to familiarize yourself with the sample documents so that you know what to expect when meeting with a mortgage brokerage professional.

A brokerage may customize the documents to suit their needs, as long as the documents continue to meet the requirements of the *Real Estate Act* Rules.

Being a responsible borrower
Mortgages carry large financial commitments and risks. Mortgage brokers can help you understand your risks and responsibilities as a borrower. Among other things, risks include:

- your ability to pay the mortgage if your life circumstances change (unemployment, parental leave, etc.)
- a rise in interest rates
- loss of equity if the market falls
- maintenance costs of home ownership

When taking on a mortgage, as a borrower, you also have a number of responsibilities to your mortgage broker and the lender:

- be completely honest
- make sure you get a receipt for any payments
- be aware of offers that are too good to be true so you don't end up the unwitting victim of a scam

Mortgage brokers can also help ensure borrowers take on a mortgage product that is suitable for their needs. They have the knowledge necessary to ask the right questions and source appropriate products.

Mortgage product suitability is important to the Canadian economy as a whole. As we've seen in other countries, when borrowers take on mortgage products that are not suitable for their needs or their specific financial circumstances, we run the risk of a collapse of the housing market, which effects all parts of the economy.

If the mortgage broker you're working with represents the lender, their obligations extend solely to the lender. Essentially, in this situation, you, as the borrower, are representing yourself. The mortgage broker doesn't have a responsibility to you to ensure you select a suitable mortgage product. You are responsible for ensuring the option you select is suitable for your needs and your financial circumstances. You can ask your mortgage broker questions about the products available, and your mortgage broker can't lie or otherwise mislead you, but they cannot provide you with advice.

If your mortgage broker is acting as an intermediary between you and the lender, they have an obligation to discuss suitability with you and provide suitable mortgage product options.

Understanding and Securing Financing

Mortgage Pre-Qualification

Your mortgage broker has tools to help you in your home search. Before you go house shopping, you want to know how much of a mortgage your income will support, and what affect your current debt load will have on a possible mortgage amount. You can find this out by getting a mortgage prequalification.

- A mortgage prequalification is tentative approval from a lender for a mortgage based on your qualifications (i.e. income, down payment amount) made in advance of a real estate purchase. The prequalification will provide you with the information needed to know how much of a mortgage you will likely be approved for; it'll help you ensure you're shopping for homes you can afford.

A prequalification is not the same as receiving approval for a mortgage; it is not a guarantee a lender will enter into a mortgage contract with you. Once you make an offer to buy a property, you will formally apply for a mortgage, and you will have to submit supporting documentation that confirms your financial position. A lender might choose not to approve you for a mortgage after it more closely assesses you and/or the property.

After you choose either a bank financial specialist or a mortgage broker to work with, get your paperwork in order.

You may need to have certain documents available when you seek a mortgage prequalification, and you will definitely need them when you apply for the mortgage – these include:

- proof of employment (for example, a letter from your employer)
- most recent Canada Revenue Agency Notice of Assessment
- confirmation of income (for example, pay stubs or a T4)
- gift letter (if you're using a gift as your down payment)

Lenders will review these documents, along with other items such as your credit report, in order to determine how much of a mortgage you can afford. They will also review a couple of key calculations to make that determination:

Gross Debt Service (GDS) Ratio: Lenders use a borrower's GDS to determine whether the borrower has an acceptable debt level. Your GDS is the percentage of your gross monthly income required to cover payments associated with housing. Payments include mortgage principal, interest, property taxes, heating, and half of your condominium fees (if applicable). Generally, for a lender to consider you for a mortgage, your GDS should be no more than 35% of your gross monthly income.

Total Debt Service (TDS) Ratio: Lenders also review your TDS ratio. Your TDS is the percentage of your gross monthly income needed to cover your monthly debt load, which includes your housing costs, plus all of your other debt payments (car loan or lease, student loans, lines of credits, etc.). Your TDS should not be more than 42% of your gross monthly income.

It is unlikely a lender will approve a mortgage if the mortgage puts your GDS above 35% and your TDS above 42%.

Working with a Real Estate Professional

Now that you're on your way to getting a mortgage approved – you likely want to get out and look at houses. It's always a good idea to use a licensed real estate professional in your search. We've already covered some of the ways in which you might find a real estate professional to work with, but when you interview potential representatives, these are the kind of questions should you ask them:

- how long have you been in the business?
- do you have a job other than as a real estate professional?
- how many buyers did you represent last year
- what services will you provide to me?
- what geographic areas do you serve?
- do you specialize in certain property types?
- how will you search for my new home?
- how do you handle multiple offers?
- how do you present my offer to the seller?
- what are the top three things that separate you from your competition?
- are you working as part of a team or will I always deal directly with you?
- how do you get paid?
- how much do you charge for your services?
- will you work for me exclusively, not the seller?
- how do you handle conflicts of interest?
- will you do a property evaluation on the home I want to buy?
- how do you keep me informed?
- how many clients do you work with at any one time?

The real estate professionals you interview will likely also have questions for you. These could include:

- your motivation for buying
- what type of home you want
- your preferred timing
- needs and wants

After you choose a real estate professional to work with, one of the first things they should show you is RECA's Consumer Relationships Guide (Guide). The Guide is a mandatory document, which real estate professionals must provide to, and discuss with, consumers they're working with.

The Guide will help you understand your legal relationship with your real estate professional, and explains the three types of relationships you could have with your real estate professional:

1) **An entire real estate brokerage can act as your agent.** This is a common law agency relationship and means you have a relationship with all of the brokerage's real estate professionals.
2) **An individual real estate professional (or team of professionals) can act as your agent.** This is a designated agency relationship.
3) **You can be the customer of a real estate professional.** You do not have an agency relationship with anyone at the brokerage; they are not acting as your agent.



The Guide explains the three relationships in more details, including what responsibilities your professional will have to you in each. Your real estate professional will ask you to sign an acknowledgement that you have read the Guide, discussed it with them, and received satisfactory answers to your questions.

If you decide to enter into a client relationship with your real estate professional, they will ask you to sign a written service agreement. Written service agreements are required in Alberta when you're a client of a residential real estate professional.

Written service agreements help real estate professionals clearly and confidently communicate with their clients about:

- the relationship between the parties
- the services to be provided by the brokerage
- the obligations and responsibilities of the parties
- consent for collection, use and distribution of personal information of the client
- method of calculation of remuneration or how the industry professional will be compensated

You can negotiate the specific terms of the written service agreement you sign, and in fact, should never sign an agreement that has terms you don't agree with or don't understand.

You can negotiate:

- the duration of the agreement
- whether it's exclusive or non-exclusive (In an exclusive agreement, you agree to only use the services of that brokerage to represent you. In a non-exclusive agreement, you may use the services of multiple brokerages at the same time)
- the remuneration (if any)
- services to be provided
- clauses for early termination of the agreement.

If your real estate professional promises certain services or availability, include them in your written service agreement. Written service agreements provide an opportunity for you to ensure you're getting the services you want, need, and expect from your real estate professional. Make sure you understand and are comfortable with what you're signing.

Even before you start looking for a home, it's not a bad idea to ask your real estate professional for a copy of a blank Offer to Purchase form. An Offer to Purchase, also known as a Real Estate Purchase Contract, is the contract you, as a buyer, will submit to a seller for consideration. It contains:

- the date of the offer
- the description of the property you want to buy
- the amount of the deposit
- the purchase price you're offering
- down payment and financing details
- your name and address
- the name and address of the seller
- subject-to clauses
- conditions
- closing dates; and,
- any special requirements you want to impose on sellers (for example, you want the kitchen appliances)

Familiarizing yourself with the document before you actually need it can make the offer process go more quickly and smoothly when you find the right place.

Finding the Right Place

Now the fun stuff really starts – it's time to find the perfect home. It's exciting, but it can also be a bit overwhelming. With lots of properties to choose from, you're going to need to narrow down what you're looking for.

Consider:

- location
- home style – condo apartment, condo town house, single family home
- number of bedrooms
- number of bathrooms
- features – garage, yard, basement suite
- inclusions – appliances,
- price range
- special needs (handicap accessibility, home office, etc)

Making a list of your needs and wants may help focus your search. Needs are those things that you absolutely must have while you may be willing to negotiate on your list of wants.

You also need to be realistic about what's available in your price range. If your upper limit is $250,000, and you want a 4-bedroom inner city home in an area where prices start at $500,000, you will need to change your list of needs and wants OR change your budget. Your real estate professional can help you understand the realities of the current market.

Residential Measurement Standard
As you begin searching for your new home, your real estate professional is going to talk to you about property size, and the Residential Measurement Standard (RMS) in Alberta. Real estate professionals in Alberta must use the RMS when describing a residential property's size.

The RMS offers a consistent means of representing the property's above grade space. Among other things, the RMS sets out what parts of a property can be included in its measured-area. For example, if a room has a dormer with a ceiling height of only 4 feet, is it included as floor space? What about finished basements that are entirely below grade?

Property size and measurement are important factors for most buyers and your real estate professional must talk to you about:

- how property size factors into a buyer's decision to purchase
- the relationship between property size and asking price
- the RMS:
  - what is included and excluded in the measurements
  - how professionals take measurements and calculate them
- if the property is a condominium:
  - the different between RMS size and the condominium unit registered size
  - what is included and excluded in the RMS size
  - what is included and excluded in the condominium unit registered size
- your options to determine property size, and your instructions

Many listings and property information sheets contain clauses placing the onus on the buyer to verify the property's size. If property size is important to you, tell your representative, and take steps to verify the size rather than relying on the seller's representation.

If you want to verify measurements, you can ask your real estate professional to hire a property measurement company, or you and your real estate professional can measure the property. Discuss whether you should take measurements before making an offer to purchase or as a condition of your offer, and who will pay the cost of the measurement company.

Throughout this process, keep in mind that a property's size isn't the only thing sellers are using to set a listing price for their home. Two homes, with the exact same measurements, are unlikely to sell at the same price. The price of a home will also depend on location, features, décor, and upkeep.

Things to Avoid

As you look for a home, you also need to know what you want to avoid. There are two important things to discuss with your real estate professional: material latent defects and stigmatized properties.

Material latent defects are defects a person cannot discover with reasonable care during an inspection. They include defects that:

- make a property dangerous or potentially dangerous
- make a property unfit to live in
- make a property unfit for the buyer's purpose (if the buyer has told their industry member or the seller's industry member the purpose)

By law, sellers, and their real estate representatives, must disclose known material latent defects to potential buyers. You should talk to your real estate professional about RECA's Property Inspection Request form. This can help bring possible concerns to your attention with respect to the condition of a property you want to buy.

You may also want to discuss stigmatized properties with your real estate professional. The term "stigmatized" means an unfavourable quality in a property or one that may make the property less attractive or unattractive to some buyers. Buyers may avoid stigmatized properties for reasons that are unrelated to the physical condition or features. Stigmas may include:

- that a suicide or death occurred in the property
- the property was the scene of a major crime
- the address of the property has the wrong numerals
- reports that a property is haunted

Some buyers want to avoid certain stigma while others won't care. If there are certain stigmas that matter to you, you need to talk to your real estate professional about them. If there are, your real estate professional should ask specific questions of the seller or the seller's representative. Because these type of stigma are not material latent defects, the seller is not required to answer your questions, but if they choose to answer – they must do so honestly. If they refuse to answer, you'll have to decide if you're comfortable proceeding without the information. The bottom line is if you're concerned about a particular stigma, you need to talk to your real estate professional about it.

Flooding became a major concern for many buyers after the devastating southern Alberta floods in 2013. Fortunately, the Alberta Government has comprehensive flood hazard maps. These maps indicate areas of the province that are located in the floodway and those located in the flood fringe. Areas in the floodway are most susceptible to future flooding, and property owners who choose to build and/or live on property in the floodway will not be eligible for provincial assistance in the event of a flood. Those who live on the flood fringe are less susceptible to future flooding, but must still flood-proof their homes to the provincial standard in order to be eligible for provincial assistance in the event of a flood. Being on a floodway or flood fringe may also affect what your municipality will allow you to build on your property. Your real estate professional should talk to you about flood hazards, and show you a Flood Hazard Map for the area in which you intend to buy.

As you start to look at properties, you may wonder what else you can do to help ensure you find the right property.

DO:

- ask about stigmas that concern you
- visit a property for a second showing if you're interested, but still not sure
- ask about specific things you see in the house that you want to ensure are included in the purchase
- ask your real estate professional to search title to ensure there are no identified issues on title, such as builder's liens or building design restrictions

Special listing situations

You may come across a listing that reads "as-is, where-is" or "judicial sale/foreclosure" These are very specific sale situations that you'll need to discuss with your real estate professional.

In an as-is, where-is sale, there is no guarantee as to the property's condition. You may not be able to obtain a Real Property Report for it and it's possible, in the case of a condominium, there won't be condominium documents available for you to review. It's also possible that you may not have access to the property for a home inspection. There can be a significant amount of risk in buying an as-is, where-is listing.

A judicial sale is the sale of real property under the authority and supervision of the Court of Queen's Bench. A property is listed as a foreclosure when a lender takes possession and ownership of it because the owner/borrower hasn't made the required mortgage payments. In both of these situations, the property may be offered at a lower than expected price, but there will be conditions attached to the home's sale. For example:

- in the case of a condominium, you may not have access to condominium documents
- your purchase may require approval through the Courts, which can significantly delay it proceeding – if at all
- there may be a set minimum deposit that you will need to have right away
- it's possible in a foreclosure situation, right up until possession day, that the sale can fall through

You'll need to carefully weigh these restrictions against the fact the property may look like a good deal.

Conflicts of interest

In rare situations, you may run into a conflict of interest. It arises when there is a real or apparent incompatibility between a real estate professional's interests and your interests. Some examples of common conflicts that may arise in a real estate transaction:

- if you find a home to buy and the seller is related to your real estate professional. This is a conflict of interest because your real estate professional is supposed to put your needs above all else and if they're related to the seller, it could be difficult for them to do so
- you want to buy a property that your real estate professional owns. This is a conflict of interest because your real estate professional

is supposed to represent your best interests, and they won't be able to fulfill that fiduciary duty if it's their property you want to buy

- you find a property you want to buy, but your real estate professional is also representing another buyer who wants to buy the same property. This is a conflict of interest because your real estate professional has the same responsibility to both buyer clients; to put their needs above all else. Your real estate professional cannot act in the best interests of both of their buyer clients.
- you find a property you want to buy, but your real estate professional also represents the seller. This is a conflict of interest because your real estate professional has the same responsibility of undivided loyalty to both you and the seller, and cannot act in the best interests of both you and their seller client.

Real estate professionals have an obligation to avoid, and disclose any conflicts of interest to you as soon as they arise.

That disclosure requires them to:

- give you all the details they know about the conflict
- explain why they believe they are in a conflict or potential conflict of interest
- describe how the conflict affects you
- advise you to obtain independent advice

Transaction brokerage is a way to deal with the one specific type of conflict of interest that arises when your real estate professional also represents the seller of a home you want to buy. It allows your real estate professional to work with both you and the seller client in the same transaction.

In transaction brokerage, your real estate professional becomes a transaction facilitator and treats you and the seller in an even-handed, objective, and impartial manner. The real estate professional no longer owes you or the seller undivided loyalty.

If you and the seller agree to proceed in transaction brokerage, you will both have to sign an Agreement to Represent Both Buyer and Seller form, which ends the sole agency representation for you and the seller, and it sets out the terms of the new relationship between your real estate professional, you and the seller. If you or the seller don't agree to transaction brokerage, your real estate professional will present you with other options.

Once you are aware of any conflict of interest, it's up to you how you want to proceed. You may want to get legal advice or you may want to proceed with a different real estate professional.

Your real estate professional cannot provide services to you if they are in a conflict of interest unless you give them your written informed consent.

Making an Offer

You've found the perfect home, you have your deposit, and you're ready to make an offer. Now take a deep breath.

Before you put pen to paper, there's more to think about.

- has your real estate professional pulled title?
- is there a Real Property Report with a municipal stamp of compliance?
- have you done an internet search on the address or condominium building name?
- has your representative done a historical listing search for the property?
- does the home have a warranty?

Here are a few of the ways you can prepare yourself to make an offer:

Pulling title: A property's title shows:

- who owns it
- if there are any liens or other encumbrances on it
  - a lien on title likely means there is an unpaid debt of some sort. For example, if the owner of the property had renovations completed and did not pay the company hired to complete the renovations – the company may, in some circumstances, register a lien on the property as security for payment. A lien in this case would mean the company has an interest in the property until it receives payment from the owner. Such a lien on title could affect your ability to purchase the property
- any easements or rights of way
  - for example, if a utility company has a gas line passing under your lot, the company will likely have a registered easement on title that guarantees them access to the line and restricts uses or activities that would prevent such access or raise safety issues. While this likely won't affect your ability to buy the property, these are important details for you to know as they could affect your use of the property in the future

Real Property Report: a Real Property Report (RPR) is a legal document prepared by an Alberta Land Surveyor that shows property boundaries and improvements (structures) relative to boundaries. It will help you determine exactly what you're buying. You want to ensure an RPR has evidence of municipal compliance, which confirms property improvements comply with municipal Bylaws and Regulations. The standard seller representation (listing) agreement used in Alberta requires sellers to provide a current RPR to the buyer, unless the buyer agrees otherwise. In most transactions, a buyer's lender and lawyer require a current RPR to complete the transaction. If there is no RPR available, discuss your options with your real estate professional and your lawyer.

Search the address: If you haven't already done so, now is a good time to perform an internet search on the address of the property or, in the case of a condominium, the name of the condominium building/complex. Because sellers don't need to disclose stigmas, you want to do as much as you can to find out if there's anything in the property's past that would concern you. An internet search can uncover quite a bit. It's not a guarantee, but it's good due diligence.

Historical listing search: Would it bother you if you found out the property you want to buy was listed multiple times recently? Would it bother you if every time it's listed the price rose dramatically? A historical listing search will show you the listing history of the property. Your real estate professional can, and should, do one for you and show you the results.

Warranties and representations: If you're buying a new home, you will have certain protections through a new home warranty program. As of February 1, 2014, every new home built in Alberta is protected under warranty, which is offered by one of seven providers. If you're buying a resale property

– there is no such warranty unless it is still covered by a new home warranty from when it was first built. Alberta has an online public registry of homes covered by a warranty, which you can search by address: **http://homewarranty.alberta.ca/public-registry/**.

The representations sellers make about a property may not always be accurate. Reviewing the RPR, asking about stigmatized properties, reviewing condominium documents, and having a home inspection can help, but even with all of those, there are limits to a seller's representations about the property. If something goes wrong with the property in the future and you believe the seller lied or somehow misrepresented the condition of the property, it can quickly become a legal issue and you may need to hire a lawyer. There is no absolute certainty that a representation a seller makes is accurate.

Writing the Offer

Once you've considered these things and are satisfied you've found the property you want to buy, it's time to write your Offer to Purchase. Things you'll include are:

Offer price: The list price is exactly that; it's what the seller is asking for their property – but it doesn't have to be what you offer. Your real estate professional will provide you with information that will help you make an informed decision on what to offer. That information will include looking at comparables (recent sales of similar properties in the same neighbourhood), and discussing your preferences.

Ultimately, as the buyer, it's your choice what to offer. If your offer is too low, the seller may not be willing to negotiate and may reject it outright. If the offer is higher than recent comparables, sure, you may ultimately get the place you want – but you may have paid too much.

While price may be your primary consideration in your Offer to Purchase, there are others:

Deposits: A deposit can be a sign of how serious you are about the purchase, but remember that you need to have the deposit ready at the time of the offer. Ask your real estate professional what form your deposit should be, and in the case of a cheque/money order, find out to whom it is payable (usually it's held by the seller's brokerage in trust in accordance with the terms of trust set out in the Offer to Purchase).

Terms: A term is a detail in the purchase contract that the buyer and seller agree to. If you include a term in your Offer to Purchase, and the seller accepts your Offer to Purchase, they accept the terms in it. Terms include:

- **Possession date**: the date on which you will take possession of the property. Typically, possession occurs around noon on possession day. As a buyer, you should expect vacant possession. It's a good idea to plan a possession date that allows you a contingency if something goes sideways. If possible, arrange that your possession date is before you have to move out of your current living space, so there is some overlap. It's also a good idea to avoid Fridays and holidays.
- **Inclusions and exclusions**: Inclusions are those items you want included in your purchase, typically appliances, security systems, etc., and exclusions are those items you are excluding from the purchase, for example if the sellers are taking the curtain rods or TV wall mount with them. If you want something included, and you're not sure if it is, write it in as an inclusion. If the seller disagrees, they can list it as an exclusion in their counter offer. Inclusions and exclusions are subject to negotiation between the parties. When in doubt, write it out and make sure you're specific. For example, it may not be enough to specify in writing that the garage door opener is included, write out that the garage door opener remotes will also be included. The same goes for built in vacuum systems; write out that the built in vacuum system will be included as well as the system's attachments. If something is mentioned in the listing that you want included, don't rely on the fact that it was mentioned in the listing. Specifically include it in your offer or the seller may assume you didn't want it and remove it prior to closing.

Attached goods are items you cannot remove from the property without causing damage. Unattached goods are movable items. In the absence of specific inclusions or exclusions indicated in the offer to purchase, attached goods are typically included in the property while unattached goods are not.

- Time for acceptance/expiry of offer: When you're writing an Offer to Purchase, you need to decide what date and time your offer will expire. Ideally, you want to include an expiry date/time that:
  - creates a sense of immediacy for the seller
  - may encourage the seller to review your offer before others
  - removes the need for you to formally withdraw the offer at some point in the future

  On the other hand, if your expiry date/time is too soon, it may not give the sellers enough time to adequately consider your offer. Your real estate professional can advise you of different strategies regarding your offer's expiry date and time.
- Pre-possession inspection: A pre-possession inspection term, if agreed to by the seller, gives you the opportunity to view the property, with your real estate professional, prior to possession, typically the day or night before possession day. Such an inspection can help you feel confident that the property is in substantially the same condition as it was when you viewed it and made your offer. If it isn't, your real estate professional will explain your options, and will likely suggest you call your lawyer.

Conditions: Buyers often place conditions in their Offers to Purchase in order to protect their interests. You and the seller must meet any conditions in an accepted conditional offer before the contract is final and binding. It is very unusual for a buyer to write an unconditional Offer to Purchase.

The conditions you may want to include will differ depending on the type of property, for example:

- if you're buying a single-family home, you may want a home inspection
- if you're buying a condominium, you may want condominium document review condition
- if you're buying a country residential property, you may want satisfactory results of a water or soil test as a condition

RECA has a Property Inspection Request Form available on its website that provides a list of the most common reports or inspections a buyer may want to request as part their Offer to Purchase. Buyers can list satisfactory results from those inspections as conditions in their Offer to Purchase.

All conditions need to have an expiry date. Make sure the expiry dates you include with your conditions will provide you with enough time to satisfy those conditions – or, enough time to determine that you will not be waiving the conditions. If, as a buyer, you don't waive your conditions by their expiry date in writing, the contract ends, and you and the seller have no further obligations to each other. On the other hand, if you are ready to waive your conditions, your real estate professional will provide you with the required waiver, and the purchase contract becomes final and binding.

If you waive your conditions, and end up not proceeding with the purchase, you could lose your deposit and may be subject to legal action. Only waive your conditions if and when you're confident you're going to proceed with the transaction.

Holdbacks: A holdback is when a buyer holds back some of the purchase price on closing until the seller completes certain items or tasks. Common reasons for a buyer to propose a holdback include:

- the seller is in the process of renovating a room in the property, but the renovations are not complete when the buyer makes an offer. The buyer includes a holdback in their Offer to Purchase to ensure the seller completes the work by a certain day
- the seller indicates plans to have the roof replaced before possession day. The buyer includes a holdback in their Offer to Purchase to ensure the seller replaces the roof, at their expense, before possession

A holdback is a formal agreement between a buyer and a seller; buyers can't simply decide to hold back funds at closing because they see something they don't like. If a buyer wants the option of a hold back, they need to include it in the purchase contract and the seller needs to agree to it. A holdback should be greater than the cost of the needed work in order to protect the buyer.

Communication for acceptance: Within your offer to purchase (the purchase contract), you need to be clear about the way in which communication on the contract is to occur between you and the seller and/or the seller's real estate professional. The standard purchase contract in use in Alberta allows for in person delivery, or communication by fax or email. Discuss these options with your real estate professional.

Negotiations

There will likely be some negotiation between you and the seller after you submit an Offer to Purchase. Sellers can outright accept or reject your offer, make a counter offer, or ignore your offer completely.

- if the seller accepts your offer, congratulations! If your Offer to Purchase contained conditions, your real estate professional will help you do what needs to be done in order to satisfy those conditions
- if the seller rejects your offer, it's up to you to decide what you want to do next – you can either submit a new Offer to Purchase or look elsewhere
- if the sellers provide a counter offer, carefully review it and any terms and conditions. A counter offer likely contains a different selling price, but the sellers may also counter on possession date, inclusions/exclusions, terms, or conditions. If you want to accept their counter offer, make sure you review everything in it. If you want to change anything, then you will essentially be providing the sellers with a counter offer rather than simply accepting their counter offer
- perhaps most frustrating is when a seller simply ignores your Offer to Purchase. While it may be frustrating to not get a response from the seller by the offer's expiry, it's essentially the same as when a seller rejects your offer. The silence from the seller is no different; they have not and are not accepting your Offer to Purchase. And just as when a seller rejects your offer, it's up to you how you want to proceed. Do you want to write a new Offer to Purchase or look for a different property? If you didn't include an expiry date in your Offer to Purchase, and the seller hasn't responded to your offer, make sure you ask your real estate professional to formally withdraw your offer before writing an offer to purchase on another property.

Multiple offers: A multiple offer situation is when multiple buyers submit an Offer to Purchase on the same property, at the same time. It's the seller who determines the process, including whether they want to disclose the multiple offer situation to potential buyers. If the seller discloses a multiple offer situation, your real estate professional will:

- tell you of the multiple offer situation
- advise you of the seller's options
- attempt to personally attend the offer presentations
- advise you of YOUR options, including:
  - increasing your offer prior to its presentation to the seller
  - leaving the offer as it is
  - withdrawing the offer
  - reconsidering the fixtures, chattels, terms and conditions of the offer

- advise on other considerations that could improve your position including:
  - o a term or condition that will compel the seller to deal with the offer at the time of presentation or face withdrawal
  - o a requirement that the seller not disclose the price and terms to any other buyer or face withdrawal

Multiple offer situations aren't uncommon, especially in a seller's market. If you are in such a market, to better prepare yourself for the possibility, think about:

- how much higher in price you are willing to go
- which, if any, terms or conditions you are willing to remove from your offer, and which you would remove first
- your willingness to change the possession date to one that is more favourable to the seller

Your real estate professional will guide you through your options.

Finalizing a purchase

If your accepted offer was conditional, you need to try to satisfy your conditions. Here is additional information about three of the most common buyer conditions:

Financing: If you included a financing condition, you need to confirm your financing before waiving this condition. A pre-approval or pre-qualification is not the same as confirming financing. Before you waive your financing condition, your lender (or mortgage broker, if you're working with one), will need documents related specifically to the property you're buying. They will likely need:

- a copy of your accepted Offer to Purchase
- the listing sheet for the property you're purchasing
- copy of the Real Property Report for the property (single family home/bareland condo)
- current title for the property

The financing company will carry out its own due diligence to ensure the property is worth what you're paying for it. That protects the lender's investment, but it is also an important step in avoiding fraudulent transactions. The lender may want to arrange for its own appraisal of the property. All of these things take time, which is why it's important to give yourself enough time for your condition dates in your offer.

If your financial position has changed since your original pre-qualification or pre-approval, the lender may not provide financing. While shopping for a home, try to maintain your financial situation. That means it's not a good time to change employment or take on additional debt (vehicles, etc.). Likewise, if you have a long period of time between waiving your conditions and taking possession of the property, your lender will likely review your purchase and mortgage application again before advancing funds. If anything in your financial picture has changed, you could have issues getting the mortgage. Talk to your mortgage professional for more information.

When your lender does provide formal approval for your financing, make sure you carefully review the mortgage commitment. Lenders sometimes include various conditions in such a commitment. If your lender includes conditions, carefully consider whether you are ready to waive your financing condition on the Offer to Purchase.

Home inspection: If you included a home inspection condition in your Offer to Purchase, it's time to hire a home inspector. Home inspectors in Alberta need a Home Inspector's Licence through Service Alberta. A home inspection is a professional opinion on the condition of a property based on a non-invasive examination of its features and components. Prior to licensing, home inspectors complete education and pass a test inspection. Make sure you hire a licensed home inspector. You can ask friends and family for referrals, and your real estate professional can make recommendations. Depending on the time of year, it may take a few days to schedule a home inspection – again, make sure your condition removal date gives you enough time to have a property home inspection done.

Once your home inspector completes their inspection, they will give you a written report of their findings. The home inspector isn't able to do an invasive examination of the property, and their liability in their inspection is limited. The report will give you a sense of the condition for a number of major components, which typically will include electrical, heating/air conditioning, roof, and foundation. The home inspector will also attempt to determine if the property has any moisture problems, but they base that assessment on what is visible and is not absolute.

Even on relatively new homes, it's not unusual for a home inspection to uncover issues. Some of the issues will be minor, while others may be more significant. Talk about the report with the home inspector and with your real estate professional.

The wording in a home inspection condition is up to you and your real estate professional. Most inspection clauses say the results of the inspection must be to the satisfaction of the buyer; however, you may specify a dollar amount in your home inspection condition. If the home inspection uncovers issues that would take more money to remedy than the amount specified in the condition, you may not be prepared to waive the home inspection condition, at least not without further price negotiations with the seller.

Remember that when you include a home inspection as a condition, that condition only covers a home inspection by a home inspector. If you would like additional inspections to occur, and would like your purchase conditional on those inspections being satisfactory, you need to include them in the contract. For example, if the sellers opened up their kitchen to the living room and did so by removing a wall, you may want to have a structural engineer inspect the stability of the work the sellers did. A typical home inspection condition would not allow for this. Talk to your real estate professional about any other inspections on which you want your purchase to be conditional.

Decide what issues are acceptable to you, and what may lead you to not waive the inspection condition. If you want to proceed with the purchase, discuss it with your real estate professional; the seller may be willing – but is not required to - offer some sort of compensation to mitigate issues the home inspection uncovers.

Condominium document review: If you're buying a condominium, you will likely include a condominium document review condition. Condominium documents relate to the operation of the condominium corporation. When you're buying a condominium, you're buying into the corporation, common property, and shared responsibilities. You want to ensure the condominium corporation is financially stable, managed well, and that the property is well maintained. The seller is required to provide you with a number of condominium documents. These include but are not limited to:

- current operating budget and fee schedule
- current balance sheet
- recent audited financial statements
- reserve fund study and plan
- registered bylaws
- AGM meeting minutes
- six months of Board meeting minutes
- insurance certificate
- management contract
- post-tension cable report (if applicable)
- any age restrictions in place
- engineering reports
- parking details
- registered condominium plan
- listing sheet
- offer to purchase

There are professionals who will, for a fee, do this review for you, provide you with a summary of the documents, and identify areas about which you might have concern. That review can uncover financial difficulties, unacceptable bylaws (for example, restrictions as to size, number or type of pet), or necessary maintenance. You can ask friends and family for recommendations of qualified condominium document reviewers and your real estate representative likely has some recommendations as well. Your reviewer will discuss their findings with you – highlighting anything of concern. From that, you can decide whether you're comfortable waiving your condominium document review condition and proceeding with the purchase.

You will likely also want to familiarize yourself with the documents. As a condominium owner, these documents are important. Remember that when you buy a condominium, you're not just buying a place to live, you're effectively buying into a corporation. The financial health of the corporation can affect your unit's value, and your future expenses. The above documents will provide you with information that will help you decide if buying into a specific condominium corporation is a financially sound decision. While you want to ensure the unit itself is what you're looking for, and that it will serve your purposes as a home, you also want to make sure you're comfortable with the way the corporation is run.

While it's impossible to provide an exhaustive list of red flags that you may uncover in condominium documents, here are a few possibilities:

- no reserve fund study – condominium corporations are required to complete a new reserve fund study and plan every 5 years
- minutes of a Board meeting include a discussion about water issues in a number of basements within the development
- there are multiple law suits against the corporation that are not settled

Condominium red flags may not just be an issue for you as the buyer, they can also raise concerns for lenders. A lender may be hesitant to fund a mortgage in a condominium development that has such red flags. In fact, some lenders will include as a condition of financing that they review or have their lawyer review the condominium documents in order to assess risk.

As a buyer, you will ask for an estoppel certificate from the seller at possession. The condominium corporation issues an estoppel certificate to show if the current unit owner owes money to the corporation (i.e. condominium fees, special assessments). If the corporation issues an estoppel certificate showing the seller/current unit owner doesn't owe any money to the corporation, the corporation cannot later ask the buyer/new owner to pay money the former owner owed. If an estoppel certificate shows the current owner owes money, you need to talk to your lawyer.

Conditions are met

If you meet all of your conditions and you're prepared to proceed with your purchase, your real estate professional will provide you with a waiver to sign.

Once you remove your purchase conditions, you need to hire a real estate lawyer who can handle the legal paperwork. Some lawyers will charge an hourly rate, while others, particularly for real estate matters, will charge a flat rate. You'll need to provide your lawyer's name and contact information to your real estate professional and to your lender/mortgage broker, and vice versa.

If you do not waive all of your conditions, your accepted Offer to Purchase is null and void. The seller has no further obligations to you and you have no further obligations to the seller.

Preparing for Possession

You may have negotiated a short possession date or a long one, but either way, your responsibilities are the same.

At some point, likely just a few days before possession, you will need to meet with your lawyer. Your lawyer will go over all of the legal documents with you, including the RPR and the title. Your lawyer will highlight any possible restrictions or caveats registered against the property, discuss closing costs and disbursements, and have you sign the documents to transfer the property's title to you after your lawyer advances the purchase funds to the seller. You'll need to bring photo ID to your meeting with your lawyer. Some lawyers require two pieces of identification – this could include a passport, driver's licence and/or credit card. Ask your lawyer specifically what forms of ID they accept. You should also bring proof of home insurance for your new home. There's no requirement to have your home insurance take effect before you take possession, but it's a good idea because it provides additional protection for your investment in the event something happens to the property before you take possession.

Title Insurance

Your lawyer will also discuss title insurance with you. Title insurance works like a standard insurance policy, and protects against future discoveries about the insured property. It is a form of indemnity insurance for a mortgaged property. As insurance, it covers the loss of an interest in a property due to legal defects.

There are two types of title insurance:

A lender's title insurance policy, which the borrower usually pays for, is for the sole benefit of the mortgage lender. Your lender may require title insurance and you, as the buyer, will have to pay for it. It is for the sole benefit of the lender.

Owner's title insurance is a separate policy where either the buyer or seller pays the insurance premiums to protect the buyer's equity in the property. This title insurance may relate to coverage for title and non-title issues. For example, title insurance can cover future title fraud (i.e. if through fraudulent transactions and paperwork, someone loses title to a property they legally own – title insurance can assist in getting title back).

Title insurance can also provide "gap coverage" to buyers and borrowers, which protects their interests when a transaction is closing. There is often a gap of several days between the submission of the land transfer and/or the mortgage document to the Land Titles Office and the registration of these interests on title. Lawyers cannot release mortgage funds to a seller until registration is complete and the title shows no intervening registrations. A borrower can arrange a title insurance policy quickly and it takes effect on the date of issue. It assures the state of the title at date of registration of the land transfer (real estate trade) or loan document (mortgage deal). This is an example of a non-title issue that title insurance may cover. Your lawyer can talk to you about whether they think this kind of title insurance is necessary for you.

Once you've met with your lawyer and signed the documentation, including mortgage documents (if obtaining a mortgage), it's really just a matter of waiting for the possession date. During the waiting period, you can:

- arrange for your mail to be forwarded to your new address through Canada Post
- schedule your utility hook-ups (electricity, gas, cable, etc.)
- arrange for home insurance to take effect as of possession day or when you move in, whichever is earlier
- hire a moving company (if using)

Additional Closing Costs

Beyond your lawyer fees and title insurance costs (if any), you may also have to pay other closing costs, including property tax adjustments. Because of the way property taxes work, you may be required to reimburse the seller some of the property taxes they've paid to their municipality in the current year. Your lawyer can provide you with more information about these costs. Talk to your real estate professional about your market and what costs you should expect.

What to Expect on Possession Day

Typically, possession occurs – and you'll get the keys – around noon on possession day. If you included a pre-possession inspection as a term in your Offer to Purchase, your real estate professional will arrange that through the seller's representative. It may take place the day before possession or the morning of; that's up to you to negotiate with the seller as part of the offer process.

During a pre-possession inspection you want to ensure the property is in substantially the same condition as it was when you submitted your Offer to Purchase. Attached goods should still be in place, as should any additional inclusions that you had in your Offer to Purchase. Appliances should be in the same working order, too.

In terms of cleanliness, you should expect the property to be in similar condition as when you bought it, but there is nothing that requires a seller to clean the property to a certain standard.

Once you've taken possession, if you find the property is not in substantially the same condition or if something has been removed and should not have been, you need to call your lawyer as it will become a legal issue between you and the seller. By the time you get the keys, the money has typically transferred to the seller. Your real estate professional can attempt to discuss the matter with the seller's representative, but if things aren't fixed to your satisfaction, your only recourse is to speak to your lawyer.

Concerns or Questions?

What happens in the unlikely event you have an issue with the service provided to you by your real estate professional or if you have an issue with the seller's real estate professional?

If the issue is with your real estate professional, your first step should be to contact their broker. The broker is responsible for industry professionals registered with the brokerage. The broker may be able to explain the professional's conduct or may find a way to resolve the issue you brought forward.

If you don't feel the broker satisfactorily addressed your concerns, your next step should be to contact the Real Estate Council of Alberta (RECA). As the governing body for Alberta's real estate brokerage, mortgage brokerage, property management, and real estate appraisal professionals, RECA is committed to the public interest. RECA sets, regulates, and enforces standards for licensed industry professionals, which promotes the integrity of the industry and protects consumers.

If a consumer feels their real estate representative behaved inappropriately, they can file a complaint with RECA. RECA's first step is to review a complaint to determine if it falls within its jurisdiction and if there is sufficient evidence of wrongdoing. If so, RECA will begin the formal conduct review (investigation) process.

If RECA determines there has been misconduct, it can issue a financial penalty to the industry professional, and issue other forms of discipline, but it will not be able to get any compensation for you. To receive compensation, you would need to proceed with action through the courts or apply to the Consumer Protection Fund. The Consumer Protection Fund is available to consumers in the event they suffer financial resulting from fraud or breach of trust, or a failure by the industry professional to disburse or account for money held in trust.

An additional protection in place for consumers is errors and omission insurance (E&O). E&O insurance is business liability insurance intended to cover damages resulting from errors, omissions, and negligence by licensed industry professionals that occurred in the course of providing their services. All licensed real estate, mortgage brokerage and real estate appraisal professionals in Alberta carry some form of E&O insurance, which provides additional protection to consumers.

For more information on all aspects of the Real Estate Council of Alberta, its mandate, its people and its services, or Alberta's licensed industry professionals, please visit RECA's website at www.reca.ca.

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