

TRUST IN REAL ESTATE SERVICES ACT

MULTIPLE AND DESIGNATED REPRESENTATION

OREA has been calling on the Government of Ontario to allow for designated representation since 2017. We took that position when the previous Liberal government was consulting on a multiple representation ban. Instead of a ban, OREA proposed a model which would permit two agents at the same brokerage to represent both a buyer and seller in a single transaction.

Definition of Designated Representation

Designated representation is not anything new as a business model because it is used by brokerages in other provinces, like Alberta and Nova Scotia. It allows a brokerage practicing designated representation to have the option to work with both the buyer and the seller in a single transaction. **The proposed model of designated representation says that the duty owed to the clients would apply to the designated agents within a brokerage for the specific, identified transactions, not the brokerage and all of its REALTORS®.**

Example

ABC Realty Inc. has a listing, and the brokerage also happens to represent a buyer that is interested in that listing. In other words, the brokerage represents the seller and the buyer. Today, that is known as multiple representation. **In the proposed designated representation model, the listing agent would be able to represent the seller, while another agent at ABC Realty Inc. would represent the buyer on behalf of the brokerage to advocate solely for the buyer. The**



Brokerage would retain oversight responsibility for the designated agent's fulfillment of the duties to the clients.

Key Points

- Brokerages will not need to pick one agency model over the other. OREA was successful in getting the Government of Ontario to allow brokerages to use both representation types on a transaction-by-transaction basis.
- **The type of agreement would need to be determined at the beginning of the transaction.**
- Multiple representation will still exist. **The proposed model of designated representation calls for multiple representation still to be an option but adds designated representation as another positive option for consumers.**
- The government's proposed regulations also include additional changes to how REALTORS® are expected to treat multiple representation situations. Currently, if a REALTOR® represents a seller and a prospective buyer in the same trade, after receiving a written offer, but before the offer is accepted, the REALTOR® must disclose this fact to every other buyer who makes a written offer.
- **NEW:** A REALTOR® shall obtain a written acknowledgment from each person receiving the disclosure indicating that the disclosure has been received.
- REALTORS® will be required to disclose the differences between the brokerages obligations if it represented only one client versus multiple representation, with specific reference to its obligations and duties services and its remuneration agreements.

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