

REGISTERING NEW HOME SALES AGENTS WITH A GENERAL BROKERAGE

Prior to December 1996, The Manitoba Securities Commission regulated the activities of restricted practitioners by placing the restriction on the brokerage's registration. The most common examples were property managers and new house builders registered under the registration category established by Order No. 2457. The Manitoba Home Builders' Association (MHBA) informed the Commission and The Manitoba Real Estate Association (MREA) that its builder-members were unable to engage sufficient numbers of new home sales agents particularly during the Parade of Homes in the spring and fall of each year. The MHBA noted that the situation was becoming increasingly problematic with declining numbers of builders maintaining a registration under the New House Builders category as builders were finding it more beneficial to list their homes for sale with general brokerages and with the larger builders registering as general brokerages. The Commission referred the issue to The Real Estate Advisory Council (the Council). The Council in consultation with the MHBA recommended that the Commission's registration policy be amended to permit general brokerages to engage restricted new home sales agents under appropriate conditions. The following conditions were suggested by Council:

- The general brokerage would undertake to engage the new home sales agent on an employer-employee basis (and not as an independent contractor) to sufficiently empower the brokerage to supervise and restrict the the new home sales agent's activity to selling new homes;
- The general brokerage would undertake to review all offers to purchase obtained by the new home sales agent to ensure the agent's activity is restricted to selling new homes;
- The brokerage would inform the Registrar of the name(s) of the builder(s) that the new home sales agent would be representing to avoid creating roving agents representing unidentified builders and products.

The Commission accepted Council's recommendations in December 1996.

In registering new home sales agents on this basis, Commission staff require the brokerage to provide with the agent's application the undertakings and information outlined above.

When issuing the new home agent's certificate of registration, Commission staff attach appropriate conditions that reflect the above requirements.

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