



Real Estate Talk: New brokerage rules

Description

New rules to alleviate market competition and pressure, but will they?

By **Joseph Marovitch**

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The government plans to institute new rules starting on **June 10, 2022**, that would address the issue of **double representation** or a broker representing both the seller and buyer while being paid by the seller. There are positive gains to be acquired by ensuring that sellers are represented by a broker and buyers are represented by a separate broker, to achieve fair and objective goals for both parties.

However, there are questions to be asked. If the seller hires a **listing broker** and the listing broker is not responsible for sharing the commission with the broker representing the buyer, will the broker reduce their commission from the average 5% to 2.5% or will they charge the same 5% or maybe 3.5%? After all, the listing broker no longer must split their commission. Should there not be savings?

Brokers who represent a buyer after June 10 must sign a **buyer's contract** with the buyer. This means the buyer must agree to pay the broker representing them in a purchase 2%, 2.5% or maybe 3%. Will this drive total commissions higher?

There are positive gains to be acquired by ensuring that sellers are represented by a broker and buyers are represented by a separate broker, to achieve fair and objective goals for both parties.

As well, where does the selling broker acquire their compensation? Does it come from the funds at the notary during the signing or does the buyer pay out of pocket plus GST and PST? Will this be a deterrent for buyers who, instead, decide to purchase without a buyer broker to represent them? This really would be like defending oneself in court. Real estate transactions are legal actions with legal ramifications.

To institute these new rules, the rules must be extremely clear, and the public must be made fully aware of the consequence of their actions. A real estate transaction only works without representation when there are no extraneous issues. As soon as an issue arises, such as a hidden oil tank, illegal view, infringement on another



property or a hidden defect, to name just a few of the thousands of issues that can pop up and are normally managed and resolved by a seasoned real estate broker, the buyer will wish they had a broker to avoid or resolve all the problems that seem normal when an experienced broker is involved. A broker is, in effect, a lifeguard first and a lifesaver after. Without a lifeguard, there can be a mishap.

The ten-day rule

In a [recent article in the Financial Post](#), some provinces, such as BC and Nova Scotia, are introducing new measures that permit buyers to cancel their accepted offers days after the due diligence is completed. The reason for this is that competition has been fierce and buyers, aside from offering exorbitant prices, are skipping conditions such as inspection and review of documents, only to find out after possession what a costly mistake they made. The problem with this new rule is that the seller, based on the sale of their home, has made an offer on another home, arranged for a mover, and spent money and time which will be translated into damages if the buyer of their house decides to cancel the offer.

'The banks have instituted rules ensuring mortgage requirements are more stringent to avoid a meltdown of the economy. Why not apply checks and balances to home purchases?'

It would make much more sense to institute a law that states buyers must have inspections, review documents and follow correct protocols of due diligence if they are to buy a home. The banks have instituted rules ensuring mortgage requirements are more stringent to avoid a meltdown of the economy. Why not apply checks and balances to home purchases?

Should you have questions or comments, please refer to the comments section at the bottom of the page. As well, to view past articles, [click here](#).

Next article: **Income property on the rise**

State of the market

Spring is here, and sales have slowed down, which is not the normal market at this time. Prices do not appear to be falling, however, with news of rates now rising quicker than anticipated and little inventory, sellers are slow to sell as they are aware they will end up in a boat of buyers searching for expensive homes. Indications are that, over time and with rising interest rates, the market will move forward but not at the hot pace experienced over the last two years.

With a lack of inventory, high prices, rising interest rates and lack of houses, condos, and apartments, demand for income property is on the rise. Check next week's article.

Have a great week, and stay safe.

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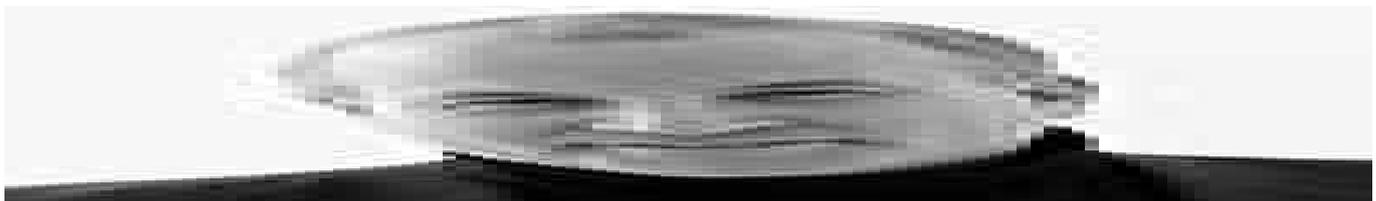
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Joseph Marovitch has worked in the service industry for over 30 years. His first career was working with families from Westmount and surrounding areas, hosting children between the ages of 6 to 16 as the owner and director of Camp Maromac, a sports and arts sleep away summer camp established in 1968. Using the same strengths caring for the families, such as reliability, integrity, honesty and a deep sense of protecting the interests of those he is responsible for, Joseph applies this to his present real estate broker career. Should you have questions please feel free to contact Joseph Marovitch at 514 825-8771, or josephmarovitch@gmail.com



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