



Real Estate Talk: New rules clarified

Description

Upcoming new rules for brokers, sellers and buyers explained

By **Joseph Marovitch**

June 1, 2022

June 10, 2022, is quickly approaching. This is the date **new rules come into effect for buyers, sellers, and brokers**. Commencing on June 10, 2022, if a broker is to represent a buyer or seller, the broker must have a **written contract**, and the broker cannot represent both buyer and seller in a transaction. In other words, double representation is no longer permitted.

In the past, a broker could represent a buyer without a written agreement and get paid by the listing broker's (the broker representing the seller) company. From June 10 on, the broker representing the buyer must have a written contract with the buyer, and the buyer pays the broker. This affects the purchase price of a property and the commission a broker would charge.

The average commission in Quebec is 5%, which would be divided between the broker purchasing and the broker selling. In the past, if the listing broker was charging 5% and there was no broker representing the buyer, the listing broker would receive 5%.

In the past, a listing broker could represent both buyer and seller and this was a conflict of interest since the listing broker had an obligation to acquire the highest price and best terms for the seller.

Under the new structure, the listing broker should now be charging 2% or 2.5% and so should the broker representing the buyer. A broker will still do the same job as before but it will now be very clear that the listing broker, the one selling the property, is representing and defending the interest of the seller only. The selling broker, the broker with the buyer, will now state clearly that that broker is representing and defending the interest of the buyer only.

In the past, a listing broker could represent both buyer and seller and this was a **conflict of interest** since the listing broker had an obligation to acquire the highest price and best terms for the seller. If the listing broker was representing the buyer as well, then there was the possibility the listing broker would influence the buyer to pay



more and create more favourable terms for the seller. Not that this would occur, but it could.

Under the new rules, conflict of interest is removed, as the broker must state clearly where their obligations and interest are focused.

According to the OACIQ, you must remember the following:

Double representation is prohibited

A seller's broker cannot also represent the buyer with whom he has a brokerage contract to purchase.

To represent a buyer:

A written brokerage contract to purchase shall be signed with the buyer because the verbal contract will be void. A real estate broker who causes a buyer to be interested in a property, without being bound by a written brokerage contract to purchase, does not represent or defend the interests of that buyer, nor is that broker bound to receive compensation.

To find further information on the new Real Estate Broker Act rules regarding double representation, go to oaciq.com/en/articles/forthcoming-amendment-to-the-real-estate-brokerage-act-regarding-double-representation-in-residentia

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: **Quebec politics and the real estate market**

State of the market

The bank of Canada has just raised the interest rate by .5% to **1.5%**. Inflation is now at **6.8%**, and the bank of Canada is using its tool, interest rates, to try and bring the inflation rate down. The aim is to get back to 2% or less where the consumer price index (CPI or rate of inflation) was before the pandemic.

'Raising rates may not lower prices everywhere but, with less competition, buyers will have more and more leverage to negotiate.'

These rate hikes will continue to put a squeeze on the real estate market. The effect has already started across Canada. Buyers are becoming fewer, and prices are starting to fall. Raising rates may not lower prices everywhere but, with less competition, buyers will have more and more leverage to negotiate.

Let's not forget that people with cancer are vulnerable too!

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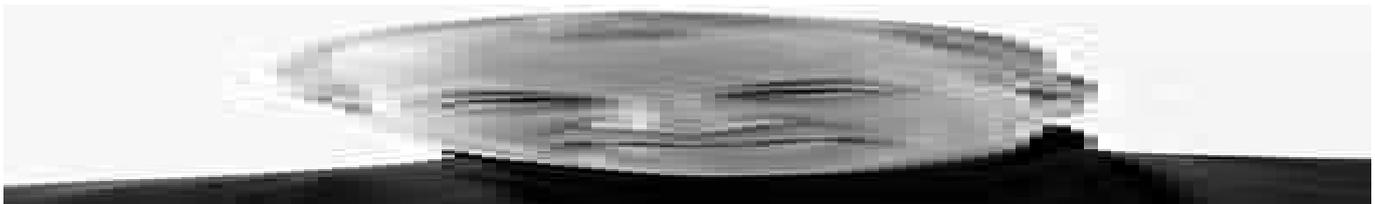
Cancer Research Society

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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 in 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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