

Disclosure: personal interest and knowledge

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This bulletin describes the disclosure obligations of a registrant when they have a personal interest and knowledge regarding a real estate transaction.

What is an interest?

An interest can be any benefit, direct or indirect, that a registrant may gain – now or in the future – from a transaction, beyond the fees or commissions they may or may not stand to earn on the transaction.

A few examples of interest may include:

- When a registrant is the buyer or seller
- When a relative of the registrant is the buyer or seller
- When a registrant or their relative is a shareholder of a company that is buying or selling, or has another role in the transaction that is not evident

What do I do if I have an interest in a transaction?

When a registrant is involved in a transaction where they have a personal interest in the outcome, be it direct or indirect, written disclosure must be made to all prospective parties to the agreement. The disclosure must happen before any offer is made and include the following information:

- Notice that you are a registered brokerage, broker or salesperson (whichever applies);
- All facts within your knowledge that affect or will affect the value of the real estate involved;
- Notice of any negotiation, offer or agreement that you have conducted, or that has been conducted on your behalf, for the subsequent sale, lease, exchange or other disposition of an interest in the real estate to any other person; and
- Details of any payment that will be paid to you by anyone as part of the transaction, other than what is listed in a listing or other services agreement.

The registrant must obtain written acknowledgement from the other parties that they have received the above disclosure before the offer can proceed.

Registrants must also make these disclosures when they are involved in a private sale, as the obligations under the *Real Estate and Business Brokers Act, 2002* (REBBA 2002) apply to any transaction that a registrant is involved in, regardless of their role.

If a registrant is unsure if they have a personal interest in a transaction, RECO recommends they exercise caution and provide disclosure as detailed above.

The disclosure must be provided to all parties and a copy be retained by the salesperson's brokerage for the transaction file.

Relevant sections of REBBA 2002 and the Code of Ethics

REBBA 2002: Section 32

Code of Ethics: Section 18