

## Real Estate Enhanced Consumer Protection Terms of Reference

On November 4, 2021 the Minister of Finance announced the government's intention to create a legislated cooling off period for resale and newly built homes. This measure will give buyers the right to withdraw a purchase agreement within a specified period of time after an offer is accepted.

The Government of British Columbia is committed to ensuring that consumers are protected when purchasing a home. As a result, the Minister of Finance has also requested that the BC Financial Services Authority (BCFSA), as the regulatory body responsible for the real estate industry, examine whether current real estate practices regarding the purchase and sale of a home adequately protect consumers and the wider public interest from activities that have been brought forward by concerned citizens and stakeholders.

Consumer protection concerns related to real estate practices include:

- “blind bidding”, which is when home buyers submit offers to sellers and sellers choose not to disclose the details of competing bids; and
- risks to buyers associated with unconditional offers.

BCFSA will consult with key industry stakeholders and experts on consumer protection issues and return to government with advice for other possible measures to enhance consumer protection and strengthen public confidence in the purchase and sale of homes.

In conducting its consultation, the BCFSA will:

1. Consider appropriate parameters and provide advice for implementing a cooling off period, including:
  - the appropriate length of the period, and
  - whether or not to include penalties for exercising the right to rescission.
2. Examine existing practices involved with selling a home such as:
  - blind bidding, and
  - other practices that may be identified as consumer protection risks.
3. Examine rules, requirements and other activities related to the process of buying a home including those related to condition waiving such as:
  - home inspections,
  - financing, and
  - other conditions that may be identified.
4. Provide advice to government respecting any potential improvements, changes or prohibitions to the activities related to the process of buying and selling a home as outlined in number 2 and 3 above.

5. Engage the real estate industry to explore opportunities for collecting additional data to better understand current market practices.
6. Review practices in other jurisdictions.

BCFSA will report back to the Ministry of Finance by Spring 2022 with advice for enhancing consumer protection measures in BC Real Estate, as noted above.

BCFSA is a Crown agency accountable to the public through the Minister of Finance. BCFSA is responsible for the supervision and regulation of the financial service sector, including real estate professionals, mortgage brokers, insurance, pensions, trusts, credit unions, and the Credit Union Deposit Insurance Corporation.