

Customer relationships not permitted

This bulletin explains the elimination of customer relationships and customer agreements, as well as the transitional rules that apply to customer agreements entered into prior to December 1, 2023.

Summary

Effective December 1, 2023, customer relationships and agreements are not permitted. Brokerages must not enter new customer agreements beginning December 1, 2023.

Transitional rules apply to customer agreements entered into before December 1, 2023, and whose expiry date is on or after December 1, 2023. Any customer agreements with an expiry date after March 30, 2024, will automatically expire on March 30, 2024.

Under TRESA, any agreement for services between a brokerage and a buyer or seller in respect of a trade is a “representation agreement” and the person receiving services under the agreement is a client.

For greater clarity, a brokerage must not enter into an agreement with a buyer or seller for the purposes of trading in real estate if the agreement does not include the provision of representation.

Customer relationships and agreements not permitted

The definition of “customer”, references to agreements for services with customers, and all other provisions related to “customer” and “customer agreements” are removed from the legislation. Customer relationships and customer agreements are not permitted under TRESA.

There is no equivalent to a customer or a customer agreement under TRESA. With respect to a trade in real estate, a person is either:

- A client of a brokerage, or
- A self-represented party.

“Self-represented party” does not replace “customer”

“Self-represented party” is not a new term for “customer”. Real estate agents are **prohibited** from providing services, opinions, or advice to a self-represented party in respect of a trade.

Services are provided to “clients”

Services can only be provided to a “client” under a “representation agreement” with the brokerage, as those terms are defined under TRESA.

RECO Bulletins are a series of publications developed to provide helpful information to brokerages and real estate agents about their duties and obligations under the *Trust in Real Estate Services Act, 2002* (TRESA) and its regulations. Bulletins may be updated as required. Please check the RECO website to ensure you are referencing the most current version.

RECO Bulletins are for convenience only, they do not constitute legal advice. For complete details consult the [legislation](#).

For more information, contact:
registration@reco.on.ca
reco.on.ca

P: 416-207-4800
TF: 1-800-245-6910
F: 416-207-4820

Any agreement to provide services, whether it is an agreement for a full range of services or limited to a specific service, such as preparing an offer for a specific property or a mere posting, is a “representation agreement”.

This means that anyone receiving services from a brokerage benefits from the brokerage or the designated representative acting in their best interests when providing the service or services.

Transitional rules for customer agreements entered into prior to December 1, 2023

Any customer agreement entered that remains in effect on or after December 1, 2023, will **automatically expire** on March 30, 2024, if it has not expired prior to that date.

The legislation as it read prior to December 1, 2023, will apply to customer agreements still in effect on the transition date until the earlier of the agreement’s expiry date or March 30, 2024.

Customer agreements cannot be amended, including by extending the agreement, on or after December 1, 2023.

If services are to be provided to a person who was previously a customer, that is the agreement has expired, the brokerage must enter into a representation agreement with the former customer and deal with them as a client.

Preparing for the transition

Brokerages should advise consumers who enter into a customer agreement under REBBA that has an expiry date on or after December 1, 2023, that a representation agreement will be required if the terms of the customer agreement need to be amended on or after December 1, 2023, or if the customer wishes to continue to receive services from the brokerage after the customer agreement expires.

Brokerages may want to plan for the change by tracking existing and new customer agreements to determine the volume of agreements that might be impacted beginning December 1, 2023.

Related information

Bulletin No. 2.2 Representation

Bulletin No. 2.3 Representation agreements

Bulletin No. 2.4 Dealing with a self-represented party