



**IN THE MATTER OF A DISCIPLINE HEARING HELD PURSUANT TO THE
*REAL ESTATE AND BUSINESS BROKERS ACT, 2002, S.O. 2002, c. 30, Sch. C***

BETWEEN:

REAL ESTATE COUNCIL OF ONTARIO

- AND -

USMAN BUTT

DISCIPLINE DECISION AND REASONS FOR DECISION

Subject to Rule 4.02 of the Discipline and Appeals Committee Rules of Practice (*REBBA 2002*), I, the Chair of the Discipline Committee (*REBBA 2002*) have reviewed and considered the Agreed Statement of Facts and Penalty together with the Waiver of Hearing submitted by the Parties to this proceeding and provide the following Order:

FINDINGS: In violation of Sections 3, 5, 38 and 39 of the *REBBA 2002* Code of Ethics.

ORDER: Fine of \$ \$10,000 payable to RECO on or before October 20, 2024.

Successful completion of the Real Estate Institute of Canada (REIC) "REIC 2280: Legal Issues in Real Estate" course on or before October 20, 2024, and provide RECO with confirmation of successful completion within 12 months of completion of the course.

WRITTEN REASONS:

REASONS FOR DECISION

INTRODUCTION

This matter proceeded on the basis of an Agreed Statement of Facts and Penalty and Waiver of Hearing, pursuant to Rule 4.02 of the Rules of Practice (*REBBA 2002*).

The Agreed Statement of Facts and Penalty read:

AGREED STATEMENT OF FACTS AND PENALTY

It is agreed as follows:

1. Usman Butt ("Butt") who is registered as a broker under the *Real Estate and Business Brokers Act, 2002* ("Act").
2. At all relevant times, Butt was employed at Brokerage A.
3. At all relevant times, Representative A and Representative B were employed at Brokerage B.
4. The Estate of Individual A and Individual B ("Sellers") were the Sellers of a commercial/residential property located at 1-A Street, City A ("Property") and were represented by Brokerage A with Butt as listing representative.
5. The Complainant was the original buyer of the Property and was represented by Brokerage B with Representative A and Representative B as buyer's representatives.
6. On or about April 19, 2022, Butt listed ("Listing") the Property for sale on the Multiple Listing Service ("MLS") for \$750,000. The Listing included a description of the property as being a fully tenanted commercial property containing a legal basement apartment ("Basement") and having 15 parking spaces.
7. On or about August 17, 2022, the Complainant and Sellers entered into an agreement of purchase and sale ("APS") for the Property for \$582,786 with a completion date of November 1, 2022.
8. The APS was amended on October 12, 2022, with Company A being substituted as the buyer (Buyer).
9. The APS contained a clause stating that the Property was being purchased "as is."
10. The listing also included the following wording and request that the: "Buyer or buyer's agent to verify all measurements. Basement Apartment."
11. Butt also inserted the following wording into the APS: "The Seller and Buyer Agree and / or acknowledge that all measurements and information provided by Brokerage A on the MLS listing, feature sheets, and any other marketing

materials for the subject property, have been obtained by sources deemed reliable. However, they have been provided for information purposes only, and as such Brokerage A does not warrant their accuracy.”

12. The APS was conditional upon financing and home inspection for 7 days. On August 28, 2022, these conditions were waived.
13. Sometime in November 2022, the Buyer applied for a public garage license and City A (“City”) advised that the Basement was not legal and could only be used for storage purposes.
14. The City advised that the current zoning would only allow six (6) approved parking spaces, which was contrary to the information contained in the MLS Listing where it stated 15 parking spaces.
15. Unfortunately the Buyer’s application for a public garage license was refused and the Buyer thereafter submitted a complaint to RECO.
16. Butt is extremely remorseful as to what transpired and has indicated that he did not intend to mislead anyone.

SUMMARY OF AGREEMENTS

It is agreed that Butt failed to comply with the Code of Ethics as follows:

- A. As the seller’s representative, Butt failed to take reasonable steps required to verify the legal status of a basement apartment in the seller’s property, contrary to sections 5 and 38 of the Code of Ethics; but instead relied on the representations provided by his client, the seller.
- B. Instead, Butt failed to take the steps required to verify the correct number of parking spaces available at the seller’s property, contrary to sections 5 and 38 of the Code of Ethics.
- C. Butt relied on incorrect information provided by the seller which contained misleading information on the MLS Listing about the legal status of the basement apartment and the number of legal parking spaces, contrary to sections 3 and 39 of the Code of Ethics.

It is agreed that Butt failed to comply with the following sections of the Code of Ethics:

Fairness, honesty, etc.

3. A registrant shall treat every person the registrant deals with in the course of a trade in real estate fairly, honestly and with integrity.

Conscientious and competent service, etc.

5. A registrant shall provide conscientious service to the registrant's clients and customers and shall demonstrate reasonable knowledge, skill, judgment and competence in providing those services.

Error, misrepresentation, fraud, etc.

38. A registrant shall use the registrant's best efforts to prevent error, misrepresentation, fraud or any unethical practice in respect of a trade in real estate.

Unprofessional conduct, etc.

39. A registrant shall not, in the course of trading in real estate, engage in any act or omission that, having regard to all of the circumstances, would reasonably be regarded as disgraceful, dishonourable, unprofessional or unbecoming a registrant.

AGREED PENALTY

The Respondent understands the consequences of his actions and agrees to the following penalty:

To pay a fine of **\$10,000.00** on or before **October 20, 2024**.

To successfully complete the following courses or programs by the identified completion date:

Course Title (Provider)	Completion date
REIC 2280: Legal Issues in Real Estate	on or before October 20, 2024

To provide proof of completion to RECO within 12 months of completion of the courses.

Respondent acknowledgments:

1. I acknowledge that I have read and understand the penalty outlined herein and agree to the said terms and/or conditions.
2. I acknowledge my right to seek legal counsel in this matter before signing this agreement.
3. I agree, understand, acknowledge and consent to waiving my right to a hearing before the Discipline Committee.

Waiver of hearing before the Discipline Committee:

4. The parties consent to disposing of the matter without a hearing before the Discipline Committee and agree to the terms set out herein.
5. The parties request an Order from the Chair of the Discipline Committee that includes this Agreement of Facts and Penalty as a final settlement of this matter.

By signature below the Parties agree, acknowledge, understand and consent to the final settlement of this matter by way of this Agreed Statement of Facts and Penalty.

[The Agreed Statement was duly signed by the Parties.]

DECISION OF THE CHAIR

Having reviewed and considered the Agreed Statement of Facts, the Chair of the Discipline Committee (*REBBA 2002*) concluded that the Respondent breached Sections 3, 5, 38 and 39 of the *REBBA 2002* Code of Ethics. The Chair of the Discipline Committee (*REBBA 2002*) is also in agreement with the joint submission of the Parties as to penalty and accordingly makes the following order:

1. USMAN BUTT is Ordered a Fine of \$10,000.00 payable to RECO on or before October 20, 2024.
2. USMAN BUTT is Ordered to successfully complete the Real Estate Institute of Canada (REIC) "REIC 2280: Legal Issues in Real Estate" course on or before October 20, 2024, and to provide proof of completion to RECO within 12 months of completion of the course.

[Released: November 13, 2023]