



Association des courtiers et agents immobiliers du Québec

1999

Annual Report





Mr. Jean-Pierre Charbonneau
 President of the National Assembly
 Québec Government
 Québec

Mr. President:

I have the honour of submitting the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 1999.

Respectfully yours,

Bernard Landry
 Vice-Prime Minister
 Minister of State - Economy and Finance



Mr. Bernard Landry
 Vice-Prime Minister
 Minister of State - Economy and Finance
 Québec Government
 Québec

Sir:

Please allow me to submit the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 1999.

Yours truly,

Jean-Guy Turcotte
 Inspector General



Mr. Jean-Guy Turcotte
 Inspector General of Financial Institutions
 Québec Government
 Québec

Sir:

It is with pleasure that we submit the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 1999.

Sincerely yours,

François Léger, Eng.
 Chartered real estate agent
 Chairman of the Board

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Members of the Board of Directors

AT YEAR-END 1999

Elected Chairman

François Léger

Elected Directors

| | |
|---------------------------------|----------------|
| Robert Aubin | Western Québec |
| Serge Brousseau (Vice-Chairman) | Montréal |
| Raymond Desbiens | Eastern Québec |
| David Farber | Montréal |
| Pierre Lafond | Montréal |
| Pierre Paradis | Québec |
| Daniel Pelchat | Central Québec |
| Paul Robert (Treasurer) | Montréal |

Directors appointed by the government

Jean Mathieu
 Madeleine Plamondon

Secretary appointed by the Board of Directors

Claude Barsalou



Report of the Chairman



François Léger, Eng.
Chartered Real Estate Agent

This is the Association des courtiers et agents immobiliers du Québec's annual report for 1999. In particular, it outlines our activities in the context of our strategic planning objectives. We met our deadlines, and I invite you to read the Director General's report for full details in this regard. The Activity report of the Association also describes the activities of the Syndic, the Discipline Committee, the Professional Inspection Committee, the Treasurer and the auditors. I will deal with a major objective of our strategic planning and one of the Board's constant preoccupations: efficiency. This concerns our organization, but also the profession's effectiveness as a whole.

The strategic planning that we have been talking about for the past two years has been motivated by the desire to become more efficient. This is demonstrated by various changes. It can be observed in the Board of Directors and among employees. Modifications to the organizational chart reflect our preoccupations for the future, as do the choice of the new premises of the Association.

A Major Objective: Efficiency

It is expensive to be a real estate agent. This is the most widespread comment that I hear, even from people who are beginning a second career and who already have financial security. The ACAIQ is not the only expense. Payments and fees are also required for the right to practice or to become a member of professional associations or business associations.

Obviously, I would like to be able to announce to members that we are going to reduce annual fees, but we need to be realistic. Requirements and needs of the Association and the Profession largely exceed our means. The Association does not have enough reserves and it has important challenges to face, which will be expensive. What should be increased is training criteria, not rights to practice. Your money should be administered as effectively as possible so that any surpluses necessary for the development of our projects can be made available. We are committed to making this happen.

1999 was an encouraging year in this regard. Despite the cost of our advertising campaign, we were able to balance our budget. This was due to the fact that we had rigorous financial management. The decision to move our office to Brossard is an example of this management. The rent charged there is substantially cheaper than in downtown Montréal, and parking is free, which is an important detail. This relocation shows our concerns and the fact that we prefer to invest in consumer and member services instead of bricks and mortar.

Our Greatest Challenge: Training

The projects I have been referring to are closely linked to our success. We can view the globalization of markets and the latest technology as either threats or opportunities. This essentially depends on members willingness to adapt. We need to get used to new computer resources and accept the fact that a computer is just as much a part of the work of an agent as a telephone. At present, only 25% of all brokers and agents are connected to the Internet. In addition, the real estate brokerage training program does not have a

course on using computers. We have a long way to go as individuals and as a group... and we need to change our outlook.

Another problem is agents who practically apologize for asking for their commission, or who agree to work for a reduced rate. These people, and there are more of them than you would think, need to start believing in the importance of the role they play. Agents have a changing role, and act not only as information providers or inventory managers, but also as advisors during negotiations, the drawing up of contracts, evaluations, etc. All too often, the real estate agent finds it difficult to make people aware of the value of his/her services, or to justify the commission's percentage for selling something that is, after all, one of his/her client's most precious possessions. It is essential that we add a section on communications, including sales techniques, to the training program.

Once we have become convinced of our own worth, we need to convince the Québec consumer. This is why we need to accumulate a surplus, so that we can advertise this reality, and

reinvent our image that all too often goes unnoticed. In British Columbia, it is almost unthinkable to carry out a real estate transaction without an intermediary. It would be like defending oneself at an important trial without a lawyer. And in Québec today, between 30% and 40% of the real estate market does not pass through our hands.

As an association, our role is also to ensure that the real estate intermediary provides "professional" services to consumers. To achieve this fully, we need to increase our level of expertise. This is an integral part of our mission. Consumers spontaneously expect a guarantee of competence and professionalism and that the added value of our services be clearly established.

In the final analysis, the vitality of our profession will depend on our ability to set up training programs adapted to the conditions of the market and to the realistic expectations of our members. This is the challenge we are faced with, and participants in real estate brokerage need to meet this challenge by pooling their resources. In 1999, we offered some courses in collaboration with organizations in the profession and I would like to think that it was just the beginning of a collaboration that will develop quickly.

The Board of Directors

The mandate of some members of the Board of Directors ended last March. There were two director's positions to be filled in the Montréal region, one in the Western region and one in the Eastern region. For three of these positions, the only applicants were the incumbent directors. These were Serge Brousseau (Montréal), Robert Aubin (West) and Raymond Desbiens (East), who were all re-elected by acclamation. I myself was the only candidate for Chairman of the Association, and I was therefore re-elected. The Board named Pierre Lafond to the vacant position for the Montréal region to replace Nicholas Stephens. The Board also named Daniel Pelchat as a director, following the resignation of Yvon Cousineau (Central Québec). Paul Robert succeeded him as Treasurer, and Serge Brousseau was named Vice-Chairman of the Board following the departure of Nicholas Stephens.

Just as in other organizations, we have had to deal with a lack of candidates for the election of directors this year. Four of the five positions to be filled were taken by incumbent directors, and the fifth remained vacant for some time, as there was no candidate. This situation is very worrying, since the Board is not, after all, a private club. Of course, we work hard, but we cooperate in a democratic spirit, and we would like to limit the length of our meetings to no longer

than four hours. We would also like to hold fewer meetings, which is a good indication of the confidence that exists between the Board and the general management. I believe that these factors should encourage greater participation. I also believe that by setting up various training programs jointly with partners, the Association will build a higher profile and will get closer to its members. This could make the difference.

The Board met 14 times for 11 regular meetings and 3 special meetings. The various committees held 47 meetings.

As shown in the table above, a Committee on the Mandate of Directors met four times throughout the year to evaluate each of our roles. The goal of this committee, as defined in our strategic planning, was to specify the nature of each of our mandates as directors, Treasurer, Vice-Chairman and Chairman, but also of the committees, the Board as a whole and the Director General. We undertook this task in order to improve the efficiency of our administrative structures, for example by correcting the overlapping and duplication of work. We plan to propose amendments to our Rules of Internal Management that will reflect these improvements at the next extraordinary general meeting.

| Committees - 1999 | Meetings |
|--|----------|
| Expanded finance committee*: | 2 |
| Committee for choosing a director* (replacement of Nicholas Stephens): | 3 |
| Brokerage contract - purchase committee*: | 3 |
| Committee for choosing a director* (replacement of Yvon Cousineau): | 3 |
| Committee on the mandate of directors: | 4 |
| Human resources committee: | 6 |
| Office site committee: | 7 |
| Finance committee: | 5 |
| Training committee: | 4 |
| Professional inspection committee: | 2 |
| Ethics committee: | 8 |

* DISSOLVED

In Conclusion

Allow me first of all to thank my colleagues on the Board. We make a productive team that I enjoy being involved with. More than ever, this year we were able to rely on the cooperation of a number of committees which, in a manner of speaking, led the way for the Board. These committees are made up of members, and I would like to thank them all for their kind involvement.

Finally, on behalf of the members of the Board, I would like to thank the staff of the Association. The results speak for themselves. In 1999, challenges were considerable and have been taken up. We owe them, in large part, to the Director General, who I would like to thank for the quality of his management and his remarkable understanding of the Board's expectations.



François Léger
Chairman of the Board



Director General's Report



Robert Nadeau, Lawyer
Director General

This report contains a summary of the Association's activities for 1999, in particular those included in our strategic plan. This year, a major portion of our efforts was devoted to the consolidation of our work methods following the changes made last year to our general management and organizational structure. We also devoted a lot of time to the Association's relocation. Overall, I am confident that the foundations we have laid in the course of this mandate will soon support a dynamic and forward-looking organization of which we can all be proud.

CERTIFICATION

For the fourth consecutive year, the Association's membership has increased, going from 10,030 on January 1, 1999 to 10,249 in January of this year. I invite you to consult the following charts illustrating the breakdown of our membership by certificate category, sex, age and region. A new chart also highlights the distribution of brokers by banner and the number of their agents. You will also note on the mandatory examination chart that candidates to the profession numbered over a thousand, although slightly below last year's level. However, the rate of success at these examinations (90%) and average grade (78%) remain unchanged.

STRATEGIC PLANNING

Developed in 1998, the ACAIQ strategic planning is based on three major objectives: organizational effectiveness, education and identity of the profession. The achievement of these objectives is spread out over three years, through specific objectives with varying timelines. All the objectives set for 1999 have been

achieved. Here is a brief status report by objective for the year of implementation.

Organizational effectiveness

Regarding organizational effectiveness, our first objective was to "establish harmonious relations with the government so that the Association is recognized as the inevitable reference and source of advice on legislation and regulation for the Québec real estate market". This will of course require a sustained effort on our part, year after year.

Government relations

We have met with most of the key players who are called upon to work on any of the issues relating to real estate brokerage and have presented our organization, its origin, our operations, our role, our actions and our objectives. We have established or renewed contact with the political attachés of the Minister of Finance, whom as such is responsible for real estate brokerage in Québec; representatives from the office of the Inspector General of Financial Institutions, to whom we presented our strategic plan, which was favorably received; the Chairman of the Fiscal

Commission, which will be reviewing the *Real Estate Brokerage Act*; the Chairman and Vice-Chairman of the Office des professions, with whom the Association has filed an application for membership; the Chairman and Vice-Chairman of the Committee on Institutions, whose mandate, among other things, is to oversee the Office des professions; the leader of the Official Opposition, his cabinet Chief of Staff, his political attaché as well as his critics in the areas of economy and finance, and professional orders; various authorities at the Ministry of Tourism, particularly regarding new regulations for the rental of vacation properties and how they fit in with the *Real Estate Brokerage Act*; the manager of the information highway and his assistant for the drafting of a law, temporarily called the *Infobhighway Safety Code*, which will validate the way in which a person's consent to a document can be given in a high-tech environment. Among other things, this could allow someone to agree to a brokerage contract or a promise to purchase, or even to renew a certificate by e-mail.

Restructuring and policies

Organizational effectiveness involves the following changes in the Association's structure and policies:

Organizational structure

"Adopt an organizational structure geared to the ACAIQ's vision, rewrite the job descriptions, review the compensation policy, identify the objectives for performance evaluation and adapt the Rules of Internal Management" - such were the activities planned for this mandate in terms of organizational structure. All of this was achieved during the period or is nearing completion.

A new ongoing performance evaluation system will be in place by the beginning of the next period. As we know, the Association's organization chart was also modified, which led to a few departures and hirings. New arrivals within our ranks include Pierre Loiseau, Training Advisor, and Neyl Soumeillant, Assistant Syndic. The Legal Affairs Department especially saw its positions redefined following the creation of the new Information Center, which will be operational in 2000. This will be covered in more detail further on.

Definition of roles

The roles of the Association's directors (Chairman, Vice-Chairman, Treasurer, Director General, etc.) and the committees (Finance and Human Resources) also

underwent review by an ad hoc committee. This committee should complete its work in time for the new definitions to be submitted at the General Meeting in April 2000, as part of proposed modifications to the Rules of Internal Management.

Relations with intervening parties

One of our specific objectives was "in the short term, to establish permanent, diligent and mutually respectful channels of communication with the Fédération des chambres immobilières du Québec and the real estate boards themselves, in addition to defining the type of relations to entertain with the Canadian Real Estate Association and other organizations".

In this regard, we should mention that our relations with the general management of the Greater Montreal Real Estate Board are excellent and that in addition, in partnership with the Board's College, we offered training sessions which are expected to multiply. We also enjoy excellent relations with the general managers of other real estate boards, especially in Québec City and the Outaouais. Their help in organizing the 1999 and 2000 Annual Meetings was invaluable. We would also like to acknowledge the contribution of the Fédération des chambres immobilières du Québec at last November's General Meeting as well as to the Act review process, from which a consensus seems to be emerging.

CHART I

BREAKDOWN OF ACAIQ MEMBERSHIP

| By certificate category | JANUARY 1 ST | JANUARY 1 ST | JANUARY 1 ST |
|-----------------------------|-------------------------|-------------------------|-------------------------|
| | 2000 | 1999 | 1998 |
| Chartered agent | 2,028 | 2,028 | 2,022 |
| Affiliated agent | 6,671 | 6,370 | 6,077 |
| Chartered broker | 1,468 | 1,495 | 1,490 |
| Affiliated broker | 82 | 80 | 90 |
| Restricted broker and agent | 0 | 57 | 40 |
| Total | 10,249 | 10,030 | 9,719 |

Breakdown by sex and average age

| | | | |
|--|--------------|--------------|--------------|
| Men (average age: 51 years/1999 vs. 49 years/1998) | 5,540 | 5,476 | 5,275 |
| Women (average age: 46 years/1999 vs. 49 years/1998) | 3,723 | 3,619 | 3,468 |
| Total | 9,263 | 9,095 | 8,743 |

| By region | Brokers | Agents | Total |
|--------------------------------------|--------------|--------------|---------------|
| <i>Montréal region</i> | | | |
| Montréal (06) | 508 | 2,964 | 3,472 |
| Laval (13) | 83 | 929 | 1,012 |
| Montérégie (16) | 270 | 1,611 | 1,881 |
| Sub-total | 861 | 5,504 | 6,365 |
| <i>Québec region</i> | | | |
| Québec (03) | 182 | 817 | 999 |
| Chaudière-Appalaches (12) | 40 | 172 | 212 |
| Sub-total | 222 | 989 | 1,211 |
| <i>Eastern region</i> | | | |
| Lower St. Lawrence (01) | 21 | 129 | 150 |
| Saguenay – Lac Saint-Jean (02) | 24 | 88 | 112 |
| North Shore (09) | 7 | 49 | 56 |
| Northern Québec (10) | 1 | 3 | 4 |
| Gaspésie – Îles-de-la-Madeleine (11) | 6 | 13 | 19 |
| Sub-total | 59 | 445 | 341 |
| <i>Central region</i> | | | |
| Mauricie – Bois-Francs (04) | 50 | 335 | 385 |
| Eastern Townships (05) | 72 | 346 | 418 |
| Lanaudière (14) | 55 | 351 | 406 |
| Sub-total | 177 | 1,032 | 1,209 |
| <i>Western region</i> | | | |
| Outaouais (07) | 53 | 254 | 307 |
| Abitibi-Témiscamingue (08) | 14 | 67 | 81 |
| Laurentians (15) | 82 | 653 | 735 |
| Sub-total | 149 | 974 | 1,133 |
| Total | 1,468 | 8,781 | 10,249 |

| By banner (100 agents and more) | Brokers | Agents employed | Total members |
|---------------------------------|--------------|-----------------|---------------|
| Independents | 1,127 | 2,909 | 4,036 |
| Century 21 | 12 | 395 | 407 |
| Sutton | 34 | 1,334 | 1,368 |
| La Capitale | 54 | 719 | 773 |
| Re/Max | 162 | 1,978 | 2,140 |
| Royal LePage | 32 | 1,126 | 1,158 |
| Trans-Action | 47 | 320 | 367 |
| Total | 1,468 | 8,781 | 10,249 |

CHART II

| CERTIFICATE MANAGEMENT | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 1999 | | 1998 | |
| | Brokers | Agents | Brokers | Agents |
| Issuances | 134 | 1,760 | 170 | 1,761 |
| Reclassifications | | | | |
| chartered broker → chartered agent | (21) | 21 | (19) | 19 |
| chartered agent → chartered broker | 19 | (19) | 18 | (18) |
| Reinstatements | 1 | 1,268 | 17 | 1,621 |
| Total | 133 | 3,030 | 186 | 3,383 |
| Suspensions | 23 | 1,965 | 17 | 2,106 |
| Expirations | 125 | 1,419 | 101 | 1,448 |
| Cancellations | 17 | 76 | 3 | 12 |
| Abandonments | 28 | 6 | 55 | 5 |
| Total | 193 | 3,466 | 176 | 3,571 |
| Other transactions | | | | |
| Reclassifications | | | | |
| affiliated agent → chartered agent | 0 | 53 | 0 | 39 |
| Renewals | 1,506 | 8,526 | 1,496 | 8,225 |
| Total | 1,506 | 8,579 | 1,496 | 8,264 |

Office of the Syndic

According to the Association's strategic plan, the Office of the Syndic had its own objectives to meet in 1999. I will let the Syndic present his own report on page 23, but I would like to stress that all his objectives have been met, including the implementation of an interim review process for requests for investigation.

Information technology master plan

Another objective was to "produce a master plan and ensure its implementation". The plan is in place and will enable us to renew our computer fleet and servers gradually over the next few years.

Techno-watch and Internet development

The final objectives for the year in the area of organizational effectiveness were to "implement a techno-watch (...) and develop services to be offered via the Internet". We have a part-time techno-watch done by an employee

from the Certification Department. His role consists mainly in identifying irregularities on sites pertaining to real estate brokerage.

As for the development of Internet services, we have implemented our new on-line *Member Register* which instantly displays any changes made to a member's file. Another novelty is the on-line publication of our disciplinary rulings.

Education

Our second major strategic planning objective had to do with training, with the first objective being the "implementation of a detection and information program".

Disclosure and conflicts of interest

This program is aimed at enforcing the Act in the areas of disclosure and conflicts of interest. An entire strategy was developed to this effect to raise the awareness level of real estate brokerage professionals, the public and students enrolled in the agent certificate program. Articles were written and published by the ACAIQ and the Professional Inspection Department has planned, as part of its next inspection program, systematically to ask

brokers and agents about potential payment of compensation for any referral to a hypothecary lender. Emphasis has already been placed on this problem in individual inspection reports and at the group meeting which generally follows the inspection of an establishment. Non-disclosure cases are referred to the Office of the Syndic, which conducts an investigation. The Syndic has made this the theme of his regional conferences. Financial institutions will be targeted in the next period to build awareness of this problem.

Continuing education

As far as continuing education is concerned, the objective was to "define the problems in education, establish an intervention plan and make recommendations for its implementation". This plan was submitted to the Board of Directors and will likely be adopted in March 2000. A number of continuing education activities were developed in the past year, i.e. the training given as part of our General Meetings and several other sessions organized jointly with real estate boards.

CHART III

| MANDATORY EXAMINATIONS | | | | | | | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|---------------|------------|
| | Candidates | | Successes | | Failures | | % success | | Average grade | |
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| Affiliated agents | 1,154 | 1,300 | 1,035 | 1,136 | 119 | 163 | 90% | 87% | 78% | 78% |
| Chartered brokers and agents | 111 | 113 | 73 | 66 | 38 | 46 | 56% | 58% | 70% | 69% |
| Restricted brokers and agents | 3 | 21 | 3 | 21 | 0 | 0 | 100% | 100% | 80% | 82% |
| Total | 1,268 | 1,424 | 1,111 | 1,223 | 157 | 209 | 82% | 85% | 76% | 77% |

Supervision of competencies

As for the objective of enabling the Inspection Department to monitor the professional competence of our members, this will require amendments to the Act. The paper which the Association will table before the government as part of the review of the *Real Estate Brokerage Act* will request powers to this effect.

Identity of the profession

The identity of the profession is the last of the three main objectives in our strategic plan. This theme includes our communications with the public and our members, our future Information Center as well as the revision of the Act and its regulations.

Communications with the public and our members

During our mandate, we were to “establish a precise diagnosis of the situation of our communications to the public, formulate the necessary corrective actions and ensure their implementation”. We also had to “complete an analysis of our communications to our members and produce a communication plan to remedy the situation”. We developed a plan to improve our exchanges with the public

and our members, and to stress the added value of the Syndic and the profession. Unfortunately, a portion of the projects recommended, especially those involving advertising, will be shelved for the time being due to lack of funds.

However, the Association has increased its press relations during this mandate and an inventory of articles and reports published or aired reveals positive results. If we had had to buy the space and airtime that we occupied in the media between January 1997 and September 1999, we would have spent about \$90,000. Between June 1998 and September 1999 only, our presence would have cost some \$64,000. Two conclusions are drawn from this: not only were we able to use the media more effectively, but the media are also increasingly calling on our expertise.

Information Center

The Information Center is one of the solutions retained to improve our communications with the public and our members. In 1999, we had to “complete a study on the effectiveness and performance of such a center and propose an innovative solution”.

The study enabled us to discover that several organizations distributing information, including Communication Québec, are acquiring data banks and are turning more and more to the Internet. It also highlighted the fact that the Association

has to develop more specific policies regarding the transfer of information in order to further standardize the answers provided.

An Information Center will shortly replace the Legal Information Service and the Certification Information Service. Henceforth, employees who are not lawyers will be answering requests for information using information available on the association’s site (acaiq.com), among other sources. The lawyers who were giving out this information until now will be more closely involved with training, including in the drafting of contracts and forms.

Revision of the Act and its regulations

The issue of the revision of the Act and its regulations is progressing slowly but surely. The Board of Directors now needs to adopt the final version of the paper to be submitted to the government. This document provides a status report on the profession and proposes solutions for the future. ►

In this **second portion** of the report, we will leave strategic planning aside and talk about the events and topics which retained most of our attention.

Awareness campaigns

You will remember the awareness-building campaign organized by the Association to make ourselves better known to the public and promote the importance of dealing with a real estate broker. Given the relatively limited budget (\$400,000) we had for this, we

spontaneously, and 87.9% of people who know our organization have a favourable opinion of us.

The significant increase in the volume of requests for investigation filed with the Office of the Syndic can also be perceived as an indication of the effectiveness of this awareness campaign.

Pyrite

In 1999, the pyrite phenomenon dominated our media relations, as the publication of our Vendor and Buyer Guides had the year before. Right from the beginning of the year, the difficulties encountered by consumers and real estate brokers due to pyrite required that the Association issue guidelines to its members and make these guidelines public. The guidelines, founded on the rules of practice of real estate brokerage, reminded real estate brokers and agents of their obligation to inform their clients, vendors and buyers of immovables located in the areas concerned, of the existence of the problem and actions to be taken when conducting a real estate transaction.

used mostly dailies and weeklies, which enabled us to cover the entire territory.

The campaign yielded interesting results. A SOM survey conducted soon afterwards revealed that one out of two Quebecers (52%) knows that there is an organization in Québec which protects the rights of buyers and vendors who use the services of a real estate broker. Also significant is the fact that, over 10% of individuals who intend to buy or sell a house within the next year are able to name the ACAIQ



We also participated in public information sessions, thereby addressing hundreds of consumers.

Training activities

Two pilot training activities were held jointly with the Greater Montréal Real Estate Board. One was on the drafting of contracts and forms. Several similar sessions will be offered next year in collaboration with this organization and other real estate boards.

Organized over two days in November 1999, the second pilot training activity dealt with the purchasing brokerage contract. It drew about 30 real estate brokers and agents. The objective of this meeting was to collect their comments on the usefulness of such a contract.

In addition, half-day training sessions were offered to members at the last Annual General Meeting in April. This program was offered again at the Special General Meeting held in November. These events drew over 900 participants.

Legal and Ethics Information

In 1999, the Legal and Ethics Information Service received 15,354 requests for information by phone compared to 14,944 last year, i.e. a 2.7% increase. As in previous years, the questions dealt mostly with mandatory forms, their interpretation and their use.

Claim reports

We analyzed 133 claim reports (professional faults), sent by various insurance companies. This represented a 325% increase over last year, when there were only 41. The fact that the Association sent a notice to insurance companies reminding them of their obligation to forward these reports, largely explains this increase.

ACAIQ.COM: a strategically important medium

The Association's Web site has been in existence for two years now. Recent statistics regarding its use indicate that the site receives approximately 5,200 hits per month, or more than 160 a day. Traffic is increasing constantly.

Everything the Association publishes can be found on this site, i.e. members' business info, disciplinary hearing schedules, Discipline Committee decisions, releases, form specimens and even entire volumes. In coming months, we will restructure it based on the requirements of our new *Info-ACAIQ* Information Center and to make it easier to browse and search. In addition, we will soon be inaugurating our English site, which is similar to the French.

But the ACAIQ.COM site will be more than a library, as elaborate as that might be. We want to make it into a true communication tool. We will create a virtual forum where the public and our members can express and exchange views at all times. We also plan on developing e-commerce functions.

Real Estate Valet

One of the Association's strategic objectives is to make real estate brokers and agents aware of the changes brought about by information technologies. The development and promotion of the ACAIQ.COM site and the publication of articles and columns on this topic in *ACAIQ Magazine* contribute to the attainment of this objective. But the most significant action in this area is without a doubt the development of the *Real Estate Valet* software, which will provide an electronic version of all the forms produced by the Association. This should be available in spring 2000.

ACAIQ Magazine

We published three issues of *ACAIQ Magazine* last year in both English and French. In the year 2000, we want to make it into a virtual publication available on the ACAIQ.COM site. We will be able to distribute information more quickly at a lesser cost. We plan on making more extensive use of e-mail to alert our readers to the publication of new information.

Illegal practice

In the area of illegal practice of real estate brokerage, the year 1999 was especially active both by the number and nature of cases processed. A total of 220 new cases were opened during the year, of which 108 were closed and 152 were still pending at the end of the year, including 50 still under investigation. Several cases were closed following a formal commitment on the part of the person investigated to cease activities, and many others led to the issuance of a certificate to violators who agreed to conform.

A trial for illegal use of the title of real estate broker led to a guilty verdict on two counts. Another also led to a guilty verdict on nine counts, and a guilty plea was entered in six cases which covered seven counts. Four new cases involving twelve counts were filed. Two cases were appealed before the Superior Court, one by the Association and the other by a defendant.

We should also mention that at the beginning of the year, the Chairman and I conducted a tour of real estate boards to make their leaders aware of the importance of taking part in the detection of cases of illegal practice.

A few words of thanks

In ending, I would like to thank my close collaborators on the Management Committee, Claude Barsalou from Legal Affairs and Training, Jocelyn Gagné in Professional Inspection and Certification, Claude Lafrenière in Communications, François Pigeon, Syndic and Vo-Long Truong from Administrative and Financial Services. It is reassuring to be able to count on these people's talents and commitment.

I would also like to highlight the contribution of each employee in the Association's various departments. They know their job and do it well. This is very much appreciated. I would finally like to thank the Board members for the trust they continue to place in me. I appreciate that as well.

Thank you all!



Robert Nadeau
Director General



Syndic's Report



François Pigeon

Syndic

As Syndic of the Association des courtiers et agents immobiliers du Québec, I am pleased to present this activity report of the Office of the Syndic for the period ended December 31, 1999.

The role of the Association's Syndic is to investigate alleged professional misconduct by real estate brokers and agents and to file complaints accordingly. Most requests for investigation come from the public (approximately 65%) and from members of the profession (30%). The syndic may also make an investigation on his own initiative or upon recommendation by the Professional Inspection Committee.

Record number of requests for investigation

Between January 1 and December 31, 1999, the Office of the Syndic received a record number of 691 requests for investigation, i.e. 20% more than last year. Consequently, we were unable to reduce processing time as it would be desirable. At the end of the period, the response time was about five months whereas it shouldn't be more than two months. As of December 31, 1999, a total of 286 requests for investigation were ongoing or pending, compared to 207 at the same time last year. The number of investigations concluded during the year totaled 612, i.e. 7% more than last year, and 91 formal complaints were filed with the ACAIQ's Discipline Committee against 83 in 1998.

The rise in notoriety of the Association and the increase in the real estate transaction volume probably explain this spectacular escalation in the number of requests for investigation, which was especially intense from

January to July 1999. To deal with this, the Association's Board of Directors authorized the hiring of a new Assistant Syndic, Mr. Neyl Soumeillant. Barring a new upsurge in requests for investigation, we hope to be able to reduce the processing time in the next fiscal year.

Strategic planning

As part of the Association's strategic planning exercise, the Office of the Syndic had a set of objectives to achieve during the year. The first of these was to "establish a temporary review procedure for complaints and make the necessary representations to obtain the same powers as those granted by the Office des professions".

This review mechanism is now in place. If an individual is not satisfied with the Syndic's decision regarding their request for investigation, they may question the decision. An Assistant Syndic will render the final verdict. Naturally, this mechanism or any other review procedure should be incorporated in the *Real Estate Brokerage Act*, which the Association will put forth when the Act is revised.

The second objective of the Office of the Syndic was to "formulate and produce a quarterly report on its activities". These reports were submitted to the Board of Directors and published in *ACAIQ Magazine* for the benefit of Association members.

Lastly, it was to "establish a communications plan on the added value of the Syndic's role for the profession and the public". This plan was prepared by the Communications Department and integrated in the Association's overall communication plan. Among other things, the plan calls for increased participation (including regional) of the Syndic in the organization's public activities (media relations, conferences, information sessions, training sessions, etc.). An advertising campaign as well as additional documents are also in the plan, but have been shelved for the time being due to budgetary constraints.

In a different vein but still in connection with strategic planning, the Office of the Syndic has agreed to collaborate with the Professional Inspection Department to set up a tracking and training program to enforce the Act regarding Conflict of Interest Disclosure. As the idea is mainly to build public and member awareness of the rules that must be followed in case of real or perceived conflict of interest, the Syndic is now directing a portion of his conferences on that topic.

Pyrite

We helped draft recommendations to the members of the Association on how to manage real estate brokerage transactions while taking into account the problems related to pyrite. Due to their nature, we drew attention to three rules of ethics that are especially important in those circumstances: acting with

From January 1st to December 31, 1999

New inquiry request files

| | FILES OPENED DURING THE MONTH | | INQUIRIES COMPLETED DURING THE MONTH | | UNDER INQUIRY/ PENDING | |
|--------------|-------------------------------|------------|--------------------------------------|------------|------------------------|------|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| January | 45 | 27 | 45 | 27 | 207 | 208 |
| February | 60 | 53 | 65 | 39 | 202 | 222 |
| March | 74 | 60 | 52 | 60 | 224 | 222 |
| April | 78 | 41 | 55 | 36 | 247 | 227 |
| May | 64 | 40 | 45 | 53 | 266 | 214 |
| June | 63 | 38 | 54 | 32 | 275 | 220 |
| July | 57 | 44 | 52 | 37 | 280 | 227 |
| August | 36 | 42 | 34 | 42 | 282 | 227 |
| September | 49 | 50 | 48 | 52 | 283 | 225 |
| October | 43 | 46 | 36 | 48 | 290 | 223 |
| November | 65 | 71 | 70 | 62 | 285 | 232 |
| December | 57 | 60 | 56 | 85 | 286 | 207 |
| Total | 691 | 572 | 612 | 578 | | |

objectivity when advising and informing a client; advising the client to use a recognized expert for his own protection; taking steps to discover the factors that could unfavourably affect a client or inform the client of any such factor of which the member has knowledge.

In general, we have also emphasized in the course of our various meetings with members, and to the Discipline Committee especially, the real estate broker's or agent's advisory duties. A significant number of requests for investigation originate from breaches to this rule. We feel that the importance of the advisory duty is underestimated by some, whereas it has become a foundation of our profession. This is why we intend to continue our awareness-building efforts in this area in the coming year.

Conclusion

Two main priorities governed our efforts in 1999: increasing our productivity and reducing investigation request processing time. We succeeded in increasing our productivity in every respect, as illustrated by the enclosed statistics.

However, the sharp increase in the number of requests for investigation did not allow us to reduce our processing time. We are aiming to do better next year, but it will all depend on the volume and complexity of the requests, two factors over which we have no control. With the current activity level in the real estate market and increasing notoriety of the Association, we expect to be kept very busy for many months to come.

In addition, mechanisms will be implemented in the next period to measure the satisfaction level of people who have filed requests for investigation with the Office of the Syndic. By this we hope to gain valuable insight into any improvements which need to be made.

In ending, I wish to extend my sincere appreciation to the staff of the Office of the Syndic, who spared no effort to improve the quality of the services we provide despite the increased workload. I would also like to underline the excellent cooperation of my colleagues on the Association's Management Committee and Board of Directors. Thank you all!



François Pigeon
Syndic

From January 1st to December 31, 1999

Advertising verification requests

| | REQUESTS RECEIVED DURING THE MONTH | | WRITTEN NOTICES SENT DURING THE MONTH | |
|--------------|------------------------------------|------------|---------------------------------------|-----------|
| | 1999 | 1998 | 1999 | 1998 |
| January | 8 | 6 | 12 | 2 |
| February | 14 | 8 | 20 | 5 |
| March | 14 | 6 | 15 | 11 |
| April | 22 | 11 | 21 | 17 |
| May | 12 | 14 | 3 | 16 |
| June | 1 | 13 | 2 | 9 |
| July | 11 | 0 | 17 | 2 |
| August | 2 | 0 | 6 | 1 |
| September | 10 | 0 | 10 | 3 |
| October | 5 | 0 | 5 | 4 |
| November | 12 | 25 | 14 | 14 |
| December | 12 | 4 | 10 | 7 |
| Total | 123 | 122 | 135 | 91 |



M^e André Desgagné, Q.C.
Chairman of the Discipline Committee

Report from the Discipline Committee

The Discipline Committee is a tribunal created in accordance with section 128 of the *Real Estate Brokerage Act*. Completely autonomous and independent from the Association's Board of Directors and staff, the Discipline Committee receives any complaint filed against an ACAIQ member for a violation of the provisions of the Act and its regulations.

Each complaint is examined by three members of the Discipline Committee, including the chairman or substitute chairman and two members of the profession. The chairman and substitute chairman are two government-appointed lawyers and the members of the profession are part of a group of 67 real estate brokers or agents who make up the Discipline Committee.

The Discipline Committee basically operates following the provisions of the *Professional Code*. Certain Committee decisions may be appealed, under the terms and conditions set out in the *Real Estate Brokerage Act* and the *Professional Code*.

Discipline Committee Activities

(Charts I to III)

Between January 1 and December 31, 1999, 69 complaints were filed with the Discipline Committee. All were filed by the Office of the Syndic of the Association, with the exception of one which was reheard by the Committee following a decision by the Court of Québec in the appeal filed by the defendant.

A complaint may include more than one count; 68 of the complaints filed with the

Committee covered a total of 138 counts. The last complaint alone included 165 counts and was accompanied by a motion for provisional striking off.

Separate hearings are held to rule on a defendant's guilt and to determine the penalties to be imposed in case of a guilty verdict. The Committee held a total of 45 hearings on guilt and 69 on penalties, in addition to two hearings on a motion for provisional striking off.

Postponements were granted 40 times, i.e. 39 times before the hearing and once after the parties had been heard by the Committee.

By the end of the period, the Committee had rendered 73 decisions on guilt and 71 decisions on penalties. Five decisions on guilt and two on penalties were still under deliberation at the end of the period.

The Committee rendered guilty decisions on 144 counts, including 95 guilty pleas, and non-guilty decisions on 15 counts. In two cases, the Committee merged two counts into one. In addition, there were 9 cases where the Syndic withdrew a count in its quality as plaintiff.

Penalties (Chart IV)

The Discipline Committee may impose penalties ranging from a simple reprimand to a temporary or permanent revocation of the right to carry out real estate brokerage activities, or to the imposition of fines ranging from \$600 to \$6,000 per count.

The Committee issued 16 reprimands, 136 fines and, in two cases, recommended that the Board of Directors require a member to take courses and pass the related exams. There was one case of restriction of the right to practice, which consisted in forcing a broker or agent to work under the constant supervision of a chartered agent. There were also 8 certificate suspensions for periods ranging from 3 to 60 months.

Fines totaled \$160,900 and costs to be reimbursed by defendants amounted to \$71,201.98. It should be noted that the amount of the fines is not based on the maintenance costs of the disciplinary system, but rather on the experience of professional orders or associations comparable to the ACAIQ, and on the jurisprudence developed in the field. The Discipline

CHART I

| NUMBER OF CASES | 1999 | 1998 |
|--|-----------|-----------|
| Current as at January 1 | 29 | 29 |
| Filed during the period | 69 | 70 |
| | 98 | 99 |
| Less | | |
| Decisions rendered on penalties | 71 | 64 |
| Rejected complaints/acquittals | 3 | 6 |
| Withdrawals | 1 | 0 |
| Current files as at December 31 | 23 | 29 |

CHART II

| HEARINGS, RELEASES AND DECISIONS | 1999 | 1998 |
|--|------|------|
| Hearings held | | |
| On guilt | 45 | 46 |
| On penalties | 69 | 67 |
| Motion for provisional striking off | 2 | 0 |
| Releases granted | | |
| Before the hearing | 39 | 43 |
| After representations to the Committee | 1 | 4 |
| Decisions | | |
| Under deliberation on guilt | 5 | 2 |
| Under deliberation on penalties | 2 | 3 |
| Rendered on guilt | 73 | 72 |
| Rendered on penalties | 71 | 64 |
| Motion for provisional striking off | 1 | 0 |

CHART III

COMMITTEE DECISIONS BY COUNT

| | 1999 | 1998 |
|-----------------------------------|------|------|
| Decisions on guilt | | |
| Guilty decisions | 144 | 145 |
| Non-guilty decisions | 15 | 18 |
| Withdrawal of counts | 9 | 6 |
| Decisions on penalties | | |
| Reprimands | 16 | 11 |
| Fines | 136 | 123 |
| Mandatory courses | 2 | 3 |
| Restrictions on right to practice | 1 | 1 |
| Cancellations/suspensions* | 8 | 10 |

* Suspensions ordered by the Discipline Committee relating to a count are generally accompanied by a fine. However, in certain cases, a general suspension may be ordered that is not necessarily tied to a count. In addition, the Committee may have suspended a defendant's certificate for two counts under the same formal complaint for a period to be served concurrently.

The number of Cancellation/suspension notices indicated above applies to 8 defendants and not 8 counts. Out of the 8 cancellations/suspensions, 4 suspensions are being appealed and one suspension will be enforceable only if and when the defendant applies for a certificate.

CHART IV

FINES, COSTS AND PUBLICATIONS

| | 1999 | 1998 |
|---------------------------------------|--------------|--------------|
| Penalties | | |
| Total fines | \$160,900.00 | \$163,400.00 |
| Total costs to be reimbursed | \$71,201.98 | \$50,241.89 |
| Publications in ACAIQ Magazine | | |
| Fines/reprimands | 85 | 56 |

CHART V

COUNTS AND PENALTIES

| ▼ Violations to the Rules of Professional Ethics of the ACAIQ | | |
|--|------------------|--|
| SECTION | NUMBER OF COUNTS | PENALTIES |
| 1 | 4 | Reprimand to \$1,200 |
| 5 | 1 | \$800 |
| 11 | 9 | Reprimand to \$800 |
| 13 | 33 | Reprimand to \$3,000 + 7 cases of \$1,800 to \$2,500 with suspension + 1 case of \$2,000 with course |
| 15 | 1 | \$900 |
| 17 | 1 | \$1,200 |
| 22 | 4 | \$600 to \$800 |
| 24 | 8 | Reprimand to \$5,000 |
| 26 | 3 | \$1,200 to \$2,000 + 1 case of \$1,500 with suspension |
| 27 | 1 | \$1,000 |
| 29 | 12 | \$800 to \$1,500 |
| 30 | 2 | \$800 |
| 32 | 1 | \$800 |
| 39 | 1 | Reprimand |
| 41 | 2 | \$800 to \$5,000 |
| 43 | 8 | Reprimand to \$1,000 |
| 45 | 1 | \$900 |
| 46 | 6 | \$600 to \$2,000 |
| 49 | 3 | Reprimand to \$1,200 |
| 52 | 4 | \$600 to \$1,500 |
| 54 | 1 | \$4,000 with suspension |
| 55 | 1 | \$2,000 with suspension |

| ▼ Violations to the By-law of the ACAIQ | | |
|--|------------------|---|
| SECTION | NUMBER OF COUNTS | PENALTIES |
| 72 | 8 | \$600 to \$1,200 + 2 cases of \$1,500 with suspension |
| 78 | 3 | \$600 to \$3,000 |
| 98 | 5 | Reprimand to \$1,200 |
| 102 | 3 | \$600 to \$900 |
| 103 | 3 | \$1,000 to \$1,500 |
| 107 | 3 | Reprimand to \$900 |
| 123 | 1 | \$800 |
| 130 | 3 | \$600 to \$800 |
| 147 | 13 | Reprimand to \$1,500 |

| ▼ Violations to the Real Estate Brokerage Act | | |
|--|------------------|----------------------|
| SECTION | NUMBER OF COUNTS | PENALTIES |
| 3 | 2 | Reprimand to \$2,000 |
| 19 | 1 | \$600 |
| 33 | 1 | Reprimand |

Committee also determines a penalty by taking into account its deterring effect, the type of violation, the amount of damages caused or the gains achieved by the violator.

In total, 85 decisions by the Discipline Committee as well as 4 certificate suspension notices were published in *ACAIQ Magazine* during the year.

Nature of violations (Chart V)

The accusations made before the Discipline Committee

were for violations to the *Rules of Professional Ethics of the ACAIQ*, the *By-law of the ACAIQ* or the *Real Estate Brokerage Act*. A count may be filed under more than one section of the Act or its Regulations.

Violations to the Rules of Professional Ethics of the ACAIQ

A total of 107 penalties were imposed in relation to counts regarding violations to the *Rules of Professional Ethics of the ACAIQ*.

- 9 penalties for violation of section 11: "A member shall verify, in accordance with generally accepted practice, the information that he provides to the public or to another member. He shall be in a position to prove the accuracy of that information at all times."

- 33 penalties for violation of section 13: "A member shall not participate in any act or practice in real estate matters which may be illegal or which may cause prejudice to the public or to the profession."

- 8 penalties for violation of section 24: "A member shall protect and promote the interests of his client while providing fair treatment to all parties to a transaction referred to in section 1 of the Act".

- 12 penalties for violation of section 29: "To ensure the protection of his client and all parties to a transaction referred to in section 1 of the Act, a member shall see to it that their rights and obligations are put in writing and reflect their intentions accurately."

- 8 penalties for violation of section 43: This section stipulates that a member shall not abuse another member's good faith nor use unfair practices against him.

Violations to the By-law of the ACAIQ

There were 42 penalties relating to counts regarding violations to the *By-law of the ACAIQ*:

- 13 penalties for violation of section 147: "An affiliated real estate agent or broker shall, without delay, send to the person who manages the establishment to which he is assigned the information and documents required in order to maintain the records, books and registers."

- 8 penalties for violation of section 72, relating to the obligation by an affiliated broker or real estate agent to receive his compensation from a chartered broker only and not to share such compensation.

- 5 penalties for violation of section 98: "The holder of a real estate broker's or agent's certificate shall not add anything to, amend or strike out anything from a mandatory form after the parties have signed at the bottom of the form."

- 3 penalties for violation of section 107, relating to the soliciting of a brokerage contract from a person who has awarded an exclusive brokerage contract having the same object to another real estate broker or to a multidisciplinary firm.

Violations to the Real Estate Brokerage Act

The Discipline Committee also imposed penalties in 4 cases of violation to sections of the *Real Estate Brokerage Act*:

- 2 penalties for violation of section 3, relating to the fact that no person may pursue the activity of real estate broker or use the title of real estate broker unless he is the holder of a real estate broker's certificate issued by the ACAIQ.

- 1 penalty for violation of section 19, relating to the fact that no agent may at any one time be employed by or authorized to act on behalf of more than one broker.

- 1 penalty for violation of section 33, relating to the fact that a contract is formed when both parties have signed it.



M^e André Desgagné, Q.C.

Chairman of the Discipline Committee

MAKE-UP OF THE DISCIPLINE COMMITTEE - 1999

The Discipline Committee is made up of at least three members, appointed for a three-year mandate. The chairman and substitute chairman are appointed by the government, among lawyers with at least ten years of practical experience. The others, all members of the ACAIQ, are appointed by the Board of Directors. The Committee secretary is also appointed by the Board of Directors.

| Chairman | Substitute chairman |
|-------------------------------|--------------------------------|
| M ^e André Desgagné | M ^e Gilles Duchesne |
| Members | |
| Albert-Mongrain, Darlene | Guérard, Jean-Guy |
| Allard, Denis | Guilbault, Lyne |
| Ariëns, Imelda | Hardacker, Lois |
| Bachir, Samir | Houde, Yves-Denis |
| Belley, Louise | Jones, Stewart |
| Bourgeault, Maryse | Kimpton, Pierre |
| Brousseau, Serge | LaPalme, Léo |
| Brunet, Luc | Langelier Sanche, Michèle |
| Bureau, Denis | Lapointe, Guy F. |
| Cayer, Louis | Laurin, Jean |
| Charron, Claude | Lavoie, Hélène |
| Cholette, Ginette | LeBel, Réjean |
| Corbeil, Jean-Marc | Lecompte, Éloi |
| Cousineau, Andrée | Léger, Éric |
| D'Aoust, Robert | Léonard, Michel |
| Depelteau, Clément | Leroux, Robert |
| Duguay, Louise | Lévesque, Pierre |
| Dupras, Marie-Andrée | Liboiron, Michel |
| Fecteau, Luce | Mailloux, Luc |
| Fiasché, Nicola | Ouellet, Damien |
| Forlini, Nancy | Patry, Pierre |
| Gadoua, Pierre | Pelchat, Daniel |
| Gagnon, Micheline | Pépin, Lucie |
| Gagnon, Normand | Perrault, Jean-Nicolas |
| Gaspard, Jean-Pierre | Racine, Normand |
| Gauthier, Lise M. | Robitaille, Paul |
| Gauthier, Nicole | Rudolf, Yvon |
| Gélinas, Bernard | Shelso, Robert |
| Gendreau, Denise | Théorêt, André |
| Girard, Bernard | Trudeau, Jerry R. |
| Giroux Laveau, Lana | Waddell, France |
| Grossenbacher, Danièle | White, Kenneth |
| Secretary | |
| Marie-Josée Forget | |



Report of the Professional Inspection Committee



Raymond Desbiens

Chairman of the Professional Inspection Committee

In 1999, the Professional Inspection Committee pursued its goal of closely monitoring the work of real estate agents.

Following each visit by inspectors, the broker and the agents concerned received a personalized report containing observations and recommendations. In addition, each inspection was followed by a meeting during which the inspectors explained the content of these reports, in addition to discussing relevant current topics in order to help members improve their future practice. We hope that these interventions have helped correct certain gaps in the exercise of real estate brokerage, thereby increasing public protection. The vast majority of participants demonstrated a willingness to learn and were receptive to this approach.

The end of 1999 also marked the end of this second inspection tour conducted over three years. The Committee and the Professional Inspection Department

are currently reviewing their inspection protocols and procedures in order to align them with the Association's objectives and current needs in the area of public protection.

Role of the Committee

The ACAIQ's mission statement, under section 66 of the *Real Estate Brokerage Act*, shows the extent to which the legislator intended for professional inspection to be part and parcel of the Association's activities:

66. The primary role of the Association is to ensure the protection of the public by the enforcement of rules of professional ethics and the professional inspection of its members, and in particular by seeing to it that its members pursue their activities in accordance with the Act and the regulations.

This determination is further enhanced in a description of the Professional Inspection Committee's mission under section 108, which reads:

108. The function of the committee is to supervise the carrying on of the professional activities of the members of the Association, with the exception of professional competence, in particular by auditing their records, accounts, books and registers.

The Professional Inspection Committee's mandate allows it to extend its actions to every application of the *Real Estate Brokerage Act* and its regulations, as well as to all members of the Association. The Committee is also required to make recommendations to correct any discrepancy observed during its inspections.

Make-up of the Committee

At the special general meeting of the ACAIQ held on April 23, 1999, the Board of Directors put to the vote by the members in attendance an amendment to the Rules of Internal Management regarding the make-up of the Professional Inspection Committee. The Board's motion was passed, following which a new Professional Inspection Committee was formed. Its members are as follows:

Mr. Raymond Desbiens,
Chairman

Mr. Toufik Noubani

Mr. Jean Laurin

Mr. Robert Ménard

Mrs. Christiane Saint-Jean

Mr. Jocelyn Gagné, Secretary

The Committee was able to meet only twice in 1999, to lay the foundations for its future work, get acquainted with the workings of the inspection process and review potential directions for coming years.

Number of inspections

During 1999, inspectors (Francine Boucher, Jacques Couture, Pierre Denault and Jocelyn Gagné) visited 451 brokers and examined the brokerage contracts and completed transactions files of 2,429 agents, i.e. approximately one third of the membership. As noted above, each broker and agent received a personalized report outlining our observations and recommendations. Following these inspections, some 80 information meetings were organized in which more than 2,400 brokers and agents took part. Judging from the type of questions asked during these presentations, we noted a marked improvement in the competence of agents and brokers.

Again this year, we endeavoured to cover the various regions about equally, but without adhering strictly to this principle.

Cases referred to the Syndic following an inspection

In most cases where we found discrepancies, we were able to correct these through simple recommendations from inspectors and follow-up. However, again this year, a small number of cases had to be referred to the Syndic for investigation.

Accounts held in trust

As of December 31, 1999, only 32% of brokers held an account in trust. However, these accounts are accessed by 68% of agents. In general, we noted that brokers' records for these in-trust accounts were properly kept. However, we did uncover a major violation case which the Syndic was called upon to investigate. This led to the filing of a formal complaint against a broker before the Association's Discipline Committee.

Recommendations to the Board of Directors

Need for continuing education: Our activities of the past year have enabled us to observe once again that the members of the profession recognize the need for an adequate continuing education program.

Management of in-trust deposits: We wish again this year to draw the Board's attention to the matter of deposits that escape the audits of the Professional Inspection or the Syndic because they are paid to a trustee over whom the Association has no jurisdiction. We wish for these audits to be made possible.

Hypothecary Referrals: The compensation paid to real estate brokers and agents by financial institutions for referring clients are not always entered in the broker's transaction records and the notices of disclosure required under section 24 of the Act are not being given to the client in all cases. We hope that the new inspection protocols will focus more attention on this problem which directly impacts the protection of the public.

In several regions, it is not current practice to ask for a deposit, and in the few cases where there is one, the trustee is usually not a real estate broker. This poses a problem for public safety, since it is impossible for the Professional Inspection or the Syndic to audit these transactions. The *Real Estate Brokerage Act* has no provisions to force a trustee who is not a member of the Association to provide information to the Syndic or to an ACAIQ inspector. Even if a promise to purchase states that a deposit was paid, it is possible that in reality, no amount has been deposited in the trustee's trust account, either because the trustee has decided not to deposit it or because the funds were simply not given to him.

General observations

Because we focused more attention on the work of agents, we were able to make certain observations that are closely related to the protection of the public. Through close observation of agents' transaction files, we were able to form a fairly good idea of the quality of their work and the care taken in serving their clients.

The verification of the information that is conveyed to the public and to other members regarding the immovables that are the object of a brokerage contract remains a major concern, although there have been marked improvements in this area. Brokers and agents are generally more aware of their responsibilities in this regard and the quality of the record-keeping is constantly

improving. We will certainly continue to focus on this, because the problem of non-verified information remains the main cause of claims against real estate brokers and agents.

We noted again that the compensation paid to brokers and agents by financial institutions for referring clients was not always entered in the broker's transaction records and the notices of disclosure required under section 24 of the Act are not being given to the client in all cases. The new inspection protocols will focus more attention on this problem which directly impacts the protection of the public.

Some issues enabled us to stress the duty that falls real estate brokers and agents to properly inform and advise their clients. The pyrite problem in the Montréal area which prompted the ACAIQ to provide guidelines to brokers and agents working in areas at risk is one example of this. It appears that the problem with pre-purchase building inspections will also require specific guidelines from the Association in coming months.

The notion of establishment continues to create some confusion regarding records, books and registers as well as agent supervision. Direct interventions were made to this effect and further clarification will probably be needed in that area.

We have noted that the quality of the work performed by brokers and agents has greatly improved in the last few years. This is especially

obvious when we visit members who have attended our information sessions. The quality of their record-keeping and their follow-up on the terms of the transaction reflects a higher degree of professionalism. However, the gap seems to be widening between those who are complying and those who continue to refuse to do so.

Other activities

Several new brokers asked to meet with us to make sure they would set up their records and registers properly right from the start. We have always been open to these requests and have altered our inspection program so that we could meet with them during their first few months of operation.



Raymond Desbiens
Chairman of the Professional
Inspection Committee



Report of the Treasurer

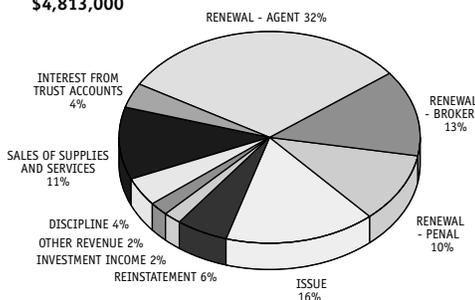


Paul Robert, Treasurer
Chairman of the Finance Committee

The Association des courtiers et agents immobiliers du Québec ended the 1999 fiscal year with a \$7,847 surplus of revenues over expenses. These are exceptional results for the Board of Directors, since the budget adopted at the beginning of the year, although balanced, included a debit item of \$227,000 for the advertising campaign. In fact, we had only budgeted \$150,000 for this activity, although the cost of the campaign was estimated at \$377,000, the difference to be taken directly from the surplus of the ACAIQ. This deficit was therefore completely absorbed during the year. These results are so exceptional because they were achieved in a period in which we had to deal with a rather high increase in the demand for services, and during which we had to meet the numerous objectives of the first year of our strategic planning.

there were expenses for the work of the Human Resources Committee, which studied salaries, job descriptions and the establishment of a process for the evaluation of employees performance. There were also professional fees for technical assistance which, over the course of the year, was relegated to an outside firm to meet our efficiency objectives. This item also includes expenses for the management of documents and the setting up of procedures, which enabled us to meet our organizational efficiency objectives and to follow up on certain recommendations made to us two years ago by the Inspector General of Financial Institutions. Following the departure of an employee, the Syndic's attorney, and in order to have no files that accumulate, we paid for a total of \$100,000 in professional fees for outside lawyers.

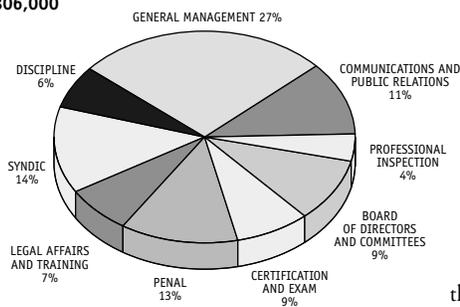
Revenue - 1999
\$4,813,000



Among the highlights of the year, I will point out that, in terms of our revenues, a greater number of certificates issued than planned compared to our budget forecasts, at more than one hundred. On the other hand, there were fewer reinstatements and renewals, so our income from practice fees were only slightly below the amount we had budgeted for. These revenues totalled \$3,199,119, to which an amount of \$500,850 taken from renewal fees and used for illegal practice should be added.

Other factors influencing our expenditures are the facts that we only published the ACAIQ Magazine three times instead of four and that the Association did not need to hold an election. We also held general meetings in April and November, but the costs of these events only had limited impact on the results, since, for the first time, these events generated significant revenues from sponsorship and registrations in the training activities that we held at the same time. Finally, I would mention our payment to the Inspector General which was only \$25,392 this year, which is much less than we had budgeted for.

Expenditures - 1999
\$4,806,000



Our net revenue for the sale of supplies and services, after subtracting the direct cost of products, was slightly better than expected, despite certain costs related to the development of the *Real Estate Valet* software and the fact that the announcement that it would be released soon resulted in a slow-down of sales of forms on paper.

This year, for better understanding of the Association's revenue and expenditures, graphics have been added to the Treasurer's Report showing allocation by main sectors of activity.

As Treasurer and Chairman of the Finance Committee, I thank my colleague on the committee, Mr. David Farber, for the time that he spent on the internal audit of expenditures. I would also like to thank the Director General and all the staff of the Association, whose rigour and hard work made these positive financial results possible.

In terms of expenses, certain facts should be highlighted because they are related to our strategic planning. For example, in terms of various professional fees, I would point out that

Paul Robert, Treasurer
Chairman of the Finance Committee



Auditors' report

Samson Bélair/Deloitte & Touche,

S.E.N.C.

Chartered accountants

To the Members of
Association des courtiers
et agents immobiliers
du Québec

We have audited the balance sheet of the Association des courtiers et agents immobiliers du Québec as at December 31, 1999 and the statements of revenue and expenses and surplus for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

*Samson Bélair
Deloitte & Touche*

Chartered Accountants

February 11, 2000



Statement of revenue and expenses

year ended December 31, 1999

| REVENUE | \$ | \$ |
|---|-----------|------------------|
| Fees | | |
| Members | | 3 199,119 |
| Supplies and services | | |
| Sales | 514,243 | |
| Less direct costs | (401,429) | 112,814 |
| Discipline | | |
| Penalties and disbursements | 212,881 | |
| Less direct costs | (303,811) | (90,930) |
| Illegal exercise (Schedule) | 503,350 | |
| Less direct costs (Schedule) | (621,066) | (117,716) |
| Investment income and other | | 191,951 |
| | | 3,295,238 |
| EXPENSES | | |
| Salaries and employee benefits | | 1,744,842 |
| Office expenses | | 226,107 |
| Occupation of premises (Note 4) | | 288,778 |
| Attendance allowance and employee benefits | | 304,543 |
| Meetings and travelling | | 191,839 |
| Elections | | 635 |
| Publications and public relations | | 57,723 |
| Professional fees | | 511,480 |
| Financial expenses | | 7,532 |
| Depreciation | | 120,546 |
| | | 3,454,025 |
| Excess of revenue over expenses | | |
| before undernoted items | | (158,787) |
| Other revenue | | |
| Interest from trust accounts (Note 5) | | 192,026 |
| Contribution to the Inspecteur général des institutions financières | | (25,392) |
| Excess of revenue over expenses | | 7,847 |



Statement of surplus

year ended
December 31, 1999

| | | | 1999 | 1998 |
|---------------------------------------|--------------------------|------------------|------------------|------------------|
| | Invested in fixed assets | Unrestricted | Total | Total |
| Balance, beginning of the year | \$261,127 | \$340,218 | \$601,345 | \$223,340 |
| Excess of revenue over expenses | (186,428) | 194,275 | 7,847 | 378,005 |
| Investment in fixed assets | 181,832 | (181,832) | - | - |
| Balance, end of the year | \$256,531 | \$352,661 | \$609,192 | \$601,345 |

Balance sheet

year ended
December 31, 1999

| | 1999 | 1998 |
|--|--------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash | \$2,208,044 | \$2,255,908 |
| Temporary investments | 1,475,660 | 1,489,011 |
| Accounts receivable | 58,384 | 84,003 |
| Supplies inventory | 106,409 | 148,264 |
| Prepaid expenses | 122,124 | 19,881 |
| | 3,970,621 | 3,997,067 |
| Fixed assets (Note 3) | 256,531 | 261,127 |
| | 4,227,152 | 4,258,194 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 977,405 | 1,048,679 |
| Deferred revenue | 2,634,362 | 2,527,664 |
| | 3,611,767 | 3,576,343 |
| Deferred lease inducement | 6,193 | 80,506 |
| | 3,617,960 | 3,656,849 |
| Surplus | | |
| Invested in fixed assets | 256,531 | 261,127 |
| Unrestricted | 352,661 | 340,218 |
| | 609,192 | 601,345 |
| | \$4,227,152 | \$4,258,194 |

Approved by
the Board:

Director

Director



Notes to the financial statements

year ended December 31, 1999

1. Description of the organization

The Association, incorporated under the *Real Estate Brokerage Act* (Québec), monitors and promotes public interest through timely and appropriate supervision of the profession, fair and equitable regulatory control, and consistent and effective training of real estate agents and brokers.

2. Accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Inventory valuation

The supplies inventory is valued at the lower of cost and net realizable value. Cost is determined by the average cost method.

Depreciation and amortization

Fixed assets are depreciated and amortized over their estimated useful lives according to the straight-line method and the following annual rates:

| | |
|--------------------------------------|---------|
| Furniture and leasehold improvements | 6 years |
| Office equipment | 4 years |
| Telephone equipment | 5 years |
| Computer equipment | 3 years |
| Computer update | 1 year |

Deferred revenue

Income from annual fees is charged to earnings on a monthly basis and distributed over the duration of certificates.

Deferred lease inducement

The deferred lease inducement represents an amount of \$445,880 collected from the landlord as an inducement premium for rental of the premises. This income is amortized on a straight-line basis over the duration of the lease, which expires in June 2000. The amortization is applied against occupancy costs on the statement of revenue and expenses.

3. Fixed assets

| | 1999 | | | 1998 |
|---|-------------|---|----------------|----------------|
| | Cost | Accumulated depreciation and amortization | Net book value | Net book value |
| Furniture | \$415,276 | \$392,680 | \$22,596 | \$50,616 |
| Office equipment | 92,914 | 67,428 | 25,486 | 28,545 |
| Telephone equipment | 82,956 | 70,804 | 12,152 | 17,431 |
| Computer equipment and computer updates | 539,937 | 422,669 | 117,268 | 86,075 |
| Leasehold improvements | 384,565 | 305,536 | 79,029 | 78,460 |
| | \$1,515,648 | \$1,259,117 | \$256,531 | \$261,127 |

4. Occupation of premises

Occupation of premises expenditures include the following:

| | |
|---|-----------|
| Rental and occupational costs | \$341,894 |
| Amortization of leasehold improvements | 41,064 |
| Amortization of deferred lease inducement | (58,921) |
| Sub-leasing revenue | (35,259) |
| | \$288,778 |

5. Fund for public information

A fund entitled "Fonds de financement de l'Association des courtiers et agents immobiliers du Québec pour l'information du public" was established by the Board of Directors of the Association in accordance with the *Real Estate Brokerage Act* (Québec). The fund consists of interest generated by the sums of money held in trust in conformity with the law. The fund shall be used primarily for the production and release of information relating to the rights of the public in the field of real estate brokerage and, subsidiarily, for professional inspection of the members of the Association and, if funds are sufficient, for discipline of those members.

Interest thus paid to the fund and fund-related expenses, which are included in the revenue and expenses of the Association, are as follows:

Earnings

| | |
|--|-----------|
| Interest on sums of money held in trust paid to the fund | \$239,149 |
| Direct charges | (47,123) |
| | 192,026 |

Fund-related expenses

| | |
|--|-----------|
| Information relating to public rights* | 56,673 |
| Professional inspection | 204,337 |
| Discipline | 349,079 |
| | \$610,089 |

Balance of the fund

| | |
|--|---|
| | - |
|--|---|

* Directly available to the public \$51,327 in 1999 and \$131,407 in 1998.

6. Commitment

The Association has entered into a long-term lease agreement expiring in June 2000 which calls for lease payments of \$522,348 for the rental of premises, including premises the Association has since sublet to a third party. The minimum amounts payable over the forthcoming years are as follows:

| | |
|------|-----------|
| 2000 | \$426,823 |
| 2001 | \$275,681 |
| 2002 | \$275,681 |
| 2003 | \$275,681 |
| 2004 | \$275,681 |

7. Uncertainty due to Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information

using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Association, including those related to customers, suppliers, or other third parties, have been fully resolved.

8. Prior year figures

The comparative figures of the statement of revenue and expenses for the prior year has not been presented due to major changes in the Association's general ledger accounts.

9. Statement of cash flows

A statement of cash flows has not been presented as it would not provide any additional meaningful information.

Schedule

Statement of revenue and expenses - illegal exercise

year ended December 31, 1999

| Revenue | \$ |
|--|------------------|
| Renewal | 500,850 |
| Penal | 2,500 |
| | 503,350 |
| Direct costs | |
| Penal investigations | 100,934 |
| Advertising | 380,090 |
| Legal fees | 4,398 |
| | 485,422 |
| Indirect costs | |
| Salaries and employee benefits | 101,507 |
| Occupancy expenses | 14,838 |
| Depreciation | 9,393 |
| General administration | 9,906 |
| | 135,644 |
| | 621,066 |
| Excess of expenses over revenue | (117,716) |