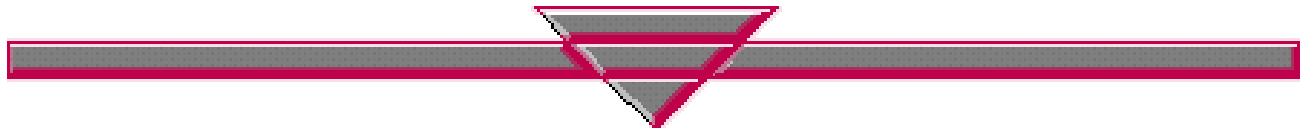


Annual Report

**for
2004**

Nova Scotia Real Estate Commission



**2005
Annual General Meeting**

March 24, 2005

Notice of Annual General Meeting
for the
Nova Scotia Real Estate Commission
Auditorium, 7 Scarfe Court, Burnside, NS

Thursday, March 24, 2005
1:00-2:30 PM

AGENDA

Chairman - Paul Doucet

1. Call to Order
2. Introduction of Head Table - Paul Doucet
3. Commission Chairman's Report - Paul Doucet
4. Finance & Recovery Fund - Charles Lorway
5. Licensing Committee - Valerie Folk
6. Complaint Review Committee - Kent Noseworthy
7. Discipline Committee - Charles Lorway
8. Review of the election procedures by the Registrar
9. Address by Nominees (*each will be allowed 2 minutes to speak*)
10. Election - first ballot
11. Open Forum - This will be an opportunity for licensees to ask questions for the Commission's comments or to bring forward items for the Commission to consider in their upcoming discussions.
12. Results of first ballot and start of second ballot if necessary
13. Further ballots if required
14. Adjournment

Nova Scotia Real Estate Commission

Shown below are the members of the Commission. All of the Commissioners serve for a three year term, regardless of whether they are appointed or elected. Each year one position in each of the three categories (licensee election, NSAR appointment, public appointment) comes due.

NSAR Appointments

Name	Term Expires	From	Brokerage
Robert Wambolt	April 30, 2007	St. Peters	CB Mary Pat Realty
Roger Burns	April 30, 2006	Sydney	Roger Burns R.E.
Paul Doucet	April 30, 2005	Bedford	Prudential Property

Elected Commissioners

Valerie Folk	April 30, 2007	Bedford	Royal LePage Atl.
Neil Black	April 30, 2006	Dartmouth	Aberdeen Comm.
Eldon Chaisson	April 30, 2005	Halifax	RE/MAX Nova

Government Appointments

Charles Lorway, Q.C.	July, 2006	Sydney
Howard Oakey	October, 2005	Bedford
Kent Noseworthy	January, 2005	Halifax

Commission Staff



Cathy Campbell
Bookkeeper



Pamela Crane
Licensing Officer



Elaine Moulton
Administrator



Carolin Henderson
Compliance Auditor



Douglas Dixon
Registrar



Brad Chisholm
Compliance Officer

Commissioners



Paul Doucet
Chairman



Kent Noseworthy
Complaint Review



Charles Lorway, Q.C.
Vice-Chair
Dicipline Committee
Finance & Recovery Fund



Valerie Folk
Licensing Committee



Robert Wambolt
Licensing Committee



Eldon Chaisson
Complaint Review



Neil Black
Commercial Committee
Finance Committee



Roger Burns
Licensing Committee



Howard Oakey
Complaint Review



Doug Dixon
Registrar

Message from the Chairman

The Commission has dealt with two large issues this past year, the Agency Task Force (ATF) Report and Errors & Omissions Insurance. The recommendations in the ATF Report are very significant for our industry. I will make a few comments on these two issues and you will find there are specific reports later in this document.

As always, a significant portion of the Commission's work is to deal with a multitude of various practice issues and administrative matters. These issues come forward from the public and licensees or as a result of situations that the Registrar and the Commission staff deal with. The Commissioners usually meet once every quarter and the meetings always involve lots of discussion and debate.

It is my opinion that the Commission, both administratively and financially, is run on a very sound basis. The only significant change in finances over the last year was the creation of the new audit process and the hiring of a Compliance Auditor. This resulted in a new Brokerage Audit Fee. The continuing low interest rates and a slowly improving investment climate has had an ongoing effect on the Commission's income, resulting in an increase in licensing fees. On the expense side, the Commission has been pretty frugal in its operations. Staff is the minimum necessary to carry out the work of the Commission and other expenses are fairly limited. The Commission does not have a large budget in the first place, so it is difficult to find unnecessary expenses to eliminate.

The recommendations of the Agency Task Force Report have been an ongoing issue with the Commission. The NSREC received the final report in July 2004. The Commissioners dedicated two full days and several partial days to discussion of the various recommendations. The Commissioners also met with five other regulatory jurisdictions, via video conference call, to hear a presentation and allow for some comments and discussion. I, along with the Registrar, attended the presentation of the report to the CREA Fall Assembly in October in order to gauge the reaction on a national basis. The Commissioners, after much discussion and debate, have decided to move forward with the recommendations. The Commission believes the practices recommended more accurately reflect the public's expectations and licensee's actions than the current requirements do. The public and the industry will have a much better understanding of their agency relationships in the future. This Report and the regulator's moves to adopt the report will mean agency will be taught and practiced in a uniform way throughout Canada. In addition, the inclusion of obligations and other requirements will more fairly balance the contracts for services between the consumer and licensees. The next step is for the Commission to get feedback from NSAR and licensees, before implementation starts. To date, most people that have studied the recommendations have given positive feedback.

Errors & Omissions has been the other major issue. The Commission believes that it is in both the industry and the public's best interests that there be a mandatory E & O program for all licensees in Nova Scotia, with a planned implementation of July 1, 2005. Currently there are mandatory programs for real estate licensees in Ontario, Alberta and British Columbia and Saskatchewan starting in July 2005. As with agency, this is a complex subject in that it affects both the public and licensees. Since September the Commission has been in discussions with NSAR regarding which program is most appropriate for Nova Scotia to join, as it would not be economical for Nova Scotia to operate a program of its own. It is hoped that a decision regarding the insurance program would be made by the end of February. More detailed information on E & O is found later in this report.

The liaison committee meetings between the Commission and the Association continues to serve as a very positive venue for better communications for both organizations. The meetings allow for discussion of a wide variety of issues and for each organization to better understand the other organization's point-of-view.

This April will mark the end of the five years I will have served as a Commissioner and will also mark the end of my three years as the Commission's Chair. I have thoroughly enjoyed my involvement at the Commission's Board of Directors level. It has truly been an eye opener for me. As much as you might feel you understand various issues, having to look at them from a regulatory and a consumer's point-of-view brings a new dimension to the issues.

I want to thank the current Commissioners and committee members for their efforts throughout the year. The time spent by both the Commissioners and committee members amounts to many hundreds of volunteered hours and benefits all 1,500 licensees in the province. We are fortunate to have so many willing volunteers that bring a wealth of experience and insight to the table on the many issues that get discussed. I also want to give a big thank you to the staff. The Commission's operations always run smoothly and professionally providing information and service to both the public and licensees, as well as supporting the work of the Commissioners and committees. As a result of the efforts of volunteers and staff, Nova Scotia is able to remain at the forefront of regulation of the real estate industry, staying current with the issues and being very proactive.

On Thursday, March 24th 2005, the Annual General Meeting of the Commission will be held in the auditorium at 7 Scarfe Court. I strongly encourage you to attend. This is your opportunity to get an update on the Commission's work, to elect a licensee to the Commission and to provide feedback to the Commissioners. I look forward to seeing you there.

Paul J. Doucet
Chairman

Registrar's Report

This past year has seen the Commission move forward on a couple of major initiatives, the new brokerage and trust audit system and the recommendations of the Agency Task Force. Both have been big projects for the Commission.

The Commission's new Compliance Auditor position started in August with the hiring of Carolin Henderson. Carolin comes to us with audit experience from outside the real estate industry, so she completed both the Salesperson and Broker Licensing Courses in the fall to give her a better understanding of both how our industry works and what is expected of licensees. The latter part of the fall she worked closely with other Commission staff in completing various trust and/or brokerage audits around the province. In January, Carolin started scheduling and working on the audits necessary for the 2004-2005 time period. All brokerages will be audited this year by Commission staff. This could be by Carolin, Brad Chisholm or Pam Crane, or a combination of these three people. All brokerages will have their trust accounts audited and approximately one third of the brokerages in Nova Scotia will have full brokerage audits completed for this time period. The Commission sees the audit process as very positive and pro-active by ensuring brokerages are meeting the trust, record keeping and practices requirements, which ultimately should result in fewer complaints and problems down the road.

The other big project has been participating in the Agency Task Force and then working through the recommendations contained in its report. The Commission had a number of dedicated meetings to discuss and debate the merits of the various recommendations. The report was received very favourably and the Commission has decided to move forward with the implementation of its recommendations.

In addition to their regular administrative work of the Commission, there are always a number of projects that are in the works. This past year the Commission staff has been involved in the following projects:

- Assisting NSAR with revisions to Broker Licensing Course materials
- Participating in the national Agency Task Force
- Carrying out trust and brokerage audits of approximately one third of the brokerages
- The Registrar is on the Board of Directors of ARELLO, the international real estate regulatory agency and Chairs the Education Committee for ARELLO

In closing, please feel free to call the Commission office should you need information or have a problem involving a real estate transaction, The Commission staff is here to help. Also, if you are aware of a member of the public that is having or has had difficulties in their real estate dealings, please pass on the Commission contact information if you feel the Commission can be of assistance.

Douglas Dixon

Registrar

Licensing Committee

Valerie Folk	Chairperson and Commissioner	Bedford
Robert Wambolt	Commissioner	St. Peters
Roger Burns	Commissioner	Sydney
John Walker	Member	Halifax
Paula Pulling	Member	Bedford
Ruth Harding	Member	Bedford
Douglas Dixon	Registrar	
Pamela Crane	Licensing Officer	

The Licensing Committee is mandated to review the licensing decisions and recommendations of the Registrar, to research licensing issues and to make recommendations to the Commission on any issues concerning licensing.

During the past year, the committee reviewed all exemptions to the licensing rules and made decisions on exemption requests from applicants. The committee also reviewed any conditions the Registrar placed on licensees.

There was one Licensing Hearing held in 2004. The Registrar refused to re-license a licensee that had been terminated by his brokerage for converting monies payable to the brokerage directly to his own name. The applicant appealed Registrar's refusal to license to the Licensing Committee. A Licensing Hearing was held and the Licensing Hearing Panel supported the decision of the Registrar not to grant a licence.

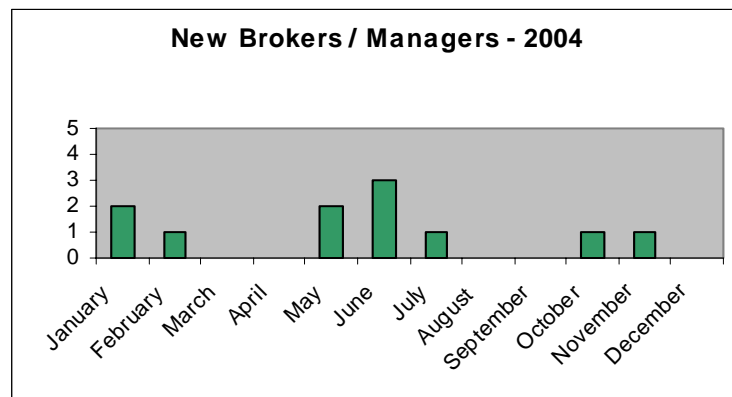
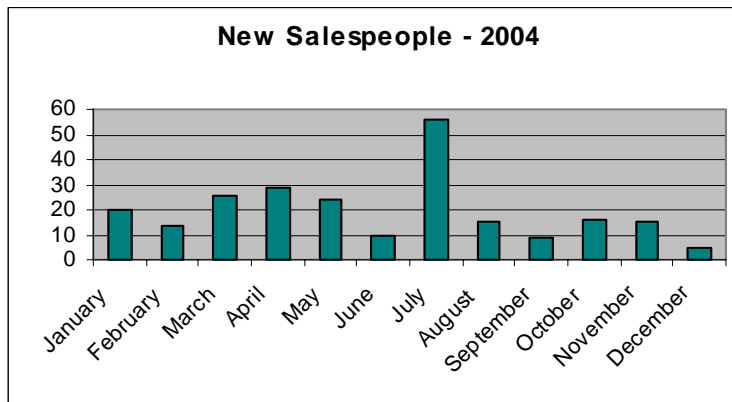
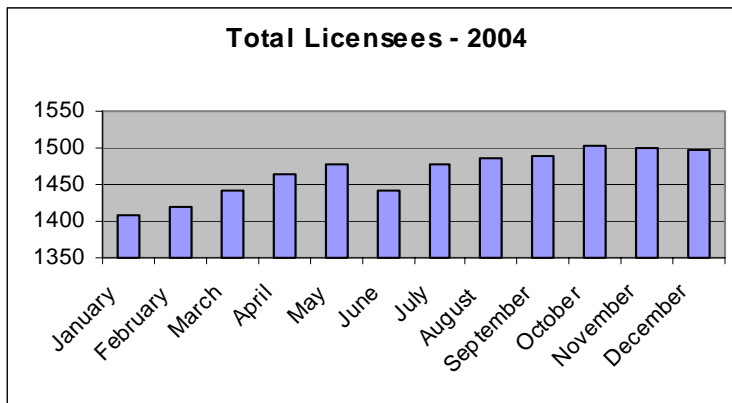
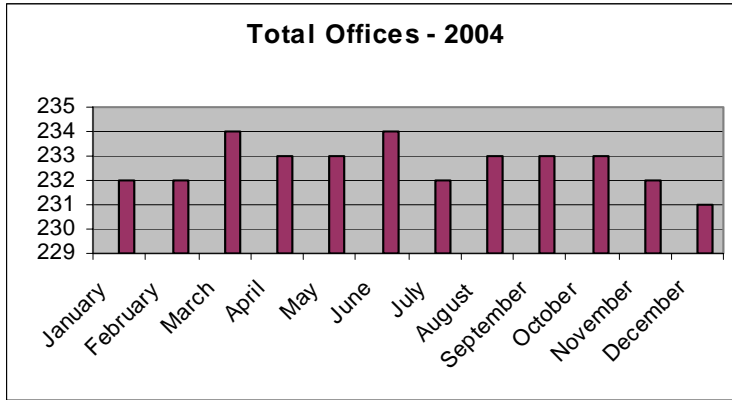
There were really no major issues or projects for the Licensing Committee this past year. The Committee spent some time discussing the project to upgrade the Broker Licensing Course, but to date no recommendations have been made to the Commission. The Director of Education for NSAR kept the Committee informed on the refining of the Salesperson Licensing Course. NSAR is to be commended for not only developing a very good course, but also for doing follow-up with both graduates of the course and their employing brokers. This feedback has allowed NSAR to fine tune the course to better meet the needs of the students and brokerages, as well as better serve consumers.

In closing, I want to thank the members of the Committee for their efforts and many hours spent working on behalf of the Commission. I would ask that any licensees with suggestions or concerns related to licensing issues forward them to the Commission for discussion and consideration.

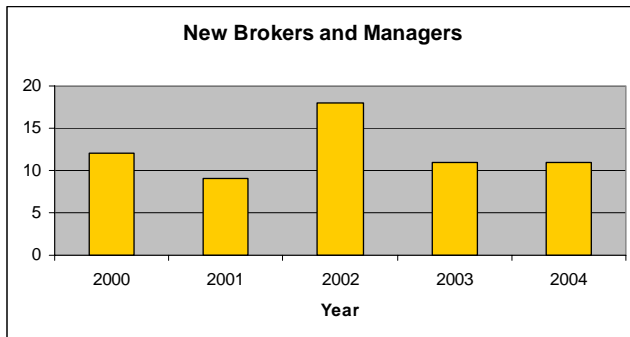
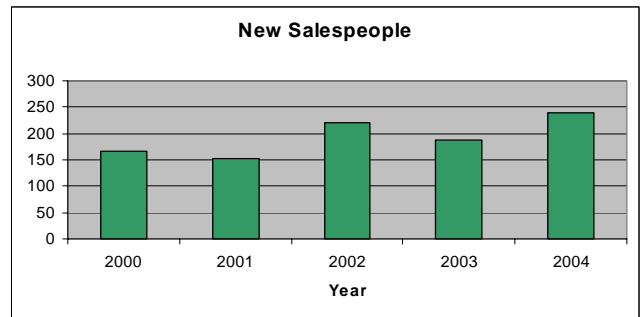
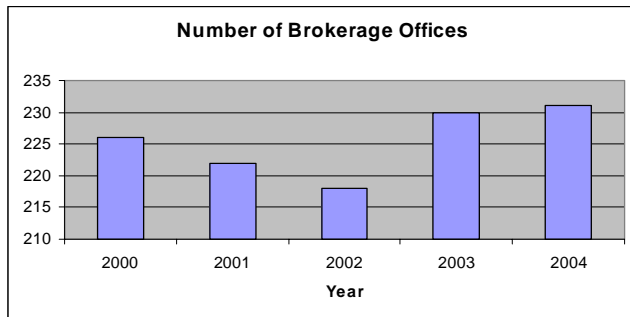
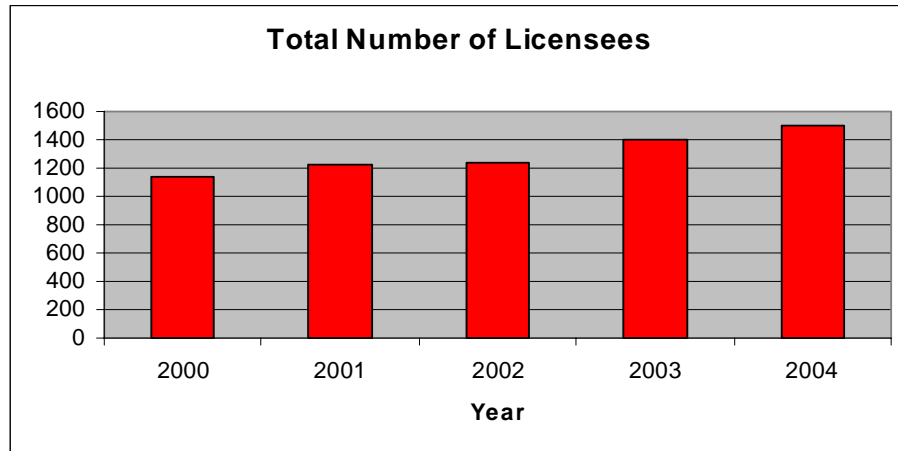
Valerie Folk

Chairperson

Licensing Statistics - 2004



Licensing Statistics - Year to Year Comparison



* Please note, there was not an Associate Broker licence category prior to 2001.

Complaint Review Committee

Kent Noseworthy	Chairperson (Public Member)	Halifax
Howard Oakey	Commissioner (Public Member)	Bedford
Eldon Chaisson	Commissioner	Halifax
Jim Woods	Member	New Glasgow
Lynn Hoffmann	Member	Kentville
Marg Bowlen	Member	Dartmouth
Tony Walters	Member	Lunenburg
Cathy Covey	Member	Halifax
Douglas Dixon	Registrar	
Brad Chisholm	Compliance Officer	

I am pleased to report the number of complaints dealt with by the Commission is at the lowest point since the inception of the Commission in 1997. Shown on the following pages are statistics showing where complaints have come from, the types of complaints made and the disposition of the complaints.

The most common issue that is at the core of many of the complaints involves communications. Most often it is a lack of communication that prevents a client or customer from being fully informed before they make a decision or take action or, in some cases, inappropriate communications. Licensees are required to keep their clients fully informed of all facts that the licensee is aware of. Alternatively, licensees should not communicate information that they have not been authorized to pass on or communicate to parties they are not permitted to deal directly with, such as clients under contract with another brokerage.

The Complaint Review Committee met four times during 2004 to review all matters relative to complaints investigated by the Commission staff. The mandate of this committee is to review all proposed Settlement Agreements and any requests for a review, by a member of the public, of a decision of the Registrar. In practice, the Committee reviews all complaints, whether they are dismissed, dealt with through a Settlement Agreement or being sent on for a Discipline Hearing.

The Committee can approve the decision of the Registrar to dismiss a complaint or deal with it through a Settlement Agreement. The Committee can also reverse or alter the decision of the Registrar by altering the terms of the Settlement Agreement, not allow a complaint to be dismissed or send a matter on to the Discipline Committee. There have only been eight instances, out of over 400 investigations since the Commission began, where the Committee has changed a decision of the Registrar. Of these, five had the penalties increased and three had them decreased.

The Committee, on average, reviews 8-10 complaints at each quarterly meeting. This involves the Committee members, in advance of the meeting, reviewing a case summary of each complaint and discussing the case at the Committee meeting with staff. In unusual circumstances, or in situations that are new to the Commission, the Registrar may bring a case to the Committee for its opinion prior to proceeding further.

I would like to thank the committee members for their time and effort they have devoted to the work of the committee. This is my last report on behalf of the Complaint Review Committee as I have completed my term as a Commissioner. I have enjoyed my involvement over the last four years and have been pleased to be part of a very fair process, both at the Commission level and the Complaint Review Committee. The Commission takes its responsibilities seriously and makes every effort to be fair to consumers and balanced in its approach to licensees.

Kent Noseworthy
Chairperson

Audits & Investigations - Compliance Officer's Report

2004

POSITIVE SIGNS OF AN EVOLVING PROFESSION

Audits

In 2004, 49 brokerage audits were conducted. The results of these audits ranged from excellent to needs-improvement; however cooperation and overall response from brokers has been very positive. Results also indicate an encouraging trend of improvement in both trust account and record keeping practices and management by brokers and managing associate brokers. This positive trend continues to help elevate real estate brokerage among the many other established professions in Nova Scotia.

We have commenced with our new audit initiative whereby all **trust account audits** will be carried out annually by Commission audit staff. **Brokerage audits**, which incorporate a more detailed review of transaction file record keeping, will be carried out on a three year cycle. This means that every brokerage will receive an annual trust account audit and every third year the audit will be expanded to incorporate a full brokerage audit.

Commission audits are used as an educational vehicle to increase broker awareness of deficiencies in record keeping with the overall goal of protecting the public interest. The audits also provided the Commission with useful feedback to identify problem trends in the industry that could then be addressed through continuing education courses and province wide industry bulletins.

Investigations

The number of complaints received during 2004 was down considerably compared to that of 2003 and this was also true of the number of investigations initiated. The number of investigations involving charges was the same as compared to 2003 results. Some charges laid in 2004 corresponded to 2003 investigations, still ongoing at the beginning of 2004.

At the beginning of 2004, 18 investigations from 2003 were outstanding. During 2004 the Commission received 33 real estate complaints from public sources. From the 33 complaints received, 23 investigations were initiated.

Of the 18 cases from 2003, 16 were closed during 2004 and 15 investigations initiated in 2004 were closed by year-end leaving 10¹ outstanding.

Origin of Investigations Initiated in 2004

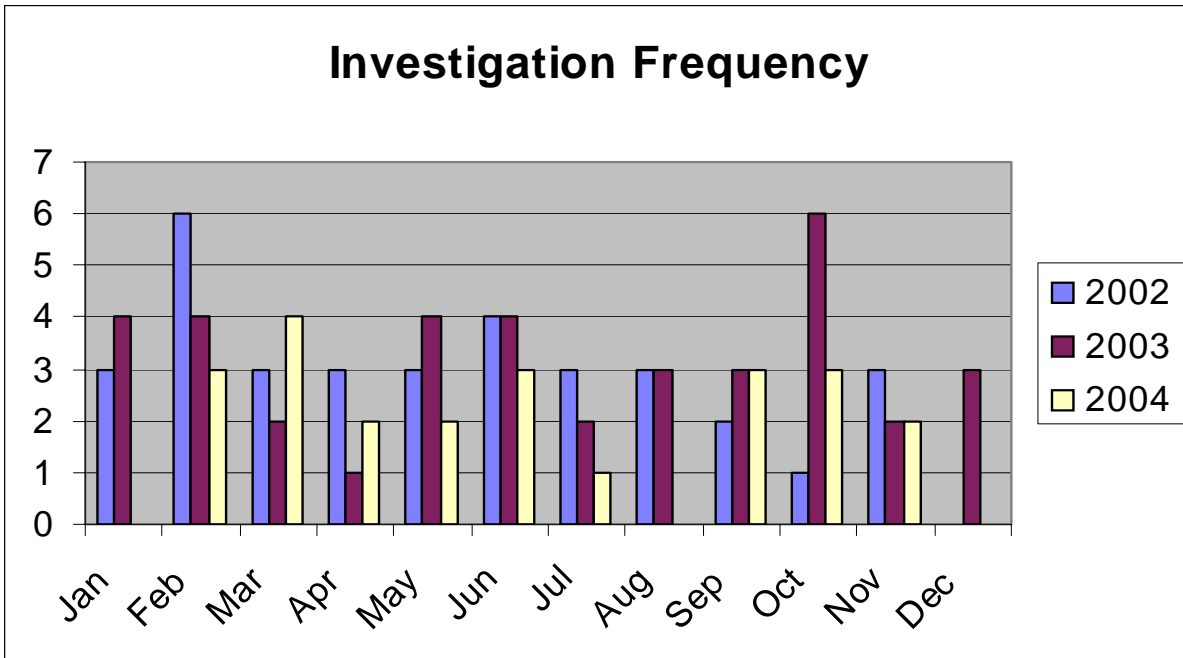
In 2004, 100 percent of investigations were initiated through written public complaints.

(Footnotes)

¹ A number of these are currently awaiting closure approval from the Complaint Review Committee

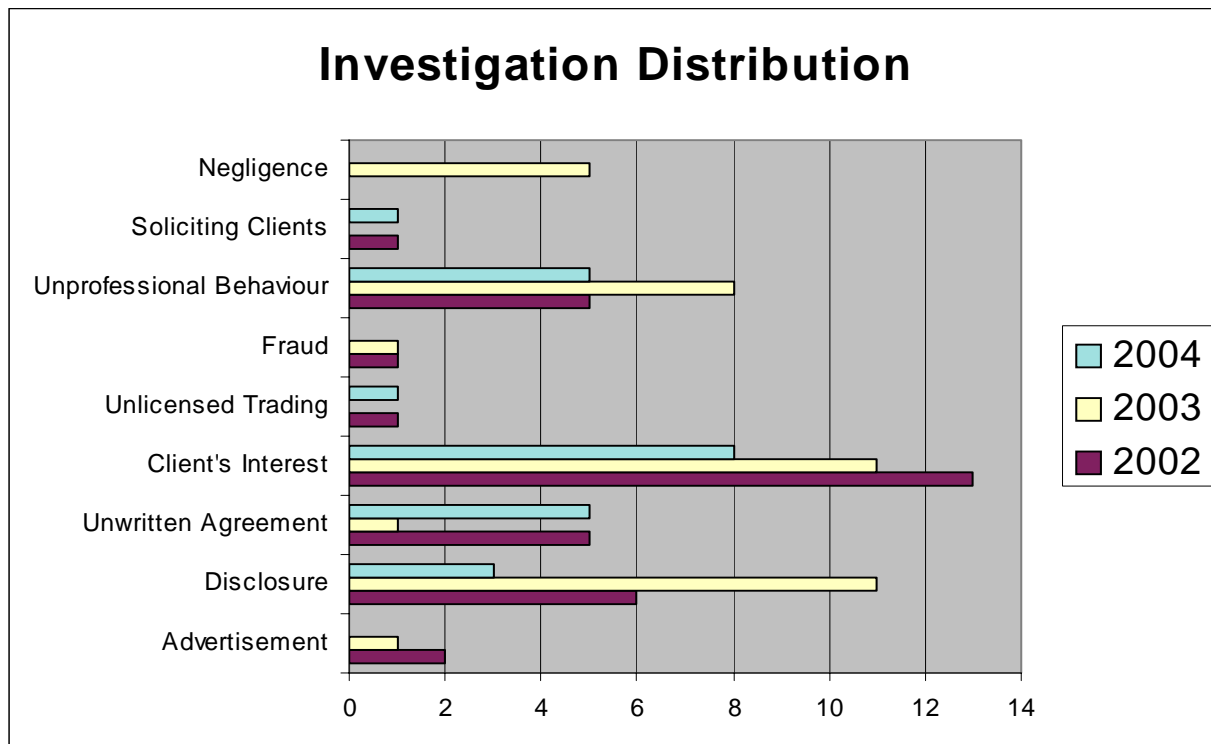
Frequency

The chart below summarizes comparative figures for the total number of investigations initiated each month.



Distribution

This chart summarizes the distribution of the 23 investigations initiated in 2004 by type. Comparative figures are also shown for 2003 and 2002.

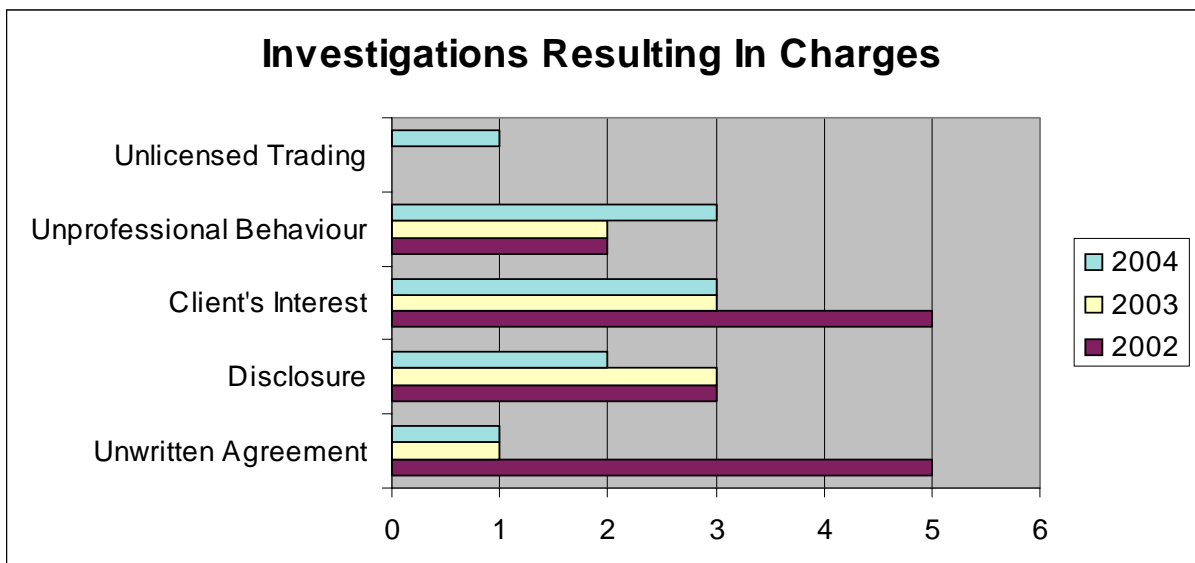


Examples:

- Negligence – Incomplete or improperly completed real estate forms, showing a property without authorization
- Soliciting Clients - Knowingly soliciting another licensee's client
- Deposit Dispute – Failing to obtain a buyer's deposit as per the agreement of purchase and sale
- Unprofessional behaviour – Failing to cooperate with other licensees, yelling at clients/customers
- Miscellaneous – Failing to respond to a real estate complaint within the designated time period set by the Compliance Officer
- Unlicensed Trading – Marketing property without a license, unlicensed brokerage employee trading
- Client's Interest – Failing to follow up with a client before financing/inspection deadlines expire
- Unwritten Agreement - Not obtaining written and signed extensions/amendments
- Disclosure – Failure to disclose septic problems, failing to verify listing information
- Advertisement – Misleading advertising, failure to include full brokerage name in an advertisement
- Fraud – Misappropriation of trust funds
- Public Discredit – Making derogatory remarks about another licensee
- Commission Dispute – Misinforming listing clients as to commission payable

Charges

Of the 31 investigations closed during 2004, 10 resulted in formal charges. The following chart summarizes the distribution of charges laid in 2004 according to type. Comparable figures are also shown for years 2003 and 2002.

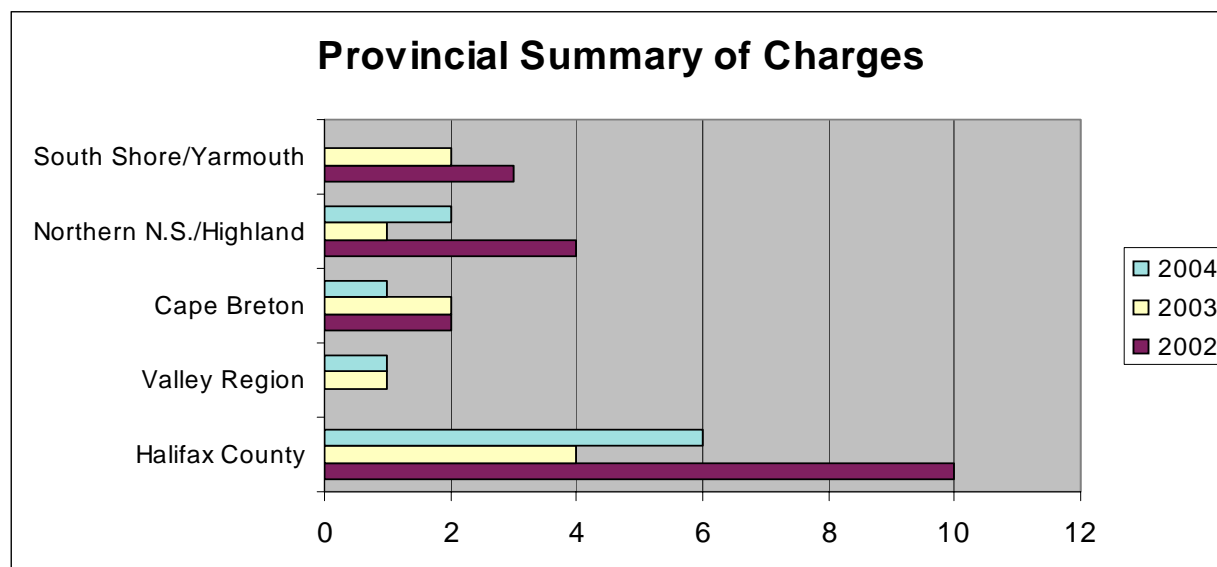


Example of Penalties Levied Through Settlement Agreements

TYPE	PENALTY (FOR FIRST TIME OFFENCES)²
Unprofessional Conduct	\$300 fine & Reprimand
Client's Interest	\$200 fine
Disclosure	\$500 fine
Unwritten Agreement	\$200 fine & course requirement
Negligence	\$200 fine & Reprimand
Deposit Dispute	\$500 fine & Reprimand
	PENALTY (FOR REPEAT OFFENCE)
Unwritten Agreement	\$500 - 1,000 fine
Client's Interest	\$300 - 700 fine
Disclosure	\$1,000 fine

Provincial Summary

The following chart presents the distribution of 2004 charges by area. Figures for 2003 and 2002 are also provided for comparison purposes.



² All fines are allocated for educational purposes

Avoid Unnecessary Problems

The following are typical examples of compliance issues that are regularly identified as a result of public and licensee complaints. It cannot be emphasized enough that the following situations are commonly grounds for disciplinary action.

- Unwritten extensions and/or amendments to real estate agreements
(Commission by-law 702, Article 6)
- Failing to disclose a multiple offer situation to another agent
(Commission by-law 702, Article 12)
- Unwritten agency disclosure to clients/customers
(Commission by-law 702, Article 3)
- Advertising that is misleading to the public
(Commission by-law 707 (c))
- Failing to cooperate with a Commission investigation
(Trading Act Section 17 (4) and Commission by-law 810)
- Publicly discrediting a fellow licensee
(Commission by-law 702, Article 21)
- Failing to discover and disclose pertinent facts about properties
(Commission by-law 702, Article 4)
- Real Estate forms not completed properly
(Commission by-law 702, Article 2)
- Not obtaining brokerage cooperation instructions from sellers with exclusive agreements
(Commission by-law 702, Article 29)
- Showing a property without authorization
(Real Estate Trading Act Section 22 (1) (a))

Remember

It is the Commission's policy that when an investigation of a transaction(s) is initiated, either from a specific complaint or at the discretion of the Registrar, the transaction(s) is reviewed from beginning to end. This includes a review of all agreements/documents connected to the transaction(s). Brokers can be charged for not properly supervising agreement preparation by salespersons as well as improper trust fund handling. Typical penalties against brokers are fines and in some cases the requirement for the broker to re-complete the broker/associate broker licensing course and to pass the exam.

The best remedy for avoiding fines and course requirements on document preparation is prevention. Make sure agreements are signed and initialed by all parties, use proper forms and never rely on verbal agreements.

Note of Thanks

Throughout the year a number of licensees were contacted by the Commission for information concerning complaint investigations or asked to make themselves available for trust account and record keeping audits. Although these matters can be difficult and sometimes unpleasant in nature, in most cases licensees cooperated fully and professionally with the Commission. This demonstration of professionalism was appreciated.

Trade Practices - Recurring Problems

The issues covered on this page are repeated from last year's Annual Report. The reason for repeating them is that they are still the major issues that lead to conflicts and complaints. Please review them and ensure that you are carrying out your business in a way that is professional and prevents these type of issues from arising.

Verbal Agreements and Promises

A major source of complaints and disputes involves licensees conducting business or making promises or commitments verbally when they should be documenting the issues in writing. Licensees are reminded that by conducting business verbally they expose themselves and their brokerages to criticism later on when problems arise. It can also lead to disputes between the parties. Parties to a transaction do not always have the same memory of what was "promised", so documenting it clearly in writing eliminates potential conflicts.

Negotiations and Amendments – All requests, terms or issues around negotiations must be done in writing. For example, if there is a request for an extension by the sellers, if a buyer requires more time to meet a condition, if certain items are to be included or excluded, or if the seller has promised to see that certain things are done before closing, then it must be documented in writing along with all applicable signatures.

Listings – Licensees often make promises or guarantees when listing a property for sale. Should you promise that you will do specific things, or give the seller a service guarantee that they can get out of the listing should the seller at any time not be happy with your service, then you must do it in writing. Otherwise if a dispute arises at a later date, you can be sure a complaint will be filed that you did not do as you "promised". Commission By-Law 702, Article 4, which states:

*The Licensee should ensure written representation agreements whenever possible in order to avoid misunderstandings with their clients and customers. **Releases, promises and guarantees of specific service(s) must also be in writing.***

Multiple Offer Situations

In the last few years, market conditions have made multiple offer situations a regular occurrence. It is not unusual in today's market to list a property one day and then the next day you receive three written offers and voice messages indicating two more offers are on their way.

Commission By-law 702, Article 12 requires that when there are multiple offers, the licensee acting on behalf of the seller must disclose to all potential buyers or their agents that there are multiple offers. This must be done unless the listing licensee is otherwise instructed by the seller in writing. Licensees should clearly explain this requirement to clients at the time the listing agreement is signed.

There are endless scenarios on how multiple offer situations can materialize. Whatever the circumstances keep in mind that, unless otherwise instructed by the seller, a listing licensee may not withhold presenting an offer. But at the same time, the listing licensee must make every attempt to contact all agents of potential buyers once it is known that a multiple offer situation exists. If the listing licensee is not able to contact the other buyer agents, the seller should be made aware of the situation as well as his or her option to seek extensions on existing offers so that all parties have the opportunity to submit their best price.

Discipline Committee

Charles Lorway	Chairperson	Sydney
	Commissioner (Public Member)	
Brian Hirtle	Member	Kentville
Don Clark	Member	Dartmouth
Charles Pace	Member	Halifax
Mark Stein	Member	Halifax
Clark Woods	Member	Truro
Douglas Dixon	Registrar	

Hearing Panel Pool

Wayne Sanford	Wolfville
Allan Hennigar	Halifax
Sandra Richards	Bridgewater
Carol Alexander	Chester

There was one hearing held in 2004. The decision of the Discipline Hearing Panel has been appealed to the Supreme Court of Nova Scotia. The Commission is still awaiting the court date for the appeal to be heard.

There is an outstanding Discipline Hearings from 2002 that is currently under appeal to the Supreme Court of Nova Scotia. There were a few preliminary issues for the Judge hearing the appeal to decide and to date no decisions have been made.

The main reason there are very few hearings is because the majority of licensees charged with breaches of the Act or Commission By-law choose to go through the Settlement Agreement process. For most infractions, this is the best way to resolve the issue, from both the licensee's and the Commission's point-of-view.

I wish to thank the committee members for continuing to make themselves available.

Charles Lorway, Q.C.

Chairperson

Agency Task Force Report

Last year, the Commission reported that the Canadian Regulators Work Group had an Agency Task Force in progress reviewing the issue of agency as it applies to real estate. This year, the Commission is able to report that the Agency Task Force completed its work and released its report to the regulatory jurisdictions in July. The full report is available on the Commission's website www.nsrec.ns.ca under Publications / Miscellaneous. The thrust of the report supports the implementation of standard agency and related practices across the country.

The Board of Directors of the Commission has had a series of meetings dedicated to reviewing, discussing and debating the recommendations and detail of the report. When you study the report, it is evident that much work and thought has gone into the recommendations and information it provides. The Commissioners, over a series of Directors' meetings, initially approved all the recommendations in principal and eventually, after further discussions and debate, approved or adopted all 16 recommendations.

The recommendations can be divided into two main categories. The first involves agency issues and the second would be various related issues, such as disclosure, confidentiality, remuneration and obligations.

The ATF Report recommends replacing the existing agency relationships in real estate with "Designated Agency" and "Transaction Brokerage". Designated agency would allow buyers and sellers to be represented separately and with full agency representation, in the same property transaction, by two licensees working at the same brokerage. This would do away with dual agency in situations where two different salespeople are involved, along with the need for buyers and sellers to change agency relationships. Should one salesperson represent both a buyer and seller, as clients in a transaction, then the salesperson would enter into transaction brokerage, with the agreement of both parties, instead of limited dual agency. Transaction brokerage and limited dual agency are identical in what obligations and responsibilities the salesperson has to follow and operate under, except the name of transaction brokerage does not create the situation where buyers or sellers believe they are still being represented, even if it is to a lesser degree than under full agency. Unfortunately, many licensees do not practice limited dual agency properly today, themselves believing that as a limited dual agent they can still give "some advice" to their clients in a dual agency situation. The perception clients and many salespeople have, in limited dual agency, is that the salesperson can still offer some form of "agency representation" to both their buyer and seller.

There are many non-agency issues that the Commission intends to implement as the revision of forms takes place. These issues are not dependant on the agency changes taking place.

They include the following issues:

- Obligations – minimum obligations that licensees owe their client
- Definitions – national standardization of definitions, terminology and licensing categories
- Disclosure – various disclosures required that licensees owe to clients and that clients owe to licensees
- Confidentiality – protection of privacy, continuation of federal and common law requirements
- Warranties – made by either sellers or buyers to licensees
- Remuneration – various changes to how licensees may be paid or make claims
- Termination – defining what is to happen on termination of a contract
- Model Forms – standardization of forms

The Nova Scotia Real Estate Commission fully supports the adoption and implementation of the recommendations in the Agency Task Force Report. As part of the process, the Commission invites feedback from licensees, the NSAR Board of Directors and the Standard Forms Committee as part of the implementation process in Nova Scotia.

The implementation of the non-agency issues will take place as various components can be incorporated into affected forms and the Standards of Business Practice. It is planned that the agency changes will be implemented as of January 2006. This is conditional on all the preparation for the changes being completed as required. This includes:

- Creation of a national course on the agency changes
- Revision of standard forms affected by the agency changes
- Amendments to the Commission By-Law and Standards of Business Practice

These changes are important and all licensees are encouraged to review the Agency Task Force Report in detail. Your feedback is an important part of the process. Should you have any questions or require additional information, please contact the Commission office.

Errors & Omissions Insurance

The Nova Scotia Real Estate Commission discussed and debated the issue of Errors & Omissions Insurance a number of times in 2004. This resulted in the Commission favouring a mandate that would require that all licensees have E & O Insurance. It is anticipated that this would involve a mandatory program to which all licensees would be required to subscribe.

The Commissioners believe that Errors & Omissions coverage is important consumer protection for buyers and sellers dealing with real estate licensees. By ensuring that all licensees are covered, it means that every consumer in every transaction is protected should there be an error or omission by a licensee. Coverage would be uniform and licensees would have confidence in their dealings with other licensees, knowing that they carry the same coverage. This is the prime reason that the Commission feels coverage should be mandatory through a provincial program.

Errors & Omissions insurance coverage is getting more difficult for many brokerages to obtain. Many brokerages that wish to have coverage, are unable to obtain it. Not because they have had claims, but because insurance carriers are making it more difficult, or impossible to get coverage, particularly small brokerages. A mandatory provincial program will ensure that all brokerages carry coverage.

The Commission and NSAR are in discussions regarding the programs that are being considered. The Alberta and Manitoba programs are both possibilities for providing coverage to Nova Scotia licensees.

Errors & Omissions insurance is often misunderstood as being much broader coverage than it actually is. This type of insurance is specifically to cover situations for which it is named, errors or omissions in information or actions by a licensee. It essentially covers innocent mistakes or errors. Should a licensee do something deliberately or fraudulently, E & O would not cover them. Licensees and brokerages should always review their insurance coverage and ensure they have adequate coverage for liability and auto, just to name two areas.

Commercial Committee

Neil Black	Chairperson and Commissioner	Dartmouth
John Walker	Commercial Appointment	Halifax
Eldon Chaisson	Commissioner	Dartmouth
Bill Greenwood	Member	Halifax
Tim Margolian	Member	Halifax
Greg Taylor	Member	Halifax
Roger O'Neil	Member	Halifax
Douglas Dixon	Registrar	
Brad Chisholm	Compliance Officer	

The Commercial Committee was re-established over the past year. One of the main concerns was the lack of representation of commercial brokerages at the Commission level. As a result, the Commercial Committee recommended that a commercial representative be appointed to serve on the Commission's Board of Directors, as a non-voting member, until such time as amendments to the Act may be considered to make the position a permanent voting Commissioner. The Committee put forward the name of John Walker as the first person to serve as the Commercial Representative. The Commission, at its May 2004 meeting approved the ad hoc position and the appointment of John Walker. The position will be treated as that of a full Commissioner, being able to partake as a full participant and take part in all discussions and debates. The only restriction is that the Commercial representative cannot vote on issues.

The Committee has also discussed a number of practice issues, such as forms, agency disclosure and audit procedures. A significant item discussed was whether or not there should be a separate class of licence for commercial practitioners. In the end, it was decided not to recommend a separate class of licence as the number of licensees carrying out commercial transactions was small, the number of problems or issues as a result of there not being restrictions was very small and the education process for such a small number of applicants wanting a commercial designation would not be viable.

Licensees involved in commercial transactions are asked to send any concerns or issues they may have to the Commission or to any members of the Committee. The Committee would like to be pro-active on issues concerning the commercial community.

Neil Black

Chairperson

Commercial Appointment to the Commission

John Walker

O&Y Enterprise Limited Partnership – Halifax



John was appointed by the Commission Board of Directors, in May 2004, to represent commercial practitioners at the Commission table.

Finance Committee

Charles Lorway	Chairperson and Commissioner	Sydney
Neil Black	Commissioner	Dartmouth
Paul Doucet	Commissioner	Bedford
Douglas Dixon	Registrar	

This past year has continued to be a challenge for the Commission as interest rates and the resulting interest income to the Commission continues to be low. Last year, the Commission had to increase licensing fees to compensate for the lost interest income and going into 2005, the Commission had to increase fees again. The down side to low interest rates for licensees is the Commission has to make small increases to licensing fees, the upside to low interest rates has been a continued strong real estate market.

Revenues for 2004 came in slightly over budget. Revenue from licensing fees, overall, was slightly over budget, mainly due to a higher retention rate for salespeople and a higher number of new applicants. The Commission felt it was conservative, but optimistic, in its 2004 budgeting of IBTA revenues. Unfortunately, interest on trust accounts was down significantly, \$22,000, from budget as interest remained very low through the summer of 2004. The revenue from the Recovery Fund Investments was \$5,000 under budget when investment account fees are netted out. The Recovery Fund performance improved in 2004 and the Commission, with its investment portfolio managers, restructured the investments in late 2004. It is hoped this will improve the return on investments in over the long haul. Due to the shift in exchange rates between the US and Canada, with a strengthening Canadian dollar, the US investments lost a significant amount of their value.

On the expense side, most items came in fairly close to budget. The bottom line for expenses indicates that actual expenses were approximately \$75,000 over budget, but this does not show a true picture. There were a number of expenses approved as the year went on that were not included in the original budget. These would include the overage in Rent, the Education Grant and the Agency Task Force expenses. The Investment Account Fees shown under expenses was originally to be netted out of the Recovery Fund Income and the overage in Hearing Costs is due to an ongoing discipline matter that is now before the courts. The biggest overage is a result of the restructuring of the Recovery Fund investments, which resulted in a foreign exchange loss of \$25,000. For more detail on these items, please see the Finance Notes at the end of the financial section of this report.

The Commission continues to operate on a very tight budget. The Commissioners review the financial statements on a regular basis throughout the year, focusing on any variances from the budget. Generally, there are no significant expenses above budget, without the approval of the Commissioners.

Included later in this report, is the Commission's Finance Summary and notes, as well as the detailed Auditor's Report.

Charles Lorway, Q.C.
Chairman

Recovery Fund

Charles Lorway	Chairperson and Commissioner	Sydney
Stan Rose	Member	Bridgewater
Douglas Dixon	Registrar	

There have been no claims made against the Recovery Fund in 2004. The fees for the Recovery Fund will remain the same for 2005 as in previous years.

The Recovery Fund portfolio, which consists of bonds and mutual funds, performed slightly better in 2004 than it did in the previous two years. This has been due to the overall investment improvements in the world economy. Our portfolio did not do as badly as many did, because it is fairly diverse and relatively conservative. The portfolio did start to show some improvement in the last quarter of 2003.

The Recovery Fund has provided funding to NSAR's Education Department. A grant of \$30,000 was given to NSAR to offset course development costs for the previous year. The education grants from the Commission help keep licensing and continuing education costs reasonable for the people taking the courses.

The Recovery Fund was created to protect consumers when they suffer a financial loss due to fraud or breach of trust by a licensee. The Provincial Government has a regulation in place that requires the Commission to maintain a minimum balance of \$300,000 in the Fund. Any monies in excess of that amount may be used for a variety of other purposes, such as public and professional education relating to the real estate industry, reform of the industry, promoting standardization and supporting just and desirable legislation effecting the industry.

Over the last fifteen years, the Recovery Fund has played a major role in funding many projects. Some of those projects include:

Grants supporting continuing education	\$300,000
Subsidizing the development of the new SLC	\$95,000
Grant towards new classroom facilities	\$5,000
Distribution of R.E. Encyclopedias & Supp.	\$27,000
Subsidizing Buyer/Seller booklets	\$20,000
Standard Form exchange/update	\$16,000
Development of Self Regulation	\$250,000
Agency Task Force	<u>\$23,000</u>
	\$736,000

As you can see, the Fund has enabled many worthwhile projects to take place. The Commission may consider a cap for the Fund sometime in the future, but in the meantime it does not see a need for a cap. This position was affirmed at the December 2004 Board of Directors meeting. The balance of the Fund, as of December 2004, was approximately \$465,000.

As indicated in this report, the Recovery Fund is playing a very important role in supporting the advancement of professionalism, both with existing licensees and those entering the industry.

Charles Lorway, Q.C.
Chairman

NOVA SCOTIA REAL ESTATE COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 2004

AUDITORS' REPORT

To the Board of Directors of the
Nova Scotia Real Estate Commission

We have audited the balance sheet of the **Nova Scotia Real Estate Commission** as at December 31, 2004 and the statements of revenue and expenditures and, net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian 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 Commission as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

March 4, 2005

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF REVENUE AND EXPENDITURES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2004

	2004	2003
Revenue		
Recovery Fund		
Assessment income	\$ 72,335	\$ 65,755
Investment income	5,815	5,938
	78,150	71,693
General Fund		
Administration fees	3,670	4,690
Amortization of deferred capital grant	8,967	8,967
Background checks	3,180	2,910
Brokerage manuals	1,000	1,050
Buyer/seller guides	714	1,067
Claim recovery	1,285	2,000
Examination fees	27,630	25,835
Fines and penalties	8,300	5,200
IBTA interest	32,664	58,564
Investment income	681	426
Licensing fees	248,136	163,465
Real estate encyclopedia sets	530	7,695
Reinstatement of license	7,500	8,340
Unclaimed brokerage trust account income	9,994	44,827
	354,251	335,036
	432,401	406,729

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF REVENUE AND EXPENDITURES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2004

	2004	2003
Expenditures		
Accounting	6,117	8,468
Advertising	495	323
Agency task force	16,071	9,796
Amortization	13,105	18,133
AGM and conference	2,863	2,609
Bank service charges	12,696	10,578
Benefits	27,220	22,682
Buyer/seller guides	2,129	2,462
Car allowances	1,610	1,500
Conferences	9,474	12,403
Computer	6,415	6,286
CRG meetings	5,235	
Dues and subscriptions	3,874	3,629
Furniture and equipment	282	919
Hearing costs	11,261	2,647
Insurance	2,508	2,218
Legal	20,600	4,694
Maintenance	12	0
Miscellaneous	7,010	5,534
Office	3,300	1,014
Per diem	11,300	5,400
Printing	4,612	4,176
Photocopies	2,458	5,302
Postage and courier	9,235	8,301
Public Awareness Program	1	52
Real estate encyclopedia sets		34,766
Rent, cleaning and utilities	61,878	47,897
Salaries	229,515	196,740
Standards forms exchange program		15,266
SPL and BM exams	4,929	5,188
Staff training	2,659	2,994
Staff travel	7,500	5,119
Taxes	3,005	
Telecommunications	8,714	7,376
Travel and meetings	12,270	8,951
Transfer to Education by Recovery Fund	30,000	125,000
Website maintenance	1,482	1,121
	<u>541,835</u>	<u>589,544</u>
Deficiency of revenue over expenditures	(109,434)	(182,815)
Net assets, beginning of year	478,692	661,507
Net assets, end of year	\$ 369,258	\$ 478,692

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

	2004	2003
Net (outflow) inflow of cash related to the following activities		
Operating		
Deficiency of revenue over expenditures	\$ (109,434)	\$ (182,815)
Items not affecting cash		
Amortization of capital assets	13,105	18,133
Amortization of deferred capital grant	(8,967)	(8,967)
Changes in non-cash operating working capital items	<u>80,333</u>	<u>15,790</u>
	<u>(24,963)</u>	<u>(157,859)</u>
Investing		
Sale of investments (net)	36,753	207,304
Purchase of capital assets	<u>(4,897)</u>	<u>-</u>
	<u>31,856</u>	<u>207,304</u>
Net cash inflow	6,893	49,445
Cash position, beginning of year	<u>61,242</u>	<u>11,797</u>
Cash position, end of year	<u>\$ 68,135</u>	<u>\$ 61,242</u>

**NOVA SCOTIA REAL ESTATE COMMISSION
INVESTMENTS**

YEAR ENDED DECEMBER 31, 2004

	2004	2003
Recovery Fund Investments		
	<u>\$ 460,267</u>	<u>\$ 497,020</u>

SCHEDULE 2**NOVA SCOTIA REAL ESTATE COMMISSION
SCHEDULE OF RECOVERY FUND TRANSACTIONS**

YEAR ENDED DECEMBER 31, 2004

	2004	2003
Net assets beginning balance	\$ 637,546	\$ 756,608
Revenue	78,150	71,693
Transfer to education fund	(30,000)	(125,000)
Transfer to commission - administration	<u>(72,335)</u>	<u>(65,755)</u>
Ending net assets	<u>\$ 613,361</u>	<u>\$ 637,546</u>

NOVA SCOTIA REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. DESCRIPTION OF BUSINESS

The Nova Scotia Real Estate Commission was established by the Province of Nova Scotia Bill No. 31 assented to December 20, 1996. Bill 31 is an Act to Provide for Regulation of Trading in Real Estate in Nova Scotia.

Included in these financial statements are the transactions of the Nova Scotia Real Estate Recovery Fund, which is administered and supervised by the Commission. The purpose of the Fund is to provide a self-insurance fund for licensed members in the Nova Scotia real estate industry within limits outlined in Note 5.

2. ACCOUNTING POLICIES

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

a) Cash

Cash is comprised of short-term amounts on deposit with financial institutions.

b) Capital Assets

Capital assets are stated at cost.

Capital assets are being amortized on a straight-line basis at the following annual rates:

Furniture and equipment	10%
Computers	25%
Website	33 1/3%

c) Investments

Investments are recorded at cost unless there is a permanent decline in value at which time they are written down.

d) Amortization of Grants from Recovery Fund

The grants were received from the Recovery Fund for the purchase of capital assets and are amortized to income on the same basis as the capital assets are amortized.

NOVA SCOTIA REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

2. ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant management estimates in these financial statements relate to amortization of capital assets. Actual results could differ from these estimates.

Impairment of Long-Lived Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition.

2. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2004</u>	<u>2003</u>
Furniture and equipment	\$ 79,380	\$ 37,789	\$ 41,591	\$ 45,995
Color printer	8,263	7,584	679	2,744
Software	6,602	5,627	975	1,326
Leasehold improvements	13,892	4,167	9,725	11,113
Website	<u>15,539</u>	<u>15,539</u>	<u>-</u>	<u>-</u>
	<u>\$ 123,676</u>	<u>\$ 70,706</u>	<u>\$ 52,970</u>	<u>\$ 61,178</u>

4. NET ASSETS

	<u>General Fund</u>	<u>Recovery Fund</u>	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ (158,854)	\$ 637,546	\$ 478,692	\$ 661,507
Excess of revenue over expenditures	<u>(85,249)</u>	<u>(24,185)</u>	<u>(109,434)</u>	<u>(182,815)</u>
Balance, end of year	<u>\$ (244,103)</u>	<u>\$ 613,361</u>	<u>\$ 369,258</u>	<u>\$ 478,692</u>

NOVA SCOTIA REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

5. NOVA SCOTIA REAL ESTATE RECOVERY FUND

The Recovery Fund exceeds the required minimum amount of \$300,000 in cash and investments, and no longer carries insurance for indemnification purposes. Under the regulations, the maximum amount that may be paid from the Fund arising from a single real estate transaction is:

- a) \$15,000 to any claimant for a claim against a salesperson;
- b) \$25,000 to any claimant for a claim against a broker or manager; and
- c) a total of \$60,000 if there is more than one claim against a brokerage.

6. SHARED EXPENSES

The Commission occupies space in the Nova Scotia Association of Realtors building under a lease agreement between the Association and the Nova Scotia Real Estate Commission. The Commission is charged based upon space utilization. The Commission also shares the lease costs for the photocopier and fax machines, as well as other certain common expenditures that are prorated on a reasonable basis.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of the commission's financial instruments approximates fair value due to their short-term nature.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentations.

Finance Summary

2004 Actuals & 2005 Budget - NSREC									
SOURCE OF FUNDS					USE OF FUNDS				
Item	Notes*	2004 Budget	2004 Actuals	2005 Budget	Item	Notes*	2004 Budget	2004 Actual	2005 Budget
Administration Fees		5,000	3,670	2,000	Accounting		6,000	6,117	7,500
Assessment-Recov Fund		62,000	72,335	69,000	Advertising		500	495	500
Background Check Fees	1	3,000	3,180	6,300	AGM & Conference		2,500	2,863	900
Branch Office Fees	2	3,668	4,043	4,850	Background Checks		3,000	3,390	3,150
Broker Fees-New		1,560	2,080	1,800	Bank Charges		2,600	2,475	3,000
Broker Fees-Renewal	2	22,270	22,520	26,013	Investment Account Fees				11,400
Brokerage Audit Fees	3	47,000	24,150	48,430	Benefits - Government		19,000	16,589	19,500
Brokerage Fees-New		2,600	2,080	3,000	Benefits - Health		6,200	5,605	6,500
Brokerage Fees-Renewal	2	19,410	19,473	26,075	Benefits - RRSP Contribution		8,700	5,026	7,000
Brokerage Manuals		800	1,000	800	Car Allowance		1,620	1,620	2,040
Buyer-Seller Booklets		1,000	714	1,000	Computer - Hardware and Sof	10	6,000	5,066	6,000
Exam Fees		24,750	26,630	25,500	Computer - Technical Support	10	800	1,349	1000
Exam Review Fees		720	1,000	960	Conferences (Out of Prov)	11	9,700	9,474	17,000
Fines/Penalties		8,000	8,300	8,000	Cost of Brokerage Man Sold		300	293	300
Hearing Cost Recovery	4	2,000	1,285	11,000	Cost of Buyer-Seller Booklets		3,000	1,836	2,500
Interest-IBTA	5	55,000	32,664	47,500	CRG Meeting Expenses	12		5,235	
Interest Income-General		0	415	250	Dues, Subscriptions & Publica	13	2,600	3,874	3,200
Interest-Recovery Fund	6	30,000	2,654	17,000	Furniture & Equipment		400	282	400
Managing AB Fees-New		230	290	250	Hearing Costs	4	2,000	11,261	2,500
Managing AB Fees-Renewal	2	3,010	3,110	3,800	Insurance/Directors Liability		1,300	1,377	1,450
RE Encyclopedia Sets - Sales			530	0	Insurance/Property		1,450	1,545	1,650
Reinstatement of License		6,960	7,500	6,000	Legal	14	8,000	20,600	10,000
Salesperson/AB Fees-New		34,200	38,525	40,000	Maintenance		100	12	100
Salesperson/AB Fees-Renewal	2	109,953	131,865	167,470	Miscellaneous	15	2,000	3,615	3,000
Deferred Capitol Grant			8,967		Office	16	2,000	3,300	2,500
Recovery Fund (RF)	7	10,000	15,000		Per Diem	17	11,900	11,300	12,900
Unresolved Trust Funds			9,994		Photocopies		7,000	2,458	6,000
RF - Grants to Education	8	25,000	30,000	25,000	Postage and Courier		8,000	9,235	8,400
RF - Agency Task Force	9	5,000	5,000		Printing		5,000	4,612	5,000
Totals		\$483,131	\$478,973	\$541,998	Public Awareness Program		2,000	0	2,000
					Rent, Cleaning, Utilities	18	49,500	61,878	57,500
					Salaries	19	236,140	229,515	259,509
					SPL & B/M Exams		6,000	4,929	5,500
					Staff Training		4,000	2,659	5,000
					Staff Travel	20	5,000	7,500	14,500
					Taxes	21	1,300	3,005	3,200
					Telecommunications	22	7,800	8,714	11,000
					Transfer to Education	8	25,000	30,000	25,000
					Travel & Meetings-Commissio	23	10,800	12,270	11,000
					Website Maintenance		2,000	1,482	2,000
					Agency Task Force	9	5,000	16,071	0
					Totals		\$476,210	\$518,927	\$541,599
					NET		6,921	-39,953	399

***See Notes on the next two pages.**

The biggest items effecting Commission revenue was the poor interest from the Interest Bearing Trust Accounts and the Interest - Recovery Fund. IBTA ended up being \$22,336 below budget and Interest - Recovery Fund was \$23,346 below budget, mainly due to currency exchange losses. This was partially offset from higher than expected revenue from licensing fees (+\$10,000). Expenses for 2003 came in very close to budget.

On the Use of Funds side there were a number of categories that were over budget, either over-expenditures approved by the Commissioners or items that were beyond the control of the Commission. These are detailed in the Notes on the following two pages.

Depreciation was not included in last year's budget or the 2004 budget. It was decided to delete it from the working Source / Use of Funds statement and showing it as part of the expenses and balance sheet in the Accountant's Report.

2004 Actual -Finance Notes- 2005 Budget

Source of Funds

1. **Background Check Fees** – Previously the fee did not include any of the staff/administrative costs. The 2005 Budget amount increases the fee to \$30.
2. **Licensing Fee Increase** – All Licence Renewal Fees for individuals for 2005 have been increased \$20. This has resulted from continued loss of income from investments.
3. **Brokerage Audit Fees** – The 2004 Budget shows revenue in this category of \$47,000. This was an error, as the budget should have only reflected half that amount, as the other half was actually deferred into 2005.
4. **Hearing Cost Recovery** – A Discipline Hearing Panel decision in 2004 ordered that a licensee pay approx. \$10,000 in hearing costs. That decision was appealed to the Supreme Court. To date this matter has not yet gone to the Supreme Court so it is anticipated the matter will be dealt with in early 2005.
5. **Interest - IBTA** – The budget figure for 2004 was reduced slightly from the Actual figure the year before. Unfortunately interest rates continued to decrease and many of the accounts were paying nothing for part of the year, based on the Prime minus Base Rate formula used by the banks. An average of the 2003-2004 Actuals is being used for 2005, with anticipation that rates will move up a small amount.
6. **Interest – Recovery Fund** – The true revenue from the Recovery Fund is the net figure when the Investment Account Fees and gain/losses are deducted, leaving approximately \$2,654. This figure also includes both equity growth and cash earnings. In 2004, as a result of changing investment managers, the Fund incurred a loss of \$25,000, due to currency exchange on US dollars. The Budget figure for 2005 is based on just the cash earnings and shows a separate expense for the Investment Account Fees.
7. **Recovery Fund** – This budget amount is from excess investments in the Recovery Fund. The 2005 Budget does not include any Revenue from the Recovery Fund.
8. **Grants to Education** – The Commission approved a grant that was \$5,000 over budget.
9. **Agency Task Force** – The Commission approved these funds to allow the Registrar to complete the work started in 2003 by the national ATF workgroup. As a result of the Commission's wish to participate in national discussions and to look seriously at the recommendations made in the final ATF Report, several extra meetings were required. The expense figure for this item includes the Commission's participation in the national video conference call and two additional BODs meetings, including per diems.

Use of Funds

10. **Computer** – The main expense under the Hardware and Software category was renewal of software licenses and the purchase of a new computer system as a result of the new Compliance Auditor position. A small part of the expenses were generated by the separation of the NSAR and NSREC server sharing.
11. **Conferences (Out of Province)** – This category provides for the Registrar and the Compliance Officer participating in the ARELLO Conference each fall and it covers the expense of the Registrar attending the ARELLO BODs' meetings and the ARELLO Mid-Year Conference as the VP for the Canadian District and the Chair of the ARELLO Education Committee. Travel expenses for the NSREC Chair to attend an Agency Meeting in May 2005 (Calgary) are included. In addition, expenses for the Chair and one other Commission member are included as the 2005 ARELLO Conference, which is the 50th Anniversary, is being held in Toronto. Most Canadian jurisdictions will be making an extra effort to have greater participation in the ARELLO Conference this year.

12. **CRG Meeting Expenses** – Nova Scotia hosted the Canadian Regulators’ meetings in June 2004. The jurisdiction that hosts the meetings contributes the amount of money they normally would spend on travel expenses for staff to participate. This category also included NSREC’s share of the meeting expenses.
13. **Dues, Subscriptions & Publications** – The overage this year results mostly from the cost of updates to legal publications that the Commission subscribes to.
14. **Legal** – This category increased ran over budget, mainly because of expenses incurred trying to resolve the Stale Trust Fund issue and two discipline actions that have been in progress over a three year period. These issues have not been resolved, so it is expected that additional expenses will be incurred in 2005.
15. **Miscellaneous** – The main item causing the overage was the installation of special film on some office windows to control glare and heat issues.
16. **Office** – The main item that caused the 2004 Projected Expenses for this item to go over budget was the purchase of approximately \$1,000 of plastic mailing sleeves. This is a supply that is expected to last two to three years.
17. **Per Diem** – The increase for 2005 covers the addition of the Commercial Representative position on the Commission.
18. **Rent, Cleaning, Utilities** – The common area charges increased significantly over the last two years. The 2005 budget allows for a 3% increase of this portion of the rent. The Actual for 2004 includes approximately \$5,500 back billing of common area charge adjustments from 2003 and the increased amount for 2004.
19. **Salaries** – The 2004 figures are increased by Cost of Living allowance and merit increases. In addition, the Commission created the new position of Compliance Auditor and the 2004 Actual includes approx. five months of this salary and 2005 includes the full salary amount.
20. **Staff Travel** – The increase in 2004 and the majority of the increase in 2005 is the additional travel expenses (mileage, hotels, meals) for the new Compliance Auditor position. A separate category for a car lease was in the budget but it was combined with this category.
21. **Taxes** – Last year’s Budget figure was an estimate, as the Commission space was new the year before and an assessment for Business Property taxes had not been levied. The amount for 2004 came in higher than the estimate and a higher figure has been used in 2005 to allow for inflation.
22. **Telecommunications** – The largest portion of the increase for 2005 is a new expense for internet service. When NSAR moved over to their own server firewall and internet service are no longer shared.
23. **Travel & Meetings – Commission/Committees** – The main reason for the overage in 2004 was from having a higher number of Commissioners from outside the Metro area, resulting in higher travel expenses.

Summary of Significant Use of Funds Variations

The main items that are significantl variances from the 2004 budget are:

Loss on sale of investments	25,000
Hearing Costs	9,000
Legal	12,600
Rent, Cleaning, Utilities	12,300
Education Grant	5,000
Agency Task Force	11,000
Total	\$66,868

Election Procedures

Nova Scotia Real Estate Commission

Shown below is a summary of the voting procedures for the elections to be held at the AGM.

1. All persons licensed under the *Real Estate Trading Act* are entitled to vote either in person or by proxy.
2. Any person elected to serve as a Commissioner must be a licensee.
3. No corporation or partnership is eligible for election.
4. The only nominations to be considered for election are those listed in this *Notice of Meeting*.
5. Licensees must return their ballots (their own plus those by proxy) to the registration desk if they leave at any time during the meeting.
6. The election shall be conducted by written ballot.
7. Ballots can indicate only one vote per nominee.
8. Ballots will be considered spoiled if the ballot indicates more than one vote or if it indicates more than one vote per nominee. It will also be considered spoiled if it does not clearly indicate for which nominee the vote is being cast.
9. A nominee will be declared elected if the nominee receives “50% plus one” of votes cast. For example, if there are 200 votes cast, the nominee must have 101 or more votes to be declared elected.
10. The person receiving the highest number of votes cast and declared elected, will be elected to a three year term.
11. Should a person not be elected after the first ballot, a second ballot will be held. The same procedure will be used in every ballot that follows until a person has been declared elected.
12. The nominee having the lowest number of votes will be dropped from the next ballot.
13. Any nominees having less than ten percent of the votes cast will be dropped from the next ballot.
14. The successful nominee will take office effective May 1, 2005 for a three year term.

Nomination for Election to the Nova Scotia Real Estate Commission

The following persons have met the requirements for nomination to the Nova Scotia Real Estate Commission and have agreed to let their names stand for election. A brief summary of their background and experience is provided on the next page.

<u>Name</u>	<u>Brokerage</u>	<u>Location</u>
Eldon Chaisson	RE/MAX Nova	Bedford
William Black	W. Black & Son Real Estate	North Sydney

The Nominee will be given the opportunity to address the Annual General Meeting for two minutes in order to help licensees determine how they will vote.

-Nominee Information-

Nominee: William (Bill) Black

Brokerage: W. Black & Son Real Estate Ltd.

Location: North Sydney

Type of license: Broker

Years Licensed: 35

Primary type of real estate practiced: Management

Degrees/Designations held: CRA, SCV, CEI

Director/Executive experience in any organizations: Chairman of the former Cape Breton Real Estate Board twice (total of five years) and Chairman of all CBREB Committees

Other Experience: Chairman of the former Assurance Fund (three years)
Member of the NSAR Standard Forms Committee
Member of the Discipline Committee of NSREAA

Nominee: Eldon Chaisson

Brokerage: RE/MAX Nova

Location: Bedford

Type of license: Managing Associate Broker

Years Licensed: 15

Primary type of real estate practiced: Management

Degrees/Designations held: R.R.S.

Director/Executive experience in any organizations: I am currently Serving a first term as a Commissioner. During the last three years I have also served as a member of the Complaint Review Committee of the Commission.

Other Experience: President Birchgrove Capitol Ltd.
President Nova Mortgage
General Manager RE/MAX Nova

President Dalvay Construction Inc.
Director Prinsford Development

Commissioners Attendance Record

Nova Scotia Real Estate Commission

Shown below is the attendance record of the Commissioners serving on the Nova Scotia Real Estate Commission between January 1, 2004 and December 31, 2004. There were a total of seven Commission meetings held. The information below shows how many meetings each of the Commissioners attended of those they were expected to attend.

	Meetings	
	Attended	Held
Neil Black	6	(7)
Roger Burns	7	(7)
Eldon Chaisson	7	(7)
Paul Doucet	7	(7)
Valerie Folk	6	(7)
Charles Lorway	5	(7)
Kent Noseworthy	7	(7)
Howard Oakey	6	(7)
Robert Wambolt	6	(7)
Doug Dixon	7	(7)
Commercial Representative	(Appointed by the Commission - non-voting)	
John Walker	4	(4)

In addition to the Commission meetings, all the Commissioners participated in various committee work as shown at the beginning of this report.

Nova Scotia Real Estate Commission



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