

Annual Report

for

2007

Nova Scotia Real Estate Commission



2008

Annual General Meeting

March 20, 2008

Notice of Annual General Meeting
for the
Nova Scotia Real Estate Commission

Auditorium, 7 Scarfe Court, Burnside, NS

Thursday, March 20, 2008

1:00 - 2:30 PM

AGENDA

Chairman - Neil Black

1. Call to Order
2. Introduction of Head Table - Neil Black
3. Commission Chairman's Report - Neil Black
4. Finance & Recovery Fund - Howard Oakey
5. Licensing Committee - Mary MacDonald
6. Complaint Review Committee - Howard Oakey
7. Discipline Committee - John MacKay
8. Commercial Committee - John Walker
9. Review of the election procedures by the Registrar
10. Address by Nominees (*each will be allowed 2 minutes to speak*)
11. Election - first ballot
12. Open Forum - This will be an opportunity for Industry Members to ask questions for the Commission's comments or to bring forward items for the Commission to consider in their upcoming discussions.
13. Results of first ballot and start of second ballot if necessary
14. Further ballots if required
15. Adjournment

Nova Scotia Real Estate Commission

Shown below are the terms of 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 (Industry Member election, NSAR appointment, public appointment) comes due.

NSAR Appointments

Name	Term Expires	From	Brokerage
Mary MacDonald	April 30, 2008	Liverpool	Walt MacDonald RE
John MacKay	April 30, 2009	Wolfville	MacKay Real Estate
Elizabeth Irwin	April 30, 2010	Halifax	Royal LePage Atlantic

Elected Commissioners

Eldon Chaisson	April 30, 2008	Halifax	RE/MAX Nova
Neil Black	April 30, 2009	Dartmouth	Aberdeen Comm.
Ernie Buote	April 30, 2010	Halifax	Domus Realty

Government Appointments

Howard Oakey	October, 2008	Bedford
David Melvin	July, 2009	Dartmouth
Donna Anderson	August, 2010	Sydney

Commission Staff



Cathy Campbell
Bookkeeper



Pamela Crane
Licensing Officer



Elaine Moulton
Administrator



Carolin Henderson
Compliance Auditor



Douglas Dixon
Registrar



Brad Chisholm
Compliance Officer

Commissioners



Neil Black
Chairman



Mary MacDonald
Licensing Committee



Howard Oakey
Vice-Chair
Complaint Review
Finance & Recovery Fund



Elizabeth Irwin
Licensing Committee



John MacKay
Discipline Committee



Eldon Chaisson
Complaint Review



Donna Anderson
Licensing Committee



David Melvin
Complaint Review



Ernie Buote
Complaint Review
Finance Committee



Doug Dixon
Registrar

Message from the Chairman

The Nova Scotia Real Estate Commission continues to be a very proactive regulator, both in terms of the public interest and the real estate industry. With ten years under its belt, it was time for the Commission to stand back and review where it has been and, more importantly, where it is going. In September, the Board of Directors spent two days with a facilitator reviewing the past work of the Commission and working towards establishing a long range plan that will set out a framework for the next three to five years. I was very pleased with this effort and you will find a summary of that plan later in this report.

The most significant change that took place this past year was the introduction of Designated Agency and Transaction Brokerage. This initiative is similar in significance to the introduction of Buyer Agency 15 years ago. Nova Scotia and Alberta are the first two jurisdictions in Canada making this new agency model available to the industry as an option for brokerages to use in how they represent buyers and sellers.

In the past year, the Commission's finances have continued to remain strong. The Commission operates on a very tight budget with a relatively small staff. The interest on trust accounts maintained the same level as last year, but the return on investments in the Recovery Fund has been poor due to the unstable markets. The total number of Industry Members continued to grow. Overall, it was not necessary to change licensing fees for 2008.

The liaison committee meetings between the Commission and the Association continue to provide a forum for discussion of a wide variety of issues and for each organization to better understand the other organization's point-of-view. When the Commission held its Long Range Planning Session, the President and Executive Officer of NSAR were invited and participated in the session.

During the past year, we saw Valerie Folk finish six years as a Commissioner and Charles Pace two years. Unfortunately, we also saw Gus Wedderburn, a public appointment, pass on. The new Commissioners this year were Elizabeth Irwin appointed by NSAR, Ernie Buote elected and Donna Anderson, a public member, appointed by government.

This is my last year as Chair of the Commission and I want to thank the current Commissioners and Committee members for their efforts throughout the year. Both the Commissioners and Committee members contribute many hundreds of volunteered hours, which benefits all 1,800 Industry Members 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. I also thank the Registrar and staff of the Nova Scotia Real Estate Commission for their ongoing efforts. The Commission's operations always run smoothly and professionally while providing information and services to both the public and Industry Members, as well as supporting the work of the Commissioners and Committees.

I strongly encourage you to attend the Annual General Meeting of the Commission, Thursday March 20th at 1:00 PM, which will be held in the auditorium at 7 Scarfe Court. This is your opportunity to get an update on the Commission's work, to elect an Industry Member to the Commission and to provide feedback to the Commissioners. I hope you take the time to participate.

Neil Black

Chairman

Registrar's Report

This past year was the culmination of many years of work towards improving the understanding and practice of agency. It started in 2002 with a national project called the Agency Task Force, which was a cooperative effort of seven Canadian jurisdictions. The Agency Task Force Report was issued in July of 2004. The Nova Scotia Real Estate Commission adopted all the recommendations of the report that fall. Over the last four years the Commission, working with the NSAR, has implemented all the recommendations. This has been a wide reaching project impacting By-Laws, policies, education, practices and forms. In January 2008, the first brokerages in Canada to practice Designated Agency and Transaction Brokerage were here in Nova Scotia.

During the last year, there were nine new forms introduced as a result of the agency initiative. Early in 2008, there will be eight new Agreements of Purchase and Sale introduced due to the work of the NSAR Standard Forms Committee. It will bring a completely new approach to these agreements. Six of the agreements are in two parts. All six will have a standard part one that includes all the common clauses. The part two of each form will be specific to the type of transaction. There are also five other existing forms that have been updated as part of this project.

Another major project, that started five years ago, was a complete restructuring of the Commission's audit system. It has had an enormous impact on the practice of real estate in Nova Scotia. The impact is not immediately noticeable to the average Industry Member, but it has been far reaching. The Commission has seen a significant improvement in both record keeping and trading practices. This has resulted in more professional service to consumers and between brokerages, as well as a marked reduction in legal actions involving brokerages and Industry Members.

I would like to take this opportunity to thank the staff of the Commission for their professionalism and their attention to detail. As Registrar, I often receive compliments from Industry Members and the public on how helpful a staff person was when they needed information or had a problem they were trying to resolve. The Commission has been fortunate to have a very stable staffing environment. Pam Crane, Licensing Officer, and Brad Chisholm, Compliance Officer, have both been with the Commission since it began over eleven years ago. Elaine Moulton, Administrator, and Cathy Campbell, Bookkeeper, have both been with the Commission for over seven years now. Carolin MacDonald, the Compliance Auditor, is coming up to four years already. A knowledgeable staff that take an interest in what they do makes a huge difference in the level of service provided. The Commission will be adding a new part-time position, Communications Officer, early in 2008.

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's contact information if you feel the Commission can be of assistance.

Douglas Dixon

Registrar

Licensing Committee

Mary MacDonald	Commissioner	Liverpool
Donna Anderson	Commissioner (Public Member)	Sydney
Mike Barnard	Member	New Minas
Chasity Chennel	Member	New Glasgow
Elizabeth A. Irwin	Commissioner	Halifax
Paula Pulling	Member	Bedford
John Walker	Member	Halifax
Douglas Dixon	Registrar	
Pamela Crane	Licensing Officer	

This Committee performs a very important function that has long term impact on the real estate industry. 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 and licensing education.

During the past year, the committee reviewed all exemptions to the licensing requirements and made decisions on exemption requests from applicants. The committee also has the responsibility to review any conditions the Registrar places on Industry Members. The most common exemption request is from broker applicants wanting a waiver of the three years experience as a salesperson. This usually comes from people with direct sales/leasing experience or equivalent experience.

This past year has been relatively quiet for the Licensing Committee. The Mandatory Course for 2007/2008 licensing cycle was set last year. The mandatory course is a follow-up to the *Agency Fundamentals* course last year. It is called *Designated Agency and Transaction Brokerage*. It is a one day course for salespeople and 1.5 days for all broker class Industry Members. The Director of Education for NSAR kept the Committee informed on the refining of the Salesperson Licensing Course, as well as the progress on the development of a completely new Broker Licensing Course. The new course is 90 hours, with 30 hours of online work to be completed in preparation for a 60-hour classroom course. The first offering of the New Broker Licensing Course was run in January 2008.

The pass rate for Salesperson Licensing Exams has increased slightly over the last four years. The pass rate for correspondence students is almost the same as that of classroom students since improvements were made to the correspondence version, which includes greater mentoring support.

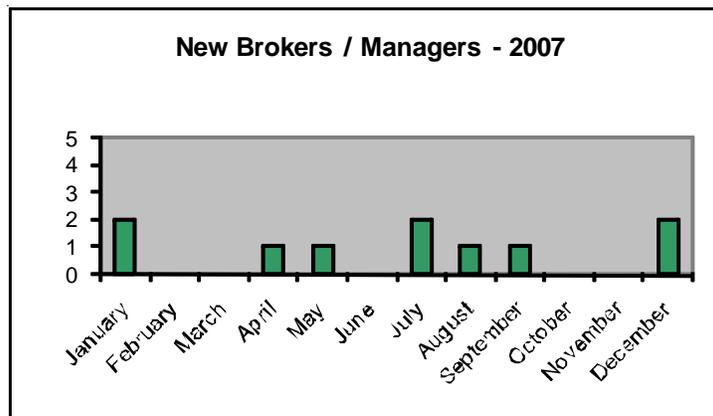
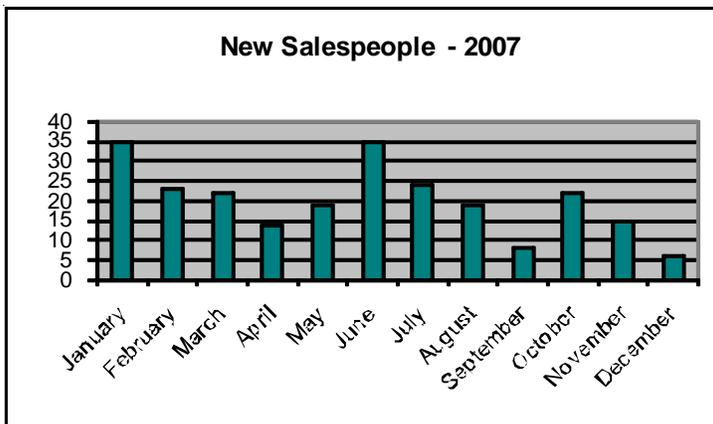
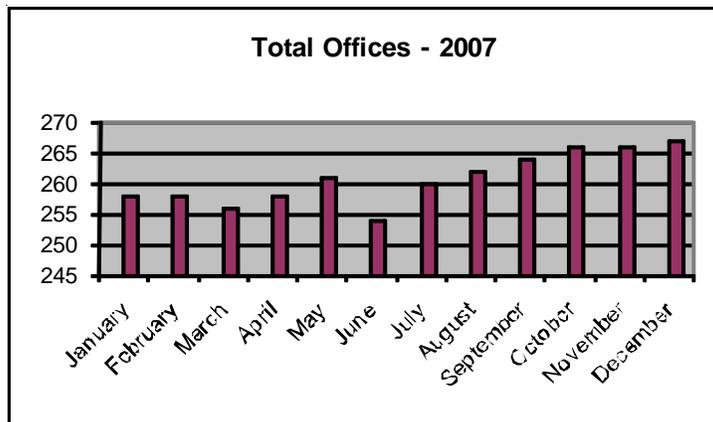
The following pages provide a statistical overview of licensing. The numbers of new Industry Members has continued to remain high and the retention rate has also stayed high, resulting in more Industry Members.

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

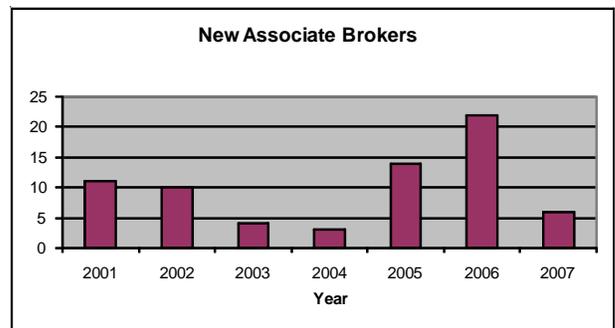
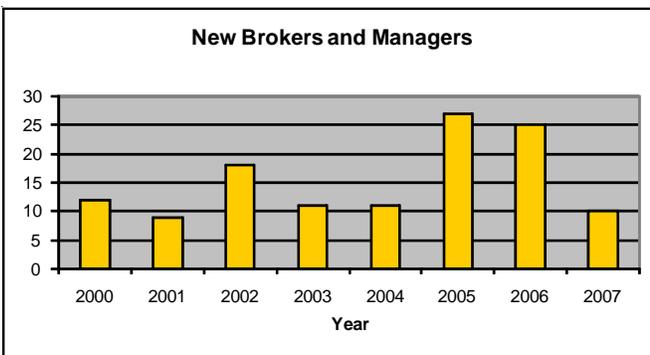
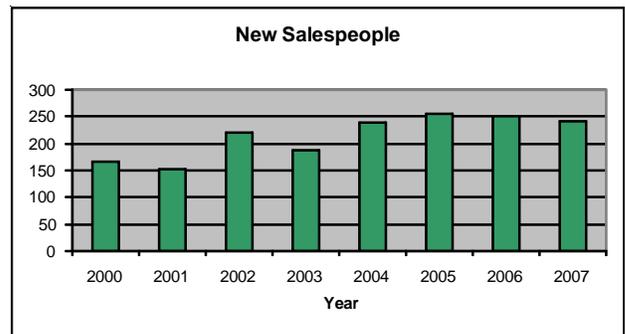
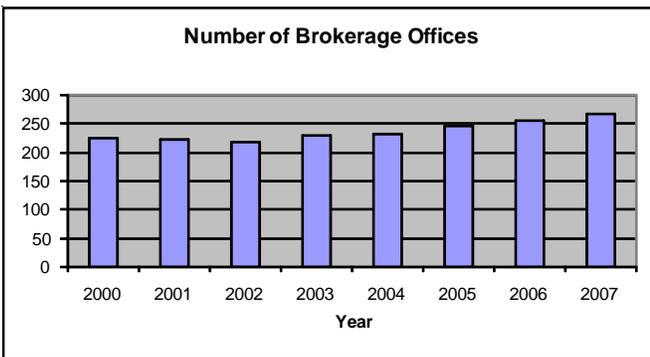
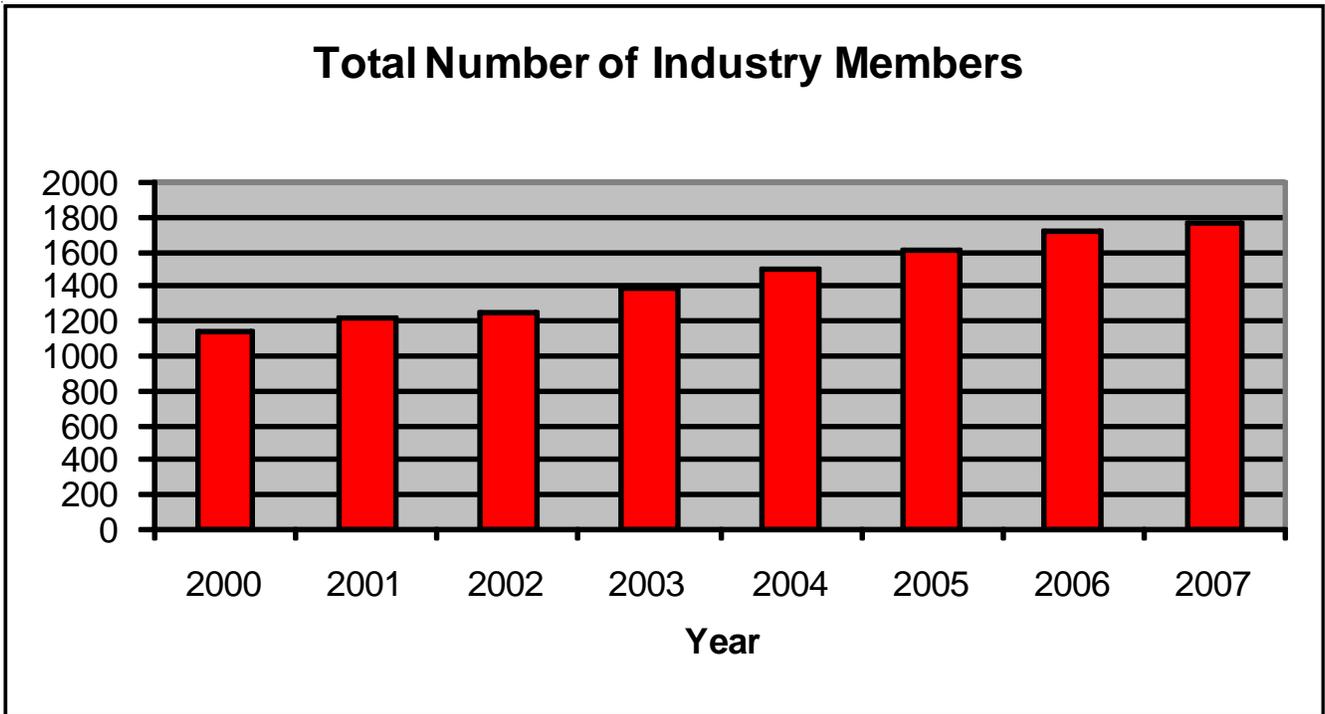
Mary MacDonald

Chairperson

Licensing Statistics - 2007



Licensing Statistics - Year to Year Comparison



Complaint Review Committee

Howard Oakey	Chairperson - Commissioner	Bedford
Ernie Buote	Commissioner	Halifax
Gordon Burns	Member	Dartmouth
Eldon Chaisson	Commissioner	Halifax
Lynn Hoffmann	Member	Kentville
David Melvin	Commissioner	Dartmouth
Charles Pace	Member	Halifax
Jim Woods	Member	New Glasgow
Douglas Dixon	Registrar	
Brad Chisholm	Compliance Officer	

I am pleased to report the number of complaints dealt with by the Commission in 2007 is similar to the last several years, which was low. 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 continues to be related to poor 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. Industry Members are required to keep their clients fully informed of all facts that the licensee is aware of, including full disclosure of latent defects. Alternatively, Industry Members 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 2007 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 to have it dealt with 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 approximately twelve instances, out of over 480 investigations since the Commission began, where the Committee has changed a decision of the Registrar. Of these, nine 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. The Complaint Review Committee meetings always involve lots of lively discussion and debate. The Commission takes its responsibilities seriously and makes every effort to be fair to consumers and balanced in its approach to Industry Members.

Howard Oakey

Chair

Audits & Investigations - Compliance Officer's Report

Audits

Every brokerage is subject to an annual **Trust Account audit** by Commission audit staff. **Brokerage audits**, which incorporate a more detailed review of transaction file record keeping, are carried out on a three year cycle.

In 2007, 90 Brokerage audits and 117 Trust Account audits were conducted. The results of these audits can be broken into the following categories:

Very Good	13
Good	128
Need Improvement	25
No Activity	41

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 provide the Commission with useful feedback to identify problem trends in the industry that can then be addressed through continuing education courses and province wide industry bulletins.

Brokers should note however that if audit findings demonstrate a consistent failure to comply with trust account and record keeping requirements, serious discipline action may result. The Commission's policy as to what constitutes "consistent failure to comply" is when material compliance violations are identified in each of three (3) consecutive audits. In 2007, the Commission charged 12 brokers on these grounds. The standard penalty starts at a \$500.00 fine, but can lead up to significant fines and/or license termination.

Investigations

The number of complaints received during 2007 increased compared to that of 2006. Investigation numbers were also higher as were the number of charges filed during the year. Some charges laid in 2007 corresponded to 2006 investigations still ongoing at the beginning of 2007.

At the beginning of 2007, 10 investigations from 2006 were outstanding. During 2007 the Commission received 39 real estate complaints from public and Industry Member sources. From the 39 complaints received, 31 investigations were initiated.

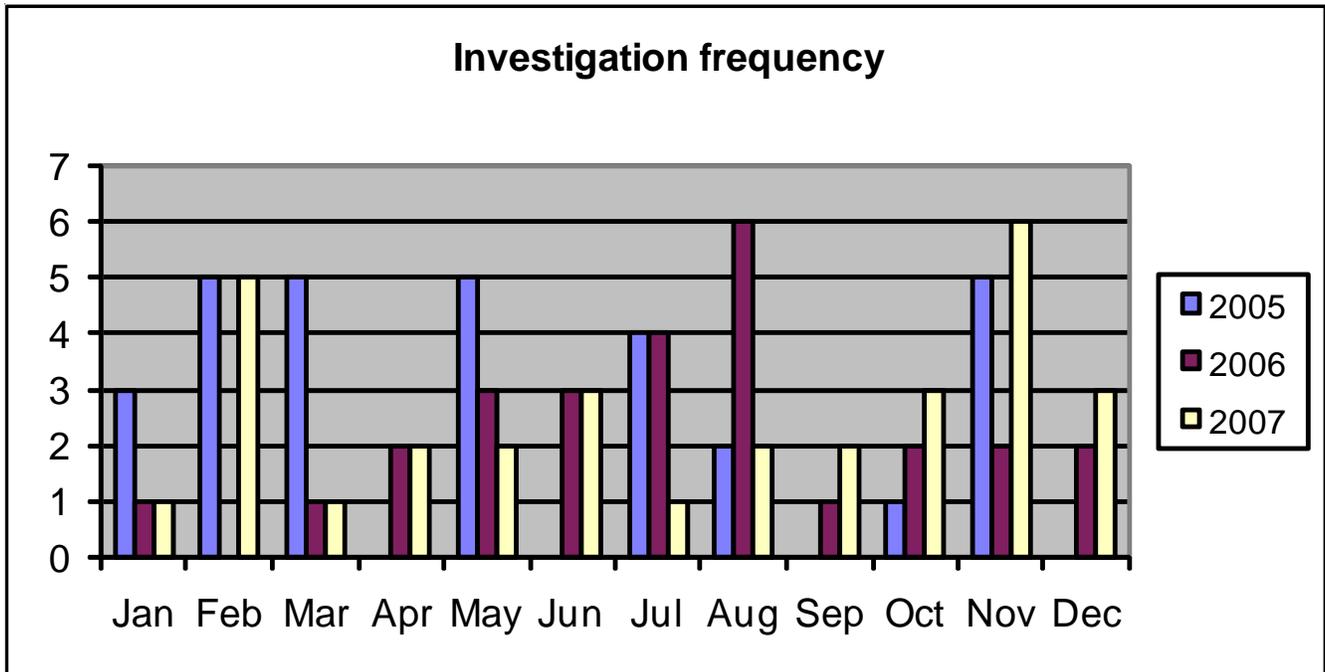
Of the 10 cases from 2006, all were closed during 2007 and 12 investigations initiated in 2007 were closed by year-end leaving 19 outstanding.

Origin of Investigation Initiated in 2007

In 2007, 30 investigations were initiated through written public complaints and one (1) investigation was due to a complaint filed by an Industry Member.

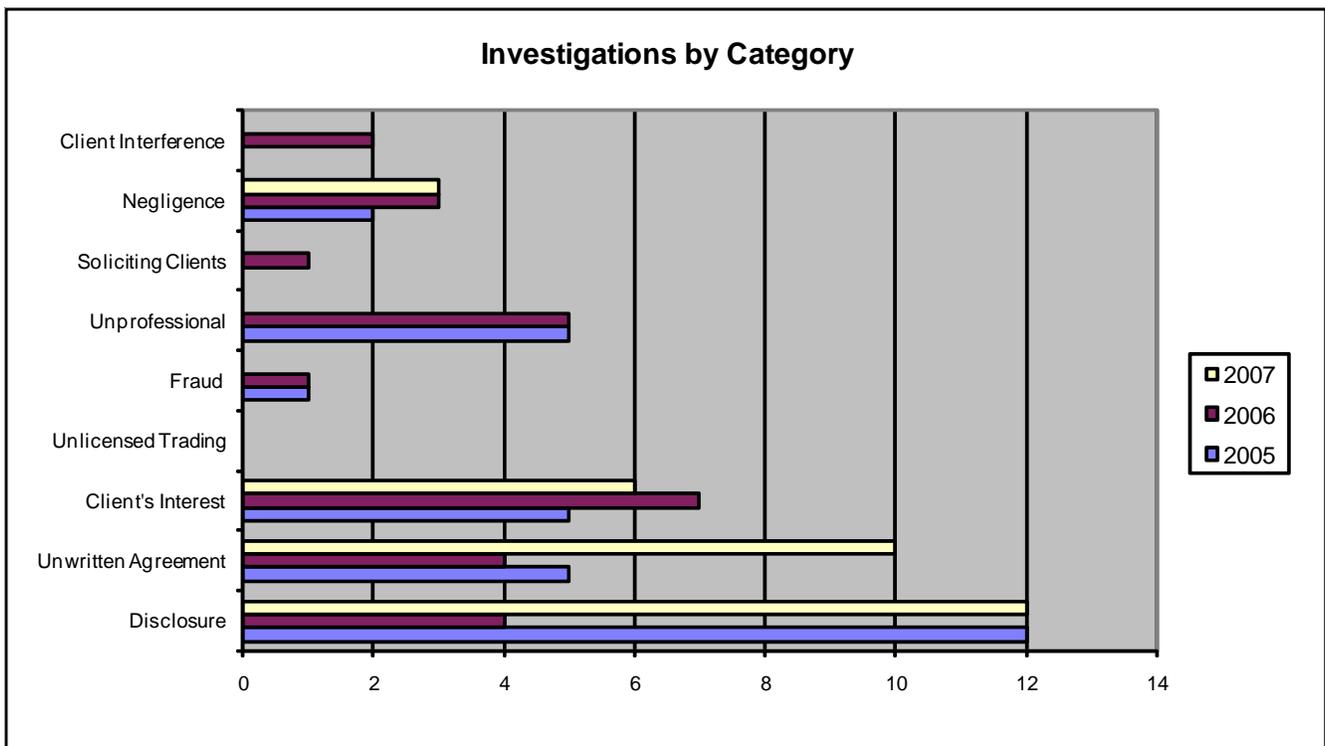
Frequency

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



Distribution

This chart summarizes the distribution of the 31 investigations initiated in 2007 by category. Comparative figures are also shown for 2006 and 2005.

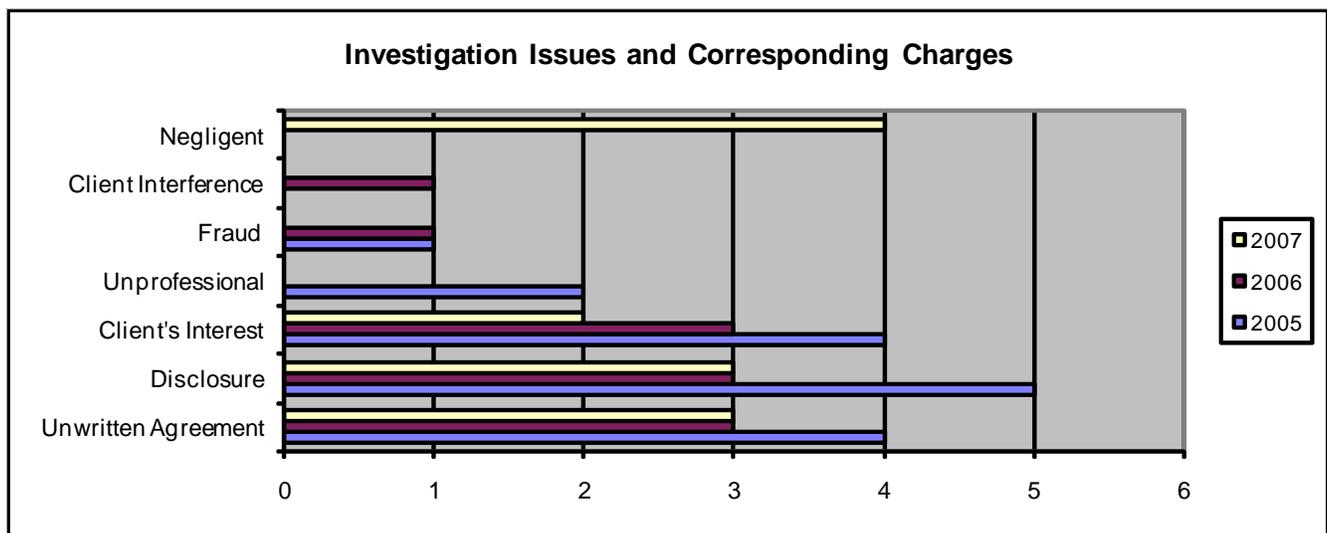


Examples:

- Negligence – Incomplete or improperly completed real estate forms, showing a property with out authorization from the seller
- Soliciting Clients - Knowingly soliciting another Industry Member’s client
- Deposit Dispute – Failing to obtain a buyer’s deposit as per the agreement of purchase and sale
- Unprofessional behavior – Failing to cooperate with other Industry Members, yelling at clients/customers
- Miscellaneous – Failing to respond to a real estate complaint within the designated time pe riod set by the Compliance Officer
- Unlicensed Trading – Marketing property without a licence, 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 well/septic problems, failing to verify listing information
- Advertisement – Misleading advertising, failure to include full brokerage name in an adver tisement
- Fraud – Misappropriation of trust funds, falsifying a clients signature on a document
- Public Discredit – Making derogatory remarks about another Industry Member
- Commission Dispute – Misinforming listing clients as to commission payable

CHARGES

Of the 22 investigations closed during 2007, 12 resulted in formal charges. The following chart summarizes the distribution of charges laid in 2007 according to type. Comparable figures are also shown for years 2006 and 2005.

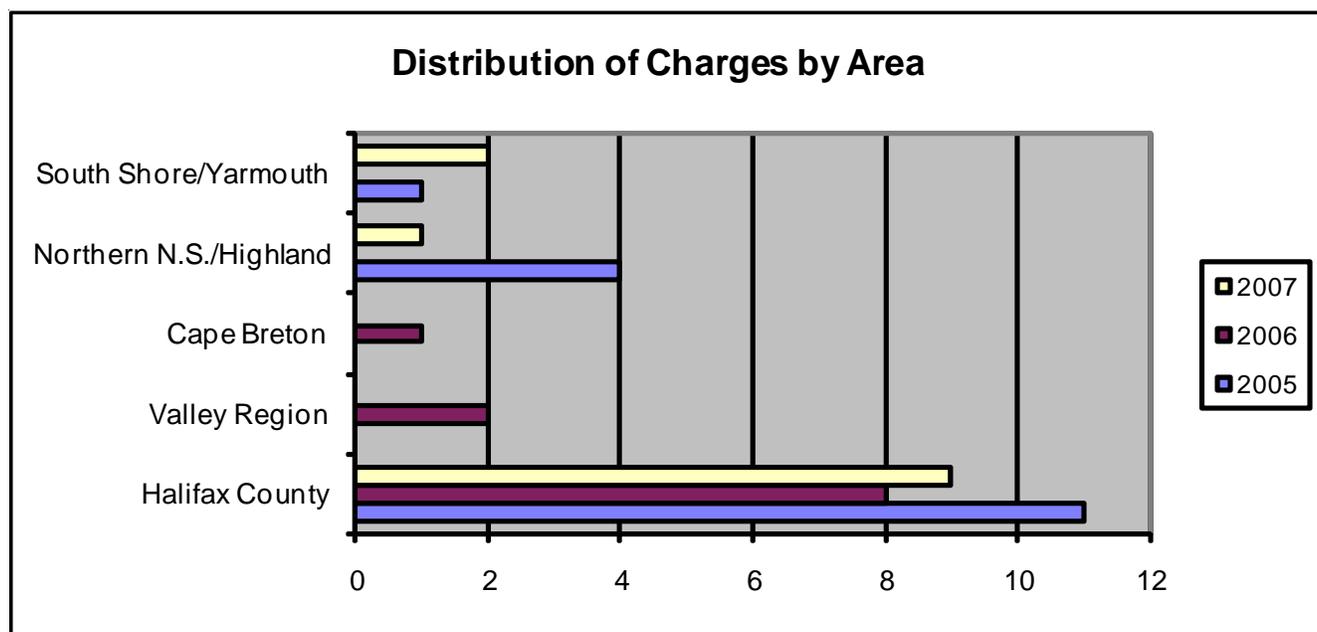


Examples of Penalties Levied Through Settlement Agreements

TYPE	PENALTY (FOR FIRST TIME OFFENCES) ¹
Unprofessional Conduct	\$400 fine & Reprimand
Client's Interest	\$500 fine
Disclosure	\$500 fine
Unwritten Agreement	\$400 fine & course requirement
Negligence	\$500 fine & Reprimand
Deposit Dispute	\$500 fine & Reprimand
PENALTY (FOR REPEAT OFFENCE)	
Unwritten Agreement	\$500 - 1,000 fine
Client's Interest	\$500 – 1,000 fine
Disclosure	\$1,000 fine

Provincial Summary

The following chart presents the distribution of 2007 charges by area. Figures for 2006 and 2005 are also provided for comparison purposes.



¹ 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 Industry Member 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 11)
- Failing to disclose a multiple offer situation to another Industry Member
(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 Industry Member
(Commission by-law 702, Article 26)
- Failing to discover and disclose pertinent facts about properties
(Commission by-law 702, Article 10)
- Real Estate forms not completed properly
(Commission by-law 702, Article 2)
- Showing a property without authorization
(Real Estate Trading Act Section 22 (1) (a))

Additional Reminder

It is Commission's policy that when an investigation involving 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 Industry Members as well as improper trust fund handling. Typical penalties 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.

Trade Practices - Recurring Problems

Navigating Multiple Offers and Disclosure Requirements

At the time of listing a property, a seller is prompted to choose whether or not he/she wants the listing brokerage/designated agent to disclose to all buyers that there are multiple offers if such circumstances arise. If the seller's answer is "yes", the Industry Member needs to be familiar with how and under what conditions the disclosure process will be carried out. Failing to carry out proper disclosure of multiple offers can result in hefty penalties by the Commission and/or possible legal action against the brokerage/designated agent by an angry buyer or seller.

The following is provided to assist the Industry Member with preparing and carrying out this requirement.

First, it must be understood what constitutes a "competing offer". In short, a competing offer is a written and signed offer received by the listing brokerage/designated agent. A verbal offer should not be considered a competing offer and should not trigger the disclosure requirement. However, the Industry Member is required to advise the seller of the verbal offer.

Second, what methods of disclosure are acceptable? In a case of multiple offers, time is of the essence and any delay in making the disclosure will be viewed with suspicion. Direct contact by phone to a buyer's salesperson is acceptable. If you get voicemail, leaving a detailed message advising of the competing situation is also acceptable. To back that up however, it is advisable to also contact that buyer's salesperson's brokerage and reiterate the competing situation to the broker/managing associate broker. Similarly, faxing the disclosure is acceptable but again should follow the same procedure as leaving a voicemail (i.e. if the buyer's salesperson has his/her own fax line, the fax should be sent to the buyer's salesperson and should also be sent to the broker. The rationale is to ensure that reasonable efforts are taken to convey the disclosure in a timely fashion, allowing the buyer opportunity to adjust their offer if he/she wishes. Simply leaving a message or sending a fax or email does not ensure the other parties are aware of the competing offer situation. If you cannot contact the other salesperson and speak to them, contact their office or broker/manager. Another option of course is personal service to the buyer's brokerage.

Email is considered a less urgent means of conveyance making it less reliable in that a message may go unnoticed and unread for some time.

A typical multiple offer scenario is as follows:

- A salesperson takes a new listing on the weekend, which is in great condition and in a prime location. The sign goes up first thing Monday morning and the listing is posted on the MLS®.
- The listing salesperson is viewing properties with a buyer when she gets a call from the brokerage office.
- The administrator advises that three offers have been received on her new listing. The salesperson calls the seller to arrange a meeting. The seller agrees to meet that evening. The salesperson also advises that she is going to contact all three buyer salespersons to disclose there is a multiple offer situation.
- She calls and speaks with all three buyer salespersons. She advises each that they are one of three offers competing on the property. All three say they will call her back with their respective buyer's intentions.
- At this point, the listing salesperson's disclosure requirement has been satisfied. The first two buyer salespersons call back and advise the offers they submitted will remain unchanged. The third buyer's salesperson advises that a new offer has just been faxed with revised conditions.
- The listing salesperson is not required to go back to the other two buyer's representatives with news that one of the offers has been revised.
- The listing salesperson is not permitted to disclose any details about the competing offers to any of the respective buyer salespersons.

Trade Practices - Recurring Problems

- If, in this case, the seller's salesperson or anyone within her brokerage is representing one of the buyers, the disclosure requirement and procedure is still the same (this applies to common law or designated agency situations).

What happens if the seller is in the counter offer stage when another offer is received? Is the second offer considered a competing offer? Should the seller's salesperson disclose to the first buyer (who is considering the counter offer) that another offer has been received?

The answer is "no", the second offer is not a competing offer for the purposes of this disclosure requirement and so the listing salesperson does not have a disclosure requirement. In this type of situation the recommendation is to speak with the seller and obtain instructions as to whether or not to disclose the existence of the second offer to the first buyer. If however the first buyer advises the seller of their intention to amend the counter offer (submitted by the seller), a competing situation may arise if there are still any active offers on the table. If so, the disclosure requirement kicks in.

Defects and Disclosure

There has been a noticeable increase of complaints over the past year concerning material defects and disclosure. More specifically, a number of complaints relate to well water quality/quantity and dysfunctional septic systems. Some of these cases have resulted in legal claims against sellers and their respective real estate representatives.

As a seller's representative, you are required to disclose to a buyer/buyer's representative your knowledge of any material issues concerning water quality or quantity and the functionality of the septic system. You are also required to ensure that your seller is fully briefed on his/her disclosure obligations to potential buyers.

If a question is raised by the seller concerning whether or not a particular issue should or should not be disclosed, do not advise him/her of your own opinion but rather refer him /her to seek legal advice. If you do express an opinion and the seller takes your advice and is subsequently sued by the buyer, you will likely be sued yourself. Your duty is to **provide the seller with the right tools** to make an informed decision, not to convince him/her of what course to take.

On the flip side, as a buyer's representative your job is to **make sure the buyer is provided with the right tools** to make an informed decision. The buyer should know what disclosures/warranties he/she should be asking from the seller. The buyer should also know up front that a typical home inspection has limitations and that important considerations like water quality and quantity tests and septic system evaluations are not typically addressed by the inspector. The buyer should be told what options he/she has with respect to verifying safe drinking water, adequate water supply and a proper working septic system.

Transaction Brokerage (When to avoid)

There are certain circumstances when transaction brokerage is not an appropriate representation model.

One such scenario is where an Industry Member represents a business associate or an immediate family relation. Similarly, an Industry Member may have an ongoing agency relationship with a seller/builder/developer. In either case, the Industry Member cannot be perceived to act impartially towards opposing parties to a transaction. The options are to treat the other party as a customer or refer them to another Industry Member/brokerage.

Another scenario is where an Industry Member is representing an inexperienced seller or first time home buyer. From the Commission's perspective, entering into a transaction brokerage agreement under these conditions is doing a huge disservice to that buyer/seller. Such buyers/sellers require and deserve unencumbered representation which cannot be provided under transaction brokerage.

Sale of Purchaser's Property

One of the most common issues that regularly comes up in enquiries from Industry Members or is the reason for a complaint from consumers, is the handling of offers that directly or indirectly involve a sale that is subject to the sale of the buyer's property. It is very important that Industry Members understand this process and that they properly explain it to buyer's who are making an offer conditional on the sale of their property. Also, listing agents should explain all the implications and the process to sellers that may be considering accepting an offer with this condition attached to it. There are three new forms being released in March 2008 that are to be used in these situations. A brief overview of each is provided below:

Schedule “___” Re: Sale of Purchaser's Property (Form 430A)

1. Clause 1 describes what property the buyer has to sell and by what date they have to sell it. If it is not sold by that date then the offer is either null and void or it has to be renegotiated/amended.
2. Clause 2 deals with the situation where the seller receives another acceptable offer. It provides two choices and only one can be selected. Choice “A” is a straight forward notice that the seller has received an acceptable offer and is giving ___ hours notice to the buyer to either firm up the sale or release it to the second buyer. Choice “B” is what many refer to as a meet and match clause, where the seller has received another acceptable offer. One portion allows for the new offer being higher than the accepted and the other allows for the same or a lower sale price. In both cases the buyer must either match the new price and withdraw their subject to the sale of their property condition or release it to the second buyer.
3. Clause 3 allows the buyer to remove their condition at anytime leaving all other terms of the Purchase and Sale Agreement in force.
4. Clause 4 makes it clear that if the buyer is removing their “subject to” condition they must provide written confirmation to the seller that they can finance the purchase without the sale of their existing property.
5. Clause 5 specifies that notice, from the seller to the buyer, that another offer has been accepted must be done in writing using Form 430B. Timing is extremely important! Once this notice has been provided to the buyer or their representative the clock starts. If the condition required 48 hours notice and it is presented to the buyer's representative at 7:00 PM, then from 7 until midnight that first day counts for five hours. The clock stops from midnight until 8:00 AM the next day, when the clock starts again. It now runs for the remaining 19 hours with no more stopping. All days count, including weekends and holidays. Buyers should be informed, when they make their original offer, to do their homework regarding financing so that they are not caught in a very difficult situation once notice is given.

Sale of Purchaser's Property

Notice/Waiver/Release – Re: Sale of Purchaser's Property (Form 430B)

This form consists of four distinct sections.

- a. The first section is formal notice from the seller that another acceptable offer has been negotiated and the seller is serving notice to the buyer on their “subject to” condition.
- b. The next section is for the buyer or their representative to provide written confirmation of the notice.
- c. Section three is used if the buyer wants to remove their condition and make their purchase firm and binding, no longer conditional on the sale of their property.
- d. The fourth section is used if the buyer cannot remove their condition and purchase the seller's property. It provides that the buyer is withdrawing from the purchase of the seller's property.

Notice of Removal of Schedule “___” (Form 430C)

This form is used when the buyer is giving notice to the seller that they are removing their condition and making their offer firm and binding. This form is not used when there is an offer negotiated between the seller and a second buyer. The form is a very bluntly worded removal of the “subject to” condition. The buyer:

1. is acknowledging they could become the owner of two properties;
2. is aware that they could be put in a position of a forced sale price on their existing property;
3. states that the financing of the purchase is not conditional on the sale of their existing property; and
4. is providing written confirmation from a Financial Institution confirming their ability to finance the purchase.

The bottom section of this form is written confirmation by the seller acknowledging notice has been given to firm up the sale.

The Standard Forms Committee of NSAR is to be commended for putting together three forms that work in synch and make this SPP process simpler and clearer for all to understand.

Discipline Committee

John MacKay	Chairperson - Commissioner	Wolfville
Brian Hirtle	Member	Kentville
Don Clark	Member	Dartmouth
Mark Stein	Member	Halifax
Clark Woods	Member	Truro
Douglas Dixon	Registrar	

Hearing Panel Pool

Wayne Sanford	New Minas
Alan Hennigar	Halifax
Sandra Richards	Bridgewater
Carol Alexander	Mahone Bay
Guy Harrington	Lower Sackville

There were no new hearings held in 2007. A continuation of a hearing from the fall of 2006, a Penalty Hearing, was held in January 2007. A Hearing Panel had found the Industry Member guilty at an earlier hearing and the Hearing Panel had to reconvene to consider penalties. This discipline matter ended up being appealed to the Supreme Court of Nova Scotia in July 2007. The Judge's decision on that matter was received the end of October and she found for the Commission on all six issues that had been appealed and awarded costs to the Commission. In November, the Commission received notice that the matter was being further appealed to the Appellate Court of Nova Scotia. It is not expected to go to court until mid 2008.

The main reason there are very few hearings is that the majority of Industry Members 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 Industry Member's and the Commission's point-of-view.

I wish to thank the committee members for serving on this committee.

John MacKay

Chairperson

Commercial Committee

John Walker	Chair/Commission appointment	Halifax
Neil Black	Commissioner	Dartmouth
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	

Overall, 2007 was not a busy year for the Commercial Committee. Discussions continued on practice issues, such as forms, agency disclosure and audit procedures. The Commission, as of July 1, 2007, instituted mandatory Errors and Omissions Insurance and all non-member commercial brokerages have obtained coverage under the program operated by NSAR and four other provincial associations. Some of the members of the Commercial Committee have been involved with discussions with the Education Department of NSAR about the mentoring program the Association has been working on. From a commercial perspective, this may be a good opportunity to develop a parallel program for new commercial practitioners.

Industry Members 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.

John Walker

Chair

Commercial Appointment to the Commission

John Walker
GWL Realty Advisors Inc. – Halifax



John was appointed by the Commission Board of Directors, in May 2004, to represent commercial practitioners at the Commission table. He was reappointed to to serve until April 30, 2008.

Agency Task Force Report Update

Agency has been a significant focus of the Commission's activities for several years now and also the centerpiece of the mandatory education program provided by NSAR over the last two years. There are several issues that have been part of these agency initiatives:

- To create a higher awareness and understanding of agency within the real estate industry
- To reduce the unnecessary occurrences of Limited Dual Agency
- To provide Designated Agency as a new model/option for agency relationships
- To promote the proper use of client and customer relationships
- To provide Transaction Brokerage as the new model for situations where one brokerage or one Designated Agent, as the case may be, are representing a buyer and seller in the same transaction

In order to move forward with those initiatives the following steps took place:

- The *Agency Fundamentals* course was designated the mandatory course for the 2006-2007 licensing cycle
- In the spring of 2007, the Commission made the necessary changes to the Commission By-Law to create Designated Agency and Transaction Brokerage
- In early 2007, the Commission and NSAR created a Joint Implementation Committee to facilitate the rollout of Designated Agency and Transaction Brokerage
- The Commission set the *Designated Agency and Transaction Brokerage* course as the mandatory course for the 2007-2008 licensing cycle
- During spring and summer of 2007, the Joint Implementation Committee created a *Broker Tool Kit* that included the following:
 - Detailed explanations of the agency changes and the information barriers required for Designated Agency
 - A revised Agency Disclosure Brochure
 - An information brochure for buyers and sellers
- Designated Agency brokerage audits started to take place, on request, in November 2007
- In January of 2008, new representation agreements for Buyer and Seller Brokerage were provided that were modified to reflect Transaction Brokerage
- January 2008 also saw the official introduction of Transaction Brokerage, which will phase out Limited Dual Agency as Industry Members complete the *Designated Agency and Transaction Brokerage* course and inventories of LDA forms are used up
- In January 2008, the first two brokerages started to operate under the Designated Agency model
- All Industry Members will have to complete the *Designated Agency and Transaction Brokerage* course by June 30, 2008
- The terminology and forms related to Limited Dual Agency will no longer be used, effective September 1, 2008

Finance Committee

Howard Oakey	Chairperson and Commissioner	Bedford
Neil Black	Commissioner	Dartmouth
Ernie Buote	Commissioner	Halifax
Douglas Dixon	Registrar	

Stability best describes the Commission's finances. The Commission budgeted conservatively for 2007 and revenues ended up coming in significantly higher with expenses essentially on budget. As a result, there were no fee increases for 2008.

Revenue from licensing fees continued to be over budget, mainly due to a higher retention rate for salespeople and a higher number of new applicants. As in 2006, the Commission, in its 2007 budget, thought that there would be a leveling off as the market had cooled slightly, but the increase in Industry Members continued and current Industry Members have stayed on resulting in even higher numbers of Industry Members. The single most significant overage in revenues was from the Interest on Trust Accounts, which was \$85,000 over budget. The Commission budgeted very conservatively as possible decreasing interest rates has been a concern. The investments in the Recovery Fund were up slightly from last year.

On the expense side, most items came in fairly close to budget. The expense total indicates that expenses were approximately \$58,000 over budget, but this really doesn't represent what took place. The Commission Board of Directors approved an extra \$50,000 being set aside in the Reserve Fund for a total of \$80,000, when the budget only reflected \$30,000. There was an additional \$58,000 approved outside the original budget and they are mentioned in the notes. As a result, the expenses which were budgeted for came in \$50,000 under budget. The expenditure of \$6,000 for the distribution of the updated Provincial Reference Manual was not spent as the update was not completed in 2007. This will take place in 2008. The Commission has also budgeted in 2008 to provide every broker with a copy of the new Broker Licensing Course materials.

An initiative that was started in 2006 was creating a Reserve Fund for the Commission. In previous years the Commission has used the excess funds in the Recovery Fund as a reserve fund. It was decided in 2006 to create a reserve fund that would grow to be approximately fifty percent of one year's operating expenses. This is one way of ensuring that the Commission continues to have stable funding should any unexpected loss of revenue or increased expenses occur. This is a long term initiative that will likely be included in budgets for at least the next eight years. The Commission has tasked the Finance Committee to review the Commission's investment and money management strategy and report back later in 2008.

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.

This will be my last report as the Finance Chair as my second term as a Commissioner ends in October of 2008. I have enjoyed my involvement and will leave knowing the Commission is very sound financially.

Howard Oakey

Chair

Recovery Fund

Howard Oakey	Chairperson and Commissioner	Bedford
Richard Miller	Member (NSREC Appointment)	Halifax
Dennis Richards	Member (NSAR Appointment)	Dartmouth
Douglas Dixon	Registrar	

There have not been any claims made against the Recovery Fund in 2007. The fees for the Recovery Fund will remain the same for 2008, as in 2007. Recovery Fund fees were eliminated for all licence renewals where the applicant has been in a licensing category for five years. Should an applicant change from Salesperson or Associate Broker to Broker or Managing Associate Broker, they will be required to pay the Recovery Fund fee for the new category for a period of five years.

The Recovery Fund portfolio, which consists of bonds and mutual funds, performed better than expected in 2007 considering the erratic markets. The Commission did not remove any funds this past year for any projects and in fact invested an additional \$15,000 into the fund. The Fund book value, as of December 31, 2007, was \$475,093, up from \$442,761.

Normally, the Recovery Fund has provided a grant to NSAR's Education Department. This year a grant of \$26,898 was given and this funding was provided through the 2007 Recovery Fund assessment rather than from the Recovery Fund investments. 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 an Industry Member. 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 affecting the industry.

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

Grants supporting continuing education	\$325,000
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>
	\$761,000

As you can see, the Recovery Fund has enabled many worthwhile projects to take place and the Fund is playing a very important role in supporting the advancement of professionalism, both with existing Industry Members and those entering the industry.

Howard Oakey

Chair

Financial Statements of

NOVA SCOTIA REAL ESTATE COMMISSION

December 31, 2007

Independent 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, 2007 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, 2007 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
Halifax, Nova Scotia
February 12, 2008

NOVA SCOTIA REAL ESTATE COMMISSION

Balance Sheet

As at December 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 524,376	\$ 297,423
Restricted cash	9,372	4,233
Accounts receivable	1,400	1,654
Accrued interest receivable	1,125	670
Due from Nova Scotia Association of Realtors	-	10,672
Prepaid expenses	1,511	1,712
Inventory - manuals and guides	16,621	4,178
	<u>554,405</u>	<u>320,542</u>
Recovery fund investments (Note 2) (cost - \$441,199; 2006 market value - \$502,010)	479,014	437,306
Capital Assets (Note 4)	34,570	44,357
	<u>\$ 1,067,989</u>	<u>\$ 802,205</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 38,396	\$ 12,358
Due to Nova Scotia Association of Realtors	25,411	-
Funds held in trust	9,372	4,233
Deferred revenue	251,182	237,290
	<u>324,361</u>	<u>253,881</u>
Deferred capital grants	21,238	30,206
	<u>345,599</u>	<u>284,087</u>
NET ASSETS		
Reserve Fund (Note 5)	111,425	-
Recovery Fund (Note 5) (Schedule 1)	512,909	443,650
General Fund (Note 5)	98,056	74,468
	<u>722,390</u>	<u>518,118</u>
	<u>\$ 1,067,989</u>	<u>\$ 802,205</u>

NOVA SCOTIA REAL ESTATE COMMISSION
Statement of Revenue and Expenditures and Net Assets
Year ended December 31, 2007

	2007	2006
Revenue		
Recovery Fund		
Assessment income	\$ 70,128	\$ 76,713
Investment income	30,448	36,153
Unrealized loss on investments classified as held-for-trading	(27,315)	-
	<u>73,261</u>	<u>112,866</u>
General Fund		
Administration fees	2,640	3,090
Amortization of deferred capital grant	8,967	8,967
Background checks	7,110	7,530
Brokerage manuals	3,375	2,925
Buyer/seller guides	3,235	314
Examination fees	28,685	33,200
Fines and penalties	20,500	6,600
IBTA interest	144,620	110,389
Investment income	16,011	6,743
Licensing fees	518,653	449,862
Reinstatement of license	13,510	11,380
Hearing cost recovery	1,205	904
Information course	3,200	-
	<u>771,711</u>	<u>641,904</u>
	<u>844,972</u>	<u>754,770</u>
Expenditures		
Accounting	11,944	9,878
Advertising	563	862
AGM and conference	678	3,218
Amortization	15,534	18,265
Bank service charges	16,822	15,936
Benefits	39,830	35,656
Buyer/seller guides	8,327	1,113
Car allowances	2,280	2,040
Computer	2,336	1,899
Conferences	25,753	24,183
Dues and subscriptions	6,278	6,071
Furniture and equipment	573	416
Hearing costs	10,979	6,672
Insurance	1,844	2,509
Legal	14,752	9,674
Miscellaneous	4,698	7,709
Office	2,717	2,902
Per diems	16,675	17,824
Photocopies	8,546	3,396
Postage and courier	10,690	8,223
Printing	1,628	3,138
Public Awareness Program	-	716
Rent, cleaning and utilities	52,416	59,053
Salaries	309,479	279,528
SPL and BM exams	5,217	6,626
Staff training	4,953	5,858
Staff travel	22,393	17,404
Taxes	2,072	2,562
Telecommunications	12,459	11,678
Grant to Education by Recovery Fund	58,388	25,000
Travel and meetings	6,409	5,792
Website maintenance	4,308	3,297
Long range planning	16,685	-
Agency costs	7,178	-
	<u>705,404</u>	<u>599,098</u>
Excess of revenue over expenditures	139,568	155,672
Net assets, beginning of year	518,118	362,446
Unrealized gain on investments classified as held-for-trading		
as at January 1, 2007	64,704	-
Net assets, end of year	<u>\$ 722,390</u>	<u>\$ 518,118</u>

NOVA SCOTIA REAL ESTATE COMMISSION

Statement of Cash Flows

Year ended December 31, 2007

	<u>2007</u>	<u>2006</u>
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Operating		
Excess of revenue over expenditures	\$ 139,568	\$ 155,672
Items not affecting cash		
Amortization of capital assets	15,534	18,265
Amortization of deferred capital grant	(8,967)	(8,967)
Unrealized loss on investments classified as held-for-trading	27,315	-
Changes in non-cash operating working capital items	68,709	10,800
	242,159	175,770
Investing		
Purchases of investments (net)	(4,318)	(36,661)
Purchase of capital assets	(5,749)	(7,467)
	(10,067)	(44,128)
NET CASH AND CASH EQUIVALENTS INFLOW	232,092	131,642
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	301,656	170,014
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 533,748	\$ 301,656

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2007

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. CHANGE IN ACCOUNTING POLICIES

Financial instruments

On January 1, 2007, the Commission adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3835, *Financial Instruments - Recognition and Measurement*, Section 3861, *Financial Instruments - Disclosure and Presentation*, and the relevant amendments to Section 4400, *Financial Statement Presentation by Not-for-Profit Organizations*. Under the new standards, polices followed for the period prior to the effective date are not reversed and, therefore, the comparative amounts for prior periods have not been restated.

Under these new standards, financial instruments must be classified into one of the five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Commission's designation of such instruments. Settlement date accounting is used.

The Commission's financial instruments are classified are measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash, cash equivalents and restricted cash	Held-for-trading	Fair value
Accounts receivable, accruals and due from related Entities	Loans and receivables	Amortized cost
Investments	Held-for-trading	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

These new standards were applied retroactively as at January 1, 2007 without restatement of prior years' figures. The following table summarizes the adjustments made to the balance sheet as of January 1, 2007, upon adoption of the new standards:

Increase	
Investments	\$64,704
Net Assets	\$64,704

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2007

3. ACCOUNTING POLICIES

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

Cash and cash equivalents

Cash and cash equivalents is comprised of short-term amounts on deposit with financial institutions with maturities of three months or less.

Capital assets

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

Furniture and equipment	10%
Computers	25%
Software	50%
Leasehold improvements	10%

Investments

Investments are recorded at fair value. The fair value is determined using closing published price quotations in an active market.

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 related capital assets.

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.

Revenue

The Commission's revenue is derived primarily from the assessment of fees which are recognized on a straight line basis. Other revenues are recognized when persuasive evidence of an arrangement exists, service has occurred, the price to the buyer is fixed and collection is reasonably assured.

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2007

4. CAPITAL ASSETS

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers	\$ 2 1,600	\$ 10,597	\$ 11,003	\$ 11,153
Furniture and equipment	77,667	60,632	17,035	24,807
Software	13,934	13,130	804	1,270
Leasehold improvements	14,092	8,364	5,728	7,127
	\$ 127,293	\$ 92,723	\$ 34,570	\$ 44,357

5. NET ASSETS

	General Fund	Recovery Fund	Reserve Fund	2007	2006
	Balance, beginning of year	\$ 74,468	\$ 443,650	\$ -	\$ 518,118
Excess of revenue over expenditures	194,823	(55,255)	-	139,568	155,672
Unrealized gain on investments classified as held-for-trading as at January 1, 2007	-	64,704	-	64,704	-
Transfer from general Fund	(171,235)	59,810	111,425	-	-
Balance, end of year	\$ 98,056	\$ 512,909	\$ 111,425	\$ 722,390	\$ 518,118

The Reserve Fund has been established by the Commission as a contingency fund for future unexpected expenditures. Transfers to the reserve fund are approved by the Board.

The Recovery Fund balance, end of year, includes accumulated unrealized gains on investments of \$37,389.

6. 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) \$25,000 to any claimant for a claim against a salesperson;
- b) \$50,000 to any claimant for a claim against a broker or manager; and
- c) a total of \$100,000 if there is more than one claim against a brokerage.

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2007

7. 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 postage machines, as well as other certain common expenditures that are prorated on a reasonable basis. These financial statements include only the portion allocated to the Commission.

8. FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, accounts receivable and accruals, due from related entities and accounts payable and accrual approximates their carrying value due to their short-term nature.

Investments are recorded at fair value.

9. COMMITMENT

During the year, the Commission entered into a lease agreement for office equipment that expires March 31, 2012.

Future lease payments aggregate \$22,441 and include the following amounts payable over the next five years:

2008	\$	4,488
2009		4,488
2010		4,488
2011		4,488
2012		1,122

Schedule of Recovery Fund Transactions

SCHEDULE 1

Year ended December 31, 2007

	2007	2006
Net assets beginning balance	\$ 443,650	\$ 404,416
Unrealized gain on investments classified as held-for-trading, as at January 1, 2007	64,704	-
Revenue	73,261	112,866
Grant to education fund	(58,388)	(25,000)
Transfer to Recovery Fund	59,810	28,081
Transfer to commission - administration	(70,128)	(76,713)
Ending net assets	\$ 512,909	\$ 443,650

Finance Summary

2007 Actuals & 2008 Budget - NSREC									
SOURCE OF FUNDS					USE OF FUNDS				
Budget		2007	2007	2008	Budget	2007	2007	2008	
Item	Notes	Budget	Actual	Budget	Item	Notes	Budget	Actual	Budget
Administration Fees		2,500	2,640	2,500	Accounting		11,000	11,944	11,000
Assessment-Recov Fund		65,000	70,128	66,000	Advertising		1,000	563	1,000
Background Check Fees		6,600	7,110	6,000	AGM & Conference		1,500	678	3,500
Branch Office Fees		10,250	12,587	11,070	Background Checks		2,000	1,452	1,500
Broker Fees-New		3,600	2,470	3,000	Bad Debts		0	0	0
Broker Fees-Renewal		40,700	41,418	41,615	Bank Charges		4,600	3,693	4,500
Brokerage Audit Fees		57,150	58,940	59,000	Investment Account Fees		12,000	13,129	12,000
Brokerage Fees-New		3,000	3,000	2,400	Benefits - Government		20,500	20,175	22,000
Brokerage Fees-Renewal		40,700	41,008	41,615	Benefits - Health and Fitness		10,200	8,620	12,000
Brokerage Manuals		3,000	3,375	1,600	Benefits - RRSP Contribution		11,000	11,035	15,125
Buyer-Seller Booklets		1,000	3,235	2,000	Car Allowance		2,280	2,280	2,640
Exam Fees		28,500	27,725	27,000	Computer - Hardware and Software		6,000	1,386	5,000
Exam Review Fees		1,500	960	1,200	Computer - Technical Support		1,500	950	1,500
Fines/Penalties		8,000	20,500	12,000	Conferences (Out of Prov)		24,700	25,753	29,000
Hearing Cost Recovery		3,000	1,205	12,500	Cost of Brokerage Man Sold		600	854	500
Interest-IBTA	1	60,000	144,620	120,000	Cost of Buyer-Seller Booklets	5	3,000	7,473	8,000
Interest Income-General		7,000	16,012	10,000	Depreciation		18,000	15,534	12,000
Interest-Recovery Fund	2	25,000	30,234	20,000	Dues, Subscriptions & Publications		6,000	6,278	6,500
Managing AB Fees-New		2,200	1,100	1,650	Facility Rental		1,000	1,311	1,200
Managing AB Fees-Renewal		6,790	7,300	8,200	Furniture & Equipment		400	573	400
Reinstatement of License		10,500	13,510	12,000	Hearing Costs		10,000	10,979	5,000
Salesperson/AB Fees-New		52,900	55,060	52,900	Insurance/Directors Liability		1,200	878	1,000
Salesperson/AB Fees-Renewal		283,675	295,770	307,500	Insurance/Property		1,700	966	1,700
Deferred Capitol Grant		9,000	8,967	6,000	Legal	6	30,000	14,752	30,000
Recovery Fund-Grants to Education	3	25,000	0	0	Maintenance		100	0	100
New Forms Info Sessions	4	0	3,200	0	Miscellaneous		4,000	3,251	4,000
Revenue Totals		\$756,565	\$872,074	\$827,750	Office		3,000	1,406	2,000
					Per Diem		19,800	16,675	19,800
					Photocopies	7	5,000	8,546	7,000
					Postage and Courier		9,000	10,690	12,000
					Printing	7	4,500	1,628	2,500
					Provincial Reference Manuals	8	6,000	0	15,000
					Public Awareness Program	9	2,000	0	10,000
					Recovery Fund - Investment		15,000	15,000	15,000
					Rent, Cleaning, Utilities	10	61,000	52,416	60,000
					Reserve - General Operations	11	30,000	80,000	30,000
					Salaries	12	302,500	303,779	325,000
					Salary Review	12	0	5,700	0
					Salary and Benefits - New Position	13	0	0	30,000
					SPL & B/M Exams		6,000	5,217	5,500
					Staff Training		5,000	4,953	7,000
					Staff Travel		21,000	22,393	22,000
					Taxes		2,700	2,072	2,800
					Telecommunications		12,000	12,459	13,000
					Transfer to Education	14	25,000	58,388	25,000
					Travel&Meetings-Com&Committees	15	10,000	6,409	12,000
					Website Maintenance	16	7,000	4,308	8,000
					Long Range Planning	17		16,685	0
					Desig. Agency - Course Develop	18		7,178	0
					Reprinting of Buyer / Seller Booklets	5	25,000	13,298	0
					Expenditure Totals		\$755,780	\$813,706	\$814,765
					NET		785	58,367	12,985

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

Overall, the Revenue/Expenses for 2007 were very stable. Revenues were higher than projected, mostly due to higher numbers of new applicants and a higher industry retention rate. On the Expense side, most expenses came in at or below budget. The reason that total expenses are higher than budget is because the Commission Board of Directors approved several expenditures after the budget was established. All renewal licensing fees for 2008 will remain at the 2007 level with no increases.

2007 Actual -Finance Notes- 2008 Budget

Source of Funds

1. **Interest - IBTA** – The Commission was conservative in budgeting for 2007 as interest rates were expected to slip slightly. The 2008 Budget figure more closely reflects what should occur in 2008.
2. **Interest - Recovery Fund** – The investment market was not very good in the last half of 2007 and that was expected to continue well into 2008, so a conservative figure was used.
3. **Recovery Fund - Grants to Education** – The 2007 Budget anticipated taking \$25,000 out of investments, but instead was able to pay the grant using current funds.
4. **New Forms Session** – A fee of \$100 was charged to all Industry Members that did not complete the mandated session by January 31, 2007.

Use of Funds

5. **Buyer/Seller Booklets** – The booklets were revised, updated and reprinted. They are provided free to consumers and sold for \$1.00 apiece to Industry Members, which is significantly below cost.
6. **Legal** – The 2007 Budget allowed for the *Lawyers Trading in Real Estate* issue and dealing with *Stale Trust Funds*. Discoveries for the lawyer trading issue did take place in 2007, but the main court action will not take place until later in 2008. The trust fund issue has also been delayed into 2008. The Commission has also allowed for moving forward with changes necessary to allow for *Incorporation of Salespeople*.
7. **Photocopies & Printing** – A new photocopier was installed in January 2007 that replaced both the old copier and the colour laser printer. All photocopying and colour printing is now in the photocopier category and printing will be for stationary and other printed materials.
8. **Provincial Reference Manuals** – This expense did not take place in 2007, due to publication delays. It has been moved to 2008 and increased significantly to allow for also providing a copy of the new Broker Licensing Course materials to all brokers.
9. **Public Awareness Program** – This item did not take place in 2007. A larger expenditure has been allowed for in 2008 to provide resources with the hiring of a Communications Officer.
10. **Rent, Cleaning & Utilities** – The 2007 Actual was under budget due to a credit from 2006 Common Area Charges and a slight decrease in the Common Area Charges for 2007.
11. **Reserve – General Operations** – Due to an operating surplus in 2007 it was decided to move an additional \$50,000 to the Reserve Fund.

2007 Actual -Finance Notes- 2008 Budget

Use of Funds

12. **Salaries** – The Commission completed a salary review using an outside consultant. New salary ranges were established to ensure the salaries are competitive with the general employment market. The review expense was approved in addition to the budget.
13. **Salary and Benefits – New Position** – The Commission approved creating a part-time position called Communications Officer. This person will be responsible for the Commission’s communication needs and to be a resource to the industry regarding the Commission’s advertising rules.
14. **Transfer to Education** - The Commission made two Education Grants to NSAR in 2007 for course development. The second grant was a result of a timing issue where grant requests will normally be dealt with before year end instead of early in the new year.
15. **Travel & Meetings – Commissioners & Committees** – Due to cancellation of some committee meetings and less long distance travel, expenses were below Budget. More long distance travel is expected in 2008.
16. **Website Maintenance** – The increased 2008 Budget is to allow functional updates to the website.
17. **Long Range Planning** – The Commission held a two-day planning session in September 2007. This expenditure was approved in addition to the budget.
18. **Designated Agency – Course Development** – The Commission shared with NSAR the expenses related to the Joint Implementation Committee and the rollout of Designated Agency and Transaction Brokerage. This expenditure was approved in addition to the budget.

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 an Industry Member.
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. Industry Members 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, 2008 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 following pages.

Nominee: [Marta Anderson](#)

Brokerage: Del Mar Realty Inc.

Location: Canso / Guysborough

Type of license: Broker

Years Licensed: 6

Primary type of real estate practiced: Residential, Commercial, Management

Degrees/Designations held: A graduate of NSCC with Business Administration/Office Management Diploma

Director/Executive experience in any organizations: At present, Member of the Guysborough and Area Board of Trade, and Secretary/Treasurer for the Canso Harbour Authority (since 1996)

Other Experience: Past Member of the Canso Historic Museum, Canso Mural Association, Star of the Sea Church, Secretary for the Canso Flying Figure Skating Club, Secretary/Treasurer for the Canso & Area Minor Hockey Association, Note: Also fluent in Spanish

Nominee: [Ron Basque](#)

Brokerage: RE/MAX Nova

Location: Halifax Regional Municipality (HRM)

Type of license: Broker

Years Licensed: 14

Primary type of real estate practiced: Residential

Degrees/Designations held: RRS, Master Practitioner (Neuro-Linguistics Programming), Certified Coach

Director/Executive experience in any organizations: NSAR RAP Committee, NSAR Professional Standards Committee

Other Experience: I have been working with sales people and the public for all of my adult life, starting with the Provincial Government and then as a property manager for six years. From then on, all of my work experience has been in sales management. I sold real estate for 9 years and held a broker's license for four years. I am presently working at RE/MAX Nova within a team of 65 as the broker and general manager. I am very familiar in dealing with the needs of the general public, real estate agents and our industry. I feel these skills will be very beneficial if chosen for this position on the Commission.

-Nominee Information-

Nominee: **Gene Lye**

Brokerage: Coldwell Banker Supercity Realty

Location: Halifax

Type of license: Associate Broker

Years Licensed: 5

Primary type of real estate practiced: Residential

Degrees/Designations held: None

Director/Executive experience in any organizations: Involved in the Newfoundland Racquetball Association through out the mid 90's as director of junior development, Referee in Chief, Vice President NF Racquetball

Other Experience: Regional Director Atlantic Business Magazine, Former Red Cross First Aid and CPR Instructor

Nominee: **Ron Stuart**

Brokerage: Harbourside Realty Ltd.

Location: Halifax

Type of license: Salesperson

Years Licensed: 15

Primary type of real estate practiced: Residential

Degrees/Designations held: C-CREC®, ABR®

Director/Executive experience in any organizations: NSAR – Various committees, Director, Chair of Professional Standards Committee, Executive Committee (Chair of Finance), President (2005), Past President.

Other Experience: Twenty-six years in the IT Industry involving Sales, Management, Executive, and Business Co-Owner. Seventeen years on the board of a church organization.

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, 2007 and December 31, 2007. There were a total of five 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
Donna Anderson	1	(1)
Neil Black	5	(5)
Ernie Buote	3	(3)
Eldon Chaisson	1	(5)
Elizabeth Irwin	3	(3)
Mary MacDonald	5	(5)
John MacKay	5	(5)
David Melvin	5	(5)
Howard Oakey	5	(5)
Doug Dixon	5	(5)
Commercial Representative	(Appointed by the Commission - non-voting)	
John Walker	5	(5)

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



**7 Scarfe Court
Suite 200
Dartmouth, NS
B3B 1W4**

**(902) 468-3511 or 1-800-390-1015
Fax: 468-1016 or 1-800-390-1016
www.nsrec.ns.ca**