

nova scotia real estate COMMISSION



Annual Report 2015

Nova Scotia Real Estate Commission

Notice of Annual General Meeting

NSAR Auditorium, 7 Scarfe Court, Dartmouth

April 22 2016
10:00 AM - 12:00 PM

Agenda

1. Call to Order— Chairperson Dennis Richards
2. Introduction of Head Table—Dennis Richards
3. Commission Chairperson's Report—Dennis Richards
4. Finance Committee—Mary MacDonald
5. Recovery Fund—Anthony Brown
6. Licensing Committee—Gary Morse
7. Complaint Review Committee—Robert Wambolt
8. Discipline Committee—Jessica May
9. Commercial Committee—Bill MacAvoy
10. Election procedures—Dennis Richards
11. Address by nominees—Gary Mailman, Paul Mann, Lisa White
12. Election—Dennis Richards
13. Open Forum—this is 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
14. Adjournment

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Our Board of Directors



Front: Anthony Brown, Lisa White, Jessica May, Gregg Yeadon. Back: Robert Wambolt, Dennis Richards, Gary Morse, Mary MacDonald, Brad Chisholm
Absent: Bill MacAvoy, Ryan Brennan

Name	Term	Appointment	Location	Brokerage/employer	Attendance*
Mary MacDonald	April 2018	NSAR	Liverpool	Walt MacDonald Real Estate Ltd.	3/3
Robert Wambolt	April 2017	NSAR	St. Peters	Harvey Realties Limited	4/5
Dennis Richards	April 2016	NSAR	Dartmouth	Century 21 Trident Ltd.	5/5
Anthony Brown	April 2018	Elected	Dartmouth	Royal LePage Atlantic	4/4
Gary Morse	April 2017	Elected	Kentville	Royal LePage Atlantic	4/5
Lisa White	April 2016	Elected	Halifax	Evolution Real Estate Services	5/5
Ryan Brennan	December 2015	Public	Halifax	Clyde A. Paul & Associates	4/5
Bill MacAvoy	May 2017	Commercial	Halifax	Commercial Eastern Inc. DBA Cushman & Wakefield Atlantic	3/5
Jessica May	December 2017	Public	Truro	Kaulback May	5/5
Gregg Yeadon	August 2016	Public	Dartmouth	Casey Rodgers Chisholm Penny Duggan LLP	5/5

*The attendance record of the Commissioners serving on the Nova Scotia Real Estate Commission between January 1, 2015 and December 31, 2015. There were a total of five Commission meetings held.

*This column shows how many meetings each Commissioner attended and how many they were expected to attend.



Dennis Richards
Century 21 Trident Realty Limited

Message from the Chair

Report for 2015

I am pleased to present the annual report as Chair of the Nova Scotia Real Estate Commission for 2015.

This annual report is not only the last that I will present as Chair, it is also my last as a member of the Board, as my term expires at the end of the annual general meeting. When I was first asked to by NSAR to consider being appointed, I must admit I was somewhat reluctant, however, I can now say I am glad I did. What I have learned about how our industry operates and the work we have accomplished has truly been a rewarding experience.

2015 has been a year unlike most others. Our industry has been challenged with market conditions that have caused many licensees to re-evaluate their activities and for some to make some serious decisions. Our total numbers have declined by 84 members throughout the year and we have seen fewer people apply for licences. In addition, there has been a decline of eight offices in the province. Although this has not come as a surprise, it is cause to make some adjustments in many areas of our operations.

Throughout this past year, we have completed several items outlined in the Board's strategic plan. Our communication plan is now in place with a new format to our bulletins, as well as the upcoming redesign of our website. We have also updated the pre-licensing requirements and revised the broker's licensing course. These accomplishments have been the work of both our committee members and our staff.

In the early days of this past year the Board had to decide whether to renew our lease, expiring April 30, 2016, or to relocate. We struck a task force to look at all aspects of the options available to us along with what our needs were. The first conclusion was the current space was not meeting those needs, which included so the task force met with officials of NSAR to see what options may be available to us. The task force also looked to see if there was other suitable space in close proximity that meets our needs. After taking a long and hard look, the Board ultimately decided to lease a new location in Bedford. We then advised NSAR we would not be renewing our lease, giving them more than six months notice. The Commission will be operational in the new location on May 1st.

I want to assure all licensees that this Board decision was not made lightly. The Commission has been a tenant at Scarfe Court from the beginning of its operation. However, as the task force determined, adequate space was not

available to us in this building. I also want to assure all licensees this move will not increase licence fees as our new lease costs will remain within the same budget range even though we are getting more space.

The Board made a decision to make the use of written buyer brokerage agreements mandatory for all licensees effective January 1st, 2017. Discussions on this topic have been ongoing for several years at both the Board and the committee level. Buyer brokerage agreements have been used since 2008 by all designated agency brokerages. This decision presents a consistent approach for all buyers, regardless of agency model. In addition, buyer agency commitments, although deemed to be in place, were misunderstood by both licensees and the buying public.

Although we have been working with government officials regarding the implementation of a new *Real Estate Trading Act*, the Government of Nova Scotia has yet to introduce the new *Act* to the Legislature. The Board will continue to work with government to accomplish this goal.

The Board continues to show their dedication and professional commitment to working in the best interest of all licensees while maintaining their obligations to protecting the public interest. This past year, three of our Commissioner's terms completed and we welcomed two new members. Licensees Paul Doucet and Charlie Pace and public member Ryan Brennan were great assets to our Board over the years and we thank them for the service. Our two new Commissioners, Mary MacDonald and Anthony Brown, were welcomed and have quickly assumed their roles within the Board and on committees. I want also to thank the many committee and task force members who volunteer their time to serve our needs. These members are valuable assets who willingly serve an important role in carrying out the mandate of the Commission.

We have a team of highly dedicated and professional staff who are committed to the high standards of their positions to ensure the Board's mandate is upheld to the best of their ability. Our newest staff member Michelle MacLeod, Compliance Investigator, comes to us with a great deal of experience and we are happy to welcome her.

It has been my pleasure to serve our industry as a Commissioner and as Chair over the past six years and I wish to thank our industry for giving me this opportunity.

Message from the Registrar

Report for 2015



Brad Chisholm
Registrar

The Commission was exceptionally busy throughout 2015, concentrating efforts on a number of new and existing projects in support of our mandate to ensure consumer confidence.

Our communications staff prepared and initiated a new communications plan to improve how we engage with licensees, consumers and the NSAR. Part of this project included assisting with the redesign of our website where licensees (brokers in particular) and consumers will be able to quickly search a large compilation of information on relevant regulatory and industry topics.

Both compliance and communication staff were heavily involved supporting the continuing work of the NSREC Mandatory Forms Committee. These staff have continued to move at an ambitious pace, carrying out research, redesigning forms, and holding regular focus groups throughout the province. Dozens of licensees from across the province have participated in these focus groups and we thank them for their valuable input.

Licensing and communication staff have also been busy conducting research to assist the Licensing Committee with improving licensing and performance standards, both through bylaw revisions and in mandatory continuing education initiatives. In working with the NSAR Education Department, we have made measurable progress in regards to the quality of the education being delivered, which has been clearly indicated through the evaluations the NSAR Education Department receives from licensees on courses taken. We will continue to work hard towards relevant and valuable education both in regards to its content and delivery.

Thank you to the Board of Directors for your support and thank you to the Commission staff for their continued hard work and commitment.

The Nova Scotia Real Estate Commission is the regulator of the real estate industry, whose goal is to ensure consumer confidence through the administration of the Real Estate Trading Act and the Commission Bylaw



Gary Morse
Royal LePage Atlantic

Licensing Committee

Chairperson's report for 2015

The role of the Licensing Committee is to review and make recommendations to the Board of Directors on all licensing matters.

As Chair, I wish to thank Charles Pace, who served as Chair of the Licensing Committee for the past two years, and outgoing committee members Crystal Yeo and Joanne West for their service. I also wish to welcome new committee member Jennifer Morrison and the return of Charles Pace as committee member.

The committee made a number of recommendations to the Board of Directors in 2015. To ensure licensees are practicing agency in accordance with their brokerage model, the committee recommended that all licensees who reinstate their licence to a different brokerage model, take the agency course for that model within six weeks of reinstatement. If an licensee has taken both agency courses, no additional education is required. The committee, upon review of licensing examination attempts across the country, made the recommendation to reduce the number of exam attempts to two, which is in line with other Canadian jurisdictions. The committee also proposed a new policy for evaluating education equivalencies, which was approved by the Board. Education providers who wish to have a course evaluated for CPE equivalency may apply to the NSAR Education Director. The evaluation fee for education providers is \$500, which will be split between the two organizations. Individual licensees may also submit courses they have taken outside of the NSAR for review as equivalencies for a nominal fee. The Board accepted the committee's recommendation on these matters.

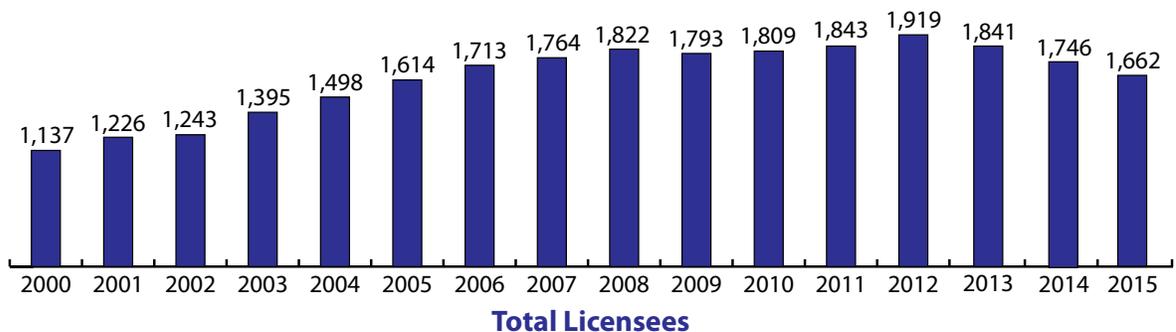
I extend my sincere thanks to the Board and committee members who dedicate their time and energy to accomplish the goals of the Commission and the staff who support them.

New applicants/ licence class	2012	2013	2014	2015
Salespeople	225	147	119	84
Brokers/managing associate brokers	19	15	14	22
Associate brokers	13	12	5	8

Industry totals	2012	2013	2014	2015
Offices	281	270	262	254
Licensees	1919	1841	1746	1662
Brokers	218	209	196	190
Managing associate brokers	48	46	47	47
Associate brokers	92	99	97	96
Salespeople	1561	1485	1406	1329
Approved sales corps.	93	131	152	154

Committee Members

- Gary Morse, Commissioner, Halifax
- Alex Astbury, Member, Halifax
- Lorena MacDonald, Member, Dartmouth
- Lydia MacIsaac, Member, Hammonds Plains
- Jennifer Morrison, Member, Waverley
- Charles Pace, Member, Halifax
- Gregg Yeadon, Commissioner, Dartmouth
- Aaron Millen, NSAR Education Committee
- Nicole Kreiger, NSAR Director of Education



Complaints Review Committee

Chairperson's report for 2015



Robert Wambolt
Harvey Realities Limited.

As chair of the Complaints Review Committee (CRC), I wish to thank outgoing public committee member Aileen McGuinty for her service. I also wish to welcome new public committee member Denise Zareski.

The CRC is made up of licensed and public members who are tasked with reviewing all of the Registrar's proposed settlement agreements and dismissed complaints. These decisions can range from dismissing a complaint, to offering a settlement agreement, placing conditions on a licence, and while rare, licence suspensions.

At CRC meetings, the Compliance Investigator presents the case to the CRC, along with the evidence and the Registrar's decision. If the CRC approves the Registrar's decision on charges and sanctions, the licensee is presented with a settlement agreement. Should the CRC not approve the decision, the settlement agreement is rescinded and the Registrar may modify his decision or send the matter to hearing. The Commission follows this process every time the Registrar offers a settlement agreement or dismisses a complaint.

In 2015, 14 investigations were opened, down from 28 in 2014. While it is important to note that the number of complaints submitted and investigated varies from year to year, the Commission compliance team has

redoubled its efforts to engage brokers early in the complaint process so in some cases, the matter might be resolved before it resulted in a formal complaint. This approach does not work in all complaint situations and, depending on the allegations, an investigation may be in the best interest of both the public and the industry. Despite this approach, if a member of the public submits a written complaint and follows the resolution process, the Commission may still open an investigation.

In all cases, consumers are provided with information about our complaint, investigation, and discipline process and given the option of submitting a formal complaint.

For example, if a consumer's complaint is service-related, i.e. the licensee is not returning phone calls and emails, the compliance team may contact the licensee's broker to discuss the issue and have the broker follow up with the licensee and the consumer. If the matter can be resolved satisfactorily, the consumer may choose not to file a complaint.

Serving on the CRC is a challenging endeavor. I want to thank the Commission compliance team and the members of the CRC for their continued hard work and dedication.

Committee Members

Robert Wambolt, Commissioner, St. Peter's

Al Demings, Member, Dartmouth

Peter Fraser, Member, New Glasgow

Mary MacDonald, Commissioner, Liverpool

David Melvin, Public Member, Halifax

Charlie Pace, Member, Halifax

Ann Parks, Member, West Northfield

Lisa White, Commissioner, Halifax

Denise Zareski, Public Member, Musquodoboit Harbour



Ryan P. Brennan
Clyde A. Paul & Associates

Discipline Committee

Chairperson's report for 2015

In 2015, the Discipline Committee had no formal discipline hearings as all matters had been resolved without the need for a formal hearing.

The Discipline Committee as a whole does not meet together, other than for training purposes. The committee members serve to form a roster for hearing panels in the event of a discipline hearing. The Discipline Committee's role is to hold discipline hearings and render decisions about alleged infractions of licensees, including unprofessional conduct, and breaches of the *Real Estate Trading Act, Regulations* and the *Commission Bylaw*.

When the Commission is made aware of an alleged infraction(s) by a licensee, the compliance team investigates. The Registrar has the option of referring the matter to the Complaints Review Committee to review a settlement agreement or to the Discipline Committee for a hearing.

In most cases, the licensee facing disciplinary action will enter into a settlement agreement with the Commission. For most infractions, settlement agreements are the quickest and simplest way to resolve the issue, from both the licensee's and the Commission's point of view.

If settlement agreement is rejected, the Discipline Committee becomes involved as the matter is referred for a discipline hearing. A Hearing Panel consisting of three Discipline Committee members hears the evidence from the licensee and the Commission and renders a written decision about whether or not the licensee has committed the alleged infractions.

If the licensee is found to have committed an infraction, both parties have the opportunity to make submissions about the appropriate sanctions and costs to be awarded against the licensee. The Hearing Panel has broad authority as outlined in Section 19 of the *Real Estate Trading Act*.

A licensee has the right to appeal the decision of the Hearing Panel to the Nova Scotia Court of Appeal within 25 days of the Hearing Panel's written decision.

It was my pleasure to work with the commissioners and licensees in this capacity.

Committee Members

Ryan Brennan, Commissioner, Spryfield (December 2015)

Jessica May, Commissioner, Truro (Interim Chair)

Mike Arthur, Member, Halifax

Carol Alexander, Member, Chester

Don Clark, Member, Dartmouth

Glen Carter, Member, Truro

Jamie Ferguson, Member, Halifax

Joan Harris-Reid, Member, Greenfield

Brian Hirtle, Member, Kentville

Commercial Committee

Chairperson report for 2015



Bill MacAvoy
Commercial Eastern Inc. DBA
Cushman & Wakefield Atlantic

The annual Commercial Forum was well attended in January with over 50 participants. Thank you to the presenters from JW Lindsay and Turner Drake on Code Compliance and Space Measurement.

The commercial sector has expressed to the Board concerns with proposed mandatory forms, which do not align with the nature of the transactions, or the clients, in the commercial environment. The Committee looks forward to the Board's feedback in this regard.

Finance Committee

Chairperson's report for 2015



Mary MacDonald
Walt MacDonald Real Estate Ltd.

2015 Results

In 2015, the Commission's financial position was very stable, despite the number of new salesperson licenses being down from years past. The retention rate of existing licensees leaving the industry has slowed slightly. The overall net shrinkage did not significantly impact on overall revenue. Most operating expenses were close to budget. Operating expenses are closely monitored by both the Finance Committee and management.

2016 Budget

The 2016 budget includes regular operations as well as capital components pertaining to the Commission's May 1st office relocation and a new online licensing system. There will be no licensing fee increases for the coming licensing year, commencing July 2016, with the exception of approved sales corporation licences, which are being raised to the same level as all other licence categories. Thank you to the Finance Committee members and to the Commission staff for their hard work.

Committee Members

Bill MacAvoy, Commissioner, Halifax
Brian Lugar, Member, Bedford
Tom Carpenter, Member, Dartmouth
Cathy Covey, Member, River John
Andrew Cranmer, Member, Halifax
Bill Greenwood, Member, Halifax
Tim Margolian, Member, Halifax
Greg Taylor, Member, Halifax

Committee Members

Mary MacDonald, Commissioner, Liverpool
Dennis Richards, Commissioner, Dartmouth
Lisa White, Commissioner, Halifax
Robert Wambolt, Commissioner, St. Peter's

Recovery Fund

Chairperson's report for 2015



Anthony Brown
Royal LePage Atlantic

The Nova Scotia Real Estate 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 requires the Commission to maintain a minimum balance of \$300,000 in the fund at all times. 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 sound legislation affecting the industry.

There were no claims against the fund in 2015, and fund fees will remain the same in 2016.

The fund was very defensively positioned in 2015 given the continued concern for the global macroeconomic environment, elevated valuations for equities, and the preoccupation to create absolute risk adjusted returns. The fund is 85 per cent invested in fixed income (bond) funds managed by a diverse group of active domestic and global managers who in combination are diversifying the portfolio by duration, credit and geography. There is an additional 10 per cent that is invested with a preeminent trend-following manager in the UK who is investing in bonds, stocks, currencies, energy, agricultural, metals, credit, and interest rates in over 400 markets globally. The remaining five per cent is invested in a high interest investment account as an alternative to cash. The cash will be invested tactically throughout the year and a tactical mandate and manager will be added to the portfolio at some point through the year with the objective of increasing the risk adjusted returns and further diversifying the portfolio.

In 2015, the portfolio had a 3.93 per cent net return in what was a very difficult capital market environment. Year to date to March 8th, the portfolio is down 0.53 per cent in what has been one of the worst starts to the capital markets in decades.

The fund provided a grant to NSAR's Education Department upon request from NSAR. This year a grant of \$25,000 was provided.

Committee Members

Anthony Brown, Commissioner, Halifax

John MacKay, Member, Wolfville

Anne DaSilva, Member, Eastern Passage

NSREC Mandatory Forms Committee

Report for 2015

The NSREC Mandatory Forms Committee reviews all real estate forms mandated by the Commission Bylaw and is made up of three members appointed by the NSAR, three members appointed by the Commission and two Commission staff members.

The committee reviews individual forms extensively before holding focus groups around the province with licensees, members of the public and the Commission Board of Directors. All feedback is considered by the committee and final versions are presented to the Board of Directors for approval. Each form follows the same process, ensuring forms are representative of the feedback from one end of the province to the other.

The NSREC Forms Committee worked diligently over throughout 2015 to release three forms in May; the *Seller Brokerage Agreement*, *Seller Designated Brokerage Agreement* and the *Working with the Real Estate Industry* form. Following their release, the Committee reviewed the *Amendment to a Brokerage Agreement*, the *Withdrawal or Termination of a Brokerage Agreement*, the *Schedule of Leased/ Rented Equipment*, the *Property Disclosure Statement* and created a new *Property Disclosure Statement for Vacant Land*. These forms were released in early January to the industry.

Any licensees who wish to participate in a focus group on mandatory forms are encouraged to contact the Commission

Committee Members

Dennis Richards, Commissioner, Dartmouth

Carol Alexander, Member, Pleasantville

Lynn Carter, Member, Bedford

Denise MacDonell, Member, Halifax

Gary Morse, Commissioner, Halifax

Cyril Randall, Lawyer, Dartmouth

Tony Robinson, Lawyer, Dartmouth

Doris Snook, Member, Dartmouth

Audits and Investigations

Report for 2015

Audit results

The Commission's compliance team conducts yearly trust audits on each brokerage in Nova Scotia. In addition to trust audits, each brokerage is subject to a brokerage audit every three years. The brokerage audit includes a trust audit and an in-depth review of the brokerage's transaction files and records management. The results of the 2015 audits are categorized as follows:

135 trust audits:	7 very good
	103 good
	25 needs improvement
	11 Form #2 (no trust funds)
	27 Form #3 (no brokerage activity)
83 brokerage and trust audits:	2 very good
	43 good
	38 needs improvement

The compliance team also conducted 24 additional audits resulting from a change of broker, a brokerage closing, or a spot audit.

The trust and brokerage audits help brokerages understand and comply with the standards and procedures for trust accounts and record keeping, which in turn protects the best interests of the public. The audits also help the Commission identify trends in the industry, which can then be addressed through continuing education courses and/or industry communications. While the Commission's approach to audits factors heavily on education and correction, brokers need to be aware that there are repercussions for failing to comply with trust account and record keeping requirements. For example, any brokerage that receives three consecutive "needs improvement" ratings is subject to disciplinary action. In 2015, the Commission charged six brokers in relation to audits, and of those six, two were restricted to salesperson licenses. The fines for non-compliance begin at \$500, but increase with each offense and can, in more extreme situations, result in licence restrictions and licence cancellations.

Investigation results

Origin of 2015 investigations	
Public	9
Registrar	5
2014 investigation status summary	
Outstanding investigations from 2014	16
New cases initiated in 2015	15
Closed (investigated and presented)	22
Outstanding as of December 31, 2015	8
Dismissed complaints	3
2014 hearings	0
2014 licence suspensions	1

Election Procedures

An election for one position on the Commission Board of Directors will be held at the Annual General Meeting on April 22, 2016 at 10:00 a.m. Please review the following election procedures prior to voting.

- All licensees are entitled to vote either in person or by proxy.
- Licensees who intend to vote by proxy in the election, must complete the proxy form (see page 29 for proxy information and the form).
- No licensee may carry more than two proxy votes per election.
- Any person elected to serve as a Commissioner must be a licensee in good standing with the Commission.
- No corporation or partnership is eligible for election.
- The only nominees to be considered for election are those included in this report.
- Licensees must return their ballots (their own plus those by proxy) to the registration desk if they leave the meeting at any time.
- The election is conducted by written ballot.
- Ballots can indicate only one vote per nominee.
- Ballots are considered spoiled if the ballot indicates more than one vote or if it indicates more than one vote per nominee. Ballots are also considered spoiled if it does not clearly indicate for which nominee the vote is being cast.
- A nominee is declared elected if the nominee receives 50-per cent-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.
- Should a person not be elected after the first ballot, a second ballot is held. The same procedure is used in every ballot that follows until a person is declared elected.
- The nominee having the lowest number of votes is dropped from the next ballot.
- Any nominees having less than ten per cent of the votes cast is dropped from the next ballot.
- The successful nominees take office effective May 1, 2016.

Commissioners

Nominees for 2016

Nominee: Gary Mailman

Brokerage: Exit Realty Inter Lake

Type of licence: Salesperson

Years licensed: 13

Real Estate Practiced: Residential

Degrees/designation: Education Degree from Acadia, UBC Diploma in Real Estate Appraisal, CRA Candidate Member

Director / Committee Experience: NSAR South Shore Regional Director for three years, four years on NSAR Executive, served on numerous NSAR committees and Task Forces.

About: I have been practicing real estate on the South Shore for 13 years, and for more than half of those years I have been involved with NSAR, serving on the Board of Directors and numerous Committees. I also served seven years on the South Shore Regional School Board and am currently the acting Facilitator for the Atlantic Collaborative Group. Being from a rural area, but also having the experience of serving on our Provincial Board, I have gained valuable perspectives on what it is like to sell real estate in both a rural and urban market.

I am very active in my community, volunteering on local committees, and enjoy umpiring softball and refereeing basketball. I pride myself in being someone who takes a common sense approach in decision making, but have learned to keep an open mind and listen to all discussion before making a final decision. With my past and current experiences, I believe I can be a valuable asset to NSREC.

Nominee: Paul Mann

Brokerage: Re/Max Banner Real Estate

Type of licence: Broker

Years licensed: 14

Degree/designation: BSc.(Geology), Acadia University

Real estate practiced: Residential

Director/committee experience: Director & Rec Committee Chair, AVREB

About: I have been with Remax Banner Real Estate in the Valley since 2002, completed the Broker Licensing Course in 2008, and currently manage the company's Greenwood office in addition to being the Broker of Record for the firm. Originally licensed in the real estate industry in Calgary in 1980 with A.E.Lepage Melton R.E. The years between Calgary and today offered a variety of careers/experiences throughout Canada—from Exploration Geologist, Pharmaceutical Sales, custom cabinet manufacturing with DeCoste Kitchens, owner/operator of convenience store and freight operation in an Aboriginal community in Northern Manitoba, and finally as a Greco franchisee from '95-'02.

Arlene and I have been married for the past 33 years and she is content that the past 14 years have kept me somewhat grounded and focused. We have a son in Red Deer, and a daughter and grandson in Detroit.

Nominee: Lisa White

Brokerage: Evolution Real Estate Services

Type of licence: Broker

Years licensed: 12

Degrees/designation: Certified Professional Accountant (CPA), Chartered Accountant (CA), Bachelor Commerce (B.Comm.)

Real estate practiced: Residential

Director/committee experience: NSREC—Elected Commissioner 2013-2016, Executive Committee Member, Liaison Committee Member, Finance Committee Member, Complaints Review Committee Member;

NSAR - Data Integrity Task Force Member;

Institute of Chartered Accountants of Nova Scotia – Education Committee Member;

Canadian Association of Professional Speakers Atlantic Chapter – Treasurer, Board Member, Membership Chairperson;

Legal Information Society of Nova Scotia (LISNS) - Treasurer, Board Member

Avalon Sexual Assault Centre – Treasurer, Board Member

About: My career path has led me from chartered accountant, auditor, university financial controller and academic lecturer to real estate salesperson, broker/owner and real estate educator. I am a lifelong learner and advocate of education and was immediately drawn, upon entering the industry, to learning as much as possible about its history and challenges so I could more meaningfully contribute to keeping it strong and responsive to change. I believe my fellow industry members are those best prepared to ensure that the interests of the public we serve are protected, promoted and balanced with our own interests, as professionals, and I therefore fully support the self-regulation model which we are fortunate to enjoy in this province.

I have worked in a medium sized common law agency brokerage, a very large designated agency brokerage and now own and operate a one-person brokerage so I am familiar with the issues facing brokerages of various sizes and alternative models of agency. My instruction of CPE courses for NSAR allows me to interact on a regular basis with licensees from across the province, which has been invaluable to me as both a Commissioner and educator, continually informing me of the unique issues faced by small town and rural practitioners, as well as the challenges faced by those of us working in more urban markets.

As the Commission continues to review and update its bylaws, policies and standard forms to reflect the changes and challenges facing our industry, it needs informed, committed and progressive industry members to provide strong voices to fairly represent the interests of both our licensees and the consumers we serve. I believe I have the skills, experience and motivation to continue to be one of these voices and I look forward to the opportunity to serve a second term.

Financial Statements of

NOVA SCOTIA REAL ESTATE COMMISSION

December 31, 2015

Andrew M. Campbell Chartered Accountant

143-27 Brookdale Crescent
Dartmouth NS B3A 4N5
Tel: (902) 717-5390
andcampbell@eastlink.ca

Independent Auditor's Report

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

I have audited the accompanying financial statements of the Nova Scotia Real Estate Commission, which comprise the balance sheet as at December 31, 2015 and the statements of revenue and expenses and net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

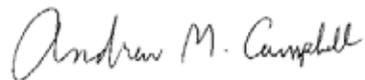
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia Real Estate Commission as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountant
Dartmouth, Nova Scotia
March 9, 2016

NOVA SCOTIA REAL ESTATE COMMISSION
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December 31, 2015

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NOVA SCOTIA REAL ESTATE COMMISSION

Balance Sheet

As at December 31, 2015

	2015	2014
ASSETS		
Current		
Cash		
- Unrestricted	\$ 32,389	\$ 38,161
- Restricted	29,112	21,854
Short term investments		
- Unrestricted	428,016	996,964
- Restricted	37,137	56,528
Accounts receivable	-	2,500
Prepaid expenses	5,244	6,608
Inventory - manuals and guides	2,051	2,762
	533,949	1,125,377
Long term investments	540,519	26,270
Recovery Fund investments (cost - 2015 - \$580,288; 2014 - \$559,109) (Note 3)	585,513	564,855
Capital assets (Note 4)	20,422	22,330
Intangible asset	12,167	-
	\$ 1,692,570	\$ 1,738,832
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 51,171	\$ 101,731
Due to Nova Scotia Association of Realtors	2,957	3,346
Funds held in trust	66,249	78,382
Deferred revenue	381,970	398,462
	502,347	581,921
NET ASSETS		
Reserve Fund (Note 5)	131,643	131,643
Recovery Fund (Notes 5 & 6) (Schedule 1)	585,513	564,855
General Fund (Note 5)	473,067	460,413
	1,190,223	1,156,911
	\$ 1,692,570	\$ 1,738,832

Commitments (Note 9)

See accompanying notes to the financial statements

NOVA SCOTIA REAL ESTATE COMMISSION
Statement of Revenue and Expenses and Net Assets
Year ended December 31, 2015

	2015	2014
Revenue		
Recovery Fund		
Assessment income	\$ 46,760	\$ 55,038
Investment income	29,296	18,356
Unrealized (loss) gain on investments	(521)	9,776
	75,535	83,170
General Fund		
Licensing fees	804,912	800,788
Examination fees	14,210	18,080
Fines and penalties	24,950	37,800
Reinstatement of license	15,150	19,840
Hearing and investigation recoveries	4,619	2,500
Other fees	7,962	9,356
Lapsed trust funds	44,409	76,052
Investment income	25,690	21,568
	941,902	985,984
	1,017,437	1,069,154
Expenses		
Advertising	2,923	1,110
Act changes	17,186	58,384
AGM and conference	3,508	2,769
Amortization	3,331	5,424
Bad debts	2,200	1,700
Bank service charges	20,126	20,268
Conferences	21,332	8,184
Directors and Committee member fees	26,300	24,940
Grant to education by Recovery Fund	25,000	25,000
Hearing and investigation costs	6,013	1,333
Insurance	2,053	2,034
Internet hosting fees	10,580	5,339
Long range strategic planning	-	2,809
Miscellaneous	8,783	8,702
Office	28,062	30,920
Professional fees	38,436	52,111
Rent, cleaning and utilities	77,809	77,140
Salaries and employee benefits	635,821	648,166
SPL and BL exams	5,439	4,756
Staff travel and training	18,708	16,454
Telecommunications	13,081	9,428
Travel and meetings	17,434	16,060
	984,125	1,023,031
Excess of revenue over expenses	33,312	46,123
Net assets, beginning of year	1,156,911	1,110,788
Net assets, end of year	\$ 1,190,223	\$ 1,156,911

See accompanying notes to the financial statements

NOVA SCOTIA REAL ESTATE COMMISSION
Statement of Cash Flows
Year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
NET INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Operating activities		
Excess of revenue over expenses	\$ 33,312	\$ 46,123
Items not affecting cash		
Amortization	3,331	5,424
Unrealized loss (gain) on investments	521	(9,776)
Changes in non-cash operating working capital items	(74,999)	55,178
	(37,835)	96,949
Investing activities		
Purchase of Recovery Fund investments (net)	(21,179)	(10,883)
Purchase of capital assets	(1,423)	(2,024)
Purchase of intangible asset	(12,167)	-
Decrease (increase) in unrestricted short and long term investments	54,699	(160,803)
Decrease in restricted cash and short term investments	12,133	51,328
	32,063	(122,382)
NET CHANGE IN CASH	(5,772)	(25,433)
CASH, BEGINNING OF YEAR	38,161	63,594
CASH, END OF YEAR	\$ 32,389	\$ 38,161

See accompanying notes to the financial statements

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2015

1. DESCRIPTION OF BUSINESS

The Nova Scotia Real Estate Commission (the “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. The Commission is exempt from income taxes.

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 6.

2. ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

Cash

Cash is comprised of cash on deposit with financial institutions.

Short term investments

Short term investments consist of amounts on deposit with a financial institution with maturities that exceed three months at the date of acquisition. Maturities range from June, 2016 to November, 2016 and the investments bear interest rates which range from 1.0% to 2.0%.

Long term investments

Long term investments consist of non-redeemable amounts on deposit with a financial institution with maturities that exceed twelve months from the balance sheet date. The investments bear interest at 1.50% and mature in January and March, 2017.

Financial instruments

The Commission initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for Recovery Fund investments which are measured at fair value at the balance sheet date.

Investment income earned on short term investments and Recover Fund investments is recognized as revenue in the statement of revenue and expenses.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method.

With respect to financial assets measured at cost or amortized cost, the Commission recognizes in excess of revenue over expenses an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the period the reversal occurs.

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2015

2. ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost and are amortized over their estimated lives using the straight-line method at the following annual rates.

Furniture and equipment	10%
Computers	25% - 50%

Intangible asset

The intangible asset is comprised of website costs which are recorded at cost and amortized over an estimated life of five years using the straight-line method. Amortization will not commence until the website is in use in 2016.

Impairment of long-lived assets

Long lived assets, such as capital and intangible assets, are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value of the asset exceeds its fair value at the date of impairment.

Recovery Fund Investments

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

Revenue recognition

The Commission follows the deferral method of accounting for contributions. The Commission's revenue is derived primarily from the assessment of fees which are recognized on a monthly basis as earned. Deferred revenue represents the unearned portion of fees billed. Lapsed trust fund revenue is recognized when funds held in trust exceed six years from the date originally deposited to a brokerage trust account. 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.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates are as follows: amortization of capital assets, deferred revenue, accrued liabilities, and the allowance for doubtful accounts. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of revenue and expenses in the year they become known.

NOVA SCOTIA REAL ESTATE COMMISSION
Notes to the Financial Statements
December 31, 2015

3. RECOVERY FUND INVESTMENTS

The recovery fund investments are comprised of mutual funds as follows:

	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Fixed income funds	\$ 530,546	\$ 525,289	\$ 564,855	\$ 559,109
Mixed funds	54,967	54,999	-	-
	<u>\$ 585,513</u>	<u>\$ 580,288</u>	<u>\$ 564,855</u>	<u>\$ 559,109</u>

4. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers	\$ 70,308	\$ 66,511	\$ 3,797	\$ 3,343
Furniture and equipment	78,874	62,249	16,625	18,987
	<u>\$ 149,182</u>	<u>\$ 128,760</u>	<u>\$ 20,422</u>	<u>\$ 22,330</u>

5. NET ASSETS

	General Fund	Recovery Fund	Reserve Fund	2015	2014
	Balance, beginning of year	\$ 460,413	\$ 564,855	\$ 131,643	\$ 1,156,911
Excess of revenue over expenses	37,654	(4,342)	-	33,312	46,123
Transfer from (to) General Fund	(25,000)	25,000	-	-	-
Balance, end of year	<u>\$ 473,067</u>	<u>\$ 585,513</u>	<u>\$ 131,643</u>	<u>\$ 1,190,223</u>	<u>\$ 1,156,911</u>

The Reserve Fund was 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 an accumulated unrealized gain on investments of \$5,225 (2014 - \$5,746).

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 Recovery 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, 2015

7. SHARED EXPENSES

The Commission occupies space in the Nova Scotia Association of Realtors building under a lease agreement between the Nova Scotia Association of Realtors and the Commission. The Commission is charged based upon space utilization. The Commission also shares the lease costs for the postage machine, 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

Fair value

The fair value of cash, short and long term investments, accounts receivable, due to Nova Scotia Association of Realtors, and accounts payable and accrued liabilities approximates their carrying value due to their relative short-term nature. Recovery Fund investments are recorded at fair value.

Market risk

This is the risk that the Commission's investments will fluctuate as a result of changes in market price. The Commission manages this risk by maintaining a diversified portfolio.

Credit risk

The Commission performs an evaluation of accounts receivable and records an allowance for doubtful accounts as required. As at December 31, 2015, the allowance for doubtful accounts which offsets trade receivables was \$2,200 (2014 - \$21,519).

Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they become due. The Commission is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs. Given the Commission's currently available liquid resources, as compared to its contractual obligations, management assesses the Commission's liquidity risk to be low.

9. COMMITMENTS

In 2011, the Commission entered into a lease agreement for office space that expires April 30, 2016 and has monthly lease payments of \$6,473.

In 2015, the Commission entered into a ten year lease agreement for office space that commences May 1, 2016 and has monthly minimum monthly lease payments of \$2,133, plus a proportionate share of property taxes and operating costs.

In 2013, the Commission entered into a lease agreement for office equipment that expires December 31, 2018 and has quarterly lease payments of \$1,613.

10. COMPARATIVE FIGURES

Certain of the 2014 comparative figures have been reclassified to conform with the current year's presentation.

NOVA SCOTIA REAL ESTATE COMMISSION

Schedule of Recovery Fund Transactions

Year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Net assets, beginning of year	\$ 564,855	\$ 544,196
Revenue	75,535	83,170
Grant to Education Fund	(25,000)	(25,000)
Investment fees	(8,117)	(7,473)
Transfer to Commission - administration, net	(21,760)	(30,038)
	<hr/>	
Net assets, end of year	\$ 585,513	\$ 564,855

Budget 2016

Revenue		
Recovery Fund		
Assessment income		50,000
Investment (loss) income		18,000
Unrealized gain (loss) on investments		0
		<u>68,000</u>
General Fund		
Licensing fees		806,730
Examination fees		14,400
Fines and penalties		15,000
Reinstatement of license		14,400
Hearing and investigation recoveries		5,000
Other fees		7,000
Lapsed trust funds		21,000
Investment income		20,000
		<u>903,530</u>
		<u>971,530</u>
Expenses		
Advertising		1,500
AGM and conference		3,500
Amortization		4,000
Bad debts		-
Bank service charges		22,000
Conferences		18,200
Consulting		11,000
Directors and Committee member fees		35,000
Grant to education by Recovery Fund		25,000
Hearing and investigation costs		5,000
Insurance		2,150
Public awareness		1,500
Miscellaneous		5,500
Relocation		18,400
Office		31,100
Professional fees		33,000
Rent, cleaning and utilities		74,000
Salaries and employee benefits		654,000
SPL and BM exams		5,000
Staff travel and training		20,000
Telecommunications		14,000
Travel and meetings		24,300
Internet hosting fees		4,000
		<u>1,012,150</u>
Excess of revenue over expenses		<u>(40,620)</u>

Capital Expenditure Budget 2016

Source of funds:	Transfer from General Fund Net Assets - GICs from Lapsed UTFs	118,660
	<u>Total Capital Funding</u>	<u>118,660</u>
Capital Expenditures	New Office Construction	40,940
	New Office Server	5,000
	New Office Wiring	14,720
	Furniture	8,000
	New Online Licensing System	50,000
	<u>Total Capital Expenditures</u>	<u>118,660</u>

Got a question? Contact us

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nova scotia real estate
COMMISSION
Proxy Form

7 Scarfe Court, Dartmouth, N.S., B3B 1W4; p: 468-3511, 800-390-1015; f: 468-1016, 800-390-1016; www.nsrec.ns.ca

Complete this form to vote by proxy in the election for a Commissioner

Only the undersigned can appoint his/her voting delegates. (please print)

The undersigned: _____

Hereby appoints: _____

Or if he/she is unable to attend: _____

As the proxy on my behalf at:

**The Nova Scotia Real Estate Commission Annual General Meeting
in the auditorium at 7 Scarfe Court, Dartmouth, April 22, 2016 at 10:00 a.m.**

And at any adjournment thereof in the same matter, to the same extent and with the same power as if the undersigned were present at the said meeting or such adjournment thereof.

I understand that no voting delegate can carry more than two (2) proxy votes.

Dated the _____ day of _____ 2016.

Signature of eligible voting licensee

Printed name of eligible voting licensee

Brokerage

Email address

IMPORTANT: to carry a proxy, you must fax (902-468-1016/1-800-390-1016), email (pkell@nsrec.ns.ca) or personally deliver the completed proxy form to the Commission office by 4:00 p.m. on Tuesday, April 19th, 2016. You will receive a verification email within 24 hours of receipt of your proxy. If you do not receive a verification email by 12:00 p.m. on Thursday, April 21st, contact Peggy Kell directly at ext. 309.

Proxy forms will not be accepted after the deadline.

If you are carrying a proxy for another licensee it is recommended that you arrive at the AGM 30 minutes in advance to assist us in registering attendees as fast as possible.

The Nova Scotia Real Estate Commission is the regulator of the real estate industry, whose goal is to ensure consumer confidence through the administration of the Real Estate Trading Act and the Commission Bylaw.