

Association des courtiers et agents immobiliers du Québec

2006 ANNUAL REPORT



Association des courtiers
et agents immobiliers
du Québec

Highlights

Members (real estate brokers and agents)

as at January 1	2007	2006
	15,732	14,869

Revenues (in dollars)

	2006	2005
	11,679,252	10,724,685

Investigations Opened by the Office of the Syndic

	2006	2005
	317	271

Certificate Suspensions by the Discipline Committee

	2006	2005
	60	41

Broker Inspections by the Professional Inspection Service

	2006	2005
	311	540

Certificate Applications Reviewed by the Decision Committee on Criminal Offences

	2006	2005
Applications submitted	71	—
Applications denied	9	—

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Mission

The Association des courtiers et agents immobiliers du Québec is responsible for overseeing real estate brokerage in Québec.

In accordance with the Real Estate Brokerage Act, its mission is to protect the public by supervising the professional activities of all Québec real estate brokers and agents.



Serge Brousseau
Chairman of the Board

Chairman's Message

It is my pleasure to present the Association des courtiers et agents immobiliers du Québec's 2006 Annual Report, which marks the end of my mandate as Chairman of the Board. I would like to take this opportunity to review the evolution of the profession, as well as the Association's accomplishments over the past six years. I also wish to take a look at the factors that will influence the world of real estate brokerage in the years to come.

As part of the strategic planning exercise, which took place shortly after my election as Chairman of the Board, we set out to make the Association a key figure in real estate. We have made tremendous progress in this area over the past years. Increased media presence, enhanced support to members, as well as sustained interventions with government authorities, allowed us to position the Association as a material stakeholder in all major real estate matters.

First and foremost, the Association is becoming increasingly known from the public, thanks to the widespread advertising campaigns aimed at the French- and English-speaking markets. Various interventions in the media, for instance with the marijuana growing issue, also contributed to enhance the ACAIQ's notoriety with the media and the general public. The Association now has an undeniable impact in the media, and the public is aware that there is such thing as a supervisory organization able to provide information on real estate brokerage. This constitutes a significant factor in achieving our objective.

Other elements implemented over the past years also promote the Association as an indispensable resource. For instance, our Assistance Service, launched four years ago only, has largely contributed in improving our response to assistance requests from the public as well as from real estate agents and brokers. The implementation of the Assistance Service is a tremendous success and will continue to play a key role with the organization in the years to come. Furthermore, the numerous steps taken with the government, for instance as part of the revision of the Act, have allowed the Association to better represent the interests of consumers and real estate professionals.

However, we still have a lot of work to do in convincing the government of the importance of reviewing the aspects of the Act that prevent us from going forward in a timely manner. We have been saying it for several years: the regulations are not adapted to the current environment and limit our flexibility in protecting the public by controlling real estate broker and agent practices. The regulations should allow us to adapt rapidly to market evolution, which is not the case at this time.

*“I believe that the time has come to make
real estate brokers and agents key players
in real estate transactions.”*

Unfortunately, the sense of urgency is hard to convey, given the real estate sector's exceptional growth over the past years. Nevertheless, the changes are real and significant. Brokers and agents have become advisers and teamwork is on the rise. The Internet is becoming increasingly important and makes markets more accessible than ever. New sales and compensation models are being developed. This being said, a reform of the law is required to allow the harmonious and safe implementation of these new practices for the public.

In the years to come, the Association will need to act as a true change catalyst and to unite the various stakeholders around new common objectives aimed at enhancing the real estate sector.

We can also expect sustained growth in real estate brokerage activities, given that the resale market without intermediary remains relatively significant. In order to ensure optimal supervision of real estate transactions and protect the public, we will need to pursue our information campaign on the role of real estate brokers and agents and demonstrate the advantages of dealing with a professional.

One of these benefits is the protection provided by the new Liability Insurance Fund of the ACAIQ, set up in 2006. This initiative is an achievement we can all be proud of.

Five years ago, our objective was to transform the Association into a key player for the real estate sector. I believe that the time has come to make real estate brokers and agents key players in real estate transactions. To do so, the much-needed revision of the Act would be a significant asset.

Finally, I wish to thank all the members of the Board with whom I had the opportunity of working during my three chairmanship mandates. I also want to thank the members of the various committees, as well as our President and Chief Executive Officer, the members of his management committee and all ACAIQ staff for their excellent work in providing services to the public and members.



Serge Brousseau
CHAIRMAN OF THE BOARD

Board Members

ELECTED CHAIRMAN

Serge Brousseau

ELECTED DIRECTORS

Robert Aubin	Western Québec
Georges Bardagi	Montréal
Diane Bourbonnière	Montréal
Raymond Desbiens	Eastern Québec
Richard Dion	Québec City
David Farber	Montréal
Daniel Pelchat (Treasurer)	Central Québec
Johanne Roy	Montréal

DIRECTORS APPOINTED BY THE GOVERNMENT

Louise Clément
Jean Mathieu (Vice-Chairman)

PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ACAIQ

Robert Nadeau

SECRETARY OF THE ACAIQ

Claude Barsalou



Robert Nadeau
President and Chief Executive Officer

Message

from the President and Chief Executive Officer

As at January 1, 2007, the Association des courtiers et agents immobiliers du Québec had reached a record number of 15,732 members. The ACAIQ is in excellent financial health and is currently benefiting from the dynamic inflow of thousands of new members across Québec. The Association underwent numerous reorganizations in order to improve its overall effectiveness and is now able to withstand a potential slowdown of the real estate market.

Like in previous years, several real estate brokers and agents obtained their certificate in 2006. These members constantly bring new ideas and develop innovative practices. The significant and rapid increase in membership is beneficial to the Association but also creates limits in terms of organizational management, practice supervision, as well as services offered to the public and real estate brokers and agents.

Over the past years, reorganizations in several departments allowed us to manage this growth while containing costs. This year, the bridging of the Assistance Service and the Office of the Syndic allowed us to optimize the complementary work of both departments. Thanks to these kinds of improvements, we maintained the quality of our services despite the increase in the number of requests from both members and the public.

For example, the number of cases received by the Assistance Service, whose mandate is to answer assistance requests from the public and members, posted a significant increase again this year compared to the previous year. The number of files processed rose from 1,839 to 2,147, i.e. a 17% increase. Among these files, 266 were transferred to the Office of the Syndic and 98 to Legal Affairs. During the year, 1,938 files were closed, 359 more than the previous year. The Assistance Service ended the year with 343 active files.

The Info ACAIQ telephone information centre, the front line service for requests from members and the public, also experienced an increase in the number of processed calls, reaching 30,000 calls for the first time since its creation.

These examples show that our various departments are already doing a great job of managing the growth of the real estate market. However, the supervision of our members' activities remains a significant challenge. To that effect, progress in the revision of the Real Estate Brokerage Act would have allowed us to adjust more easily to the various changes in the world of real estate brokerage.

Revision of the Real Estate Brokerage Act

The Association continued to work closely with the government to define the parameters of the revision of the Real Estate Brokerage Act. We increased efforts and provided the government with our recommendations aimed at achieving greater flexibility and better protection for the public.

“Real estate sector stakeholders currently agree on the lack of training for brokers and agents.”

We are still awaiting the government’s decision on the revision of the Act, as well as on the status and future role of the Association. This being said, the numerous uncertainties we have to deal with complicate long-term strategic planning.

Nevertheless, we have begun to intervene, within the powers currently granted to us by law, to advance certain issues that are high on the agenda, particularly basic training and access to the profession.

Basic training and access to the profession

Real estate sector stakeholders currently agree on the lack of training for brokers and agents. It is one of our main concerns, given that our members’ expertise will be crucial if we want to continue serving the public efficiently and safely.

We clearly recognize that there are inconsistencies in terms of real estate broker and agent expertise. While a great number of them already make use of new technologies and take professional development courses, others refuse to adapt to change and their resistance has an adverse effect on the entire profession.

In 2006, the Association, in collaboration with Collège de Maisonneuve, completed a major consultation with industry stakeholders across Québec on real estate broker and agent basic training. We collected comments from some 200 real estate brokers and agents from real estate boards, franchisers and even the public, through focus groups led by Option consommateurs.

Certain major consensus were identified in these meetings. According to participants, current basic training is deficient, not focused on practice and not consistent in terms of quality. Furthermore, it seems that all stakeholders feel that training does not appropriately prepare new agents for the reality of the market. According to them, training should involve a much greater number of hours, favour practical case studies and propose distinctive fields of practice for commercial and mortgage brokerage.

Breakdown of ACAIQ membership (as at January 1)

By certificate category	2007	2006
Chartered agent	2,406	2,301
Affiliated agent	11,633	10,926
Chartered broker	1,627	1,575
Affiliated broker	66	67
Total	15,732	14,869
By sex and average age*		
Men (average age: 49 years)	8,393	7,918
Women (average age: 48 years)	6,148	5,817
Total	14,541	13,735

* Natural persons only

“We believe we can shift the basic training focus in the years to come, towards the outcomes expected by real estate sector stakeholders.”

Continuing Education – 2000 to 2006

	Number of activities	Number of registrants
2000	74	2,720
2001	150	5,714
2002	203	8,500
2003	309	9,903
2004	350	8,929
2005	312	10,244
2006	281	7,793

Main Education Activities

	Number of activities	Number of registrants
Electronic forms	50	440
Brokers and agents who purchase	19	534
Marijuana grow operations	18	834
Jurisprudence	12	902
15 questions	8	671

Mandatory Examinations – 2006

	Affiliated agents	Chartered brokers and agents
Number of examinations	2,829	293
Number of successes	2,428	226
Success rate	85.8%	77.1%
Failure rate	14.2%	22.9%
Average grade	77.5%	72.9%

Following this consultation, the Association's Board of Directors began a profound reflection on the directions to favour to mend basic training deficiencies. Once the directions are clearly defined and shared with real estate sector stakeholders, we wish to implement measures that will help increase the general expertise level of real estate brokers and agents. We believe we can shift the basic training focus in the years to come, towards the outcomes expected by real estate sector stakeholders.

Continuing Education

Another crucial element in maximizing the expertise of our members is the implementation of continuing education programs. Over the past few years, continuing education has experienced phenomenal growth due to the evolution of practices and the increasing complexity of real estate transactions. Each year, thousands of real estate brokers and agents decide on their own to take part in training sessions that allow them to work more effectively and better serve their clients.

This year, close to 8,000 participants took part in the various training sessions we offered, on an entirely voluntary basis. These results reflect the will of several of our members to update their knowledge and offer the best possible service to their clients. Besides promoting the reform of basic training, the Association will need to focus on the development of such types of courses.

Fonds d'assurance responsabilité professionnelle de l'ACAIQ

One of the tools implemented in 2006 to ensure safe supervision for the public is the Fonds d'assurance responsabilité professionnelle de l'Association des courtiers et agents immobiliers du Québec. Since August 21, 2006, all brokers whose private insurance policy is expiring are required to subscribe to the Fund and pay the premium. The Fund is now entirely autonomous and will wrap up its first year of operation in 2007. We continue to work closely with the Fund's management and intervene with our members in terms of prevention.

Marijuana Grow Operations

The Association continued to raise awareness among real estate brokers and agents as pertains to the marijuana grow-op problem, where houses are used to grow marijuana. Among other things, our Education Department worked closely with the Office of the Syndic to develop a

Certificate Management

	Activities / Broker's certificates			Activities / Agent's certificates		
	2007	2006	2005	2007	2006	2005
Renewals on January 1	1,627	1,575	1,554	14,105	13,294	12,105
Issuances		188	156		3,581	3,644
Reclassifications						
chartered broker						
> chartered agent		24	29		24	29
chartered agent						
> chartered broker		33	24		33	24
affiliated agent						
> chartered agent		—	—		210	131
Reinstatements		6	5		1,921	1,788
Suspensions		50	37		3,507	3,077
Expirations		119	105		2,736	2,439
Cancellations		21	23		21	19
Abandonments		0	2		9	2

conference on this topic. This conference allowed hundreds of brokers and agents to gain a better knowledge on this issue and recognize the clues to identify these houses.

Furthermore, we are still hoping for the implementation of a marijuana grow operation register. This tool would allow all real estate brokers and agents to perform necessary verifications and mandatory disclosure, where applicable, before the purchase or sale of a house listed on the register.

Court of Appeal of Québec Judgment

In July 2006, the Court of Appeal of Québec rendered a judgment that is likely, among other things, to allow real estate brokers and agents to set their compensation through a contract, without having to follow the provisions of the mandatory brokerage contract form. This judgment rescinded an initial decision of the Discipline Committee and reversed a judgment of the Court of Québec. Given the significant risks in terms of public protection, the ACAIQ filed an application for leave to appeal with the Supreme Court of Canada.

Communications

The French language information capsules continued to air on the TVA network. The Association also produced four 30-second capsules in English, which aired on the CFCF network at the beginning of 2006.

Besides this information campaign, we have multiplied media interventions. A total of 133 mentions were reported in electronic and print media during the year. We were particularly solicited during the substantial mediatization of marijuana grow operations involving real estate agents. We should also highlight the major increase in the number of mentions in newspapers, which almost doubled versus the previous year.

Media Coverage – 2006

Radio	31	
Television	49	
Newspapers	53	
Total	133	

Annual General Meeting

The Association organized the ACAIQ 2006 Education Event at Château Frontenac, in Québec City. The event's eighth edition, under the theme "Strengthen your knowledge", included the Annual General Meeting, as well as the presentation of the Québec Real Estate Brokerage Award. In 2006, the award was given to Mrs. Nathalie Clément, before an audience of 400 gathered for the President's Annual Dinner.

“In general, the real estate sector is doing well and promises to pursue its growth in the years to come. However, we anticipate a significant shift for the profession.”

Breakdown of ACAIQ membership (as at January 1, 2007)

BY REGION	Brokers	Agents	Total
Montréal region			
Montréal (06)	583	5,206	5,789
Laval (13)	99	1,559	1,658
Montréal (16)	318	2,759	3,077
Sub-total	1,000	9,524	10,524
Québec region			
Québec (03)	174	1,105	1,279
Chaudière-Appalaches (12)	32	152	184
Sub-total	206	1,257	1,463
Eastern region			
Bas-Saint-Laurent (01)	15	128	143
Saguenay-Lac-Saint-Jean (02)	17	187	204
North Shore (09)	6	36	42
Northern Québec (10)	1	2	3
Gaspésie-Îles-de-la-Madeleine (11)	5	6	11
Sub-total	44	359	403
Central region			
Mauricie-Bois-Francs (04)	45	353	398
Eastern Townships (05)	71	339	410
Lanaudière (14)	64	575	639
Sub-total	180	1,267	1,447
Western region			
Outaouais (07)	49	509	558
Abitibi-Témiscamingue (08)	9	53	62
Laurentians (15)	139	1,136	1,275
Sub-total	197	1,698	1,895
Total	1,627	14,105	15,732

Note: The numbers in parenthesis indicate the number of Québec administrative regions.

BY FRANCHISOR*	Brokers	Agents	Total
Century 21	27	881	908
Colliers International	3	35	38
Exit	17	154	171
Groupe Sutton	57	2,465	2,522
La Capitale	76	1,304	1,380
Le Permanent	2	10	12
Multi-Prêts Hypothèques	5	392	397
RE/MAX	208	3,262	3,470
Royal LePage	83	1,857	1,940
Trans-Action	1	3	4
Sub-total	479	10,363	10,842
Independents	1,148	3,742	4,890
Total	1,627	14,105	15,732

*A franchisor is a company that grants at least one franchised chartered real estate broker the right to use its brand and operate its system based on the terms and conditions set out in the franchise contract.

Illegal Brokerage Activities

We maintained our efforts to counter illegal brokerage activities. In 2006, we received a total of 20 denunciations related to leasing (commercial, residential and senior citizens home sectors), 22 denunciations related to mortgage brokering activities and 92 denunciations related to the purchase and sale of commercial and residential properties.

Financial Results

Despite the increased workload of several departments, the Association ended fiscal 2006 with a \$197,842 surplus. This amount is added to the unrestricted surplus, for a total of \$1,623,982. Given real estate market fluctuations and the relation between the strength of the market and the number of real estate brokers and agents, we remain cautious, in order to withstand an eventual drop in revenue.

Major Changes on the Horizon

In general, the real estate sector is doing well and promises to pursue its growth in the years to come. However, we anticipate a significant shift for the profession.

Several broker and agents have taken advantage of the booming environment of the past years to launch or boost their career in real estate. But we anticipate that this slowdown in market growth will promote stronger competition. Some may be forced to update their skills to remain competitive, which will benefit consumers.

Furthermore, we are seeing the arrival of a new generation of professionals on the market. These new players take their profession very seriously, master the new techniques and are fully dedicated to their work. They represent what today's consumers are looking for in a real estate broker or agent. In the years to come, we wish to promote the emergence of these types of members, whose skills will provide added value for consumers.

Although the uncertainty stemming from the revision of the Real Estate Brokerage Act limits the scope of our interventions, we plan to act in a timely and concrete manner in terms of education, to enhance the criteria for access to the profession.

Other than the major changes pertaining to education, other issues are already surfacing. Among others, the sector is likely soon to be faced with a lack of relief for management positions in real estate offices. Given the significant responsibilities entrusted to office managers to protect the public, the Association will help to identify solutions to the shortage of relief.

I want to thank the members of the Board of Directors for their contribution, as well as the entire Association team for their efficiency. Finally, I want to extend a very special thank you to the outgoing chairman, Mr. Serge Brousseau, for his exceptional commitment to the profession during his numerous years on the Board of Directors.



Robert Nadeau
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Activities related to illegal practice

Files carried over from previous years	75
Files opened between January 1 and December 31, 2006	104
Total	179
Denunciations rejected prior to opening of file	7

Files closed in 2006

Reasons for closure	
Absence of or insufficient evidence (and/or prescription)	14
Insufficient evidence and commitment	0
Insufficient evidence and certificate issued	0
Advertising only	1
Owner of immovable or lessee	3
Exception to section 2 of REBA	1
Guilty plea	10
Judgment (guilty verdict)	13
Judgment (acquittal)	0
Member involved	1
Other	8
Total	51

Active files as at December 31, 2006

Status of pending cases	
Under external investigation	90
Awaiting Board authorization	0
Awaiting trial (Court of Québec)	33
Under appeal	1
Awaiting judgment	2
Total	126



Hélène Morand
Syndic

Report

from the Office of the Syndic

The role of the Syndic of the Association des courtiers et agents immobiliers du Québec is closely linked to the quality of professional actions and to the protection of the public. The Syndic is responsible for investigating cases of alleged misconduct by real estate brokers and agents in the course of their duties and for filing complaints with the Discipline Committee where warranted.

In 2006, the Office of the Syndic carried out a material operational reorganization. New work processes were implemented to effectively meet demand, despite the significant increase in the number of cases.

Bridging of the Assistance Service and the Office of the Syndic

Management of the Assistance Service and the Office of the Syndic was consolidated in August 2006. This decision was made for the sake of effectiveness and the ensuing reorganization, which was carried out harmoniously, resulted in an improved synergy between the Service Assistance analysts and the assistant syndics. Both teams are now working closely together, which helps accelerate the transfer of cases from one service to the other and promotes discussions during the transfer. Finally, this restructuring provides a better overview of the profession's issues. In the medium term, this new structure will improve planning of preventive interventions with members.

New Internal Resources

In order to promote greater efficiency, a portion of the investigation work entrusted to external resources is now performed in-house and two new assistant syndics were hired. This measure turned out to be very effective; contrary to external resources, assistant syndics sign their complaints and take part in the hearings.

Marijuana Grow Operations

Once again this year, material efforts were dedicated to processing cases related to the purchase or sale of properties used as marijuana grow operations. Several complaints regarding this matter were filed with the Discipline Committee. In terms of awareness, the Office of the Syndic team collaborated with the training team to organize conferences for real estate brokers and agents on the marijuana grow-op issue. Building on the interest generated through widespread media coverage on the topic, the conferences allowed us to raise the level of awareness of this problem of hundreds of members.

Reports on investigations under or awaiting review by prosecutors

as at December 31	2006	2005
	28	34

Number of complaints filed

as at December 31	2006	2005
	91	118

Cases closed after review by prosecutors (no complaint)

as at December 31	2006	2005
	12	6

Investigations involving ACAIQ members

	Investigations opened during the month		Investigations completed during the month		Under investigation / pending	
	2006	2005	2006	2005	2006	2005
January	3	9	8	15	272	243
February	29	27	25	14	276	256
March	9	21	9	16	276	261
April	54	3	25	16	305	248
May	35	28	19	37	321	239
June	29	23	31	9	319	253
July	35	23	31	13	323	263
August	32	21	17	16	339	268
September	29	31	22	23	347	276
October	29	14	31	32	343	258
November	11	43	23	26	331	275
December	22	28	41	26	312	277
Total	317	271	282	243		

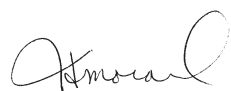
Statistics of the Office of the Syndic

This year, the Office of the Syndic opened 317 new investigation files, compared to 271 for the previous year. A total of 91 complaints were filed before the Discipline Committee, while 12 files were closed without complaint after review by the prosecutors. Cases of mortgage fraud and marijuana grow operations were front and center this year.

Given the seriousness of the allegations in several cases, long-term suspensions were more common. In order to eradicate the most objectionable actions, prosecutors regularly recommended severe sanctions up to a permanent suspension of the certificate, for instance when members are involved in transactions of properties used in marijuana grow operations. At year's end, 28 investigation reports were still being reviewed or pending review by prosecutors.

Team Integration

Finally, I would like to draw attention to the exceptional collaboration between the Office of the Syndic and the Assistance Service team, and thank everyone for their extraordinary work. The major new elements of the administrative structure and work processes, in addition to my appointment as Syndic in March 2006, were quickly taken in stride by the members of both teams. This new approach should enhance our services in the years to come.



Hélène Morand
SYNDIC

“Given the seriousness of the allegations in several cases, long-term suspensions were more common.”

Office of the Syndic Team

Giovanni Castiglia
Assistant Syndic

Robert Deschamps
Assistant Syndic

Yves Gardner
Assistant Syndic

Réjean Lebel
Assistant Syndic

François Pigeon
Assistant Syndic and Advisor

Julie Pinet
Investigator

Assistance Service Team

Lina Antinozzi
Analyst

Richard Frigon
Analyst

Ginette Grégoire
Analyst

Pascale Montpetit
Analyst

Paul Robitaille
Analyst



M^e Patrick Choquette
Chairman of the Discipline Committee

Report

from the Discipline Committee

Established under section 128 of the Real Estate Brokerage Act, the Discipline Committee is an autonomous and independent tribunal. It reviews all complaints made against members of the ACAIQ for violations of the Act and regulations. The Discipline Committee primarily follows the provisions of the Professional Code.

This year was marked by the official inauguration of the “André-Desgagné” hearing room, in honour of the first chairman of the Association’s Discipline Committee, whom I replaced in May 2006. As current Chairman, I want to pay tribute to M^e Desgagné’s remarkable work since the Committee’s inception nine years ago. M^e Desgagné leaves behind a legacy that will benefit all members of the Discipline Committee, as well as all real estate brokers and agents. In terms of activities, it is important to mention that several problems are now handled by the Assistance Service. The Discipline Committee spent less time on technical or less serious offences to render more decisions related to serious offences.

Discipline Committee Complaints, Hearings and Decisions (Tables I and II)

(January 1 – December 31, 2006)

As at December 31, 2006, 92 complaints had been filed before the Discipline Committee; 91 were brought by the Office of the Syndic and the other was a private complaint. The Committee held a total of 16 hearings on temporary revocation, 81 hearings on guilt and 95 hearings on penalties. Adjournments were granted 46 times.

By year’s end, the Committee had rendered seven decisions on temporary revocation, 41 decisions on guilt and 42 decisions on penalties. Also, 57 decisions on guilt and penalties were rendered following a guilty plea, as well as two non-guilty decisions. At the end of the year, 13 decisions on guilt and 19 decisions on penalties were under deliberation.

“The Discipline Committee spent less time on technical or less serious offences to render more decisions related to serious offences.”

TABLE I
Number of cases

	2006	2005
Current as at January 1	101	62
Filed during the period	92	118
	193	180
<i>Less</i>		
Decisions rendered on penalties	98	72
Acquittals	2	6
Withdrawals/terminations of proceedings	1	1
Current files as at December 31	92	101

TABLE II
Hearings, postponements and decisions

	2006	2005
Hearings held		
On temporary revocation	16	n/a
On guilt	81	85
On penalties	95	75
Postponements granted		
Before the hearing	46	51
Decisions		
Under deliberation on temporary revocation	0	n/a
Under deliberation on guilt	13	12
Under deliberation on penalties	19	17
Rendered on temporary revocation	7	n/a
Rendered on guilt	41	53
Rendered on penalties	42	35
Rendered on guilty plea	57	37

Members of the Committee

The members of the Discipline Committee are appointed for a three-year mandate. The Chairman and Substitute Chairman are appointed by the government among lawyers with at least ten years of practical experience. Other members are all real estate brokers and agents appointed by the Association's Board of Directors. The Committee Secretary is also appointed by the Board of Directors.

CHAIRMAN

M^e Patrick Choquette

SUBSTITUTE CHAIRMAN

M^e Gilles Duchesne

MEMBERS

Albert, Darlene

Ariëns, Imelda

Barrette, Renée

Beauregard, Pierre

Bédard, Réal

Belley, Louise

Bissonnette, Suzanne

Bolduc, Daniel

Bolduc, Danielle

Bureau, Denis

Cayer, Louis

Charron, Claude

Cholette, Ginette

Chopra, Raman

Ciocca, Salvatore

Corbeil, Jean-Marc

Couturier, Roger

Daoust, Robert

De Langavant, Laura-Nancy

Desrochers, Jean-Guy

Dufresne, Yvan

Dufresne, Yves

Dupras, Marie-Andrée

Fecteau, Luce

Forlini, Nancy

Gagnon, Antoine

Gagnon, Micheline

Gagnon, Normand

Gaspard, Jean-Pierre

Gaulin, Patricia

Giroux Laveau, Lana

Goulet, Christian

Hardacker, Lois

Havard Grisé, Suzanne

Jacques, Sylvie

Jones, Stewart

Lamirande, Mario

Langelier, Michèle

Lavigne, Danielle

Lecompte, Éloi

Léger, Éric

Lemaire, Frantz

Leroux, Robert

Liboiron, Michel

Longo, Vito

Mailloux, Luc

Mammarella, Domenico

Marchand, Denyse

Merrien, Thierry

Morrow, René

Paquette, Brigitte

Patry, Pierre

Pépin, Lucie

Racine, Normand

Roy, Louise

Ruiz, Carlos

Stathakis, Giorgios

Tassone, Vittoria

Thibault, Renaud

Villiet, François

**SECRETARY AND
REGISTRY OFFICER**

Chantal Peltier

“The Discipline Committee determines penalties based on the type and seriousness of the offence as well as on their deterrence effect.”

**TABLE III
Penalties**

	2006	2005
Penalties imposed		
Reprimands	18	7
Fines	70	43
Mandatory courses	20	20
Restrictions on right to practice	8	2
Suspensions*	60	41
Continuing education	23	7
Other orders	3	n/a

* Suspensions ordered by the Discipline Committee are sometimes accompanied by a fine. In addition, the Committee may suspend a defendant's certificate on several counts of a single complaint.

**TABLE IV
Fines and publications**

	2006	2005
Penalties		
Total fines	\$180,600	\$89,800
Publications in newspapers*		
Suspensions	58	40

* In accordance with section 137 of the Real Estate Brokerage Act.

Penalties (Tables III and IV)

The penalties that the Discipline Committee may impose range from reprimand to a temporary or permanent revocation of the right to practice professional activities. The Discipline Committee may also impose fines between \$600 and \$6,000 per accusation count.

In 2006, the Committee issued 18 reprimands and imposed 70 fines totaling \$180,600. Generally, the payment of costs is ordered when a guilty decision is rendered.

In various cases, the Committee recommended that the Board of Directors require a member to take courses and pass the corresponding exams (20). The Committee also recommended that a member take continuing training (23), ordered restrictions on right to practice (8) or issued other types of orders (3). There were 60 cases of certificate suspension, with penalties ranging from a period of 15 days to permanent suspension.

The Discipline Committee determines penalties based on the type and seriousness of the offence as well as on their deterrence effect.

In 2006, 58 notices of suspensions were published in newspapers, while three others were published exclusively in Info ACAIQ and on the Association's website.

Nature of Violations

The accusations brought before the Discipline Committee dealt with violations to the Rules of Professional Ethics of the ACAIQ, the By-law of the ACAIQ, the Regulation respecting the application of the Real Estate Brokerage Act or the Real Estate Brokerage Act itself. It should be noted that a charge may be brought under more than one section of the Act and regulations.

Finally, I want to extend a warm thank you to the Substitute Chairman, M^e Gilles Duchesne, the members of the Committee, the secretary of the discipline registry, the hearing clerk and the disciplinary records attendant, who accomplished phenomenal work during the year.



M^e Patrick Choquette
CHAIRMAN OF THE DISCIPLINE COMMITTEE



Raymond Desbiens
Chairman of the Professional Inspection Committee

Report

from the Professional Inspection Committee

The mission of the Professional Inspection Committee is to supervise the activities of the members of the Association, with the exception of professional expertise, in particular by auditing their records, accounts, books and registers. The Committee may be called upon to make recommendations to the ACAIQ Board of Directors based on the practices observed in the course of its inspections.

In 2006, all inspected real estate brokers received a report clearly identifying any discrepancies, actions required and specific deadlines for implementing them. The actions required included in the inspection reports dealt primarily with the management of trust accounts, advertising, record-keeping (supporting documents) and registers, the drafting of contracts and conflicts of interest.

The Committee has established priorities for its inspection visits based on several risk factors, such as the date of the last inspection (turnover ratio) and brokers managing a trust account (429 at the end of December 2005).

Inspection of Trust Accounts

For 2006, the goal was not only to carry out the monitoring mandate, but also to contribute in terms of prevention. The Committee wants to make sure that brokers understand their role as trustees of the sums held in trust accounts and correctly follow the rules regarding the transfer of these sums when transactions are concluded.

In total, the Professional Inspection Committee visited 311 brokers, of which 133 held a trust account. Overall, investigators noted sound management of these accounts. Most offences stem from a lack of knowledge regarding accounting standards and regulations. In most cases, the Committee required specific training sessions or a written commitment to comply with the regulations pertaining to the management of trust accounts.

In addition, several cases were transferred to the Office of the Syndic for more serious offences such as:

- the appropriation of sums deposited in a trust account for purposes other than those provided for in the promise to purchase;
- the premature withdrawal of the sums and the transfer toward an operations account before the signing of the notarized deed;
- never having received and deposited in a trust account the sums identified as a deposit in a promise to purchase or lease.

The drop in the number of inspections compared to the previous year can be explained by the complexity of the specific trust account inspections performed in 2006. Several training days were needed to allow inspectors to perform meticulous and detailed inspections. Inspectors also

actively took part in the reviewing and updating of operational procedures for this type of inspection. In addition, more time was spent to perform these inspections as several steps must be taken and numerous verifications must be made by inspectors. These verifications pertain, among others, to the reconciliation of trust account operations registers, quarterly reports, cheques, receipts, deposit slips and current accounts. Transaction files involving deposits were also monitored in order to evaluate the management of deposit returns and time spent in the trust account.

Other Inspections

The brokerage contract and transaction files of 507 agents were inspected. This total is below the 2005 figure due to the number of trust account inspections. Also, the institutions inspected in 2006 were larger than those visited in 2005 (50 offices of more than 30 agents versus 26 in 2005).

Follow-up inspections were added during the year, when immediate corrective measures warranted a follow-up, as well as inspections to analyse quarterly reports and disclosure notices.

2006 Statistics

Broker inspections	311
With a trust account	133
Residential	187
Commercial	26
Agricultural	1
Start-ups	82
Other	15
Agent reports	507
Number of brokers who have a trust account	
End of December 2005	429
End of December 2006	421
Online Annual Declaration (brokers)	1,566
Receipt and review of notices of disclosure	
End of December 2005	1,996
End of December 2006	2,259
Referred to Assistance Service	33
Information letters related to notices of disclosure	513
Commitments (attending a training session or complying with various regulatory provisions)	45

Alternative Inspection Techniques

Given the increase in membership and the need to implement new methods to reach and inspect all real estate brokers faster, the Professional Inspection Committee developed and implemented alternative inspection techniques, such as start-up sessions and the online Annual Declaration.

Start-up Sessions

In 2006, 82 new brokers attended start-up sessions. Brokers are informed right from the start of their business activities, about their many obligations, including the keeping of books, records and registers as well as advertising and conflicts of interest. One of the objectives is to ensure that the public has access to services of the highest quality. Since the implementation of the start-up sessions in 2004, over 250 brokers have benefited from this unique training.

Start-up sessions are especially appreciated by new members, representatives and managers and allow them to:

- review the responsibilities and obligations of the representative and the manager of an establishment;
- learn and apply effective management methods to provide better oversight of the agents' work;
- as a manager, learn to take responsibility for conflict situations in order to reduce their incidence.

Online Annual Declaration

The online Annual Declaration was launched in 2006. A total of 1,566 brokers answered questions on brokerage transactions for 2005 and sent their declaration electronically.

By contacting every broker this way each year, the Professional Inspection Service obtains up-to-date data on record and register maintenance. The online declaration also provides information on broker advertising and a more accurate profile of the types of practices.

Conflicts of Interest and Notices of Disclosure

The Professional Inspection Department receives and verifies all notices of disclosure sent to the ACAIQ, in accordance with section 23 of the Real Estate Brokerage Act. In 2006, some 2,259 notices were received and verified. The number of notices has been rising steadily since 2003, especially since our membership awareness campaigns.

In 2006, 513 information letters were sent to agents who had not or had incorrectly completed

“For 2006, the goal was not only to carry out the monitoring mandate, but also to contribute in terms of prevention.”

their notices of disclosure. Letters were also sent to their brokers and to collaborating agents to inform them of their obligation to collaborate in getting the signatures of prospective contracting parties, i.e. those who must be informed of the conflict of interest. The great majority of these prospective contracting parties are consumers who are party to the transaction.

Professional Inspection Conferences

The purpose of these conferences is to educate agents of inspected brokers about the most common errors in advertising, record-keeping, document storage, disclosure of compensation agreements and notices of disclosure in transactions where an agent sells or purchases directly or indirectly. In 2006, 14 conferences were given at brokerage firms employing 20 or more agents.

Several other education activities are recommended to members following an inspection, including those offered by the ACAIQ, real estate boards and various other organizations.

Evaluation Form

Since September 2006, every inspection report sent to brokers includes an evaluation form for the inspection work. This tool helps us get broker feedback and stay abreast of their needs. We encourage all brokers to fill out the forms.

Committee Members

The members of the Professional Inspection Committee are appointed by the ACAIQ Board of Directors. At the beginning of 2006, they were:

CHAIRMAN

Raymond Desbiens

MEMBERS

Pierre Houle

Pierre Martel

Marc-André Pilon

Christiane Saint-Jean

COMMITTEE SECRETARY

Céline Martineau

Vice-President

Professional Inspection and Certification

“The Professional Inspection Committee also wants to reach out to commercial and mortgage brokers; although their practice is quite different from residential practice, their obligations remain the same under the Real Estate Brokerage Act.”

Professional Inspection Team

Céline Martineau

Vice-President

Professional Inspection and Certification

Francine Boucher

Department Head and Inspector

Louise Dessureault

Inspector

Serge Legault

Inspector

Diane Martineau

Inspector

PROJECTS FOR 2007

Commercial and Mortgage Brokers

In 2006, the Professional Inspection Committee set out to update inspection protocols for commercial and mortgage brokers so as to prioritize these brokers' inspection in 2007. These protocols were designed in part with the assistance of the committee members of these sectors. The Committee also wants to reach out to these members; although their practice is quite different from residential practice, their obligations remain the same under the Real Estate Brokerage Act.

The Committee will therefore be able to provide the Board of Directors with recommendations, as part of the revision of the Real Estate Brokerage Act, as to the particular aspects of commercial and mortgage practice inspections in order to make any necessary adjustments.

Electronic Record-Keeping

In 2006, the Committee reviewed the topic of electronic record-keeping. Several aspects need to be considered and analyzed to allow the maintenance and transfer of electronic documents. The Real Estate Brokerage Act and the regulations thereunder contain several obligations that have a direct impact on the ability to keep electronic records pertaining to brokerage contracts and transaction files.

The Professional Inspection Department thus conducted the inspection of brokers using electronic maintenance methods and will issue specific recommendations in 2007 regarding the security, integrity and viability of this method.

Other projects planned for 2007 include the development of a training session on trust account management and another on the keeping of records, books and registers, as well as increased visibility for the Professional Inspection Department on the Association's website.



Raymond Desbiens

CHAIRMAN OF THE PROFESSIONAL INSPECTION COMMITTEE



Léo La Palme
Chairman of the Decision
Committee on Criminal Offences

Report

from the Decision Committee on Criminal Offences

The Decision Committee on Criminal Offences is responsible for determining if a criminal offence for which an individual applying for a certificate was found guilty, or pleaded guilty to, is related to the activity of real estate broker or agent. This committee is made up of three Association members appointed by the Board of Directors.

The Regulation respecting the application of the Real Estate Brokerage Act states that in order to obtain a real estate broker or agent certificate, an applicant may not, in the past five years, have been found guilty by final judgment or pleaded guilty to a criminal offence related to the activity of real estate broker or agent.

Established under section 25.2 of the By-Law of the Association des courtiers et agents immobiliers du Québec, the Decision Committee on Criminal Offences completed its first full year of operation on December 31, 2006.

During the year, the Committee met on ten occasions and reviewed 71 certificate applications. Among these, nine were denied due to the presence of a link between the criminal offence for which the applicant was found guilty or pleaded guilty to, and the activity of real estate broker or agent.

The individuals whose applications were denied had committed offences including:

- marijuana production;
- fraud;
- robbery;
- credit card falsification;
- breaking and entering and theft;
- use of false or falsified credit card.

Decisions are made on a case-by-case basis and the Committee must assess every request according to the circumstances. In all cases, the individual whose certificate application was referred to the Committee is invited to share his or her observations with Committee members regarding the existence or absence of a link between the criminal offence committed and the activity of real estate broker or agent.

Finally, I wish to thank Mr. Yvon Cousineau and Mr. Paul H. Chrétien, both members of the Committee, as well as the Association's team for their dedication and excellent work throughout this first year of operation.

Léo La Palme
CHAIRMAN OF THE DECISION COMMITTEE ON CRIMINAL OFFENCES

Certificate applications and review of criminal offences

Applications submitted
Applications denied

71
9



Daniel Pelchat
Chairman of the Finance Committee

Treasurer's Report

The Finance Committee monitors the Association's finances on behalf of the members and can make recommendations to the Board of Directors. The Committee is made up of the Treasurer, the Chairman of the Board, the Vice-Chairman of the Board, a director named by resolution and the President and Chief Executive Officer.

The Association ended its fiscal year 2006 with an excess of revenues over expenses of \$197,842. Revenues totalled \$11,679,252, compared to \$10,724,685 the previous fiscal year, while expenses increased to \$11,481,410 from \$10,401,102 in 2005.

The year 2006 continued to build on the 2005 momentum. The sustained real estate boom promoted increased membership. For its part, the management committee remained focused on cost control.

This year's highlights include an increase of approximately \$950,000 in revenues. Of this amount, approximately \$800,000 came from new members and certificate renewals. Despite the sustained number of real estate transactions carried out by members, the sales volume for traditional forms dropped due to the increasing use of electronic forms.

On the expense side, a general increase was required to maintain the same level of service for a growing membership, in addition to an increase in salaries and payroll taxes of about \$500,000, which stems from staff additions needed to meet the increased demand for services from both our membership and the public.

The Association also launched an advertising campaign at a cost of \$620,000, which aired on two major television networks, TVA and CFCF. Furthermore, the new Fonds d'assurance responsabilité professionnelle de l'ACAIQ began its operations this year, allowing the Association to recover a portion of the money committed in previous years to support its creation, a sum of \$157,000.

With an unallocated surplus of \$1,623,982, the Association is in good financial health and continues to efficiently manage all its resources to be able to withstand an eventual slowdown of the real estate market as well as other future challenges. However, the Finance Committee remains very concerned with the availability of funds which will be needed for the basic training reform, the revision of the Real Estate Brokerage Act and the changes to be implemented following the recommendations of the Registraire des entreprises, which inspected the Association in 2006. The ACAIQ will therefore need to remain prudent in managing its resources and guard against all eventualities.

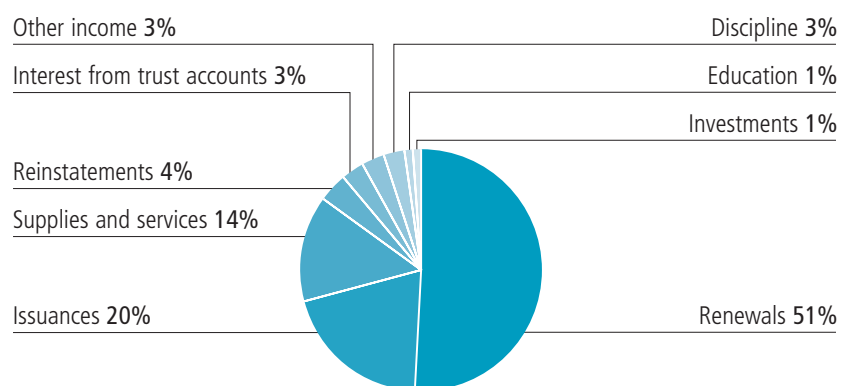
A stylized, handwritten signature in black ink, consisting of a series of loops and a final horizontal stroke.

Daniel Pelchat
CHAIRMAN OF THE FINANCE COMMITTEE

“The Finance Committee remains very concerned with the availability of funds which will be needed for the basic training reform, the revision of the Real Estate Brokerage Act and the changes to be implemented following the recommendations of the Registraire des entreprises, which inspected the Association in 2006.”

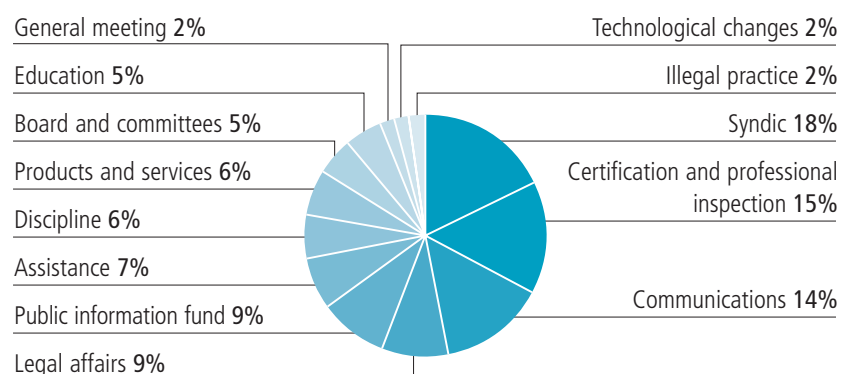
REVENUES 2006

\$11,679,252



EXPENSES 2006

\$11,481,410





Auditors' Report

*To the members of
Association des courtiers
et agents immobiliers du Québec*

We have audited the balance sheet of **ASSOCIATION DES COURTIERS ET AGENTS IMMOBILIERS DU QUÉBEC** as at December 31, 2006 and the statements of income and of changes in net assets for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Association as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Harel Drouin - PKF

Montréal, February 13, 2007

Statement of Income

For the year ended December 31, 2006

(in dollars)	2006	2005
REVENUES		
Members fees	8,799,416	8,032,053
Supplies and services – Schedule	913,072	1,074,656
Investments and other income	466,845	466,176
Interests income held in trust accounts (Note 5)	318,308	169,435
	10,497,641	9,742,320
OPERATING EXPENSES		
Salaries and employee benefits	4,068,021	3,656,956
Professional fees	1,535,827	1,249,257
Fund for public information (Note 5)	1,018,388	773,802
Attendance allowance and employee benefits	575,201	575,814
Continuing education – Schedule	451,334	452,473
Office expenses	428,612	352,416
Meeting and travelling	390,346	363,280
Discipline – Schedule	346,542	408,197
Occupancy expenses	338,578	271,937
Illegal practice – Schedule	254,126	295,935
Technological conversion	238,565	193,414
Contribution to the Registraire des entreprises (Note 7)	222,076	43,294
Amortization	210,406	220,624
Publications and public relations	198,669	190,056
Financial expenses	133,111	106,567
Elections	46,997	56,500
Professional liability insurance fund (reimbursement)	(157,000)	208,215
	10,299,799	9,418,737
EXCESS OF REVENUES OVER EXPENSES	197,842	323,583

Statement of Changes in Net Assets

For the year ended December 31, 2006

(in dollars)	Invested in capital assets	Externally restricted	Unrestricted	2006 Total	2005 Total
BALANCE, BEGINNING OF YEAR	1,267,073	–	1,327,627	2,594,700	2,271,117
Excess (deficiency) of revenues over expenses	(497,345)	(2,524,820)	3,220,007	197,842	323,583
Investments in capital assets	398,832	–	(398,832)	–	–
Externally restricted (Note 5)	–	2,524,820	(2,524,820)	–	–
BALANCE, END OF YEAR	1,168,560	–	1,623,982	2,792,542	2,594,700

Balance Sheet

as at December 31, 2006

(in dollars)	2006	2005
ASSETS		
CURRENT ASSETS		
Cash	4,491,040	2,675,735
Cash in trust accounts	67,730	15,713
Temporary investments, 3.75% to 8.75%	4,885,014	5,989,445
Accounts receivable	675,806	219,382
Interests receivable	56,050	55,619
Supplies inventory	148,103	157,924
Prepaid expenses	200,382	180,407
	10,524,125	9,294,225
CAPITAL ASSETS (Note 3)	1,316,709	1,463,270
	11,840,834	10,757,495
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 4)	2,432,782	2,041,376
Deferred revenues	6,467,361	5,925,222
	8,900,143	7,966,598
DEFERRED LEASE INDUCEMENT , at amortized cost	148,149	196,197
	9,048,292	8,162,795
NET ASSETS		
INVESTED IN CAPITAL ASSETS	1,168,560	1,267,073
UNRESTRICTED	1,623,982	1,327,627
	2,792,542	2,594,700
	11,840,834	10,757,495

On behalf of the board,



Director



Director

Notes to Financial Statements

as at December 31, 2006

1. Description of the Organization

L'Association des courtiers et agents immobiliers du Québec (ACAIQ), incorporated under the Real Estate Brokerage Act (Quebec), has a primary role in ensuring the protection of the public by the enforcement of rules of professional ethics and the professional inspection of its members, and in particular by seeing that its members pursue their activities in accordance with the Act and regulations.

It may also dispense continuing education courses to its members and award the titles referred to in Section 76 of the Act.

2. Significant Accounting Policies

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

a) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Contribution to the Registraire des entreprises

Contributions to the Registraire des entreprises are estimated based on last year's payment. Any difference with the amount effectively payable will be adjusted in the year in which we will be billed. The engaged expenses for the application of the Real Estate Brokerage Act (Québec), determined every year by the government, are at the Association expenses.

c) Temporary investments

Temporary investments are recorded at cost.

d) Supplies inventory

The supplies inventory is valued at the lowest cost and net realizable value. Cost is determined under the first in, first out basis.

e) Capital assets

Capital assets are recorded at cost and are amortized on the straight-line method, at the following rates:

Furniture	10 years
Office equipment	4 years
Telephone equipment	5 years
Computer equipment	3 years
Updates	1 year
Leasehold improvements	Lease term of 10 years

f) Deferred revenues

Income from annual fees is charged to the statement of income on a monthly basis over the duration of the broker certificates which is of 12 months. In accordance with the articles 33 and 37 of the By-law of the ACAIQ, they are not refundable to members and they will be applicable on the results in the next year-end.

g) Deferred lease inducement

Deferred lease inducement represents a total of \$446,175 (\$446,175 in 2005) collected from the landlord as lease inducements. This income is amortized on a straight-line basis over the duration of the lease, which expires in January 2010. The amortization is applied against occupancy expenses in the statement of income.

h) Statement of cash flows

A statement of cash flows has not been presented as it would not provide the reader with any additional useful information.

i) 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 amounts reported in the financial statements and in the notes thereto. These estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from these estimates.

3. Capital Assets

(in dollars)	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture	550,860	350,709	200,151	199,815
Office equipment	413,546	248,851	164,695	130,016
Telephone equipment	181,280	120,350	60,930	58,515
Computer equipment	1,153,019	885,038	267,981	328,597
Leasehold improvements	1,629,929	1,006,977	622,952	746,327
	3,928,634	2,611,925	1,316,709	1,463,270

The amortization on capital assets for the year ended December 31, 2006 is \$545,393 (\$539,677 in 2005) and the lease inducement related to the leasehold improvements is \$48,048 (\$47,916 in 2005).

Of the total amount of the amortization of the capital assets, only a sum of \$210,406 is clearly presented in the statement of income. The remaining balance is included in several other groupings which is why it is impossible to distinguish it specifically in the statement of income.

4. Accounts Payable

(in dollars)	2006	2005
Accounts payable	535,055	502,098
Accrued liabilities	461,176	258,704
Salaries and deductions at source	675,526	618,382
Sales taxes	761,025	662,192
	2,432,782	2,041,376

5. Fund for Public Information

The Financing fund of the Association des courtiers et agents immobiliers du Québec for public information was established by the Board of Directors of the Association in accordance with the Real Estate Brokerage Act (Quebec). The Fund consists of interest generated by the sums of money held in trust, in conformity with the Act. The Fund must be used primarily for the production and release of information relating to the rights of the public in the field of real estate brokerage and subsidiarily for professional inspection of the members of the Association and, if funds are sufficient, for discipline of those members.

Interest paid to the Fund and Fund-related expenses, which are included in the revenues and expenses of the Association, are as follows:

i) Net expenses of interest held in trust accounts:

(in dollars)	2006	2005
Interest on sums of money held in trust	318,308	169,435
Advertising	654,078	584,675
Salaries and employee benefits	196,413	25,545
Professional fees	144,563	133,402
Printing	23,280	30,162
Delivery	54	18
	1,018,388	773,802
	(700,080)	(604,367)

ii) Fund-related expenses included in the statement of revenues and expenses:

(in dollars)	2006	2005
Information relating to public rights	821,976	875,085
Discipline	744,244	570,997
Professional inspection	400,844	168,434
	1,967,064	1,614,516

6. Commitments

As at December 31, 2006, the balance of commitments under a lease agreement for its premises, expiring in January 2010, amounts to \$1,743,988. Minimum lease payments in each of the next five years are as follows:

(in dollars)	2007	2008	2009	2010	2011
	450,887	449,465	434,033	407,335	2,268

The Association is also committed under professional services contracts to pay \$575,640 annually in 2007 and 2008.

7. Contribution to the Registraire des entreprises

The amount of the contribution of the Registraire des entreprises is composed of:

(in dollars)	2006	2005
Reversal of the previous year-end provision	(67,500)	(112,500)
Received bill during the year	143,326	88,294
Provision for the last nine months of the year-end	146,250	67,500
	222,076	43,294

8. Contingencies

During the year 2001, one proceeding was instituted in the amount of \$1,410,000 against the Association. According to management, neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recorded in the financial statements. However, the Association is covered by a liability insurance for an amount up to \$2,000,000 for this sinister.

During the year ended on December 31, 2006, a complaint in defamation of characters and in damages was instituted in the amount of \$1,264,533 against the Association. According to management, neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recorded in the financial statements. However, the Association is covered by a liability insurance for an amount up to \$1,000,000 for this sinister.

9. Related Party Transactions

During the year, the Association, jointly with the Fonds d'assurances responsabilité professionnelle, incurred fees in the amount of \$257,696 (2005: \$245,066) which were totally rebilled (2005: \$157,000). Also, an amount of \$22,917 was billed, representing rebilling fees (none in 2005). These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As of December 31, 2006, a balance of \$460,288 is included in the accounts receivable regarding these operations (none in 2005).

10. Financial Instruments

Credit risk

In the normal course of business, the Association conducts ongoing assessments of the financial condition of its clients and examines the credit history of any new client. On December 31, 2006, about 68% of accounts receivable were contracted with the Fonds d'assurances responsabilité professionnelle of the Association.

Fair value

The fair value of cash, cash in trust accounts, temporary investments, accounts receivable, interest receivable and accounts payable is comparable to their book value given their forthcoming maturities.

11. Comparative Figures

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

Supplementary Information

For the year ended December 31, 2006

(in dollars)	2006	2005
SUPPLIES AND SERVICES – SCHEDULE		
Revenues	1,577,357	1,748,264
Direct costs		
Cost of sales	533,007	607,599
Salaries and employee benefits	80,366	60,624
Printing and translation	43,608	1,797
Bad debt	5,542	1,328
Other costs	1,668	2,260
Professional fees	94	–
	664,285	673,608
	913,072	1,074,656
ILLEGAL PRACTICE – SCHEDULE		
Revenues		
Penalties	18,429	5,217
Direct costs		
Penal investigations	128,386	110,499
Salaries and employee benefits	109,503	156,935
Legal fees	13,569	24,140
General administration	7,365	3,263
Occupancy expenses	7,052	2,807
Amortization	6,680	3,508
	272,555	301,152
	(254,126)	(295,935)
DISCIPLINE – SCHEDULE		
Revenues		
Penalties and disbursements received	397,703	162,800
Direct costs		
Salaries and employee benefits	176,356	94,958
Discipline committee	160,020	135,729
Bad debts	91,998	22,296
Delivery	88,143	97,326
Professional fees	81,146	65,900
Occupancy	64,413	99,255
Public notices	57,790	31,902
Office expenses	17,699	16,615
Amortization	6,680	7,016
	744,245	570,997
	(346,542)	(408,197)
CONTINUING EDUCATION – SCHEDULE		
Revenues	119,626	145,597
Direct costs		
Salaries and employee benefits	333,063	303,112
Professional fees	83,852	107,042
Occupation	79,811	97,571
Travelling	26,498	41,129
Publication	21,403	20,901
Amortization	13,359	14,032
Professional fees	12,974	14,283
	570,960	598,070
	(451,334)	(452,473)



Published by the Association des courtiers
et agents immobiliers du Québec

6300 Auteuil Avenue, Suite 300
Brossard, Québec J4Z 3P2

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Graphic Design: Dyade.com

Legal deposit

Bibliothèque et Archives nationales du Québec, 2007

Library and Archives Canada

ISBN 978-2-921749-68-8



acaiq.com



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du Québec