
ANNUAL REPORT

1998



ASSOCIATION DES COURTIERS ET AGENTS IMMOBILIERS DU QUÉBEC



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

Mr. President:

I have the honour of submitting the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 1998.

Respectfully yours,

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



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

Sir:

Please allow me to submit the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 1998.

Yours truly,

Jean-Guy Turcotte
Inspector General



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

Sir:

It is with pleasure that we submit the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 1998.

Sincerely yours,

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

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Members of the Board of Directors

AT YEAR-END 1998

Elected Chairman

François Léger

Elected Directors

Robert Aubin	Western Québec
Serge Brousseau	Montréal
Raymond Desbiens	Eastern Québec
David Farber (Treasurer)	Montréal
Pierre Paradis	Québec
Yvon Cousineau	Central Québec
Paul Robert	Montréal
Nicholas Stephens (Vice-Chairman)	Montréal

Directors appointed by the government

Jean Mathieu
Madeleine Plamondon

Secretary appointed by the Board of Directors

Claude Barsalou



Chairman's Report

François Léger, Eng.
Chartered Real Estate Agent

This report is a summary of the main issues which kept the Board of Directors busy this past year.

January 15, 1999 marked the fifth anniversary of the Association des courtiers et agents immobiliers du Québec's operations. Five years, the first two of which were mainly spent laying down the Association's structure and explaining its purpose and the nature of its activities to its members. The years that followed enabled us to consolidate our consumer protection mechanisms and to begin a more formal discussion with our members and the public regarding the supervision of the profession and the evolution of real estate brokerage.

Initial strategic planning

A critical reflection on the Association's mission and how to fulfill it began and intensified following the report of the Inspector General of financial institutions in 1997. Over the past year, the Association's management was closely analyzed by members of the Board, management and an outside consultant. This strategic planning exercise enabled us to evaluate the Association's performance, to identify its strengths and weaknesses and to draw up an action plan for coming years. Basically, three strategic goals have been identified, i.e. organizational efficiency, education and identity of the profession. These three goals are detailed in a three-year action plan.

Organizational efficiency involves the improvement of the Association's internal management as much as its relations with its members, the general public and other players such as private or public organizations. Professional training, which has been judged lacking by all, is also one of our priorities. And thirdly, the identity of the profession deals with the whole image issue of the profession and the Association itself.

Before setting these goals, the Board had agreed on a direction for the Association's mission. The mission outlined in section 66 of the Real Estate Brokerage Act lends itself to various interpretations and gives the Association different roles depending on how you look at it. In order to be able to set priorities and identify the means it will use, the Board has drafted the following mission statement :

The mission of the Association is to monitor and promote the public's interest through appropriate and competent supervision of the profession, fair and equitable rules and consistent and effective training of real estate brokers and agents.

The Board also asked what the Association should look like ideally once the restructuring is complete. This was expressed in our "vision":

As a supervisory and monitoring body, the ACAIQ will help promote with the public the professionalism and competence of real estate brokers and agents in handling real estate transactions in Québec. The ACAIQ will distinguish itself by its organizational efficiency, the quality of its training interventions and its expertise on the evolution of the real estate market.

The Board has set strategic goals in keeping with the Association's mission, with a view to achieve its vision. These goals include a large number of activities that deal with various issues, their specific objectives as well as the specific deadlines. As one of the individuals responsible for carrying out the strategic plan, the Director General has provided details in his own report.

In the course of the year, the strategic planning exercise had a rapid impact on the Association itself, including its general management. Thus last May the Board terminated the employment contract of its director general. Mr Robert Nadeau, manager of Legal Affairs, acted as Interim Director General until he was officially appointed to the position in December 1998.

Office des professions

Last May, we held a referendum on the relevance for the ACAIQ of becoming a professional order. Of the 2,865 valid ballots received, 1,722 were in favour of the Association's affiliation with the Office des professions and 1,143 were opposed, i.e. 60.1% for versus 39.9% against. Consequently, last June the Board of Directors informed the Office des professions of the Association's wish to be recognized as a professional order with exclusive practice. The Board also asked the then Minister in charge of professional laws, Serge Ménard, and to the Minister in charge of the Real Estate Brokerage Act and Deputy Prime Minister Bernard Landry to support this application.

Remember that this referendum was the culmination of a research, exchange and discussion process that extended over two years. It was preceded by the publication of a joint study by the Fédération des chambres immobilières and the ACAIQ and by numerous information sessions held throughout Québec.

Five-year revision of the Act

The work regarding the five-year revision of the Real Estate Brokerage Act also made progress. At the beginning of 1998, the Revision Committee had issued a reflection document and survey asking members about their expectations regarding the profession and the changes they wanted to see made to the law. The Committee also held focus groups with consumers who had used the services of real estate brokerage professionals as well as agent and broker focus groups.

The data collected in the 1,100 or so surveys that were returned to us and during focus groups were compiled. The Committee then prepared a series of recommendations to the Board and suggested that they be submitted to the real estate boards. I personally met with representatives from most real estate boards to present the data. As of the close of the year, we had yet to receive their comments or recommendations. The Board of Directors should adopt its final recommendations in the first few months of 1999 and submit to the Minister in charge.

Illegal real estate brokerage

We also took advantage of our meeting with representatives from each real estate board to present a project aimed at setting up regional committees to monitor illegal real estate brokerage activities. As stated in our recommendations, these committees would be made up of real estate boards competent to detect illegal practice cases after receiving special training from the ACAIQ. At no time would these members have to intervene with the alleged violators. They would simply alert the Association, who would send its investigators.

This collaboration between real estate boards and the ACAIQ would allow us to enter into a stronger fight against illegal real estate brokerage. The public would be better protected, our members would recover this lost market share and the image of the profession would be enhanced. The boards have begun to show support for this project, and I sincerely hope all of them will do the same very soon.

Call for tenders for the ACAIQ's future premises

The lease for the premises currently occupied by the Association will expire in June 2000. We must therefore start looking for a location that can meet the criteria established by the Office Space Committee. To accomplish this and out of a concern for transparency to our members, we have chosen to proceed by call for tenders. The call for tenders document and the specifications are available at the Association's reception desk or on our Web site. The deadline for receipt of the specifications is May 1, 1999 at 4:00 p.m.

Increased public presence

During the month of September, the Association completed production on three documents designed to inform and advise the general public in the area of real estate brokerage. They are the Buyer Practical Guide and the Seller Practical Guide, as well as a folder.

The practical guides are reference documents that contain a lot of information on the purchase or sale of an immovable through a real estate broker or agent. It covers the main aspects of a real estate transaction from the consumer's point of view. The folder outlines the protection mechanisms which cover consumers who go through a member of the ACAIQ, and briefly describes the Association's functions: Certification, Professional Inspection, Syndic, Discipline Committee, Legal and Ethics Information Service, etc.

To advertise these publications, the Association issued a release which was sent to all brokers and approximately 350 newspapers, of which a large number agreed to publish the information. The success was such that we quickly had to order a reprint of the guides. In addition to being very useful to consumers, the guides gained recognition for the Association. They are a good example of our commitment to the public and our members.

Along the same vein, you may remember that in 1998 we had planned a Quebec-wide awareness-building campaign to warn the general public against people who carry out real estate brokerage activities without a certificate and to stress the benefits of dealing with a certified professional. We were unable to hold this campaign during that period. Instead, it will be held in March and April 1999. We will have a larger budget, enabling us to maximize the impact.

This advertising campaign, a first for the ACAIQ, will help us build public awareness of the Association and more importantly, it will encourage consumers to go through a broker or agent.

Increased presence with brokers and agents

The Association also greatly increased its presence with the brokers and agents, as evidenced by the activity reports by the Director General, the Professional Inspection Committee and the Syndic. Easily over a hundred meetings with groups of brokers and agents were held in all Québec regions, allowing several thousand members to improve their knowledge and their professional abilities. For the Association, these many information activities are the foundation of what is to be a structured continuing education program as called for in our strategic plan.

Board of Directors

The mandate of some Board members ended last June. Out of the four administrative regions concerned, i.e. Québec City, Eastern Québec, Central Québec and Montréal, only Montréal had to elect representatives by vote. Serge Brousseau and Paul Robert were reelected. Outgoing candidates Pierre Paradis from Québec City and Raymond Desbiens from Eastern Québec were elected by acclamation, as was Yvon Cousineau from Central Québec, the only newcomer to the Board.

The Board held 12 regular meetings and 5 special meetings, which were exclusively devoted to strategic planning. Furthermore, the committee working on the Real Estate Brokerage Contract – Purchase met 3 times, the Financial Committee, 8 times, and the Human Resources Committee and the Office Space Committee, 3 times each.

Financial situation

Despite non-recurring expenditures related to strategic planning, the Association's financial situation is healthy. I will leave it to the Treasurer to outline it in more detail in his report, but I think it is appropriate to specify that the accumulated surplus of \$600,000 at the end of the period requires some explanation. Almost \$550,000 of this surplus comes from membership dues earmarked for the fight against illegal brokerage; a sum of nearly \$400,000 will soon be subtracted from this amount and invested in the advertising campaign I mentioned earlier. The remainder will be used to offset the anticipated increase in our legal proceedings costs. If we disregard the revenue related to our penal activities and take into account only the revenue from the Association's normal operations, the actual surplus is \$57,979.

In conclusion...

I would like to thank each of the members of the Board of Directors. This was a transition year for the Association and everyone, by taking part in the important decisions we had to make, showed their commitment to serving the interests of the public and the profession first and foremost, which is the very purpose of the Association. On behalf of the Board of Directors, I would also like to convey my appreciation to all the Association's staff, which has had to live in a constantly changing environment and who readily adopted all the organization's new directions. I am confident that the Association will become the indisputable authority in the field of real estate brokerage in Québec, and that it will be known and recognized by all.



François Léger

Chairman of the Board



Director General's Report

Robert Nadeau, lawyer
Director General

As usual, this report presents the highlights of the Association's regular activities in 1998. We also give a prominent place to the strategic planning exercise in which we engaged to review the Association's youthful past and map out future directions.

STRATEGIC PLANNING

Between the Association as it appears today and the Board's vision of what it will be in three years, after implementation of the strategic plan, there are changes to be made in the way we see and do things. Although this is a constant concern in our management, these changes are not necessarily intended to save money, but should lead us to a new order of priorities. They are all contained in the Association's three main strategic objectives: organizational efficiency, education and identity of the profession. These objectives involve interventions on specific issues that I propose to explain in the following lines.

Organizational efficiency

By organizational efficiency, we mean both the efficient management of the Association's business and of its external relations. We want to improve our government relations to become the government's adviser and ally in legislation and regulation of the Québec real estate market. In the short term, we will also initiate a more sustained dialogue with the real estate boards, the Fédération des chambres immobilières du Québec and the Canadian Real Estate Association to normalize our exchanges. We must now define the ties that we will maintain with these bodies.

Internal restructuring geared to the ACAIQ's vision is currently being completed, along with a review of compensation policies. This restructuring has led to a changing of the guard in the General Management and to the adoption of a new organizational chart. Several management positions have been abolished and their functions redistributed among the existing resources. Other positions will eventually be created, particularly in education. I invite you to consult the organizational chart for the details.

We will also redefine the role of the Chairman of the Board, the Directors, the Director General, senior executives, the Finance Committee and the Human Resources Committee. We want to eliminate overlapping responsibilities.

In the Syndic's Bureau, attention will mainly focus on development of the following sectors: mechanism for reviewing complaints dismissed by the Syndic; more structured information on the Syndic's activities; mechanism for complainant satisfaction survey; intervention by the Syndic as a mediator in certain disciplinary conflicts; and mechanism to take over from the Syndic.

In information technology, a master plan will be produced in 1999 and probably implemented by the end of the year 2000. The development of services offered on Internet, such as information services and the sale of forms (conventional and computerized), is a priority. The Association also plans to implement a techno-watch system to patrol the constantly growing number of Web sites related to real estate. Here again, we must be present to protect the public. A position will be opened for this purpose.

Education

Given the abundance of problems related to working on the side, disclosure and conflicts of interest, the Association plans to implement a detection and information program. On a broader basis, we also intend to develop a continuing education program. The Association will make representations to the government to revise the Act so that the Professional Inspection Department has the power to control the members' competencies.

Identity of the profession

The entire question of the image of the profession and of the Association is at the core of the identity of the profession. As we know, the image of the profession could use improvement and the public still has little or no knowledge of the Association. Our organization's very name sustains the confusion about its mission. We are not an association within the generally understood meaning. We must therefore establish a precise diagnosis of the situation, and then produce a communications plan that will guide our interventions with the public and real estate brokers and agents.

TABLE I

BREAKDOWN OF ACAIQ MEMBERS

	JANUARY 1, 1999	JANUARY 1, 1998	JANUARY 1, 1997
By certificate category			
Chartered agent	2,028	2,022	2,021
Affiliated agent	6,370	6,077	5,618
Chartered broker	1,495	1,490	1,507
Affiliated broker	80	90	86
Restricted broker	12	5	4
Restricted agent	45	35	35
Total	10,033	9,719	9,271
Breakdown by sex and average age			
Men (average age: 49 years / 1998 vs. 48 years / 1997)	5,476	5,275	5,136
Women (average age: 49 years / 1998 vs. 48 years / 1997)	3,619	3,468	3,173
Total	9,095	8,743	8,309
Breakdown of chartered real estate brokers			
Natural persons	569	519	549
Legal persons and partnerships	938	976	962
Total	1,507	1,495	1,501
By ACAIQ region			
Montréal region			
Montréal (06)	3,374	3,218	3,116
Laval (13)	922	876	790
Montréal (16)	1,881	1,823	1,712
Subtotal	6,177	5,917	5,618
Québec region			
Québec (03)	895	853	804
Chaudière-Appalaches (12)	244	265	219
Subtotal	1,139	1,118	1,023
Eastern region			
Lower St. Lawrence (01)	143	148	155
Saguenay – Lac Saint-Jean (02)	220	211	212
North Shore (09)	67	69	71
Northern Québec (10)	3	4	4
Gaspésie – Îles-de-la-Madeleine (11)	12	11	8
Subtotal	445	443	450
Central region			
Mauricie – Bois-Francs (04)	350	362	323
Eastern Township (05)	333	347	302
Lanaudière (14)	407	364	326
Subtotal	1,090	1,073	951
Western region			
Outaouais (07)	385	382	328
Abitibi-Témiscamingue (08)	95	96	92
Laurentians (15)	707	690	644
Subtotal	1,182	1,168	1,064
Total	10,033	9,719	9,271

TABLE II

CERTIFICATE MANAGEMENT					
	1998		1997		
	Agents	Brokers	Agents	Brokers	
Issuances	1,761	170	1,824	172	
Reclassifications					
chartered broker → chartered agent	19	(19)	35	(35)	
chartered agent → chartered broker	(18)	18	(20)	20	
Reinstatements	1,621	17	1,551	6	
Total	3,383	186	3,390	233	
Suspensions	2,106	17	2,124	28	
Expirations	1,448	101	546	99	
Cancellations	12	3	13	7	
Abandonments	5	55	7	41	
Total	3,571	176	2,690	175	
Other transactions					
Reclassifications					
affiliated agent → chartered agent	39	0	53	0	
Renewals	8,225	1,496	8,224	1,495	
Total	8,264	1,496	8,277	1,495	

The Association also plans to complete a study on the efficiency and performance of its information centre and propose innovative solutions. We want to develop new lines of communication. Technology will be used to increase efficiency. The implementation of a computerized reception service is one example, as is the development of the Association's Web site and faxback service, through which callers can order a copy of the desired information by phone.

Obviously, revision of the Act remains a priority objective. We will make every effort to ensure that it meets the requirements of the strategic plan and responds to the requests of the public and industry practitioners.

Certification

It is appropriate to point out that the department responsible for certificate management, previously the Membership Department, is now called the Certification Department. This department and the Professional Inspection Department are now under the responsibility of a single manager.

Once again this year, the number of Association members increased slightly, from 9,719 to 10,003. We invite you to consult the breakdown of members and certification activities for the details of the latest internal census. The "Mandatory Examinations" table shows the number of candidates for the various ACAIQ examinations and the results obtained.

TABLE III

MANDATORY EXAMINATIONS										
	Candidates		Successes		Failures		% of Success		Average grade	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
Affiliated agents	1,300	1,285	1,136	1,157	163	128	87%	90%	78%	78%
Chartered brokers & agents	113	119	66	63	46	56	58%	53%	69%	66%
Restricted brokers & agents	21	20	21	18	0	2	100%	90%	82%	83%
Total	1,434	1,424	1,223	1,238	209	186	85%	87%	77%	77%

LEGAL AFFAIRS

To meet strategic planning requirements and because of its leading role in member education through his Legal and Ethical Information Department, the manager of Legal Affairs will henceforth oversee the development of educational programs. A new position will have to be filled for this purpose. In addition, two lawyers from Legal Affairs will now work exclusively, one for the Syndic's Bureau and the other for the Professional Inspection Department, on matters of illegal practice.

Legal and ethical information

In 1998, the Legal and Ethical Information Department received 14,944 telephone information requests, compared to 14,356 in the previous year, an increase of 4%. Nevertheless, a slight reduction in the percentage of calls from members should be noted, 48% of the total number of information requests received, compared to 53% in 1997. The remaining calls, 52% of the total volume, come directly from the public (buyers, sellers, landlords and tenants) who are interacting with brokers and agents.

As in 1997, these information requests mainly concerned the interpretation and use of mandatory forms. Once again this year, we observe a certain lack of responsibility on the part of place of business managers. Several situations laid out by agents leave no doubt about the assistance that their manager could have provided.

Having said this, the Legal and Ethical Information Department will have to be rethought in 1999. In the light of the criticisms we have received from brokers and agents that there are too many lawyers working for the Association and that those who are assigned to legal information should not plead cases, changes have been made to remedy the situation. However, this means that we can no longer respond adequately to the constantly growing number of information requests.

Discipline

During the year, 83 disciplinary files, for which the Syndic considered it appropriate to file a complaint with the Association's Discipline Committee, were transmitted to the Legal Affairs Department. Of these files, 63 were the object of a formal complaint and were filed with the Clerk of the Discipline Committee, 11 others will be filed in 1999 and six files were closed. Four files were appealed to the Court of Québec, three by the defendants and one by the Syndic. We were also obliged to serve eight motions in homologation to recover unpaid fines.

Claims reports

The Legal Affairs Department analyzed 41 claims reports (professional malpractice) transmitted by various insurers. This is a substantial 75% reduction compared to the previous year, when 164 such reports were received. These reports were then turned over to the Professional Inspection Department.

Illegal real estate brokerage

The Legal Affairs Department had to deal with 65 files concerning illegal real estate brokerage practice. In most cases, the inquiries were entrusted to two private investigation agencies and four investigators were assigned to them. For different reasons, 22 of these files were closed. There are 43 files still active, seven of which are the object of a penal complaint before the Court of Québec. Although the number of files is below our forecasts, the inquiries turned out to be much more time-consuming than we had envisioned.

We should note the excellent cooperation of the Association's members, without which the investigators could not have successfully carried out their research. In addition, a tour of Québec real estate boards took place in 1998, to institute a system for regional surveillance of illegal practice.

Committees

In 1998, the Legal Affairs Department collaborated in the work of the Advisory Committee on the Revision of the Real Estate Brokerage Act, particularly in the holding of eleven conferences across the province to inform the members on this question. The Department also assisted the Association's inspectors in meetings concluding some of their professional inspections. Finally, it participated in the provincial tour of the ACAIQ-FCIQ Joint Committee on whether the Association should join the Office des professions.

COMMUNICATIONS

Our communications efforts focused on the public this year. In particular, we should mention the publication of two guides and a folder as well as the preparation of a public awareness campaign, to be held in spring 1999.

Publication of guides for buyers and sellers

The Association has published two brochures to inform the public about real estate brokerage: the Buyer Practical Guide and the Seller Practical Guide. These brochures sell for \$2.50 per unit or at a preferential price when they are sold in bulk for real estate brokers' clients. Some fifteen thousand copies were fully distributed in the weeks following their publication.

We also produced a new folder presenting the Association and its role. It is distributed free of charge.

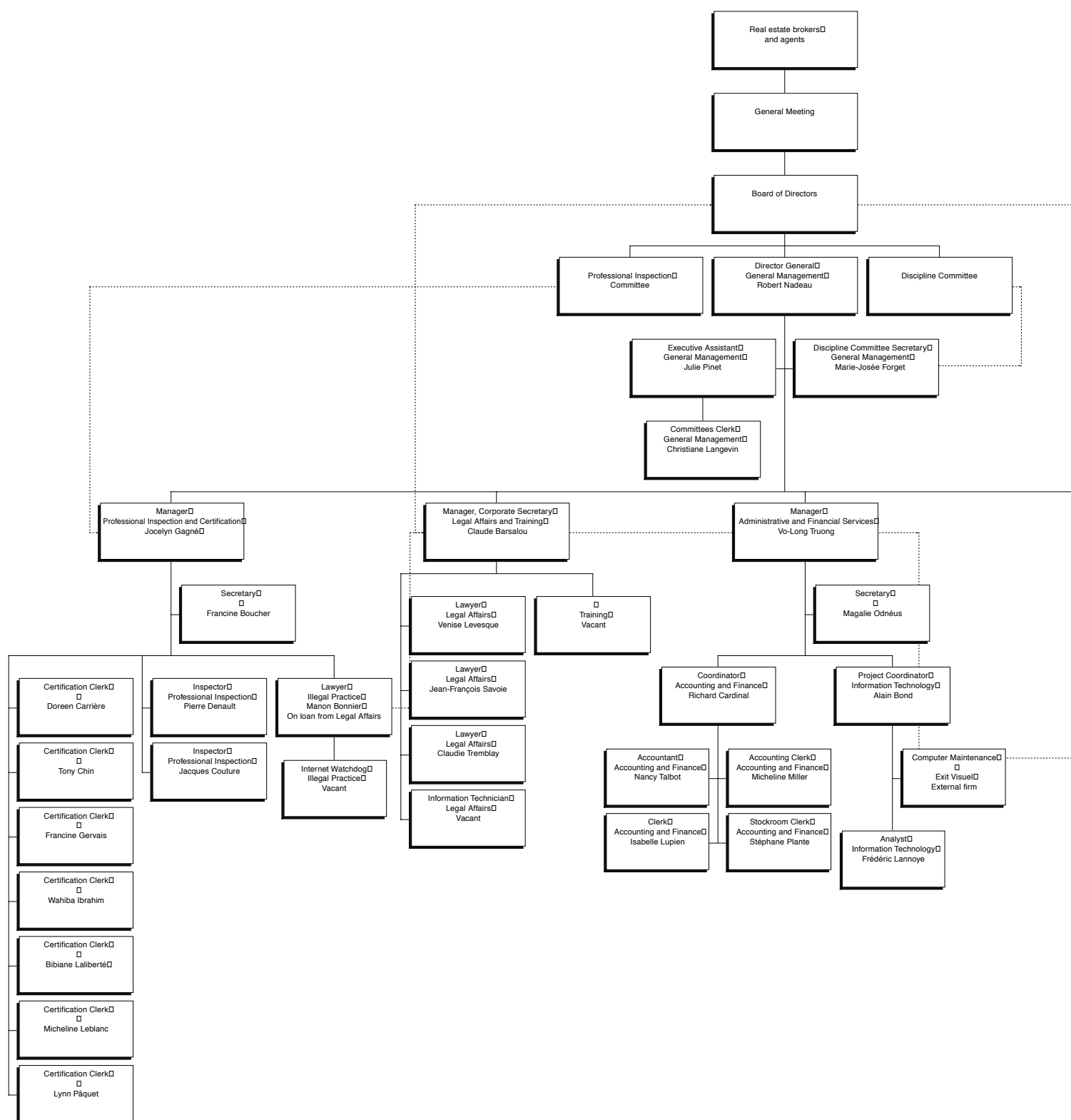
Media relations

The Buyer Practical Guide and the Seller Practical Guide were also promoted in a media campaign which produced excellent results. Nearly twenty newspapers picked up the story. We noted the effectiveness of these articles in the number of telephone calls received from the public in the days following their publication.

We also respond to several dozens of requests for information each year from the print and electronic media. Very often, the comments of the Association's representatives are cited in articles or broadcast on television programs such as *La Fracture* or *JE*.

TABLE IV

ORGANIZATIONAL CHART OF THE ACAIQ



Awareness campaign

As we mentioned earlier, the public still has little or no knowledge of the ACAIQ. To raise its profile, the Association will organize an awareness campaign in 1999. Developed by the *Bleu Blanc Rouge* advertising agency, this campaign is designed to make the Association known while emphasizing the protection from which consumers benefit when they deal through a real estate broker or agent.

Consumer needs and opinions

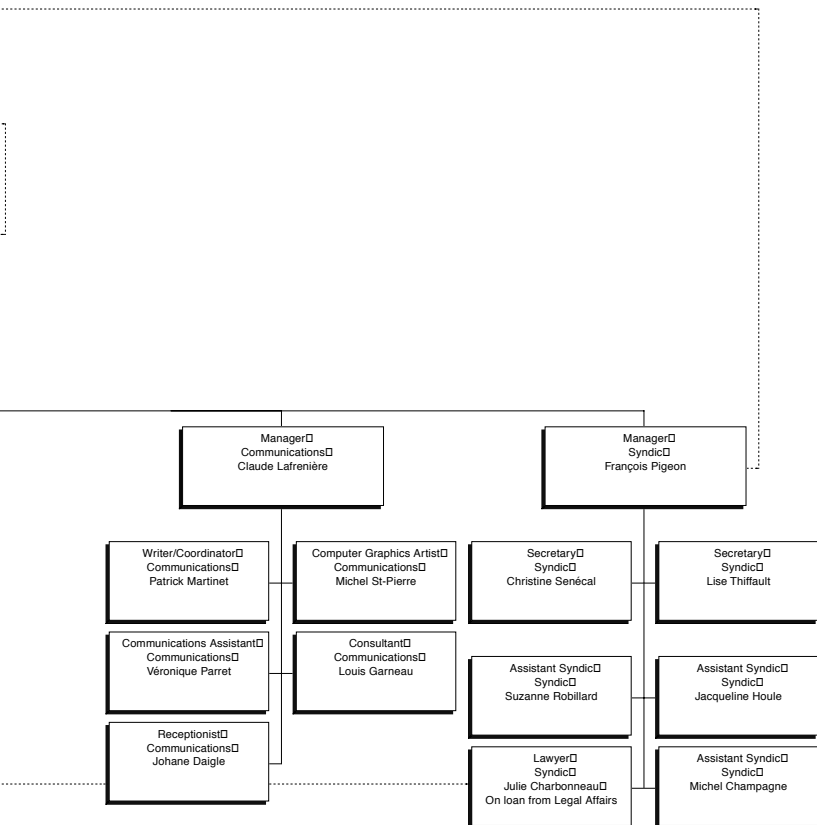
Once again this year, the Association met consumer groups to obtain their comments on certain aspects of the work of brokers and agents. These meetings, conducted in the context of our work on an eventual purchase brokerage contract and the development of computerized forms, allowed us to determine consumers' expectations when they use the services of a real estate broker or agent to buy a property. They highlight the importance of the advisory role of real estate professionals.

Publications and Internet

ACAIQ Magazine remains the Association's main vehicle for communicating with its members. Next year, it will be completely reevaluated, considering the suggestions received through a readership survey. Published quarterly in French and English versions and distributed to all certificate holders, this magazine covers the Association's business and real estate brokerage practice. The Discipline Committee's decisions and the Association's annual report are also published in the magazine.

In 1998, ACAIQ Magazine was only published three times. One issue was dropped to free up additional resources to accelerate development of the ACAIQ's Web site. The first phase of our site's construction will provide free access to the majority of the information and documents available at the Association. It should be completed in 1999.

Hundreds of documents can already be consulted, and all the new information we publish is being added to the Web site immediately. Within a few years, the Internet will probably become the main communications tool used by the Association.



Computerized forms

During the past year, we studied various ways to make available, in a computerized version like income tax returns, the various mandatory and recommended forms that we provide to members. Several approaches were suggested, ranging from existing software used elsewhere in Canada and the United States to proposed forms to be completed directly on the Association's Web site.

To ensure that this initiative truly meets the users' expectations, we sent a questionnaire to over 1,100 places of business. Nearly 80% of approximately 350 respondents requested that our forms be offered in an electronic version. The demand is not yet generalized, but we can assume that the need will grow. We must prepare for it now.

Syndic's conferences

A last highlight of our communications activities was the creation of a visual medium for the Syndic's conference, which was presented on numerous occasions during the year. This conference also aroused the interest of professional organizations, which expressed interest in deriving inspiration from it. A summary of this presentation was published in *ACAIQ Magazine* and is available on our Web site.

IN CONCLUSION...

1998 was a turning point in the Association's short history. Since its creation, the ACAIQ had never engaged in such an analysis of its mission and the resulting activities. Naturally, there were difficulties involved in such a brainstorming operation, but the strategic plan's objectives demanded it.

In conclusion, I would like to express all my gratitude to my close colleagues directing the Association's departments and the members of their team. All of them gave me outstanding support, even though their workload was greatly increased by doing so.

I would also like to thank every member of the Board of Directors for the confidence they showed in me throughout the year, whether during my interim period as Director General or after my official appointment. Finally, I would like to thank all the brokers and agents with whom I had the opportunity to work during the year. Their concern for the advancement of the profession in a context of protecting the public interest is all the more praiseworthy in that they were able to put the public interest above their commercial interests.



Robert Nadeau
Director General



Syndic's Report

François Pigeon

Syndic

Sec. 120 If the syndic or the assistant syndic has grounds to believe that an offence under this Act or the regulations thereunder has been committed by a member of the Association, he shall make an investigation and, if expedient, file a complaint with the discipline committee.

It gives me great pleasure to present the annual report of the Syndic's Bureau for the year ended December 31, 1998. As stipulated in section 120 of the Real Estate Brokerage Act, the role of the Syndic is to investigate any presumed professional wrongdoing by a real estate broker or agent and to register a complaint, where applicable. Investigation requests originate mainly with the general public (some 65%) and members of the profession (30%). Occasionally, the Syndic will initiate investigations on his own initiative or at the suggestion of the professional inspection committee.

A few figures

A total of 572 investigation requests were received during the year, roughly the same number as last year; as many as 573 investigations were concluded during the year, leading to 83 formal complaints (two more than in 1997). The number of cases under investigation or pending was therefore on the same order (207 compared with 208). There were, however, fewer information requests and complaints regarding advertising than in the past few years and the Syndic's Bureau noted a genuine concern for respecting the regulations in this regard.

Response time

Generally speaking, it takes four months for the Syndic's Bureau to respond to investigation requests. However, the recent hiring of a third Assistant Syndic in May should help reduce our response time in 1999. Ideally, the timeframe should not exceed 60 days.

However, a number of factors are preventing the Syndic from attaining this goal. For example, the Syndic's Bureau noted the discipline committee's increasing demands regarding the burden of proof. The situation means that cases have to be stronger and, consequently, take longer to prepare. This partly explains why 573 investigations were concluded in 1998, compared with 678 in 1997.

TABLE I

REQUESTS FOR INVESTIGATIONS INVOLVING MEMBERS OF THE ACAIQ

	FILES OPENED DURING THE MONTH		FILES OPENED SINCE THE BEGINNING OF THE YEAR		INVESTIGATIONS COMPLETED DURING THE MONTH		INVESTIGATIONS COMPLETED SINCE THE BEGINNING OF THE YEAR		PENDING OR CURRENT INVESTIGATIONS	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
January	27	54	27	54	27	48	27	48	208	288
February	53	49	80	103	39	47	66	95	222	290
March	60	41	140	144	60	73	126	168	222	258
April	41	55	181	199	36	76	162	244	227	237
May	40	60	221	259	53	72	215	316	214	225
June	38	33	259	292	32	52	247	368	220	206
July	44	45	303	337	37	51	284	419	227	200
August	42	38	345	375	42	48	326	467	227	190
September	50	60	395	435	52	28	378	495	225	222
October	46	60	441	495	48	42	426	537	223	240
November	71	47	512	542	62	54	488	591	232	233
December	60	42	572	584	85	67	573	658	207	208

TABLE II

BREAKDOWN OF INVESTIGATIONS

	NO MATTER	LAWSUIT OF CIVIL NATURE	AGREEMENT WITHDRAWAL	MEMBER'S COMMITMENT	FORMAL COMPLAINT	EVENT BEFORE JAN. 15	OTHER	TOTAL
As at December 31, 1997	335	30	72	48	81	9	83	658
January	10	0	4	4	5	0	4	27
February	12	2	4	6	7	1	7	39
March	22	0	6	11	11	0	10	60
April	23	2	1	1	4	0	5	36
May	25	0	6	4	12	0	6	53
June	18	1	4	2	4	1	2	32
July	23	2	4	0	4	0	4	37
August	23	2	5	2	7	0	3	42
September	24	4	6	6	8	0	4	52
October	27	0	4	6	8	0	3	48
November	33	4	7	4	6	0	8	62
December	50	2	6	15	7	0	5	85
Cumulative	290	19	57	61	83	2	61	573

Investigation procedures

After receiving specialized training in investigation procedures, the Syndic modified some of its own procedures. For example, it is now common procedure for the Syndic or the Assistant Syndic to meet with the author of investigation requests in person. This new procedure is useful for collecting more specific information, which would not have been communicated by telephone.

Prevention

Once again, the Syndic made about fifteen conferences to different groups of Association members. The goal of each address was twofold: to outline the role, means and procedures of the Syndic's Bureau and, from a prevention standpoint, to explain how to avoid the most common errors. Large excerpts of this conference entitled *Quoi faire pour ne pas avoir affaire au syndic* (What to do to avoid having to do business with the Syndic) were published in the ACAIQ Magazine (December 1998) and are also available on the Association's Web site.

TABLE III

REQUESTS FOR VERIFICATION OF TYPE OF ADVERTISING USED BY ACAIQ MEMBERS

	REQUESTS RECEIVED DURING THE MONTH		REQUESTS RECEIVED SINCE THE BEGINNING OF THE YEAR		WRITTEN NOTICES SENT DURING THE MONTH		WRITTEN NOTICES SENT SINCE THE BEGINNING OF THE YEAR	
	1998	1997	1998	1997	1998	1997	1998	1997
January	6	15	6	15	2	10	2	10
February	8	15	14	30	5	19	7	29
March	6	0	20	30	11	1	18	30
April	11	14	31	44	17	5	35	35
May	14	6	45	50	16	13	51	48
June	13	18	58	68	9	7	60	55
July	0	3	58	71	2	4	62	59
August	0	6	58	77	1	15	63	74
September	0	11	58	88	3	8	66	82
October	0	13	58	101	4	11	70	93
November	25	15	83	116	14	37	84	130
December	4	6	87	122	7	2	91	132

Strategic planning

The Syndic's Bureau was directly involved in the strategic planning process and should meet, in 1999, its part of the objectives, which are to:

- set up a temporary complaints review mechanism and make the representations needed to obtain the same powers as those granted by the Office des professions;
- develop and produce a quarterly report on the activities of the Syndic's Bureau;
- establish a communication plan focusing on the added value the Syndic's role brings to the profession and the general public.

During the next year, mechanisms will also be put in place to measure the level of satisfaction of individuals who submit investigation requests to the Syndic. The process should provide useful feedback and lead to improvements in the future.

Positive results

In short, the year was a good one. Investigation requests did not increase despite the jump in the number of Association members and real estate transactions concluded in a very active market. As mentioned above, a reduction in complaints with regard to advertising was even observed.

The Syndic's Bureau improved its investigation procedures and hired a third Assistant Syndic, thus helping to further reduce our response time. In addition, our meetings with individuals who submit complaints, although more time-consuming than summary telephone inquiries, have proven to be most fruitful. These meetings not only meet the expectations of the general public and of members, but also enable us to prepare stronger cases.

During the year, the Syndic's Bureau also noted that the majority of investigation requests originated with buyers, thus pointing to certain shortcomings in the consulting practices of real estate agents. In 1999, we intend to address this problem and submit a few cases to the discipline committee with a view to setting a precedent.

In conclusion, I wish to thank the entire team at the Association and especially the personnel at the Syndic's Bureau. Please rest assured that we will spare no efforts to improve the quality of our services and to promote good brokerage practices and respect for all concerned. Thanks!

A handwritten signature in black ink, appearing to read 'F. Pigeon', with a horizontal line underneath.

François Pigeon

Syndic



Discipline Committee's Report

M^e André Desgagné

Chairman of the Discipline Committee

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

TABLE I

NUMBER OF FILES		
	1998	1997
Current as of January 1	29	26
Filed during the period	70	96
	99	122
LESS		
Decisions rendered on sanctions	64	85
Rejected complaints/acquittals	6	8
Withdrawals	0	0
Current files as of December 31	29	29

TABLE II

HEARINGS / RELEASES / DECISIONS		
	1998	1997
Hearings held		
On guilt	46	67
On sanctions	67	85
Releases granted		
Before the hearing	43	44
After representations to the Committee	4	3
Decisions		
Under consideration on guilt	2	3
Under consideration on sanction	3	0
Rendered on guilt	72	54
Rendered on sanction	64	85

Each complaint is examined by three members of the Discipline Committee, including the chairman or substitute chairman and two members of the profession. The chairman and the substitute chairman are two lawyers appointed by the government and the members of the profession are a group of some 70 real estate brokers or agents who make up the Discipline Committee.

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

Discipline Committee Activities (Tables I to III)

As of December 31, 1998, 70 complaints had been filed with the Discipline Committee. All were filed by the Association's Syndic Bureau. A complaint can include more than one accusation count. These 70 complaints covered a total of 182 accusation counts.

Separate hearings are held to rule on a defendant's guilt and to determine the penalties to be imposed, if required. The Committee held a total of 46 hearings on guilt and 67 on sanction.

Releases were granted 47 times, i.e. 43 times before the hearing and 4 times after the parties had been heard by the Committee.

By the end of the period, the Committee had rendered 72 decisions on guilt and 64 decisions on sanctions. Two decisions on guilt and 3 on sanctions were still under deliberation at the end of the period.

The Committee rendered guilty verdicts on 145 accusation counts, including 71 guilty pleas, and non-guilty verdicts on 18 counts. In addition, there were 6 cases where the Syndic withdrew an accusation count in its quality as plaintiff. In one case, two counts were merged into one by the Committee.

Penalties (Table IV)

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

The Committee issued 11 reprimands, 123 fines and in 3 cases, recommended that the Board of Directors require a member to take courses. There was one case of restriction of the right to practice. This restriction forced a broker or agent to work under the constant supervision of a chartered agent. There were also 10 certificate suspensions for periods ranging from 3 to 60 months, 4 of which will be enforced only if and when an application for a certificate is submitted.

Fines totaled \$163,400 and costs to be reimbursed by defendants amounted to \$50,241.89.

The amount of the fines is not based on the maintenance costs of the disciplinary system, but rather on the experience of professional orders or associations comparable to the ACAIQ, and on the jurisprudence developed since the creation of the Committee.

The Committee also determines a penalty by taking into account the type of violation, the amount of damages caused or the gains achieved by the violator. The Committee also takes into account the deterring effect of the sanction. For example, an agent who pockets a \$3,000 commission without going through his broker and without his knowledge violates the Real Estate Brokerage Act. Should the Committee impose a \$1,200 fine, the deterring effect would be arguable since the agent would still stand to gain \$1,800 from his actions.

In total, 56 decisions by the Discipline Committee as well as 5 suspension notices were published in ACAIQ Magazine during the year.

Nature of violations (Table V)

The accusations made before the Discipline Committee were for violations to the *Rules of Professional Ethics of the ACAIQ*, the *By-law of the ACAIQ* or the *Real Estate Brokerage Act*. An accusation count may be filed under more than one section of the Act or its Regulations.

TABLE III

COMMITTEE DECISIONS BY ACCUSATION COUNT

	1998	1997
Decisions on guilt		
Guilty decisions	145	186
Non-guilty decisions	18	26
Withdrawals of accusation counts	6	7
Decisions on sanctions		
Reprimands	11	29
Fines	123	135
Mandatory courses	3	7
Restriction of right to practice	1	2
Cancellations/suspensions*	10	3

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

The number of Cancellation/suspension notices indicated above applies to 10 defendants and not 10 accusation counts.

Out of the 10 cancellations/suspensions, 3 suspensions are being appealed and 4 suspensions will be enforceable only if and when the defendant applies for a certificate.

TABLE IV

FINES, COSTS AND PUBLICATIONS

	1998	1997
Penalties		
Total fines	\$163,400.00	\$172,900.00
Total costs to be reimbursed	\$50,241.89	\$70,103.62
Publications in ACAIQ Magazine		
Fines/reprimands	56	103

TABLE V

ACCUSATION COUNTS AND PENALTIES**▼ Violations to the Rules of Professional Ethics of the ACAIQ**

SECTION OF CODE	NUMBER OF COUNTS	PENALTIES
1	1	\$3,500 + suspension
2	1	Reprimand
5	1	\$2,000
11	9	Reprimand to \$3,000
13	23	Reprimand to \$3,000 + 1 case of \$1,200 with suspension
22	1	\$800
23	1	\$1,000
24	14	Reprimand to \$1,500 + suspension
26	2	\$800 to \$2,000
28	2	\$1,000 to \$2,000
29	6	Reprimand to \$1,200
39	1	\$3,000 with suspension
40	1	\$1,200
41	6	\$600 to \$1,500
43	9	\$600 to \$1,500
45	2	\$600 to \$1,200
46	4	Reprimand to \$2,000
47	1	\$800
54	2	\$6,000

▼ Violations to the By-law of the ACAIQ

SECTION OF CODE	NUMBER OF COUNTS	PENALTIES
2	3	\$600 to \$2,000
71	1	Reprimand
72	2	\$6,000 and \$6,000 + suspension + restriction of right to practice
78	1	Reprimand
85	2	Reprimand to \$800
86 6°	1	Stern reprimand
98	1	\$600
100	2	\$600
101	3	\$600 to \$1,200
102	1	\$1,200
103	1	\$1,000
107	2	\$800 to \$1,200
115	1	\$2,000
122	4	\$2,000
147	17	\$600 to \$1,800 + supervision

Violations to the Rules of Professional Ethics of the ACAIQ

A total of 87 penalties were imposed in relation to accusation counts regarding violations to the Rules of Professional Ethics of the ACAIQ.

- 9 penalties for violation of section 11: “A member shall verify, in accordance with generally accepted practice, the information that he provides to the public or to another member. He shall be in a position to prove the accuracy of that information at all times.”
- 23 penalties for violation of section 13: “A member shall not participate in any act or practice in real estate matters which may be illegal or which may cause prejudice to the public or to the profession.”
- 14 penalties for violation of section 24: “A member shall protect and promote the interests of his client while providing fair treatment to all parties to a transaction”.
- 9 penalties for violation of section 43 also have to be reported: This section stipulates that a member shall not abuse another member’s good faith nor use unfair practices against him.

Violations to the By-law of the ACAIQ

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

- 17 penalties for violation of section 147: “An affiliated real estate agent or broker shall, without delay, send to the person who manages the place of business to which he is assigned the information and documents required in order to maintain the records, books and registers.” As in the past couple of years, this is the section of the By-law of the ACAIQ which was violated most often.
- 3 penalties for violation of section 2, relating to the use of the title of chartered real estate broker and carrying out the profession and to persons whom a chartered real estate broker may employ or authorize to act on his behalf.
- 2 penalties for violation of section 72, relating to the obligation by an affiliated broker or real estate agent to receive his compensation from a chartered broker only and not to share such compensation.
- 2 penalties for violation of section 85, relating to the provisions which must be included in the form “Exclusive Brokerage Contract – Sale of a Chiefly Residential Immovable”.
- 2 penalties for violation of section 100, relating to the use of the mandatory form “Annex G – General”.
- 3 penalties for violation of section 101, relating to advertising, client solicitation or representations relating to the carrying on of the activity of real estate broker.
- 2 penalties for violation of section 107, relating to the soliciting of a brokerage contract from a person who has awarded an exclusive brokerage contract having the same object to another real estate broker or to a multidisciplinary firm.

- 4 penalties for violation of section 122, relating to the sending to the ACAIQ within one month following the end of each quarter in the calendar year of Schedules 11 (summary of deposits and withdrawals from the general trust account and from the special trust accounts), 12 (bank reconciliation statement of general trust account and each special trust account) and 13 (detailed list of sums held in the general trust account and in the special trust accounts).

Violations to the Real Estate Brokerage Act

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

- 1 penalty for violation of section 11, relating to sums of money received on behalf of others by a broker in the course of his duties which must be deposited into a trust account.
- 1 penalty for violation of section 19, relating to the fact that no agent may at any one time be employed by or authorized to act on behalf of more than one broker.
- 1 penalty for violation of section 22, relating to the obligation for a member of the Association to disclose his quality as broker or agent to the prospective contracting party when he holds an interest in the immovable property that is the object of a real estate transaction.
- 1 penalty for violation of section 26, relating to the obligation by the broker to share his compensation only with a market intermediary, another broker or with a broker pursuing his activities outside Quebec under another jurisdiction.

Violations to the Regulation respecting the application of the Real Estate Brokerage Act

The Discipline Committee also imposed penalties in 2 cases of violation to sections of the Regulation respecting the application of the Real Estate Brokerage Act.

- 2 penalties for violation of section 26, relating to the mandatory format of certain Association forms.

André Desgagné

M^e André Desgagné

Chairman of the Discipline Committee

Cont'd of TABLE V

ACCUSATION COUNTS AND PENALTIES

▼ Violations to the Real Estate Brokerage Act

SECTION OF CODE	NUMBER OF COUNTS	PENALTIES
11	1	\$3,000 + suspension
19	1	\$600
22	1	Stern reprimand
26	1	\$1,500

▼ Violations to the Regulation respecting the application of the Real Estate Brokerage Act

SECTION OF CODE	NUMBER OF COUNTS	PENALTIES
26	2	\$800 to \$1,600

MEMBERS OF THE DISCIPLINE COMMITTEE

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

Chairman

M^e André Desgagné

Substitute chairman

M^e Gilles Duchesne

Members

Albert-Mongrain, Darlene	Guérard, Jean-Guy
Allard, Denis	Hardacker, Lois
Ariens, Imelda	Houde, Yves-Denis
Bachir, Samir	Jones, Stewart
Belley, Louise	Kimpton, Pierre
Blanchard, Gaétane	La Palme, Léo
Bourgeault, Maryse	Langelier Sanche, Michèle
Brousseau, Serge	Lapointe, Guy F.
Brunet, Luc	Laurin, Jean
Bureau, Denis	Lavoie, Hélène
Cayer, Louis	LeBel, Réjean
Corbeil, Jean-Marc	Lecompte, Éloi
Cousineau, Andrée	Léger, Éric
D'Aoust, Robert	Lemoine, Albert
Depelteau, Clément	Léonard, Michel
Duguay, Louise	Leroux, Robert
Dumais, France	Lévesque, Pierre
Dupras, Marie-Andrée	Liboiron, Michel
Fecteau, Luce	Mailloux, Luc
Fiasché, Nicola	Martel, Paul-André
Forlini, Nancy	Ouellet, Damien
Gadoua, Pierre	Patry, Pierre
Gagnon, Micheline	Pelchat, Daniel
Gagnon, Normand	Pépin, Lucie
Gaspard, Jean-Pierre	Perrault, Jean-Nicolas
Gauthier, Lise M.	Racine, Normand
Gauthier, Nicole	Robitaille, Paul
Gélinas, Bernard	Santarelli, Adrian
Gendreau, Denise	Shelso, Robert
Gignac, Lucille	Théorêt, André
Girard, Bernard	Trudeau, Jerry R.
Giroux Laveau, Lana	Waddell, France
Godin, Muriel	White, Kenneth
Grossenbacher, Danielle	

Secretary

Marie-Josée Forget



Professional Inspection Committee's Report

Jocelyn Gagné

Chairman of the Professional Inspection Committee

In 1998, the Professional Inspection Committee pursued its goal of taking a closer look at the work of agents.

We submitted a report containing our recommendations to all the agents whose files we examined. We also met the majority of them in order to explain our comments and recommendations. These meetings enabled us to convey to brokers and agents a lot of relevant information which we hope will help increase public safety. The great majority of participants demonstrated a willingness to learn and were receptive to this approach.

Role of the Committee

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

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

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

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

The Committee is also required to make recommendations to correct any discrepancy observed during its inspections.

The Professional Inspection Committee's mandate allows it to extend its actions to every application of the Real Estate Brokerage Act and its regulations, as well as to all members of the Association. This is why, beginning January 1997, we decided to inspect the real estate brokerage activities of all agents while continuing to monitor brokers' books and registers. We feel that this approach has much more impact on the protection of the public since it deals with actions that directly involve the consumer. In the course of this review, we examined how agents and brokers fulfilled their obligations with regard to the brokerage contracts and promises to purchase which they drafted and negotiated, and how they advised their clients in these transactions.

Number of inspections

During 1998, inspectors visited 506 brokers and examined the brokerage contracts and completed transactions files of 2,491 agents, or approximately one third of the members of the profession. After the inspection, each broker and agent received a personal report containing our observations and recommendations.

Following these inspections, the members of the Committee met with the brokers and agents concerned to explain the comments contained in their report and the corrective action to be taken. Sixty-nine such meetings were organized during the year in which more than 1,700 agents and brokers took part. This approach appeared to be productive and very much appreciated by the members. Judging from the questions received during these presentations, we noticed a marked improvement in the competence of agents and brokers.

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

Cases referred to the Syndic following an inspection

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

Accounts held in trust

As of December 31, 1998, only 487 brokers held an account in trust. However, these accounts are accessed by more than 6,447 agents. As a general rule, we noted that brokers' books for these in-trust accounts were properly kept.

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

General observations

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

The verification of the information that is conveyed to the public and to other members regarding the object of a brokerage contract remains a major concern, even though there has been marked improvement. Brokers and agents are generally more aware of their responsibilities in this regard, and in several offices, the make-up of the files is constantly improving. We will certainly continue to focus on this area, because the problem of non-verified information remains the main cause for claims against real estate brokers and agents.

Several issues enabled us to stress the duty that befalls real estate brokers and agents to inform and advise their clients. The pyrite problem which prompted the ACAIQ to provide guidelines to brokers and agents working in areas at risk is one example of this.

We noted again this year that brokers are becoming more and more aware of their legal responsibilities under the law and tend to take them more seriously. At the same time, we noted an increase in the number of agents at the largest brokers.

The notions of place of business and establishment continue to create deviant situations and behaviours regarding bookkeeping, registers and agent supervision. Clarification is needed in that area.

Generally speaking, books and registers are being kept considerably better and a good number of brokers now use a computerized system that meets legal requirements. Others use conventional registers issued by the ACAIQ and these seem to work well for them. However, a small number of brokers are still experiencing problems in this area. We have also noted that some agents are very late in submitting documents to their broker.

In reviewing agents' brokerage contract and transaction files, we noted that certain details concerning the proper use of mandatory forms is still a problem for agents. The main problems have to do with:

- Choosing the proper form and filling it out properly.
- Choosing and drafting provisions that correctly reflect the will of the parties and have legal implications.
- Following up on conditions attached to a promise to purchase.
- We found a good number of promises to purchase that were void because they were accepted with changes or after the deadline had expired; because they were notified after the deadline or not at all; or because there was no follow-up on the conditions concerning, notably, clause A4.2 of Attachment A.
- Similarly, we came across a good number of invalid brokerage contracts.

Other activities

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

Recommendations to the Board of Directors

Need for ongoing training: Our activities of the past year have enabled us to observe that the members of the profession recognize the need for an adequate ongoing training program. We recommend that the Board look into this matter.

Management of in-trust deposits: We wish again this year to draw the Board's attention to the matter of deposits that escape the audits of the Professional Inspection Committee or the Syndic because they are paid to a trustee over whom the Association has no jurisdiction. We also recommend that the Board of Directors examine this matter in order to find ways to make these audits possible.



Jocelyn Gagné

Chairman of the Professional Inspection Committee



Treasurer's Report

David Farber, Treasurer
Chairman of the Finance Committee

The Association des courtiers et agents immobiliers du Québec ended the 1998 fiscal year with an accumulated surplus of \$601,345. This amount includes an accumulated surplus of \$543,366 in penal revenues and the Association's current operating surplus of \$57,979.

For the year 1998 itself, the surplus is \$378,005, i.e. \$266,451 in penal revenues and \$111,554 from normal operations. This year, the accumulated operating surplus is less due to a \$53,575 deficit in 1997.

It should also be noted that the penal surplus includes an amount of \$230,000 which, in 1997, had been allocated to an awareness-building campaign that will be implemented in 1999. Additional monies will be injected to carry out this campaign, aimed at making the public aware of both the risk of dealing through a person who is practicing illegally and the benefits of using the services of a certified broker or agent.

This year's highlights include a slight increase in revenues and non-recurring supplementary expenses tied to the Office des professions affiliation issue and the Association's strategic plan. A few factors are responsible for the boost in revenues, including an increase in the number of members and interest from trust accounts that leapt from \$93,728 in 1997 to \$251,225 in 1998.

Major variations were also noted in some expense items. The Association administrative restructuring – as a result of our strategic plan – required severance packages for three people totaling \$290,244 that were added to salaries and payroll taxes. Strategic planning also cost \$39,500 in professional fees, and approximately \$3,500 in miscellaneous meeting expenses. This plan will greatly increase the Association's organizational efficiency, including by streamlining its administrative structure. Both the public and the members of the profession will benefit from this in various ways.

We must also mention expenses in the amount of \$15,000 for computer courses given to Association staff and \$10,000 in specialized training for programmers on the use of a new database server. These expenses come under salaries and payroll taxes.

Substantial savings upwards of \$45,000 were achieved thanks to a drop of almost 25% in the amount paid to the Québec Inspector General of Financial Institutions. The Association also reduced the number of issues of ACAIQ Magazine from four to three in 1998. We are glad to stress that the Association's administrative restructuring, the Office des professions affiliation issue and the revision of the Real Estate Brokerage Act did not adversely affect the Association's financial picture.

As treasurer, I spent nine days in the course of the past year auditing expenses, at the Association's office. This resulted in the development of new policies and the improvement of certain work methods.

A handwritten signature in black ink, reading "David Farber". The signature is fluid and cursive, with the first name "David" and last name "Farber" clearly distinguishable.

David Farber

Chairman of the Finance Committee



Auditors' Report

Samson Bélair/Deloitte & Touche, S.E.N.C.
Chartered Accountants

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

We have audited the balance sheet of the Association des courtiers et agents immobiliers du Québec as at December 31, 1998 and the statements of revenue and expenses and surplus for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

*Samson Bélair
Deloitte & Touche*

Chartered Accountants

February 12, 1999

Statement of revenue and expenses

year ended December 31, 1998

	1998	1997
Revenue		
Fees		
Members	\$3,138,852	\$3,106,805
Supplies and services		
Sales	\$558,541	\$562,979
Less direct costs	(367,514) 191,027	(343,194) 219,785
Discipline		
Penalties and disbursements received	221,092	276,892
Less direct costs	(174,910) 46,182	(265,193) 11,699
Illegal exercise (Schedule)	487,950	463,200
Less direct costs (Schedule)	(221,499) 266,451	(186,285) 276,915
Investment income and other	178,586	161,751
	3,821,098	3,776,955
Expenses		
Salaries and employee benefits	2 401,670	2,005,978
Office expenses	274,136	242,236
Occupation of premises (Note 4)	352,971	359,050
Attendance allowance and employee benefits	80,103	62,999
Meetings and travelling	195,501	163,864
Elections	15,410	19,226
Publications and public relations	56,919	76,702
Professional fees	80,687	78,755
Financial expenses	10,453	11,197
Depreciation	117,251	143,357
	3,585,101	3,163,364
Excess of revenue over expenses		
before undernoted items	235,997	613,591
Other revenue		
Interest from trust accounts (Note 5)	251,225	93,728
Contribution to the Inspecteur général des institutions financières	(109,217)	(193,859)
Excess of revenue over expenses	\$ 378,005	\$ 513,460

Statement of surplus

year ended December 31, 1998

	1998			1997
	Invested in fixed assets	Unrestricted	Total	Total
Balance, beginning of year	\$336,286	\$(112,946)	\$223,340	\$(290,120)
Excess of revenue over expenses	(177,084)	555,089	378,005	513,460
Investment in fixed assets	101,925	(101,925)	—	—
Balance, end of year	\$261,127	\$340,218	\$601,345	\$223,340

Balance sheet

year ended December 31, 1998

	1998	1997
Assets		
Current assets		
Cash	\$2,255,908	\$ 315,613
Temporary investments	1,489,011	2,562,325
Accounts receivable	84,003	125,205
Supplies inventory	148,264	82,475
Prepaid expenses	19,881	34,235
	3,997,067	3,119,853
Fixed assets (Note 3)	261,127	336,286
	\$4,258,194	\$3,456,139
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$1,048,679	\$ 803,707
Deferred revenue	2,527,664	2,274,273
	3,576,343	3,077,980
Deferred lease inducement	80,506	154,819
	3,656,849	3,232,799
Surplus		
Invested in fixed assets	261,127	336,286
Unrestricted	340,218	(112,946)
	601,345	223,340
	\$4,258,194	\$3,456,139

Approved by the Board



Director



Director

Notes to the financial statements

year ended December 31, 1998

1. Description of the organization

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

2. Accounting policies

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

Inventory valuation

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

Depreciation and amortization

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

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

Deferred revenue

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

Deferred lease inducement

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

3. Fixed assets

	1998			1997
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
Furniture	\$ 407,552	\$ 356,936	\$ 50,616	\$ 87,539
Office equipment	85,469	56,924	28,545	9,754
Telephone equipment	82,955	65,524	17,431	15,242
Computer equipment and computer updates	636,364	550,289	86,075	95,145
Leasehold improvements	332,204	253,744	78,460	128,606
	\$1,544,544	\$1,283,417	\$261,127	\$336,286

Notes to the financial statements (cont'd)

year ended December 31, 1998

4. Occupation of premises

Occupation of premises expenditures include the following:

	1998	1997
Rental and occupational costs	\$412,581	\$418,905
Amortization of leasehold improvements	52,179	51,134
Amortization of deferred lease inducement	(71 104)	(74,313)
Sub-leasing revenue	(40 685)	(36,676)
	\$352,971	\$359,050

5. Fund for public information

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

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

	1998	1997
Earnings		
Interest on sums of money held in trust paid to the fund	\$251,225	\$ 93,728
Fund related expenses		
Information relating to public rights*	156,972	284,677
Professional inspection	246,507	198,953
Discipline	218,040	255,455
	\$621,519	\$739,085
Balance of the fund	—	—

* Directly available to the public \$131,407 in 1998 and \$110,477 in 1997.

6. Commitment

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

1999: \$348,232 / **2000:** \$174,116

Notes to the financial statements (cont'd)

year ended December 31, 1998

7. Uncertainty due to Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Association, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

8. Statement of changes in financial position

A statement of changes in financial position has not been presented as it would not provide any additional meaningful information.

9. Comparative figures

Certain figures for 1997 have been reclassified in order to conform to the presentation adopted in the current year.

SCHEDULE Statement of revenue and expenses - Illegal exercise

year ended December 31, 1998

	ACTUAL 1998	ACTUAL 1997
Revenue		
Renewal	\$485,450	\$463,200
Penal	2,500	–
	487,950	463,200
Direct costs		
Penal investigations	95,442	72,946
Advertising	158	2,780
Legal fees	2,553	10,573
	98,153	86,299
Indirect costs		
Salaries and employee benefits	93,134	74,632
Occupancy expenses	15,947	13,494
Depreciation	5,297	5,388
General administration	8,968	6,473
	123,347	99,986
	221,499	186,285
Excess of revenue over expenses	\$266,451	\$276,915