

Tenth anniversary

10

Annual Report 2003

Association des courtiers et agents immobiliers du Québec



Association des courtiers
et agents immobiliers du Québec

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Association des courtiers
et agents immobiliers
du Québec

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Members of the Board of Directors

Elected Chairman

Serge Brousseau

Elected Directors

Robert Aubin Western Québec
Diane Bourbonnière Montréal
Raymond Desbiens Eastern Québec
David Farber Montréal
Pierre Paradis Québec
Daniel Pelchat (Treasurer) Central Québec
Paul Robert Montréal
Johanne Roy Montréal

Directors appointed by the government

Jean Mathieu (Vice-Chairman)
Madeleine Plamondon (resigned in September)

President and Chief Executive Officer of the ACAIQ

Robert Nadeau

Secretary of the ACAIQ – Assistant General Manager

Claude Barsalou



Chairman's Report

Serge Brousseau

Chairman of the Board of Directors

I have the honour and pleasure of presenting the Annual Report of the Association des courtiers et agents immobiliers du Québec for the year 2003. It includes the President and Chief Executive Officer's report on our organization's current activities, those of the Office of the Syndic, the Discipline Committee, the Professional Inspection Committee and the Treasurer, as well as the Auditors' Report.

The year 2003 ended on a positive note. The real estate market was extremely active. Real estate brokers and agents had to work hard to meet the needs of their growing clientele. This activity also had an impact on the ACAIQ as we answered an increasing number of queries, both from the public and our members. This provided us with a great opportunity to observe the work accomplished by the ACAIQ since its inception and all the support it provides to its members.

The ACAIQ will be celebrating its 10th anniversary in 2004. In truth, when it was first created, a great number of us feared that this new organization, devoted to the protection of the public, would do more harm than good. The implementation of advertising standards, new mandatory forms and, especially, the presence of a Syndic to enforce a new code of ethics had some of us concerned and even worried.

Today, we can see the very positive contribution that our Association has made to our profession. The work done by the ACAIQ has helped enhance our profession in the eyes of the public. Real estate brokers and agents have made great gains in terms of professionalism and credibility, and the public increasingly turns to us for their real estate transactions.

Sound management of the organization's resources has helped members reap benefits that well exceed their membership fees. Members have also taken advantage of the many services provided by the ACAIQ. ■

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Continuing education activities, monitoring of illegal practice and the development of new work tools are all ways in which the ACAIQ has shown its usefulness. It has ensured a standardized application of the regulations, thereby fostering sound practices that benefit both our members and the public.

Of note is the fact that the number of complaints has remained stable despite a marked increase in the number of transactions in the past year. Real estate brokers and agents had access to education activities that were well tailored to their needs and the conditions of the market. The Association has structured itself to be able to act preventively, in an effort to reduce errors and penalties. More and more, the Syndic is seen as a necessary support for the practice of the profession.

Through all of these interventions, the ACAIQ has elevated the practice of real estate brokerage. Members proudly identify with an image associated with order and quality. The Association now enjoys a solid reputation. The members of its management are well respected and their expertise is increasingly sought after.

For all these reasons, I would like to thank the members of the ACAIQ Board of Directors, who are responsible in large part for the Association's successes, as well as the members of the various committees who graciously lend their knowledge and expertise to our organization. And last, I wish to extend my special thanks to our President and Chief Executive Officer, the members of his management committee and the entire ACAIQ staff, who worked hard to turn the Board's decisions into concrete actions.
Happy 10th Anniversary!

A handwritten signature in dark ink, appearing to read 'S. Brousseau'.

Serge Brousseau
Chairman of the Board of Directors

President and Chief Executive Officer's Report



Robert Nadeau

President and Chief Executive Officer

I am pleased to present the Association des courtiers et agents immobiliers du Québec's activity report for the year 2003. This year saw an increase in demand for our services both from our members and the public, which is a normal consequence of the level of activity we have seen in the real estate market this year. We have also intensified our continuing education activities in response to growing concern from our members. Thanks in part to a restructuring of our services completed in 2002, we are very proud to report that we were able to meet this demand effectively while posting positive financial results for the year 2003.

Once again, we had an especially active year in terms of certificate renewals and candidates to the entrance examination. At the beginning of the period, the ACAIQ numbered 11,264 members, and 12,190 certificates were renewed as of December 31, 2003. The number of candidates to the entrance examination was 1,897 this year compared to 1,596 last year, an increase of 18.9%.

Here are this year's highlights: ▶

Info ACAIQ



Our *Info ACAIQ* information center fielded 28,298 calls in 2003 compared with 21,566 in 2002, an increase of 31.21%. As in previous years, the majority of queries involved the use of mandatory forms, including the simultaneous presentation of several promises to purchase. A total of 45% of all calls came from the public. In addition, documents were sent to callers in 50% of cases.

Since its inception, *Info ACAIQ* has seen a sustained increase in the number of requests for information. Calls have almost doubled since 2000, when they totaled 14,326. If this trend continues, clearly we will need to increase our available resources in 2004 to continue meeting demand efficiently.

Assistance ACAIQ

Created at the end of 2002, *Assistance ACAIQ* has now completed one full year of operation. In 2003, this service received 1,549 cases, adding to the 105 cases received in the last few years of 2002. In total, 1,528 cases were processed by this service in 2003. Of these, 211 were referred to the Office of the Syndic and 79 to Legal Affairs for motives related to illegal practice.

Complainants in 1,238 cases settled directly by the Assistance service came in almost equal numbers from the public and real estate brokers and agents, who took advantage of this quick and effective way of settling their disputes.

Thanks to *Assistance ACAIQ*, we were able to reduce considerably the number of requests for inquiries by the Office of the Syndic. We are happy to report that this service is doing a very good job of meeting the objectives we had set, i.e. process requests for assistance from the public and our members more effectively while fulfilling our role to protect. ►

ACTIVITIES RELATING TO ILLEGAL PRACTICE

Files carried over from previous years	135
Files opened between January 1 and December 31, 2003	107
Total	242

Denunciations rejected prior to opening of file	22
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Files closed in 2003

Reasons for closure

Absence or insufficient evidence (and/or prescription)	129
Insufficient evidence and commitment	0
Insufficient evidence and certificate issued	0
Advertising only	2
Owner of the immovable or lessee	32
Exception to section 2 of REBA	2
Guilty plea	4
Judgment (guilty verdict)	0
Judgment (acquittal)	0
Member involved	0
Other	4
Total	173

Files active as at December 31, 2003

Status of pending cases

Under external investigation	57
Awaiting Board authorization	0
Awaiting trial (Court of Quebec)	12
Under appeal	0
Total	69

Illegal brokerage activities

Of note on this topic is a judgment rendered on May 21, 2003 by the Quebec Court of Appeal, which agreed with the ACAIQ in considering that “mortgage referral” is indeed a real estate brokerage activity.

You will recall that, not satisfied with the ACAIQ’s interpretation, MRS Trust Company had filed a motion for a declaratory judgment before the Superior Court to establish that its customer “referral” program did not constitute a real estate brokerage activity.

The judgment of the Court of Appeal clearly states that anyone who performs a “referral” activity related to loans secured by immovable hypothec is engaging in a real estate brokerage activity. This individual must therefore hold a certificate issued under the *Real Estate Brokerage Act* or obtain an authorization under the *Act respecting the Distribution of Financial Products and Services*.

Continuing education

In accordance with the directions of our strategic plan, we feel strongly that proper training serves both the profession and the protection of the public. We have also noticed that a large number of our members are aware of the fact that without adequate training, they will not be able to provide good quality service.

Therefore, we have continued to develop new educational activities in order to better meet the needs and expectations of real estate brokers and agents. These courses were given in all Quebec regions, with the cooperation of the vast majority of real estate boards and several brokers. A total of 309 conferences and education activities were presented, drawing 9,903 members, compared to 203 the previous year. Evidently, the ACAIQ will not be in a position to intensify its education activities in 2004 with its current level of resources, however we are very conscious of the growing needs of our members in this area.

CONTINUING EDUCATION – 2000 TO 2003

	Number of activities	Number of participants
2000	74	2,720
2001	150	5,714
2002	203	8,500
2003	309	9,903

MANDATORY EXAMINATION – 2003

	Affiliated agents	Chartered brokers and agents
Candidates	1,897	205
Successes	1,643	127
Failures	254	78
% success	86.6%	62%
Average grade	78.1%	70.7%

General Meeting



The fifth edition of the *ACAIQ Education Event* was held in Laval in April 2003 to coincide with the Annual General Meeting. The event drew some 350 participants under the theme “Education a continuing benefit!”.

Also on this occasion, the ACAIQ presented the very first *Québec Real Estate Brokerage Award*. This award, recognizing the winners’ elevation, cooperation and success, was presented to Mr. Paul E. Myre, of the firm Myre Pageau et Associés. ■



acaiq.com

The acaiq.com website made remarkable strides this year with an average of 31,183 hits per month compared to about 20,000 last year. In March and December, we counted up to 37,000 hits. Tens of thousands of pages were accessed and viewed. In addition, 568,336 documents were downloaded from the site, a monthly average of 47,361.

In fall 2003, the ACAIQ launched its extranet site for the exclusive use of its members. It features various online products and services such as *ACAIQ Electronic Forms* and the *ACAIQ E-Store*, where brokers and agents can order the Association's products. In 2004, the extranet site will be officially named *Synbad* and the addition of several new online services is planned.

Forms

New recommended forms tailored to the needs of real estate brokers and agents were made available in 2004, i.e. Declarations by the seller of the immovable, Service agreement for the inspection, Exclusive Brokerage Contract – Sale of an immovable and Promise to Purchase – Immovable. In addition, we have completed the work on the new form Exclusive Brokerage Contract – Purchase of an immovable, which will be made available in 2004.

All mandatory and recommended forms issued by the ACAIQ can now be completed online. They can be accessed via the Association's extranet. This service allows our members to create or edit forms from a server or directly from a personal computer.

BREAKDOWN OF ACAIQ MEMBERSHIP

	as at January 1 2004	as at January 1 2003
By certificate category		
Chartered agent	2,131	2,070
Affiliated agent	8,440	7,606
Chartered broker	1,545	1,512
Affiliated broker	74	76
	12,190	11,264
By sex and average age	2004	2003
Men (average age: 50 years)	6,511	6,016
Women (average age: 47 years)	4,581	4,200
	11,092	10,216

BREAKDOWN OF ACAIQ MEMBERSHIP (CONT'D)

By region (as at January 1, 2004)	Brokers	Agents	Total
Montréal region			
Montréal (06)	545	3 995	4 540
Laval (13)	94	971	1 065
Montréal (16)	296	2 029	2 325
<i>Sub-total</i>	<i>935</i>	<i>6,995</i>	<i>7,930</i>
Québec region			
Québec (03)	178	913	1,091
Chaudière - Appalaches (12)	34	99	133
<i>Sub-total</i>	<i>212</i>	<i>1,012</i>	<i>1,224</i>
Eastern region			
Lower St. Lawrence (01)	17	100	117
Saguenay - Lac Saint-Jean (02)	19	172	191
North Shore (09)	6	34	40
Northern Québec (10)	1	2	3
Gaspésie - Îles-de-la-Madeleine (11)	5	5	10
<i>Sub-total</i>	<i>48</i>	<i>313</i>	<i>361</i>
Central region			
Mauricie - Bois-Francs (04)	48	278	326
Eastern Townships (05)	76	309	385
Lanaudière (14)	60	412	472
<i>Sub-total</i>	<i>184</i>	<i>999</i>	<i>1,183</i>
Western region			
Outaouais (07)	50	395	445
Abitibi - Témiscamingue (08)	10	48	58
Laurentians (15)	106	883	989
<i>Sub-total</i>	<i>166</i>	<i>1,326</i>	<i>1,492</i>
Total	1,545	10,645	12,190

By banner (as at January 1, 2004)	Brokers	Agents	Total
Independents	1,108	3,253	4,361
Century 21	23	638	661
Groupe Sutton	50	1,756	1,806
La Capitale	50	860	910
Le Permanent	4	58	62
RE/MAX	195	2,536	2,731
Royal LePage	60	1,211	1,271
Trans-Action	40	176	216
Exit	15	157	172
Total	1,545	10,645	12,190

Professional liability insurance fund (errors and omissions)

In 2003, real estate brokers saw a considerable increase in their liability insurance premiums, and several had difficulty obtaining coverage due to the dearth of insurance companies prepared to cover brokers' risks. Thus the ACAIQ asked the government to ratify the creation of a liability insurance fund. The Québec Finance Minister granted this request and will recommend the necessary legislative changes so that this fund can be created prior to the revision of the law.

Review of the Real Estate Brokerage Act

We pursued our exchanges with government authorities regarding the review of the *Real Estate Brokerage Act*. We hope that the changes made to the Act following this review will be presented in 2004.

Financial results

We are ending the year 2003 with a net income of \$817,192, which will allow the ACAIQ to cover losses carried over from the last two periods. The advent of new members certainly helped achieve these positive results, but the efforts undertaken in 2002 to maximize the efficiency of our physical, human and financial resources have paid off and are largely responsible for the results we are seeing today.

A busy year due to an active market

The strength of the real estate market never let up through 2003. This effervescence was reflected on the activities of the ACAIQ, which was presented with a growing number of requests from the public and its membership. Given this situation, we are currently reviewing ways in which we can continue to play our role as effectively.

After 10 years of existence, the Association's expertise is now recognized and its reputation is well established. More and more people, members of both the public and the profession, refer to and rely on it.

In ending, I would like to thank the directors, especially Chairman Serge Brousseau, for the trust they have placed in me. The Management Committee, comprised of the Assistant General Manager and department managers, as well as their respective teams also deserve my gratitude. The quality of the ACAIQ's services speaks volumes as to their dedication.

CERTIFICATE MANAGEMENT

	Brokers	Agents
Issuances	177	2,545
Reclassifications		
chartered broker > chartered agent	-14	14
chartered agent > chartered broker	15	-15
Reinstatements	3	1,253
Total	181	3,797
Suspensions	64	2,020
Expirations	124	1,628
Cancellations	21	16
Abandonments	1	8
Total	210	3,672

Other transactions		
Reclassifications		
affiliated agent > chartered agent	0	108
Renewals	1,512	9,753
Total	1,512	9,861



Robert Nadeau

President and Chief Executive Officer

Syndic's Report

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 the protection of the public. The Syndic is responsible for investigating cases of alleged misconduct by real estate brokerage professionals in the course of their duties and for filing complaints with the Discipline Committee where warranted. The Syndic may also initiate an inquiry on his own initiative or upon recommendation by the ACAIQ Professional Inspection Committee.



François Pigeon
Syndic

Highlights

The implementation of the Association's Assistance service had a major impact on the work of the Office of the Syndic. That is because *Assistance ACAIQ* provides us with alternate methods to settle problems raised by members and the public.

Thus the number of requests for inquiries sent to the Office of the Syndic decreased dramatically in 2003. These were exclusively cases of fraud, conflicts of interest or bad faith. As expected, the Office of the Syndic is now able to give its undivided and speedy attention to more serious offences. ▶

	Files opened during the month		Investigations completed during the month		Under investigation / pending	
	2003	2002	2003	2002	2003	2002
January	53	105	35	97	419	389
February	37	105	66	82	390	412
March	51	117	43	94	398	435
April	31	134	40	125	389	444
May	27	134	30	98	386	480
June	27	95	32	75	381	500
July	17	88	15	88	383	500
August	16	69	24	117	375	452
September	29	89	34	102	370	439
October	7	106	47	65	330	480
November	6	80	49	113	287	447
December	19	35	36	81	270	401
Total	320	1,157	451	1,137		

Cases under review by prosecutors

December 31, 2003	December 31, 2002
78	145

Number of complaints filed

2003	2002
39	62

Statistics

In 2003, the Office of the Syndic received 320 requests for inquiries, compared to 1,157 in 2002. In addition, 451 cases were closed, which helped reduce the number of cases pending from 401 to 270.

Right from the beginning of the year, we examined pending cases in order to transfer to *Assistance ACAIQ* any that could be handled using alternate methods, which was the case for 68 of them. It is important to note that protection of the public was not at stake in these cases.

Forty-six cases were referred to the Office of the Syndic for prosecutors to review and draft complaints. As of December 31, 2003, 78 cases were under review compared with 145 at the end of the previous year.

In three cases, the attorneys for the defense applied to appeal the judgment of the Quebec Court of Appeal before the Supreme Court of Canada. In all three cases, this permission was refused with costs. The decisions rendered by the Quebec Court of Appeal are now part of the jurisprudence.

We are pleased to report that the creation of *Assistance ACAIQ* has enabled the Office of the Syndic to reduce significantly processing time for requests for inquiries and waiting times for filing complaints.

A recurring problem

With the real estate market remaining active all year, we noted a surge in the number of collaboration issues between members where there are several buyers for the same property. Almost half of the cases referred to the Office of the Syndic involved collaboration. In order to prevent disputes, the Syndic has invited members to meetings to explain how to deal with this situation.

In ending, I would like to thank the entire team at the Office of the Syndic for its excellent work and its contribution to the betterment of our profession. Thanks also to my colleagues of the Management Committee and to all the members of the Board of Directors for their support throughout the year.



François Pigeon
Syndic

Report from the Discipline Committee

Established under section 128 of the Real Estate Brokerage Act, the Discipline Committee is a totally autonomous tribunal that acts independently of the Board of Directors and staff of the Association des courtiers et agents immobiliers du Québec. It reviews all complaints made against members of the ACAIQ for infringements of the Act and regulations.

Each complaint is judged by three members of the Committee, who are the chairman or substitute chairman and two members of the profession. The chairman and substitute chairman are two lawyers appointed by the Government of Québec, and the members of the profession are part of the group of about 50 real estate brokers or agents appointed as members of the Discipline Committee by the ACAIQ Board of Directors.



M^e André Desgagné, Q.C.
Chairman of the Discipline Committee

The Discipline Committee operates primarily in accordance with the provisions of the Professional Code. Some of the committee's decisions can be appealed, following the terms and conditions stated in the Code and the Act. ►

TABLE I

NUMBER OF CASES	2003	2002
Current as at January 1	50	60
Filed during the period	40	63
	90	123
Less		
Decisions rendered on penalties	54	67
Rejected complaints/acquittals	7	4
Withdrawals/termination of proceedings	2	3
Current files as at December 31	27	50

TABLE II

HEARINGS – POSTPONEMENTS – DECISIONS	2003	2002
Hearings held		
On guilt	40	58
On penalties	41	62
Postponements granted		
Before the hearing	9	56
After representations to the Committee	0	4
Decisions		
Under deliberation on guilt	5	12
Under deliberation on penalties	5	6
Rendered on guilt	51	75
Rendered on penalties	50	67

TABLE III

COMMITTEE DECISIONS BY COUNT	2003	2002
Decisions on guilt		
Guilty decisions	94	117
Non-guilty decisions	11	8
Withdrawal of counts	13	6
Decisions on penalties		
Reprimands	11	16
Fines	58	84
Mandatory courses	5	8
Restrictions on right to practice	1	1
Cancellations/suspensions	29	19



Complaints, hearings and decisions

(Tables I to III)

(January 1 to December 31, 2003)

As of December 31, 2003, 40 complaints had been filed with the Discipline Committee, two of which were withdrawn. Thirty-nine complaints were brought by the Office of the Syndic and one by a member of the public. The 40 complaints brought before the Committee during the year covered a total of 80 accusation counts.

The Committee held a total of 40 hearings on guilt and 41 on sanctions. Nine postponements were granted, all before the hearing took place.

By year's end, the Committee had rendered 51 decisions on guilt and 50 on sanctions. Five decisions on guilt and five on sanctions were under deliberation at the close of the period.

The Committee returned guilty verdicts on 94 accusations counts, including 56 involving guilty pleas, and non-guilty verdicts on ten counts. In addition, there were three cases where an accusation count was withdrawn by the Syndic, and four more where the Committee rejected the complaints, for a total of 85 counts.

Penalties by count (Table IV)

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

The Committee imposed 11 reprimands, 58 fines and, in five cases, recommended that the Board of Directors require a member to attend courses and pass the corresponding exams. There was one case of restriction of the right to practice for a period of one year. This restriction consisted in requiring a broker or agent to practice under the constant supervision of a chartered agent. There were also 29 certificate suspensions / cancellations for periods ranging between 30 days and 12 months.

TABLE IV
FINES, COSTS AND PUBLICATIONS

	2003	2002
Penalties		
Total fines	\$64,000	\$135,000
Total costs to be reimbursed	\$71,384.62	\$62,714.58
Publications in newspapers (in accordance with section 137 of the Real Estate Brokerage Act)		
Suspensions/cancellations	8	N/A
Fines	58	84

Fines totaled \$64,000, while costs to be reimbursed by defendants amounted to \$71,384.62. The Committee determines a penalty based on its deterring effect as well as the nature and seriousness of the violation.

In all, one notice of cancellation of certificate and eight notices of suspension were published in newspapers (including Info-ACAIQ) and/or on the Association's website in 2003.

Nature of violations

The accusations brought before the Committee involved 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*, and the *Real Estate Brokerage Act*. An accusation count may be based on more than one section of the Act or its regulations.



M^e André Desgagné, Q.C.
Chairman of the Discipline Committee

Make-up of the Discipline 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. The others, all members of the ACAIQ, are appointed by the Board of Directors of the Association. The Committee secretary is also appointed by the Board of Directors.

Chairman

M^c André Desgagné

Substitute chairman

M^c Gilles Duchesne

Members

Albert-Mongrain, Darlene
Allard, Denis
Ariëns, Imelda
Belley, Louise
Bolduc, Daniel
Cayer, Louis
Charron, Claude
Cholette, Ginette
Ciocca, Salvatore
Corbeil, Jean-Marc
Couturier, Roger
Daoust, Robert
De Langavant, Laura-Nancy
Dépelteau, Clément
Dufresne, Yvan
Dupras, Marie-Andrée
Fecteau, Luce
Forlini, Nancy
Gagnon, Micheline
Gagnon, Normand
Gaspard, Jean-Pierre
Giroux Laveau, Lana

Goulet, Christian
Hardacker, Lois
Houde, Yves-Denis
Jacques, Sylvie
Jones, Stewart
Kimpton, Pierre
LaPalme, Léo
Langelier, Michèle
Laurin, Jean
Lavoie, Hélène
Lecompte, Éloi
Léger, Éric
Leroux, Robert
Mailloux, Luc
Patry, Pierre
Payeur, Richard
Pépin, Lucie
Racine, Normand
Tassone, Vittoria
Thibault, Renaud
Trudeau, Jerry R.
White, Kenneth

Secretary

Diane Heppell

Report from the Professional Inspection Committee

Professional inspection is at the heart of the activities of the Association des courtiers et agents immobiliers du Québec. The mission of the Professional Inspection Committee is to supervise the carrying on of the 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 may therefore extend its actions to every application of the Real Estate Brokerage Act and its regulations, as well as to all members of the Association. It is called upon to make recommendations to the ACAIQ Board of Directors based on observations made in the course of its inspections. ▀



Raymond Desbiens

Chairman of the Professional Inspection Committee

Make-up of the Committee

The members of the Professional Inspection Committee are appointed by the ACAIQ Board of Directors. At the beginning of 2003, they were:

Mr. Raymond Desbiens, Chairman

Mr. André Baillargeon

Mr. Pierre Martel

Mr. Toufik Noubani

Mrs. Christiane Saint-Jean

Secretary: Mrs. Céline Martineau, manager

Inspectors

Mrs. Francine Boucher

Mr. Jacques Couture

Mrs. Jacqueline Houle (since March 2003)

Mr. Serge Legault (since November 2003)

Mrs. France Waddell (until July 2003)

Inspections

In 2002, the Professional Inspection Committee focused on reviewing the format and content of inspection reports for real estate brokers and agents, and on standardizing the recommendations made by inspectors. In 2003, all brokers inspected received a report clearly identifying any discrepancies, recommended actions and specific deadlines for implementing them.

After using these inspection reports for one year, the Professional Inspection Department is very happy with the results and the cooperation it has received from establishment representatives and managers. The “action required” included in the inspection reports deal primarily with advertising, record-keeping (supporting documents) and registers, trust accounts and the drafting of contracts.

Priorities

In 2003, inspectors focused their visits on chartered real estate brokers whose last inspection was done between 1997 and 2000. In total, inspectors visited 365 brokers and examined brokerage contract and transaction records completed by 2,055 agents. Because larger establishments were inspected in 2003 (more than 30 agents), the number of brokers inspected is lower than last year, but the number of agents is higher.

Startup service

In 2003, the Professional Inspection Department made an initial inspection visit during a broker's first three to six months of practice in order to provide him quickly with the tools and advice he needs to get started. However, several factors hinder the achievement of this objective, including territorial constraints, the growing number of broker certificates issued, the number of available inspectors and other departmental priorities. In fact, only 69 initial inspections took place out of a total of 159.

Consequently, the Inspection Department has reviewed the way it performs initial visits and, in 2004, the ACAIQ will give startup sessions to several brokers at a time. These sessions will be given in an informal atmosphere using a format that promotes exchanges and focuses on real-life scenarios on these major themes: setting up and maintaining records and registers, managing trust accounts, conflicts of interest, notices of disclosure, disclosure of compensation agreements, and compensation methods. All new brokers will be invited to attend a startup session, at their convenience, in lieu of what used to be the initial inspection visit.

Conflicts of interest and notices of disclosure

The Professional Inspection Department verifies all notices of disclosure sent to the ACAIQ, in accordance with section 23 of the *Real Estate Brokerage Act*. In 2003, over 1,245 notices were received and verified, of which 60 were referred to the Inspection Committee for further analysis. These are primarily cases involving notices missing from files, the right to compensation, the duty to advise when setting the price, and speculation or simply incomplete notices.

Faced with the growing number of problems with the disclosure of conflicts of interest, the Committee has opted, in addition to publishing an article explaining how to fill out the appropriate notices correctly, to send agreements to be signed by members who violate sections 22 and 23 of the *Real Estate Brokerage Act*. Throughout 2003, members were also systematically reminded of their obligations in this regard in the course of inspections. The matter will be taken up again in 2004 during the startup sessions that will be given to beginning real estate brokers.

Claims reports

Professional Inspection received and verified 251 claims reports from insurance companies, i.e. twice last year's numbers. A claims committee will analyze these results annually, and the Association and insurance companies will try to identify trends regarding types of claims, settlement of disputes and jurisprudence. We are also aware that some insurance companies are not forwarding all the claims reports they receive.

Trust accounts

As of December 31, 2003, 444 brokers had a trust account, down 9 from 2002. However, this drop is less than in 2001, when 27 accounts were closed. This concerns the Committee nonetheless, since the number of trust accounts has a direct impact on the protection of the public. This being the case, inspectors will continue to encourage brokers to maintain a trust account by promoting its many advantages, including the protection afforded by the Fonds d'indemnisation du courtage immobilier.

Education activities

Representative and Manager Accountability: The main objectives are to review the responsibilities and obligations of the representative and manager of an establishment under the *Real Estate Brokerage Act* and its regulations; to learn and apply these simple management techniques to ensure better supervision of agents' work; to make managers accountable for conflicts experienced by their agents.

Mortgage Financing: The activity entitled "Real Estate Mortgage Financing Basics" was developed in cooperation with the Association's Education Department and Mr. Pierre Martel, member of the Professional Inspection Committee and Vice-President of Multi-prêts Hypothèques. The main objectives of this activity are for members to learn about the various basic conditions to obtain a mortgage loan, familiarize themselves with the work of a mortgage broker, and learn ways to make their jobs easier in order to ensure smoother transactions.

Several educational activities are recommended to members following an inspection, including mandatory forms, records, books and registers, and trust accounts. The Professional Inspection Department plans to reinforce its recommendations to members by suggesting registration dates and following up on registrations with the Education Department.

STATISTICS 2003

Broker inspections	365
residential	244
commercial	52
startups	69
Agent reports	2,055
Number of brokers who have a trust account	
end of December 2002	453
end of December 2003	444
Receipt and review of notices of claims	251
Receipt and review of notices of disclosure	1,245
Transaction records analyzed by the Committee	60
Referred to the Assistance Service	20
Referred to the Office of the Syndic under investigation >	9
Follow-up on "Action required" included in inspection reports	289

Highlights

In 2003, the Professional Inspection Committee met on five occasions, where, in addition to analyzing problem cases, the following themes were discussed:

- development of an educational activity on the accountability of brokers, their representatives and managers;
- participation in the development of an activity on mortgage financing;
- conflicts of interest that can arise when an agent owns or proposes to acquire, directly or indirectly, an interest in an immovable;
- review of the wording of the forms "Notice of Disclosure" and "Disclosure of Compensation Agreements" and publication of articles to explain the changes;
- implementation of a quick startup service for new brokers;
- promotion of the use of trust accounts;
- publication of "Inspection Capsules" on topics closely related to inspection reports;
- the practice of representatives and managers who do not hold a real estate brokerage certificate

Directions 2004

Prevention, primarily through:

- publication of "Inspection Capsules";
- inspection follow-up with brokers identified by inspectors;
- development of an annual questionnaire to allow all brokers to be inspected each year.



Raymond Desbiens

Chairman of the Professional Inspection Committee

Treasurer's Report

The Association des courtiers et agents immobiliers du Québec ended its fiscal year 2003 with a net income of \$817,192. Revenues were \$7,986,439 compared to \$6,616,298 the year before, and expenses increased to \$7,169,247 from \$6,841,191 in 2002.

After a deficit year in 2002, and with a precarious forecast for 2003, the management devoted a lot of its energy to rectifying the Association's position and restoring our financial health. Tight cost controls and a marked increase in revenues helped end this fiscal year with a surplus.



Daniel Pelchat, Treasurer
Chairman of the Finance Committee

Among this year's highlights is a healthy revenue increase of about \$1,370,000. Of this amount, approximately \$585,000 came from new members. In addition, a booming real estate market and an unprecedented volume of transactions carried out by our members led to an increase of \$365,000 in sales of supplies. A liquidity surplus and a strong real estate market contributed to a \$27,000 increase in investment revenue and a \$74,000 increase in trust account interest. The strength of the market was also responsible for a slight increase in the number of reinstatements, which led to a further increase of \$76,000.

On the expense side, 2003 was marked by an increased of about \$238,000 in salaries and employee benefits, a \$107,000 expense write-off for the creation of a professional liability insurance fund, and a \$107,000 increase in legal fees. On the other hand, our contribution to the Inspector General of Financial Institutions decreased by \$110,000 from last year.

Finally, the ACAIQ's accumulated surplus as of December 31, 2003 totaled \$1,036,301. Management will continue to maintain tight controls over human and physical resources, especially since the increase in revenues is due to a sustained but cyclical level of activity in the market, which inevitably causes fluctuations in the Association's membership. In addition, challenges to come, including the review of the *Real Estate Brokerage Act* and the implementation of the new legislation, could require sizeable disbursements.

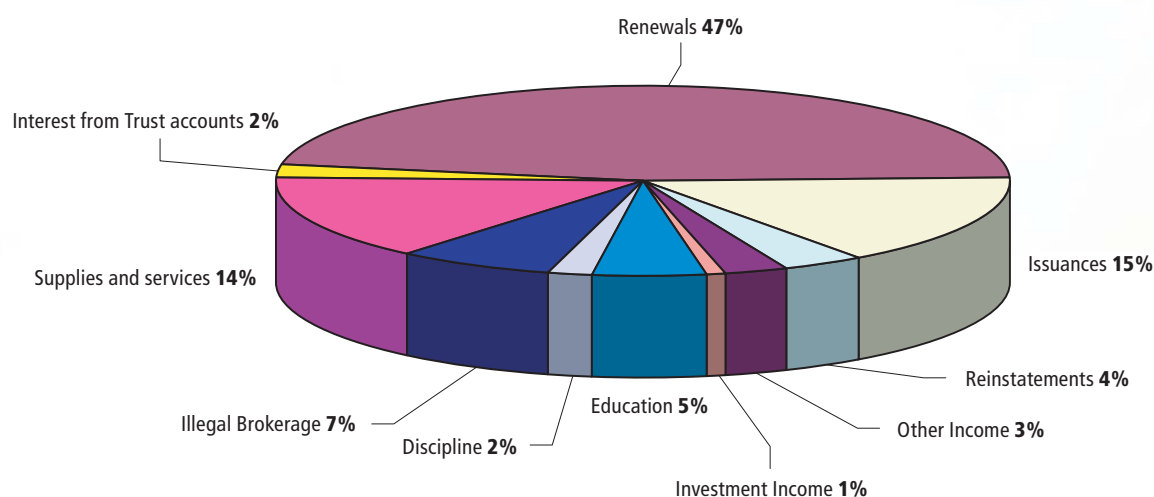
It is essential therefore that we maintain considerable liquidities and aim for a surplus of about \$3.5 million, or the equivalent of about six months of operation.



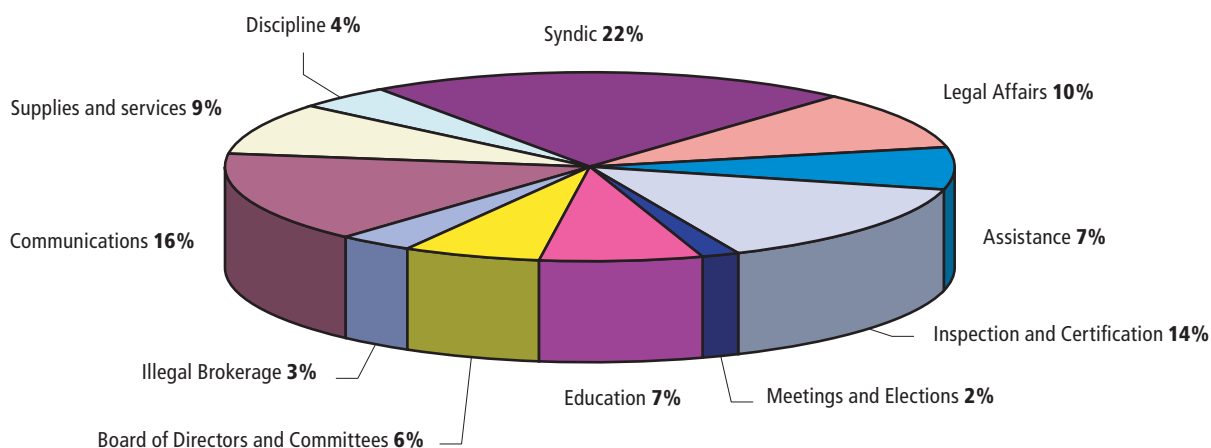
Daniel Pelchat

Chairman of the Finance Committee

REVENUES 2003: \$7,986,439



EXPENSES 2003 : \$7,169,247



Auditors' Report



*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, 2003 and the statements of income and 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, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended as at December 31, 2002 have been audited by another auditor.

Harel Drouin - PKF

Montréal, February 6, 2004

Statement of income

for the year ended December 31, 2003

	2003	2002
Revenues		
Members' fees	\$ 5,251,794	\$ 4,624,957
Supplies and services - Schedule	517,424	196,111
Illegal practice - Schedule	336,587	292,875
Investments and other income	284,488	183,316
Interest from trust accounts, net (Note 8)	111,811	(287,651)
	6,502,104	5,009,608
Expenses		
Salaries and employee benefits	2,678,908	2,470,570
Office expenses	265,639	268,632
Occupancy expenses (Note 7)	287,680	274,006
Discipline - Schedule	157,849	214,700
Education - Schedule	118,322	179,931
Attendance allowance and employee benefits	448,147	296,580
Meeting and travelling	154,953	166,077
Elections	41,353	37,477
Publications and public relations	106,634	68,756
Professional fees	1,087,997	830,503
Financial expenses	60,085	47,303
Contribution to the Inspector General of Financial Institutions (Note 10)	134,637	244,357
Amortization	142,708	135,609
	5,684,912	5,234,501
Excess (deficiency) of revenues over expenses	\$ 817,192	\$ (224,893)

Statement of changes in net assets

	Invested in property, plant and equipment	Externally restricted	Unrestricted	2003 Total	2002 Total
Balance, beginning of year					
As previously reported	\$ 1,386,285	\$ -	\$ (1,167,176)	\$ 219,109	\$ 444,002
Prior period adjustment (Note 3)	(299,778)	-	299,778	-	-
As restated	1,086,507	-	(867,398)	219,109	444,002
Excess (deficiency) of revenues over expenses	(262,477)	(501,066)	1,580,735	817,192	(224,893)
Investments in property, plant and equipment	313,819	-	(313,819)	-	-
Externally restricted	-	501,066	(501,066)	-	-
Balance, end of year	\$ 1,137,849	\$ -	\$ (101,548)	\$ 1,036,301	\$ 219,109

Balance sheet

as at December 31, 2003

	2003	2002
Assets		
Current assets		
Cash	\$ 2,300,735	\$ 2,052,343
Cash in trust accounts	19,064	19,121
Temporary investments, 2.5% to 2.8%	3,340,580	1,901,734
Accounts receivable	161,068	254,490
Notes receivable (Note 4)	50,673	-
Supplies inventory	128,113	116,894
Prepaid expenses	179,503	119,042
	6,179,736	4,463,624
Notes receivable (Note 4)	-	47,581
Property, plant and equipment (Note 5)	1,395,306	1,386,285
	\$ 7,575,042	\$ 5,897,490
Liabilities		
Current liabilities		
Accounts payable (Note 6)	\$ 1,499,881	\$ 1,279,677
Deferred revenues	4,781,403	4,098,926
	6,281,284	5,378,603
Deferred lease inducement, at amortized cost	257,457	299,778
	6,538,741	5,678,381
Net assets		
Invested in property, plant and equipment	1,137,849	1,086,507
Unrestricted	(101,548)	(867,398)
	1,036,301	219,109
	\$ 7,575,042	\$ 5,897,490

On behalf of the Board:



Director



Director

Notes to financial statements

as at December 31, 2003

1. Description of the organization

The Association, 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 Inspector General of Financial Institutions

Contribution to the Inspector General of Financial Institutions 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 (Quebec), 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 lower of cost and net realizable value. Cost is determined under the first in, first out basis.

e) Property, plant and equipment

Property, plant and equipment are recorded at cost and are amortized on the straight-line method, at the following periods:

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

f) Deferred revenues

Income from annual fees is charged to the statement of revenues and expenses on a monthly basis over the duration of the broker certificates. 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 \$415,125 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 revenues and expenses.

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.

3. Correction of an error

The variances in the deferred lease inducement related to the leasehold improvements were not taken in account in the net assets invested in property, plant and equipment. The correction had the effect to reduce the net assets as at January 1st, 2002 of \$342,100, to increase the deficiency of revenues over expenses of the year ended December 31, 2002 of \$42,322 for a total correction of the net assets of \$299,778.

4. Notes receivable

The Association has two notes receivable of \$20,000, each bearing interest at 6.5%. These notes are due in April and May 2004, respectively.

5. Property, plant and equipment

	2003		2002	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 511,214	\$ 365,122	\$ 146,092	\$ 164,702
Office equipment	187,021	134,862	52,159	73,250
Telephone equipment	93,980	90,144	3,836	8,180
Computer equipment and updates	913,804	567,733	346,071	153,747
Leasehold improvements	1,325,697	478,549	847,148	986,406
	\$ 3,031,716	\$ 1,636,410	\$ 1,395,306	\$ 1,386,285

The amortization on property, plant and equipment for the year ended December 31, 2003 is \$304,798 (\$293,469 in 2002).

6. Accounts payable

	2003	2002
Accounts payable	\$ 444,484	\$ 379,710
Accrued liabilities	199,412	169,959
Salaries and deductions at source	269,788	230,601
Sales taxes	586,197	499,407
	\$ 1,499,881	\$ 1,279,677

7. Occupancy expenses

Occupancy expenses include the following items:

	2003	2002
Occupancy costs	\$ 222,609	\$ 215,340
Amortization of leasehold improvements	93,480	85,822
Amortization of deferred lease inducement	(28,409)	(27,156)
	\$ 287,680	\$ 274,006

8. 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 (Québec). 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) Interest from trust accounts, net:

	2003	2002
Interest on sums of money held in trust	\$ 179,351	\$ 102,556
Printing	28,207	5,029
Advertizing	15,612	344,449
Salaries and employee benefits	14,929	25,760
Professional fees	8,469	3,713
Delivery	323	10,943
Office expenses	-	313
	67,540	390,207
Interest from trust accounts, net	\$ 111,811	\$ (287,651)

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

Information relating to public rights *	\$ 123,414	\$ 410,163
Professional inspection	175,770	289,114
Discipline	313,693	333,057
	\$ 612,877	\$ 1,032,334

* Directly available to the public : \$121,766 in 2003 and \$392,420 in 2002

iii) Fund balance, end of year	Nil	Nil
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9. Commitments

As at December 31, 2003, the balance of commitments under a lease agreement for its premises, expiring in January 2010, amounts to \$2,155,617. Minimum lease payments in each of the next five years are as follows:

	2004	2005	2006	2007	2008
	\$326,207	\$341,499	\$350,899	\$359,671	\$368,131

The Association is also committed under professional services contracts to pay \$503,000 in 2004 and \$519,200 in 2005.

10. Contribution to the Inspector General of Financial Institutions

The amount of the contribution of the Inspector General of Financial Institutions is composed of:

	2003	2002
Reversal of the previous year-ended provision	\$ (131,250)	\$ (60,000)
Received bill during the year	151,887	173,107
Provision for the last nine months of the year-end (9/12 of the previous bill)	114,000	131,250
	\$ 134,637	\$ 244,357

11. Contingencies

During the year 2001, one proceeding was instituted in the amount of \$1,410,000 against the Association. 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.

12. Financial instruments

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

Supplementary information

for the year ended December 31, 2003

	2003	2002
Supplies and services		
Revenue	\$ 1,146,533	\$ 781,335
Direct costs		
Cost of sales	477,991	456,223
Salaries and employee benefits	127,679	120,499
Printing and translation	8,188	4,726
Professional fees	11,780	204
Other costs	3,471	3,572
	629,109	585,224
	\$ 517,424	\$ 196,111
Illegal practice		
Revenue		
Renewals	\$ 562,650	\$ 527,700
Penalties	7,258	9,561
	569,908	537,261
Costs		
Penal investigations	104,251	97,737
Advertizing	-	300
Legal fees	31,699	10,793
Salaries and employee benefits	87,442	115,457
Occupancy expenses	3,231	6,896
Amortization	2,854	6,027
General administration	3,844	7,176
	233,321	244,386
	\$ 336,587	\$ 292,875
Discipline		
Revenue		
Penalties and disbursements received	\$155,845	\$118,358
Direct costs		
Discipline committee	85,645	88,890
Salaries and employee benefits	84,053	110,308
Occupancy	35,895	39,577
Delivery	24,853	23,995
Public notices	13,468	5,011
Professional fees	30,420	33,792
Bad debts	18,876	19,096
Amortization	5,708	6,027
Office expenses	14,776	6,362
	313,694	333,058
	\$ (157,849)	\$ (214,700)
Education		
Revenue	\$ 398,519	\$ 268,515
Direct costs		
Salaries and employee benefits	302,459	271,042
Occupancy	70,139	79,117
Amortization	11,417	9,041
Publication	20,677	26,323
Travelling	26,578	36,749
Professional fees	72,561	10,106
Office expenses	13,010	16,068
	516,841	448,446
	\$ (118,322)	\$ (179,931)



6300 Auteuil, suite 300, Brossard (Québec) J4Z 3P2 • telephone: (450) 676-4800 or 1 800 440-5110 • fax: (450) 676-7801

Info ACAIQ: (450) 462-9800 or 1 800 440-7170 •  www.acaiq.com • info@acaiq.com