

2002 Annual Report

Nova Scotia Real Estate Commission

Annual Meeting Notice

Friday
March 21, 2003
2:00 - 3:30 PM
Casino Hotel

This newsletter is an abbreviated annual report that touches on some of the highlights of the annual report. The full version of the annual report is available for viewing or downloading, on the Commission's website www.nsrec.ns.ca, under Publications, or it can be requested by calling the Commission office. A copy or copies of the full version have also been distributed to all brokerage offices.

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Chairman's Comments



Paul Doucet

This last year has seen the Commission deal with a wide variety of issues. This was my first year as Commission Chairman and I have been exposed to much more of the day to day operations, as well as much more detail on the issues. All in all, it has been an enjoyable experience.

One of the biggest issues the Commission has dealt with over the last couple of years has been the creation of a new Salesperson Licensing Course (SPLC). The NSAR has been responsible for the creation of the actual course, but the Commission has had to revise many by-laws and policies to accommodate the new course structure. In addition, the Commission, through the Recovery Fund, has agreed to fund a substantial portion of the overall costs. I am pleased to report the new SPLC started in January 2003, as had been scheduled. The materials and curriculum for this new course are outstanding and place Nova Scotia in good standing with the rest of Canada for real estate licensing education for new salespeople.

An issue that has been simmering for the last couple of years, the Commission's relationship with NSAR, has seen a lot of attention. The two organizations have implemented a joint committee called the NSAR/NSREC Liaison Committee. I believe a better understanding, by both organizations of the issues, that each have to deal with is resulting from ongoing discussions. This committee started meeting last August and will meet a minimum of three times a year. It is made up of the Executive Committees of both organizations. The purpose of the committee is twofold. First, it is a forum for both organizations to discuss and work on industry issues that are of concern to both organizations. Secondly, it provides a vehicle whereby NSAR and NSREC can work together to raise the professionalism of the industry. The Liaison Committee has already been a good forum for a number of issues and has resulted in better communication.

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The work of the Commission is carried out through several committees and by both volunteers and staff. Shown below are the people who have carried out this work during 2002.

Commissioners

Paul Doucet	<i>Chair</i>
Charles Lorway	<i>Vice Chair</i>
Robert Wambolt	
Nora Landry	Howard Oakey
Kent Noseworthy	Eldon Chaisson
Valerie Folk	Jim Woods
Doug Dixon	<i>Registrar</i>

Licensing Committee

Valerie Folk	<i>Chair</i>
Nora Landry	Paula Pulling
John Walker	Robert Wambolt
Ruth Harding	Joan Anderson

Complaint Review Committee

Jim Woods	<i>Chair</i>
Lynn Hoffmann	Marg Bowlen
Roz Prince	Kent Noseworthy
Eldon Chaisson	Tony Walters
Cathy Brown	

Discipline Committee

Charles Lorway	<i>Chair</i>
Charles Pace	Mark Stein
Brian Hirtle	Don Clark
Clark Woods	

Hearing Panel Pool

Wayne Sanford	Sybil Brown
Allan Hennigar	Sandra Richards
Carol Alexander	

Finance Committee

Charles Lorway	<i>Chair</i>
Paul Doucet	Jim Woods

Property Management

Nora Landry - <i>Chair</i>	Richard Miller
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Commission Staff

Registrar	Doug Dixon
Compliance Officer	Brad Chisholm
Licensing Officer	Pam Crane
Administrator	Elaine Moulton
Bookkeeper	Cathy Campbell

As of January 2003 the new Salesperson Licensing Course was put in place. This course consists of three weeks instruction in Burnside or a correspondence course version that can be completed over six months. Shown below is the course outline.

Unit 1

- Session 1 A Career in Real Estate
- Session 2 Professional Associations and Regulatory Controls

Unit 2

- Session 1 Market Dynamics
- Session 2 Principles of Value

Unit 3

- Session 1 Ownership, Title and Registration
- Session 2 Planning, Land Use, and Taxation
- Session 3 Real Estate Trading Act
- Session 4 Overview – Selected Provincial and Federal Legislation

Unit 4

- Session 1 Agency Relationships and Disclosures
- Session 2 Basics of Contract Law

Unit 5

- Session 1 The Residential Mortgage
- Session 2 Mortgaging and Other Financial Calculations

Unit 6

- Session 1 The Appraisal Approach
- Session 2 The Cost and Income Approach
- Session 3 The Director Comparison

Unit 7

- Session 1 Structures, Finishes, Mechanical
- Session 2 New Homes

Unit 8

- Session 1 Standards, Trade Practices and Discipline
- Session 2 Risk Management and Professionalism

Unit 9

- Session 1 Seller Representation and The Seller Client
- Session 2 Buyer Representation and Negotiations

Unit 10

- Session 1 Drafting the Residential Resale Agreement
- Session 2 Conditional Offers / Selected Forms
- Session 3 Condominium Resale Agreement
- Session 4 Tenancy Agreement

Nominees for Election to the Nova Scotia Real Estate Commission

The following four people have met the requirements for nomination to the Nova Scotia Real Estate Commission and have agreed to let their name stand for election. They are listed here in alphabetical order and a brief summary of their background and experience is provided.

Nominee: Neil Black

Brokerage: Aberdeen Commercial Realities

Location: Dartmouth

Type of license: Broker

Years Licensed: 5

Primary type of real estate practiced: Commercial

Degrees/Designations held:

Director/Executive experience in any organizations: Past President of the Mortgage Loan Association of NS; Past President of the Home Builders Association of NS; Past Director - Halifax-Dartmouth Real Estate Board; Director - Canadian Naval Memorial Trust; Past President - Ward Four Resident's Association; Past President - Downtown Development Association; Director - Canadian National Institute for the Blind; Charter President - Dartmouth Chapter - Heart & Stroke Foundation; Recipient - Halifax-Dartmouth Real Estate Board - Board Builder's Award; Recipient - Queen's Golden Jubilee Medal

Nominee: Roger Burns

Brokerage: Prudential Marquis Realty

Location: Sydney

Type of license: Salesperson

Years Licensed: 10

Primary type of real estate practiced: Residential/Commercial

Degrees/Designations held:

Director/Executive experience in any organizations: Alternate Director of the Cape Breton Region of NSAR; Former MLS Chairperson of the Cape Breton Region; Education Chairperson for the Cape Breton Region for the last five years

-Nominee Information-

Nominee: John R. Walker

Brokerage: O & Y Enterprise

Location: Halifax

Type of license: Broker

Years Licensed: 5

Primary type of real estate practiced: Commercial - Office Leasing

Degrees/Designations held: B. Comm.; CPM

Director/Executive experience in any organizations: Former Atlantic Chapter President of BOMA; currently sitting on the Licensing Committee of NSREC; Former Director of the Atlantic Chapter of REIC

Other Experience: 24 years of commercial real estate experience, primarily in leasing; however experience in mortgage arrangement, property management, operation and sales; leasing experience is mainly office, but have worked within the industrial and retail sectors; currently serving as the Senior Leasing Manager of Purdy's Wharf

Nominee: James Woods

Brokerage: Royal LePage Refelections

Location: New Glasgow

Type of license: Salesperson

Years Licensed: 15

Primary type of real estate practiced: Residential

Degrees/Designations held: obtained MVA, did not renew in 2001

Director/Executive experience in any organizations: Currently serving in my first term as a Commissioner of NSREC; Past President of Nova Scotia Real Estate Association; Past President of the Northern NS Real Estate Board; Past President Pictou County Car Dealers Association; Past President Pictou County Childrens Aid Society; served on the New Glasgow Parking Commission; twice on the Board of Directors of Abercrombie Golf and Country Club; Presently Treasurer of the New Glasgow Development Corporation

Other experience: Managed a sales finance company in Nova Scotia and Newfoundland, providing capitol loans, new car wholesale, and mortgages; was part owner in a new automobile franchise

Finance Summary

2002 Actuals & 2003 Budget - NSREC									
REVENUES					EXPENDITURES				
		2002	2002	2003			2002	2002	2003
Item	Notes*	Budget	Actual	Budget	Item	Notes*	Budget	Actual	Budget
Administration Fees		2,400	4,790	4,000	Accounting		5,500	7,151	6,000
Assessment-Recov Fund		64,000	67,805	68,000	Advertising		500	250	500
Background Check Fees		3,000	2,850	3,000	AGM & Conference		3,000	2,922	2,500
Branch Office Fees		1,890	2,220	2,450	Background Checks		3,000	3,894	3,500
Broker Fees-New		2,100	2,300	2,300	Bank Charges		1,600	1,711	1,800
Broker Fees-Renewal	1	15,321	15,715	18,595	Benefits - Government		12,250	13,980	16,500
Brokerage Fees-New	1	2,100	1,880	2,300	Benefits - Health		6,000	2,962	5,500
Brokerage Fees-Renewal	1	10,226	9,985	13,000	Benefits - RRSP Contribution	9			4,102
Brokerage Manuals		1,000	1,300	1,250	Car Allowance		1,200	1,200	1,500
Buyer-Seller Booklets		2,000	1,767	1,600	Computer Support		9,000	3,350	7,000
Exam Fees	2	16,800	26,680	24,750	Computer - Technical Support		1,000	1,489	1,200
Exam Review Fees		240	800	480	Conferences (Out of Prov)	10	8,000	7,914	12,000
Fines/Penalties		10,000	9,600	10,000	Cost of Brokerage Man Sold		350	432	400
Hearing Cost Recovery		3000	1,600	2,000	Cost of Buyer/Seller Booklets		6,000	4,390	4,000
Interest-IBTA	3	95,000	32,915	35,000	Dues & Subscriptions		1,800	2,023	2,200
Interest Income-General		1,000	76	100	Facility Rental		400	0	600
Interest-Recovery Fund	4	40,000	5,757	35,000	Furniture & Equipment		1,000	230	500
Managing Assoc Broker-New		340	330	380	Hearing Costs		3,000	6,822	3,000
Managing Assoc Broker-Renewal		3,009	2,580	2,910	Insurance/Directors Liability		1,000	563	1,000
Reinstatement of Licence	5	7,200	4,880	6,000	Insurance/Property		750	1,358	1,000
Salesperson/Assoc Broker-New	1	20,320	28,180	27,000	Legal		10,000	10,445	10,000
Salesperson/Assoc Broker-Renewal	1	63,709	66,925	87,265	Maintenance		300	211	200
Recovery Fund - Agency Task Force	6			11,000	Miscellaneous		2,500	3,677	2,000
Recovery Fund - Education Grant	7		31,000	25,000	Office		3,600	3,433	3,500
Recovery Fund - General	8		67,805	40,000	Per Diem		5,500	5,900	5,500
Revenue Totals		\$364,655	\$389,740	\$423,380	Photocopies		6,000	7,142	7,000
					Postage and Courier		7,000	8,653	7,500
					Printing		6,000	1,501	4,000
					Public Awareness Program		2,000	61	2,000
					Rent, Cleaning, Utilities		41,650	46,549	47,000
					Salaries	11	184,501	186,002	192,961
					SPL & B/M Exams		4,000	5,791	4,500
					Staff Training		4,000	200	4,000
					Staff Travel		3,000	3,422	4,000
					Taxes		950	1,074	1,000
					Telecommunications		7,000	6,851	7,400
					Transfer to Education	7		31,000	25,000
					Transfer to General	8		20,749	
					Travel & Meetings (In Prov)	12	6,000	10,028	7,000
					Website Maintenance		2,400	1,185	2,000
					Agency Task Force	6			11,000
					Expenditure Totals		\$361,751	\$416,515	\$422,363
					NET		2,904	-26,775	1,017

***See Notes on the next page.**

The two biggest items effecting the 2002 Actual and the 2003 budget are a drop in revenues from the Recovery Fund (-\$36,000) and a very poor return on the Interest Bearing Trust Accounts (-\$62,000). On the expense side in 2002 there were a couple of large items that were funded by the Commission, which were not part of the 2002 Budget.

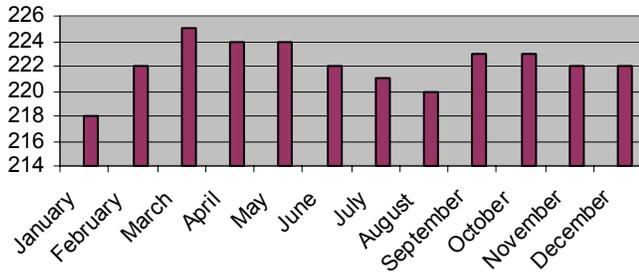
Depreciation was not included in last year's budget or the 2003 budget. It was decided to delete it from the working Revenue/Expense statement and showing it as part of the expenses and balance sheet in the Accountant's Report.

2002 Actual -Finance Notes- 2003 Budget

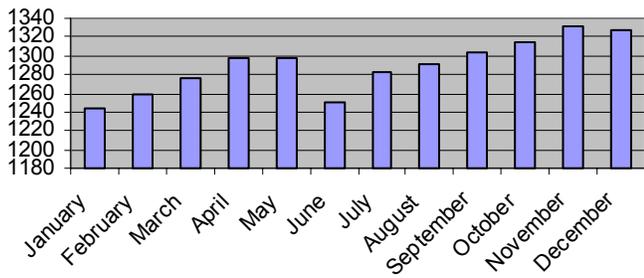
1. Licence Fees – All licence fees were increased by \$10 in 2002. Only 50% of the licence renewal revenue from this fee increase shows up in 2002 as the fees are paid for the period July 1, 2002, until June 30, 2003. The budget for 2003 has a fee increase of \$20 and only 50% of that increase will be reflected in 2003 because the licensing year is six months out of sync with the fiscal year.
2. Exam Fees – The Actual for 2002 is higher for two reasons. The Exam Fee for 2002 was increased by \$10 and the number of people writing the exam increased significantly in 2002. The Budget figure for 2003 includes an increase of \$15, but a more conservative number of exam applicants has been used.
3. Interest - IBTA – The interest on the Interest Bearing Trust Accounts continued to decrease in 2002, as a result of the general investment climate. Only a slight recovery is expected in 2003.
4. Interest – Recovery Fund – The revenue in this category is under budget for a number of reasons. As mentioned above, the investment climate was poor during 2002. In addition, the Commission transferred the investments from a self managed fund to a fully managed fund in June 2002. This resulted in a loss on investments when they were sold, as well as service charges. This created a loss of approximately \$24,000. The good news is that although the investments were sold at a loss, similar investments were immediately purchased at low prices. Once the market turns around the investments should appreciate and eliminate the loss.
5. Reinstatement of Licence – Revenue was down in this category as there were fewer moves by licensees between brokerages.
6. Agency Task Force – The Commission approved an expenditure from the Recovery Fund in 2003 for Nova Scotia to contribute \$5,000 towards a National Task Force reviewing the whole issue of agency. It approved an additional \$6,000 in travel and meeting expenses for the Registrar to be a participant in the Task Force. Revenues show the funds for this project coming from the Recovery Fund and Expenses show the funds being paid out.
7. Education Grant – In 2002, the Commission approved two payments from the Recovery Fund to the Education Department of NSAR. There was \$6,000 towards the expense of a folding wall in the new classrooms and an additional \$25,000 grant for course development.
8. General – The Commission has budgeted in 2003 for \$40,000 to come from the Recovery Fund to offset administrative expenses. In the 2002, Actual there is an expense of approximately \$21,000, which was to cover the balance of the furniture & equipment expenses and leasehold improvements that were approved by the Commission as part of the move into new offices.
9. RRSP Contributions – The Commission approved a benefit for Commission staff that was based on matching contributions to a personal RRSP, up to a maximum of 5% of salary. This was being implemented in 2002 and the amount shown in 2003 is the contribution for 2002. This benefit was phased in, with only 50% of the amount available in 2002 and the full amount will be available in 2003. There is no pension plan for staff.
10. Conferences – This item covers the cost of the Registrar and the Compliance Officer going to two out-of-province meetings each year. The Canadian Regulators Meeting in the spring and the ARELLO Conference in the fall. The 2003 Budget includes an additional national conference for the Chair and the Registrar in January.
11. Salaries – The increase for 2003 reflects a 2.5% COL and a small increase for the realignment of responsibilities.
12. Travel & Meetings – The 2002 Actual was higher as a result of one extra Commission meeting, several extra committee meetings and a slight increase due to more meeting participants traveling further distances.

Licensing Statistics

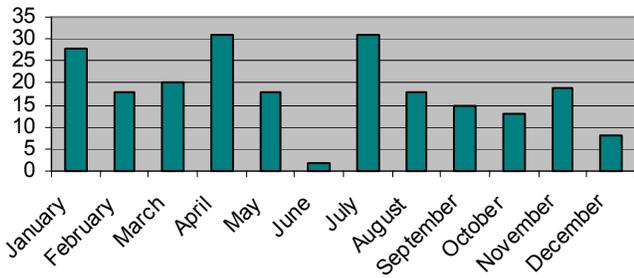
Total Offices - 2002



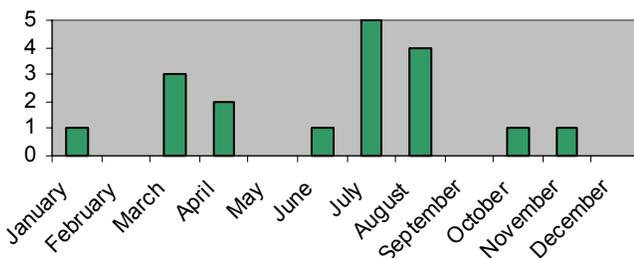
Total Licenses - 2002



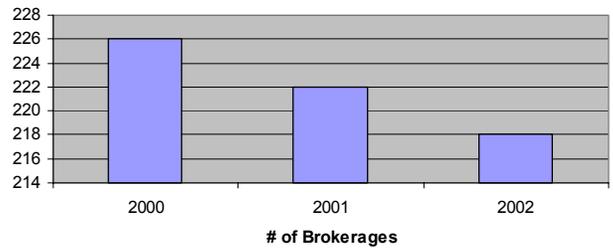
New Salespeople - 2002



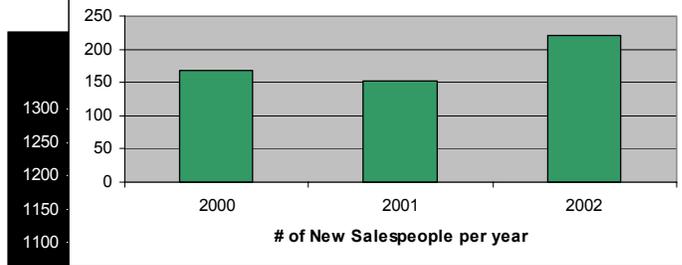
New Brokers/Managers - 2002



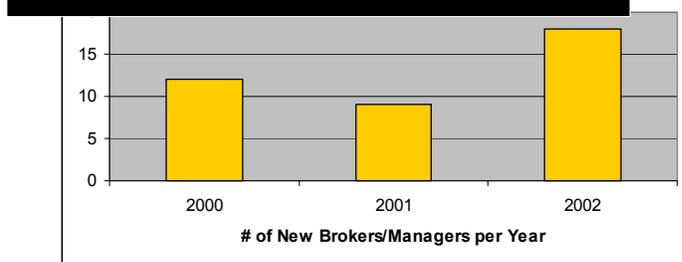
Change in Brokerages 2000-2002



New Salespeople 2000-2002



Total # of Licenses



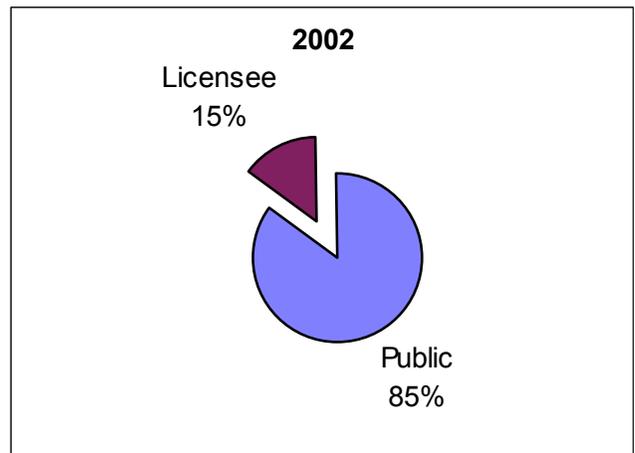
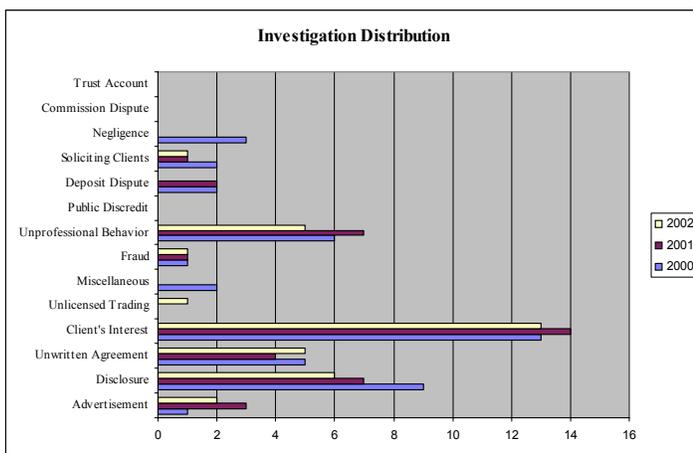
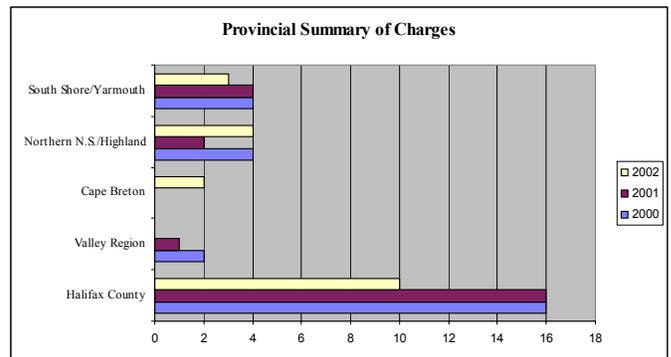
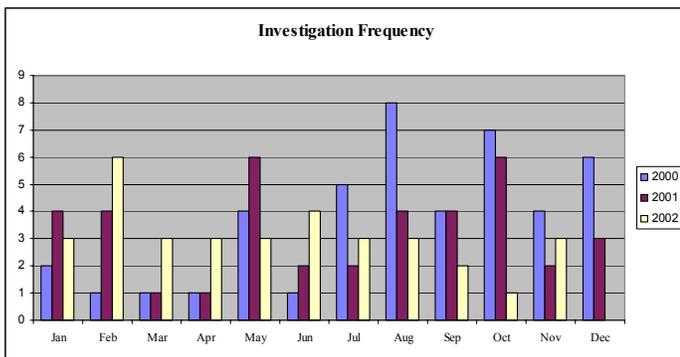
Chairman's Comments continued...

I want to thank the Commission staff for their efforts this past year. Their work in the general operation of the Commission has been consistently well done and professional. I also want to thank the current Commissioners, as well as those who have served in previous years, for their time and efforts. The Commission has established a very solid base, and proceeded to make decisions on issues in a very thoughtful, deliberate process. The Commission's BODs and committee meetings have involved hundreds and hundreds of hours by volunteers. The efforts of these volunteers, along with the support of staff, has created an environment where the public is better served and the professionalism of the industry is constantly raised. As you will see later in this report, the number of complaints and investigations is down considerably. I believe this is the result of the work done by the Commission and its committees, as well as the education provided by NSAR.

The Commission's Annual General Meeting is being held on March 21st and I encourage you to attend. This is your opportunity to get an update on the work of the Commission, to elect a licensee to the Commission, and for you to provide feedback to the Commissioners. I hope to see you there.

Paul Doucet
Chairman

Complaint Statistics 2002



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