

FOSTERING CONFIDENCE

2010 - 2011
ANNUAL REPORT



Highlights

See what we've
been up to...

NEW WEBSITE

RECO's new website provides a fresh look, easier navigation and packages information specifically for "home buyers and sellers" as well as "industry professionals". Read more about the many exciting new features in the [Website update on pages 8-9](#).



CORRECT

ENHANCED REGULATORY PROCESSES

RECO has taken a number of steps to enhance its regulatory processes including the development of a more efficient complaints process as well as an extensive review of advertising guidelines to help identify opportunities to better manage advertising issues as well as ways to better educate registrants. Read more in the [Report on objectives on pages 10-13](#).

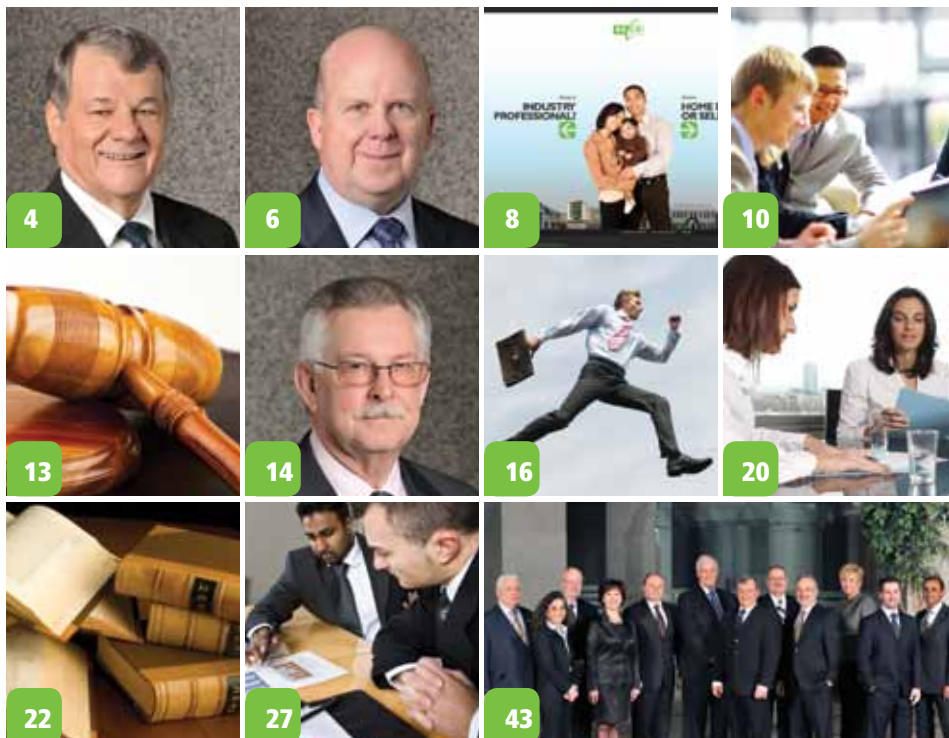
- ✓ The brokerage name appears as it is registered with RECO and is one of the first things you notice in the advertisement. The first line of the brokerage is large and easy to read. For websites advertising the brokerage's identification must be on each page of your website. You may want to consider putting the brokerage information on the top frame as a reference to complying with this requirement.
- ✓ The phrase "Independently Owned and Operated" must clearly appear with the brokerage name applicable to franchise & business only.
- ✓ Your name appears as it is registered with RECO.
- ✓ Your name is clearly shown with your designation.

NEW EDUCATION INITIATIVES

RECO led the development of a new Broker Course, redeveloped the Residential and Commercial RECO Real Estate Update Courses and reviewed all pre-registration curriculum. Read more about RECO's education initiatives in the [Message from the Registrar and Performance review beginning on page 14](#).



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Purpose, Mission & Values

CORPORATE PROFILE

The Real Estate Council of Ontario (RECO) was established in 1997 and is responsible for regulating Ontario's real estate brokerages, brokers and salespersons in the public interest

CORE PURPOSE

To foster confidence and uphold integrity in real estate transactions

MISSION

To regulate the activity of trading in real estate in the public interest

RESPONSIBILITY

Interpret, enforce and suggest modifications to regulations

RELATIONSHIP

RECO has an exclusive contract with the Government of Ontario to administer the *Real Estate and Business Brokers Act, 2002* and must perform in a manner consistent with the government's expectations and the terms of the Administrative Agreement

CORE VALUES

RECO is dedicated to organizational behaviour characterized by:

Integrity: Be truthful and trustworthy

Accountability: Administer the Act competently in accordance with law

Fairness: Act impartially and equitably

Respect: Treat all with courtesy

Outreach provides opportunities to listen and respond



On behalf of the Board of Directors for the Real Estate Council of Ontario, I am pleased to present RECO's Annual Report for the 2010-2011 fiscal year.

This report provides a valuable overview of a year of achievement at RECO. In administering the *Real Estate and Business Brokers Act, 2002* on behalf of the Ministry of Consumer Services, RECO is responsible for ensuring that a high level of consumer protection is maintained in Ontario's real estate industry. Through this report, RECO is able to show how it regulates the industry and how it provides consumer protection. It's an opportunity to demonstrate what we are all about.

Over the past year, I have had the privilege of representing RECO and its Board to stakeholders across Ontario. My experiences have shown me just how important it is to maintain that interaction. It is an opportunity for registrants and consumers to learn first-hand what is involved in the regulatory processes of this industry. Over the course of the 2010/2011 fiscal year, Board members and RECO staff attended more than 30 industry events to provide updates and discuss emerging trends in real estate. That type of outreach provides RECO with invaluable opportunities to listen to concerns and react accordingly.

This was evident this past year in RECO's reply to questions concerning the Consent Agreement between the Canadian Real Estate Association (CREA) and the Commissioner of Competition. RECO was quick to provide clarification on a number of issues specific to the agreement, reminding everyone that regardless of the terms of the agreement, those registered to trade in real estate in Ontario must comply with the *Real Estate and Business Brokers Act, 2002* and its regulations including the Code of Ethics (Ontario Regulation 580/05).

The ability of RECO to fulfill its role is enhanced by the positive relationship it shares with both the Ministry of Consumer Services and the real estate associations and boards that it interacts with.

RECO's Board of Directors has taken a proactive role in responding to the ongoing evolution of the industry. During my term as Chair, the Board's Legislation and Regulations Committee reviewed potential amendments to the Act and regulations, including opportunities for enhancing consumer protection. And by the Board's approval of a review of advertising practices in the industry, RECO is positioned to analyze trends and areas of specific concern and respond in a manner that will assist registrants in meeting the Act's requirements.

As a result of another Board initiative, the Governance Committee focused efforts on reviewing RECO's By-law No. 9, which deals with the election of RECO's Board of Directors. In light of changes that now allow for online voting, the committee reviewed By-law No. 9 with the intent of bringing it up-to-date with current processes. A motion will be considered by members at the 2011 Annual General Meeting to amend the By-law.

This past January, I had the opportunity to attend a meeting with other Canadian real estate regulators that proved to be both fruitful and satisfying. I was able to raise the awareness of RECO and its role, sharing our own experiences and bringing back expertise that could benefit RECO in its future activities.

The ability of RECO to fulfill its role is enhanced by the positive relationship it shares with both the Ministry of Consumer Services and the real estate associations and boards that it interacts with. I believe this ongoing interaction has fostered a mutual respect and deeper understanding of RECO's role in regulating the trade of real estate in Ontario.

I'd like to acknowledge the hard work of RECO's management and staff – in particular its President/CEO Tom Wright. As well, I owe a debt of gratitude to my fellow Directors for their support during my term as Chair.

RECO is driven by a vision of a well-regulated real estate industry in Ontario. We have laid some important groundwork in the area of consumer confidence and awareness this past year and I have every expectation that success will continue to show in coming years.



George Lavallee
Chair, Board of Directors

Raising awareness of RECO and its role



The Real Estate Council of Ontario has a vital role to play for consumers by regulating the activity of trading in real estate. With each passing year, we strive to strengthen consumer confidence. This past fiscal year a greater focus was placed on educating consumers about RECO's mission to regulate the activity of trading in real estate in the public interest.

OPINION POLL

In order to understand what consumers know about RECO, we reached out to the residents of Ontario this past year through an Angus Reid public opinion poll. While the results indicated a strong awareness of a regulated real estate industry in this province, they also suggested RECO is clearly on track in its need to create greater consumer awareness of its role as a regulator.

NEW PUBLIC WEBSITE

Based on the survey results it seemed logical to take a closer look at how we were communicating with consumers. It was decided that through a revamped and more consumer-friendly website, both buyers and sellers could be made more aware of RECO and its role. On the heels of introducing a revamped MyWeb experience for registrants a year ago, RECO refocused its efforts on producing a website that is easier to navigate and offers new tools for all users.

Visitors to the site now have the option of clicking on 'industry professional' or 'home buyer or seller'. Depending on their selection, they are directed to a different set of menu items that includes information best suited to them.

A registrant search feature gives viewers up-to-date information on registrant status, and this year a new search feature was added to provide even more information for consumers who wish to educate themselves before choosing a registrant to assist them in the buying and selling process. The redesigned website will also permit the utilization of popular social media tools which RECO will be evaluating as it moves forward in increasing its web-based communication.

While vital industry information remains on RECO's public website, registrants are encouraged to sign up and log in to MyWeb to gain access to a wide range of registrant-focused information, RECO forms and other resources.

MESSAGE FROM THE PRESIDENT/CEO

REACHING OUT

RECO has also raised awareness of its presence by tapping into the audience of Canada's news media. In early 2011, RECO produced several consumer features for media use which – in one month – resulted in 25 published articles, with a reach of more than two million people. As well, RECO has published a number of news releases related to its regulatory activities.

CUSTOMER SERVICE

RECO is committed to continuous improvement in its service delivery to both registrants and consumers. Online services are an excellent example of our efforts. RECO is also developing customer service standards to reflect its commitment.

At the most recent strategic session, RECO decided to conduct a comprehensive review of its core business processes and supporting systems to identify opportunities to improve operational efficiency and effectiveness, assess resource and systems requirements to meet current and future demands, benchmark processes against best practices, and prepare a business process improvement plan.

This initiative is one of the key components of our plans for the 2011-2012 fiscal year.

ONLINE INITIATIVES

Online renewal has been well-received by registrants since its implementation a year ago. We are seeing on average 34 per cent of registrants taking advantage of this service. Another electronic initiative this past year saw RECO experiment with an online-only summer edition of *For the RECOrd*. Through this green enterprise, we were able to minimize costs while still keeping registrants informed of our activities. This initiative has been very well-received and RECO will publish future online editions.

INVESTING IN OUR FUTURE

We recognize the need to maintain and enhance RECO's information systems roadmap. Our efforts in this area provide value by focusing on long term goals and a broad vision of what we are endeavouring to achieve as an organization, and in turn, how technology can help us achieve those goals. We've increased our efforts to advance our electronic initiatives in many areas and we expect that trend to continue. As such, strategies are being implemented to ensure a sound information systems infrastructure to support our regulatory activities and corporate performance.

RECOGNITION

Over the years, many dedicated and talented people have left their mark on RECO. This past year well-known and respected Toronto real estate broker David Rossi – a former Director at RECO – passed away following a battle with leukemia.

Mr. Rossi was an industry leader and visionary who played a key role in the establishment of RECO. Not only was he a founding director but he was also a driving force behind the creation of RECO's Code of Ethics. Mr. Rossi was elected to the Board for three terms and served as Vice Chair from 2001 – 2002 and Chair from 2002 – 2003. He led numerous RECO committees and working groups and leaves a legacy of RECO firsts. Mr. Rossi's spirit, passion for life and great integrity will continue to live on among all who had the privilege of knowing and working with him.

I would like to thank RECO's Board of Directors for its support and direction during the past year. The management and staff at RECO have worked hard to improve efficiencies and to be effective in fulfilling RECO's core purpose – to foster confidence and uphold integrity in real estate transactions. I'd like to thank every one of them for their efforts and contributions toward achieving the positive results captured in this report.



Tom Wright
President/CEO

Keeping up to date on the latest industry trends and issues

2010-2011 marked the launch of RECO's new website, providing easy access to important information for both industry professionals and home buyers and sellers. The industry professional homepage features quick access to up-to-date news and information. As new publications are released or events happen, they are highlighted here, allowing registrants to check for updates from their computer or smartphone as part of their daily routine.

The registration section contains new fillable forms for all registration applications. Fillable forms allow registration staff to process applications in a more timely manner, cutting down on misinterpretations of handwriting and incomplete information.

The new website features a search function that displays discipline decisions based on the type of breach of the Code of Ethics. This is a valuable educational tool for registrants, allowing an in-depth case study of how the Code of Ethics is applied. Additionally, the popular registrant search is available on every page of the website, making it easily accessible to all readers.

To streamline information, many publications and registrant resources are now available exclusively in MyWeb, where registrants can also renew their registrations and pay their insurance premiums online.



WEBSITE UPDATE

Promoting the value of working with a registered real estate professional



The dedicated home buyers and sellers section contains information specific to consumers who may be buying or selling a home. The publications & resources section highlights a number of issues in Ontario's real estate industry including the value of working with a registered real estate salesperson or broker, preparing for an open house, home inspections, competing offer situations and much more.

The interactive nature of the website allows for increased communication between RECO and consumers. Each page is complemented by three feedback options in addition to the contact page. A "got a question" button allows readers to send a question to RECO about that page. At the bottom of every page, readers can click a "share" button to email it to a friend. Readers can also subscribe to a mailing list to receive newsletters and updates from RECO.

A newly designed media centre gives quick access to key information about RECO, statistical data, news releases, newsletters and corporate publications. It also contains a page dedicated to consumer-focused story ideas for the media. Making these stories available to the media is one more tool RECO is using to increase communication to home buyers and sellers about what RECO is and what it does. In the first month after releasing these stories, they were featured in 25 media outlets across Ontario with a readership of more than two million.



PUBLIC AWARENESS

Objective	Measure
Continue to develop consumer and registrant focused publications employing plain language and in languages other than English where appropriate	RECO continues to produce newsletters for registrants that provide plain language information. MyWeb provides visual examples of advertising requirements to also help ensure the information is communicated in a clear and easy to understand manner. RECO distributes the <i>Buying or Selling Your Home?</i> brochure which is available in seven languages.
Develop and publish a series of “best practice” bulletins	RECO continues to produce timely documents to communicate to registrants, including the publishing of a question and answer document to address questions related to changes in the industry.
French language services	French speaking staff are available during regular business hours to respond to all communications received in French. A French version of the consumer publication <i>Buying or Selling Your Home?</i> is available on the website and in print format. Additionally, a French version of the <i>Advertising Guidelines</i> is available to registrants upon request.
Create opportunities for registrants and consumers to provide input and feedback through web-based surveys and advisory groups	RECO launched its new consumer-focused website which allows consumers to ask questions and provide feedback throughout the site. The site includes a “get on our list” feature that will be used for consumer newsletters and for consumer surveys.
Conduct focused research to better identify consumer information needs	RECO hired a leading polling firm to obtain baseline information related to consumers to understand their level of awareness about RECO as well as where the public goes to find information before buying or selling a home. The results of that report have been useful in the development of outreach strategies.
Continue to participate in industry events, meetings and conferences	RECO continues to focus on outreach within the industry. RECO staff and Board members attended more than 30 industry events to discuss updates and emerging trends in real estate. Outreach provides RECO with invaluable opportunities to speak directly with stakeholders.
Educate law enforcement agencies and financial institutions about mortgage fraud	RECO is committed to collaborating with law enforcement agencies and groups within the financial industry to share information about combating mortgage fraud. In the 2010-2011 fiscal year, RECO investigators continued to meet with stakeholders to deliver presentations about RECO’s investigative and legal process for dealing with allegations of mortgage fraud.

REPORT ON OBJECTIVES

FULFILL REGULATORY OBLIGATIONS

Objective	Measure
Assess the effectiveness of the Managing General Agency insurance model and consider alternative risk transfer models	Since its implementation on September 1, 2007, the Managing General Agency insurance model has resulted in professional claims management, permitted the tracking of detailed claims statistics and enhanced cost control measures. During the 2010-2011 year, the Insurance Committee began a review of the model to determine if there are possibilities for alternatives to the structure or coverages of the program that may benefit stakeholders.
Ensure the effectiveness of the complaints handling process	In September 2010, RECO hired a Deputy Registrar, Regulatory Compliance, to focus resources on and oversee the complaints, compliance and discipline process and inspections and investigations. During the year, the number of open case files was reduced by more than 20 per cent. RECO continued to explore options to enhance the timeliness of complaint processing, including the development of a standardized complaint form.
Conduct a comprehensive study of registrant advertising issues	Work began on a Board of Director's approved advertising review. RECO conducted a random sampling of more than 3,000 registrant advertisements from across the province to analyze and determine industry practices and problem areas. The sampling determined that despite RECO's ongoing education and compliance efforts, a significant number of advertisements did not fully comply with RECO's advertising standards and guidelines. As part of the review, an analysis of the current advertising requirements was also carried out. The results of both the survey and the analysis of current requirements will be used to enhance communications as well as how advertising issues are handled. The Board's advertising review is ongoing.
Identify opportunities to enhance the pre-registration, articling and broker educational program, as well as the mandatory RECO Real Estate Update Course	RECO completed the development of a new Broker Course to launch in early Spring 2011. The new course was developed to be interactive for learners while including practical case studies and simulations. Course content focuses on building the critical business acumen and financial intelligence skills that brokers of record require to meet their regulatory obligations. Additionally, work began on the development of two new RECO Real Estate Update Courses as well as a review and update of all pre-registration curriculum.

ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY

Objective	Measure
Review options to allow for more effective and efficient handling of increasing volumes of consumer and registrant inquiries	RECO developed a dedicated receptionist position to replace registration clerk staffing of the front desk, thereby increasing the availability and productivity of registration clerks who can now work uninterrupted on their regular job duties rather than staff the reception area. Telephone queues were implemented to streamline and effectively handle increasing call volumes in registration, complaints, compliance and discipline and insurance, resulting in shorter wait times and fewer abandoned calls. Auto attendant reprogramming was completed to address peak volume periods ensuring the most frequently requested information was pre-recorded and easily accessible by callers. Additionally, clerical and administrative support was added on an as-needed basis during times of cyclical volume increases.

REPORT ON OBJECTIVES

ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY CONTINUED

Objective	Measure
Enhance electronic communications and implement new electronic services	RECO launched a new website featuring two distinct sections for registrants and consumers. The website was built with enhanced communication capabilities allowing users to subscribe to RECO updates. RECO began an ongoing evaluation of the opportunities for social networking within the framework of a regulatory environment. A new search feature was developed that allows users to search the RECO website for discipline and appeals decisions based on the type of breach of the Code of Ethics. After launching a new MyWeb in March of 2010, RECO made many enhancements to the online portal during the fiscal year. All pertinent information relating to registration can now be found on MyWeb. This includes registration information, education information and course listings, details of the insurance program, all regulatory activities, and both the registrant and discipline and appeals decisions search functions. New fillable registration forms were developed and are also accessible through MyWeb. RECO continued to highlight the benefits of MyWeb and its online registration renewals. During the course of the fiscal year, 34 per cent of all individual registration renewals were completed online and 88 per cent of individual registrants have now created a MyWeb profile. Given the popularity and convenience of online renewals, work began on additional enhancements to allow registrants to submit applications for transfers and terminations online through MyWeb. The fiscal year also marked the move to online voting only for RECO's 2010 Election of Directors. The first online only edition of RECO's registrant newsletter, <i>For the RECOrd</i> was produced in Summer 2010 and posted in Uniflip format on RECO's website. RECO continued to provide stakeholders with timely information and updates via email.
Develop an information systems roadmap to ensure a sound infrastructure to support its regulatory activities and corporate tracking, monitoring and reporting activities	During the fiscal year, RECO developed an information systems roadmap that outlines the changes to RECO's information systems that have been undertaken in the last three years and the opportunities that present themselves for the future. The roadmap will assist RECO in decision-making processes when developing or acquiring new technologies, serves to ensure that development efforts address strategic priorities and establishes a standard by which progress can be measured.
Maintain prudent expenditure practices, review business processes to identify short and long-term cost reductions and monitor fiscal implications of economic conditions	RECO implemented a number of cost reduction measures including a new procurement policy. The policy requires a request for proposal process for large expenditures. The comprehensive policy not only allows RECO to obtain competitive quotes for expenditures, but also helps accurately outline the exact nature of goods and services provided. RECO began work on a post card renewal process aimed at significantly reducing the cost of producing and mailing full renewal packages. The program will launch in Spring 2011. Despite ongoing concerns about the economy, RECO continued to see an increase in registration numbers, ending the year with more than 60,000 registrants.
Review and evaluate premises options; determine a course of action in advance of the expiry of current leases in 2012	RECO worked with a commercial real estate broker to assist in exploring options for the office premises, as RECO's current lease at 3250 Bloor Street West, Toronto, expires at the end of 2012. RECO also obtained the services of a space planning and design consultant to analyze office space requirements, ensuring that RECO's future needs can be met. RECO continues to review and evaluate all options available and a final decision on RECO's office location will be made before the end of 2011.
Attract, motivate and retain proficient employees	RECO implemented a new performance review and development plan aimed at ensuring employees are motivated to achieve a high calibre of work. RECO welcomed 15 new staff members during the fiscal year, six of them filling newly created positions.



REPORT ON OBJECTIVES

SUPPORT THE ROLE OF GOVERNMENT

Objective	Measure
Utilize the Legislation and Regulations Committee to identify and review potential legislative and/or regulation changes	The Legislation and Regulations Committee met to review potential amendments to REBBA 2002 and its regulations. Factors considered by the Committee when reviewing potential amendments include the ability to enhance consumer protection, stakeholder impact, urgency and complexity. Non-regulatory approaches to addressing issues are considered whenever appropriate. RECO's role is limited to providing input and advice to the provincial government as RECO has no authority to amend REBBA 2002 or its regulations.
Work with the Ministry of Consumer Services to ensure that policy priorities are shared and mutually desirable goals are achieved	RECO continued to meet regularly with Ministry staff to discuss priorities, advance mutually desirable goals and report on key initiatives. Work related to longer-term recommendations contained in the 2009 Report on the Delegated Administrative Authority Model also continued during the year. The Chair and President/CEO also met with the Minister of Consumer Services, as well as the Deputy Minister, to discuss key priorities and highlights of RECO's activities.

GOOD GOVERNANCE

Objective	Measure
Develop and implement new processes, practices and tools to ensure the alignment of the Board of Directors work, enhancing its governance effectiveness and its monitoring role	During the fiscal year, the Board reviewed protocols and support systems with a view to identifying areas to enhance Board effectiveness and monitoring. A new dashboard monitoring tool was implemented at its March 2011 meeting, and includes a Board work plan.
Review and refresh the strategic business plan for FY2011-12 to FY2013-14	In October 2010, the Board held a strategic session focused on integrating and building on work and outcomes achieved by the Governance Committee in the previous fiscal year, building on commitments and increasing the rigour of board goals, work plans, and contributions. The strategic business plan for the years 2011-2014 will reflect the outcomes of strategic and operational planning.
Develop a President/CEO succession plan	The Board, through its Governance Committee, continued work on the development of a succession philosophy. In preparation, a new position profile and performance review and development plan for the President/CEO were approved during the year. The succession philosophy will be finalized in the upcoming fiscal year.
Identify areas to invest in training for the Chair, Vice-Chair and other Directors	The Chair and Vice-Chair attended the Canadian Regulators Group Leadership Conference. Directors received additional training in financial literacy, tailored to address RECO's financial statements, as well as governance training related to balanced scorecards and meeting effectiveness. Both the Chair and Vice-Chair also participated in media training.

Amendments to the *Real Estate and Business Brokers Act, 2002*



1) Effective March 30, 2011, resulting from S. 7 of Schedule 2 of the *Good Government Act, 2010*, S.O. 2011, C.1 (Bill 110) coming into force, s. 28 (4) of REBBA 2002 was amended to delete the words "with the approval of the director" to now read:

Financial statements

(4) Every brokerage shall, when required by the registrar, file a financial statement showing the matters specified by the Registrar and signed by the broker of record and certified by a person licensed under the *Public Accounting Act, 2004*.

Increasing efficiencies in registration & regulatory processes



My first annual message was printed in RECO's 2005-2006 Annual Report. REBBA 2002 had just been proclaimed and we were most certainly "celebrating a new era in real estate regulation." We considered the number of regulatory changes facing Ontario's real estate industry and thought the addition of a note from my office might be a fitting way to begin the performance review.

Five years later, much has changed in Ontario's real estate industry, but one thing that has remained is the high level of activity in the Office of the Registrar, which is why we've continued to preface the performance review with these messages. Aside from providing an overview on some of our registration and regulatory statistics, this is my opportunity to share with you the initiatives we've been working on and priorities that have been set.

INCREASING EFFICIENCY IN REGISTRATION PROCESSES

One of the most significant changes to registration processes was the introduction of online renewals in March of 2010. In the first year since its introduction, 34 per cent of all individual registration renewals were completed online in MyWeb. Online applications allow streamlined processing times and cut down on missing information and errors – or deficiencies as we call them – allowing applications to be processed in as little as two to three days. In turn, this makes all registration processing more efficient.

Given the success of the online registration renewal process, we began developing an online process for submitting applications for transfers and terminations. Expediting the transfer and termination process is a priority for RECO, as we know that registrants cannot trade during the time an application is being processed. Reducing the time it takes to process those applications benefits everyone involved. We expect that the online transfer/termination application process will be available through MyWeb in the next fiscal year.

Fillable PDF forms were created to replace all standard registration forms. Fillable forms allow for quick and accurate completion of applications and reduce the number of misinterpretations of handwriting.

UPHOLDING STANDARDS IN REGISTRATION

In last year's message I reported that as a result of the *Ontario Mobility Act*, RECO developed a new Interprovincial Challenge Exam (ICE). The ICE allows RECO to ensure that registrants from other Canadian jurisdictions applying to be registered in Ontario have the fundamental knowledge and legal jurisprudence specific to Ontario required to meet RECO's standards for registration. Since its introduction, 87 applicants have applied to write the ICE with 30 applicants passing the exam on their first attempt. An additional 23 applicants passed on subsequent attempts for a total pass rate of 60 per cent. Of those applicants who were successful, 68 per cent applied for registration under REBBA 2002. These numbers reinforce the value of the ICE as one of the many tools that we use to ensure protection of the public interest.

One of the most significant changes to registration processes was the introduction of online renewals in March of 2010. In the first year since its introduction, 34 per cent of all individual registration renewals were completed online in MyWeb.

CONTINUOUS CHANGE AND UPDATES IN EDUCATION

During the course of the year, RECO staff led the development of a new Broker Course launched in early spring 2011. The new course is interactive and includes practical case studies and simulations. The curriculum reinforces the financial and regulatory knowledge necessary to run the day-to-day operations of a brokerage.

RECO also worked on the redevelopment of both the Residential and Commercial RECO Real Estate Update Courses as well as a review and update of all pre-registration curriculum. As Ontario's real estate industry continues to evolve, we must constantly review and update these courses to include timely case studies and examples, and ensure that courses reflect trends in the industry and any changes in legislation.

ENHANCEMENTS TO RECO'S REGULATORY PROCESSES

During the 2010-2011 fiscal year, RECO hired a second Deputy Registrar to oversee the Complaints, Compliance and Discipline and Inspections and Investigations departments, ensuring the requirements under REBBA 2002 and RECO's policies are interpreted and applied in a consistent fashion.

During the past year, RECO worked on developing a more efficient and effective complaint handling process. We've since seen a 20 per cent reduction in the number of active complaint files, which shows us that complaints are being handled in a more efficient manner.

RECO has also been working on a Board of Director's initiated advertising review. As part of the review, we conducted a random sampling of more than 3,000 registrant advertisements from across the province to analyze and determine industry practices and problem areas. The sampling determined that despite RECO's ongoing education and compliance efforts, a significant number of advertisements did not fully comply with requirements under the Code of Ethics.

We also conducted an analysis of the current advertising requirements. The results of both the survey and the analysis of current requirements will be used to enhance our communications about advertising issues and make any necessary modifications to the process for handling advertising issues and complaints.

ADDRESSING TRENDS AND ISSUES IN ONTARIO'S REAL ESTATE INDUSTRY

Throughout the year we handled many inquiries about the recent Consent Agreement between the Commissioner of Competition and The Canadian Real Estate Association (CREA). The issue of "mere postings" was a source of concern for many industry members. To help registrants, we developed a question and answer piece that is posted in MyWeb and was included in our newsletter, *For the RECO*. RECO's position is that "mere posting" falls under the definition of trading in real estate and that anyone offering this service is subject to registration requirements under REBBA 2002. As RECO does not have jurisdiction over how real estate boards and associations govern and operate their MLS® systems, registrant inquiries must be directed to the boards and associations for response.

LOOKING AHEAD

I look forward to another busy year in the Office of the Registrar; to implementing many of the projects and plans that have been underway and for new opportunities to protect the public interest by enforcing RECO's high standards for registration, education, and regulatory compliance. It is through these core activities that we continue to foster confidence in the real estate marketplace.



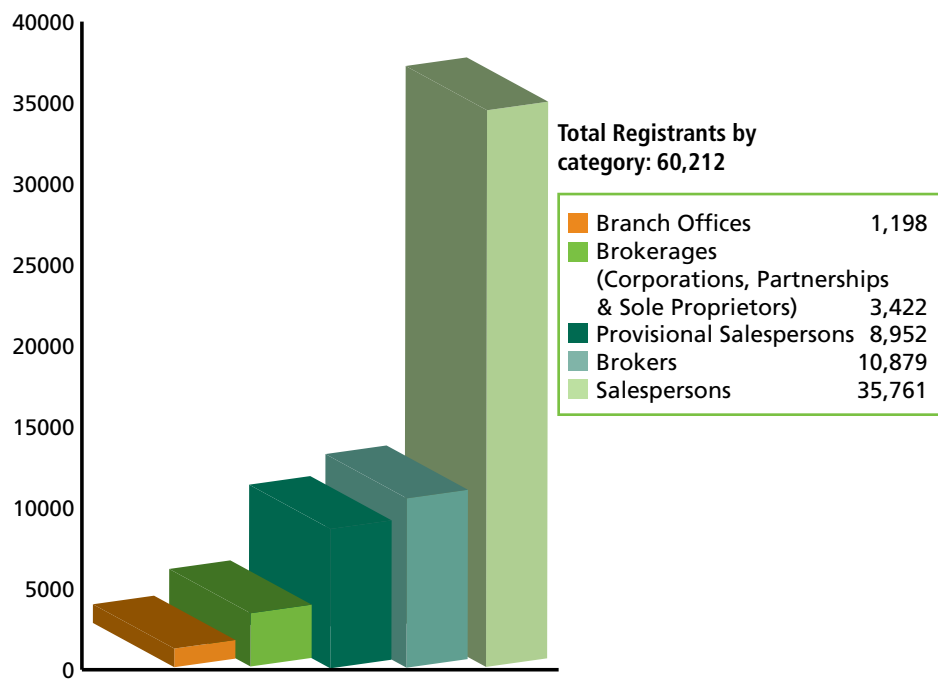
Allan T. Johnston
Registrar

PERFORMANCE REVIEW

RECO is committed to fostering confidence and upholding integrity in real estate transactions. This is accomplished through the day-to-day regulation of Ontario's 60,000 real estate registrants.

RECO regulates the activity of trading in real estate in the public interest. Protecting the public interest is achieved through:

- Enforcing the standards required to obtain and maintain registration as a brokerage, broker or salesperson and delivering the duties of the Registrar
- Establishing minimum requirements for pre-registration, articling, broker, and continuing education
- Promoting ongoing education and competent, knowledgeable and professional service
- Conducting routine inspections of brokerage offices to ensure compliance with REBBA 2002 and educate brokers of record
- Addressing inquiries, concerns and complaints about the conduct of registrants received from all sources and taking appropriate action to protect the public interest
- Establishing and administering insurance requirements, which include consumer deposit protection



PERFORMANCE REVIEW

REGISTRATION

Enforcing the standards required to obtain and maintain registration as a brokerage, broker or salesperson and delivering the duties of the Registrar

RECO's registration services include processing new business and new broker/salesperson registrations, renewals, reinstatements, transfers and terminations, name and category changes, maintaining the registrant database, and delivering the duties of the Registrar.

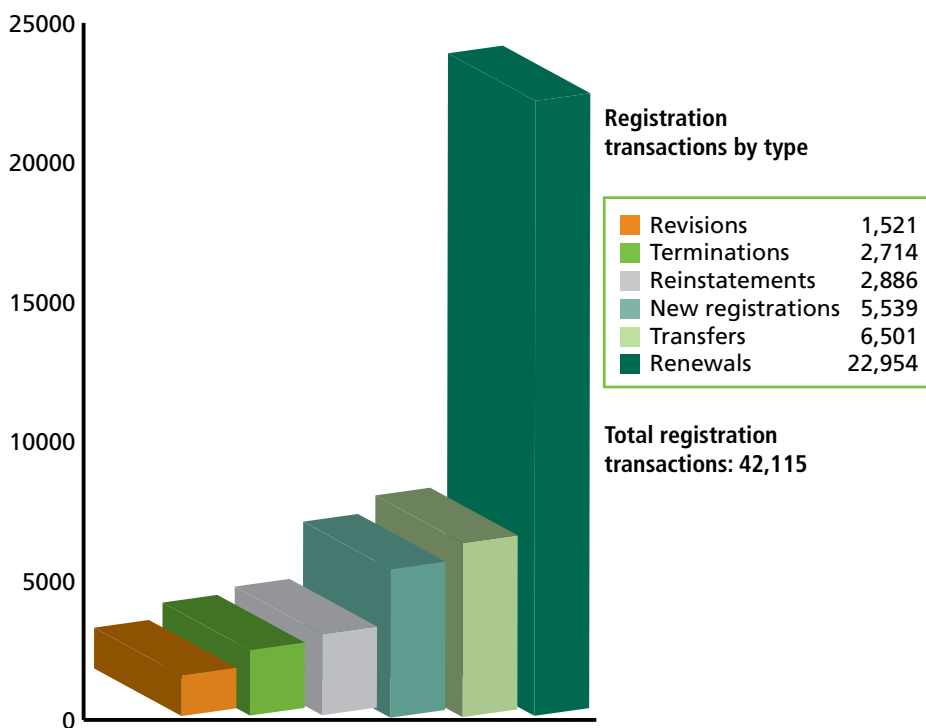
The Registrar determines eligibility to trade in real estate in Ontario based on the requirements of REBBA 2002 and associated regulations.

The total number of individuals and businesses registered in Ontario grew to 60,212, a 25 per cent increase in total registrants over the past five years.

In 2010-2011 there were 5,539 new registrations processed.

Registration staff processed a total of 42,115 transactions in 2010-2011 including new business and new broker/salesperson registrations, renewals, reinstatements, transfers, terminations, and revisions.

One of the most significant changes in registration processing was the introduction of online renewals in March of 2010. In the first year since its introduction, 34 per cent of all individual registration renewals were completed online in MyWeb.



EDUCATION

Establishing minimum requirements for pre-registration, articling, broker, and continuing education and promoting ongoing education and competent, knowledgeable and professional service

Prior to applying for registration in Ontario, applicants are required to successfully complete three pre-registration courses. The three courses, administered by OREA on behalf of the Registrar, must be completed within 18 months of starting the first course. Pre-registration education ensures that all new salespersons have fundamental knowledge about Ontario's real estate industry and REBBA 2002.

RECO's continuing education program ensures that real estate brokers and salespersons have the skills and knowledge necessary to serve their clients and customers. All registrants must complete 24 hours of continuing education in each two-year registration cycle including the mandatory six credit RECO Real Estate Update. The remaining courses may be selected from a wide range of approved subject areas allowing registrants to tailor their education to areas of special interest.

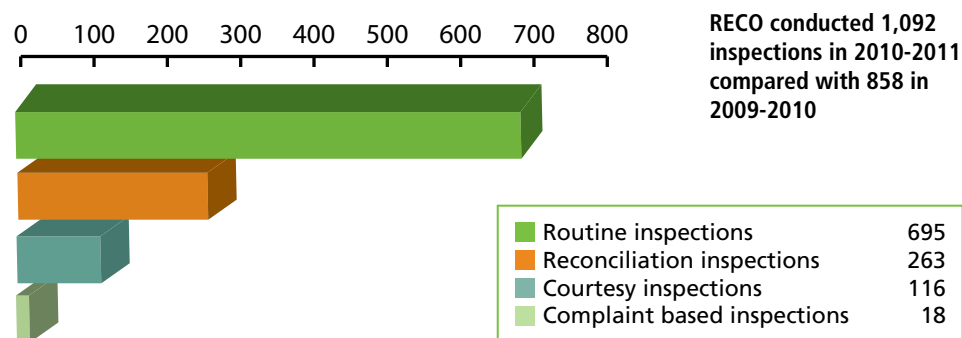
In 2010-2011, the Registrar approved five new continuing education providers and 37 new courses. Additionally, RECO staff led the development of a new Broker Course, undertook a redevelopment of both the Residential and Commercial RECO Real Estate Update Courses and initiated a review and update of all pre-registration curriculum.

BROKERAGE INSPECTIONS

Conducting routine inspections of brokerage offices to ensure compliance with REBBA 2002 and educate brokers

The inspections program plays a vital role in ensuring that the requirements of REBBA 2002 are met, increasing the level of protection RECO is able to provide to consumers and registrants.

RECO's inspections program enables one-on-one contact between RECO inspectors and brokers of record and provides opportunities to educate those brokers about maintaining current and accurate records. RECO inspectors routinely visit established brokerages to ensure compliance with REBBA 2002 and associated regulations or schedule courtesy inspections with new brokerages to help them start out their businesses in compliance with regulatory requirements. RECO also conducts a number of reconciliation inspections each year, where randomly selected brokerages are asked to submit trust account reconciliations and other supporting documents to RECO for review. While most inspections are randomly conducted, they may also be generated by a complaint.



PERFORMANCE REVIEW

Inspectors are trained to provide accurate information and provide answers to registrant questions. During brokerage inspection visits, inspectors examine records such as trust account records, trade contracts and trade record sheets.

COMPLAINTS

Addressing inquiries, concerns and complaints about the conduct of registrants received from all sources and taking appropriate action to protect the public interest

Registrants are required to conduct themselves and their businesses according to the requirements of REBBA 2002 and its regulations. These requirements protect consumers in real estate transactions and help ensure public confidence in Ontario's real estate industry.

Many complaints received by RECO do not involve serious misconduct; most are a result of ethical misconduct. These fall under the Code of Ethics contained in REBBA 2002. The Registrar, depending on the nature of the allegations, determines what actions, if any, are appropriate.

POTENTIAL ACTIONS:

- The Registrar may issue a written warning indicating that if the conduct that led to the complaint continues, further action may be taken.
- The Registrar may require a registrant to take further educational courses.
- Matters involving alleged breaches of the Code of Ethics may be referred to a hearing in front of the Discipline Committee.
- The Registrar, with the registrant's consent, may apply voluntary conditions to a registration.
- The Registrar has the power to order an immediate temporary suspension of a registration where he or she believes it is in the public interest.
- Offences related to REBBA 2002 and its regulations (other than the Code of Ethics) can result in charges laid under the Provincial Offences Act.
- The Registrar may issue a Notice of Proposal to revoke, suspend, refuse to renew, or apply conditions to a registration if a registrant is in contravention of REBBA 2002 and its regulations (other than the Code of Ethics).

During the fiscal year, 1,462 complaint files were opened and 1,598 complaint files were closed. These figures are not necessarily related to one another as some of the files closed during the fiscal year may have been opened during the fiscal year or in a previous year. Of the opened complaint files, 57 per cent originated with a consumer complaint, 39 per cent originated with a registrant complaint, and the remaining four per cent were opened for other reasons.

During the year, 318 complaint files were closed because the complainant did not respond to RECO's request to share the allegations with the respondent or did not agree to attend as a witness. In most of these cases the allegations were not serious and no further action was taken.

If the alleged misconduct is serious in nature, the Registrar may decide to appoint an investigator and/or pursue the complaint even if the complainant is not willing to provide information or appear as a witness. Matters referred to investigation may lead to other action such as charges under REBBA 2002 or a proposal to revoke registration.

The chart to the right shows a further breakdown of closed complaints.

Compliance staff speak with registrants and consumers about ethical issues or potential complaints on a daily basis. During the 2010-2011 fiscal year, compliance staff responded to 12,889 inquiries including 8,099 phone calls, 4,613 emails and 177 written inquiries.

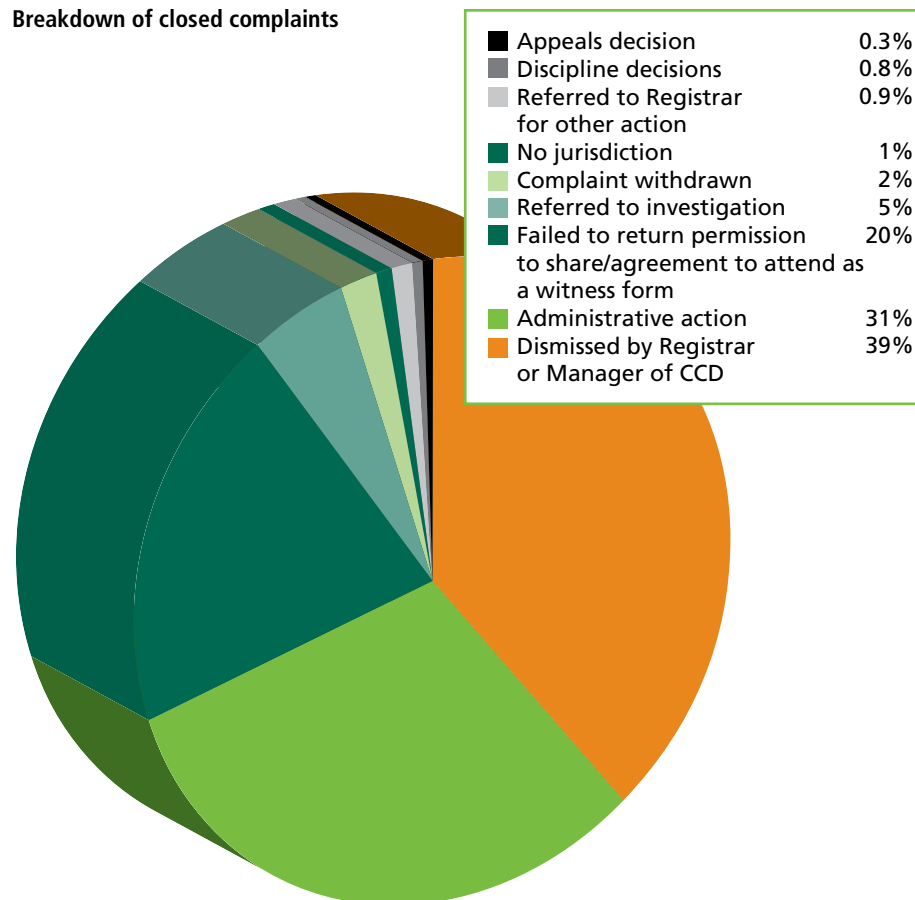
COMPLAINT TRENDS

Monitoring complaint trends allows RECO to focus resources on educating registrants about areas of specific concern.

Advertising continues to be a common breach of the Code of Ethics and a major source of concern for registrants. During the year, the Board of Directors undertook a comprehensive review of registrant advertising issues.

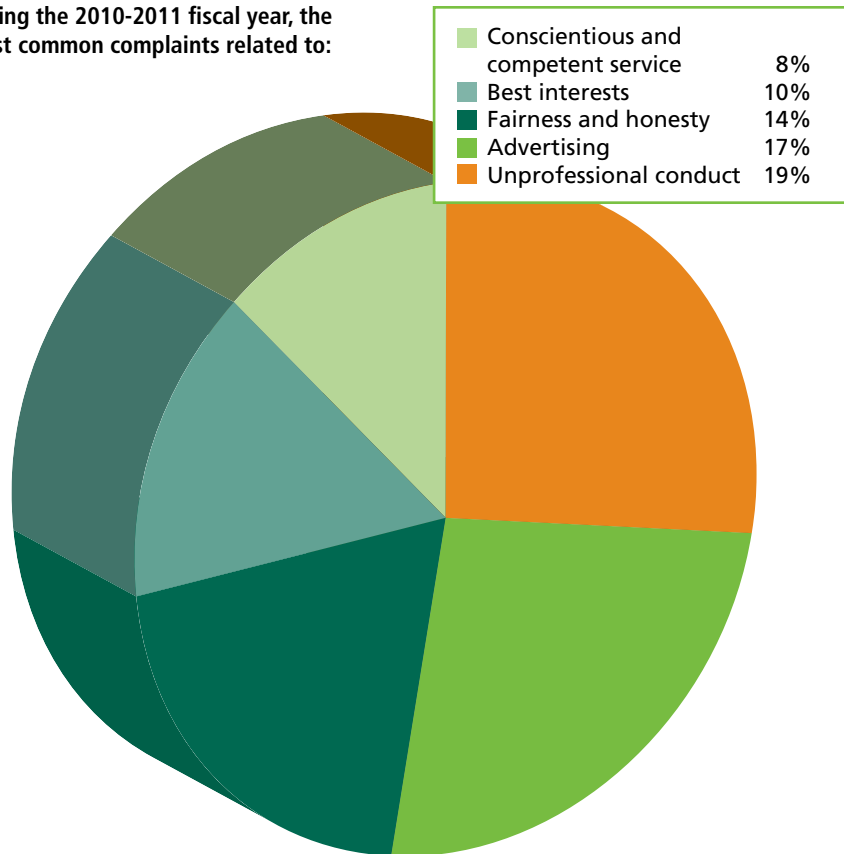
A random sampling of 3,000 registrant advertisements from across the province determined that a significant number of advertisements did not fully comply with RECO's advertising standards.

Breakdown of closed complaints



PERFORMANCE REVIEW

During the 2010-2011 fiscal year, the most common complaints related to:



The current advertising requirements were also reviewed in depth. The results of both the survey and the analysis of current requirements will be used to create advertising related communications and assess how advertising issues are handled.

ADMINISTRATIVE REGULATORY ACTIONS

In 2010-2011, the Registrar took administrative regulatory action, such as imposing conditions on registration or issuing a reprimand in 722 cases, as compared to 546 administrative regulatory actions in 2009-2010.

REGISTRAR'S PROPOSALS

The Registrar's authority to issue a proposal to refuse, revoke or refuse to renew registration is a critical component of RECO's enforcement activities. It is the most severe action RECO takes and is reserved for the most serious circumstances.

The Registrar has the authority to issue a proposal where the applicant cannot reasonably be expected to conduct business in a financially responsible way, or where past conduct gives reasonable grounds for the Registrar to believe that the applicant will not conduct business with integrity, honesty, and in accordance with law.

A registrant who has received a proposal has 15 days from the date the proposal is served, to file a notice of appeal to the Licence Appeal Tribunal (LAT).

In 2010-2011, the Registrar issued proposals to refuse or revoke 32 registrations compared with 29 the year before. Additionally, 26 proposals to revoke registration were issued due to non-payment of insurance.

[A listing of refused and revoked registrations can be found in the Summary of Enforcement Activities on page 22.](#)

INVESTIGATIONS

RECO investigates alleged violations of REBBA 2002 and associated regulations.

The Provincial Offences Act (POA) governs how charges are processed and prosecuted in the Ontario courts. The POA is a procedural law for administering and prosecuting provincial offences, including violations of REBBA 2002.

Individuals found guilty of offences are subject to fines up to \$50,000 and a potential prison term of two years. Corporations found guilty of offences are subject to fines up to \$250,000. Courts also have the power to order convicted persons to pay compensation and make restitution.

One hundred and fifty-two investigations were initiated in 2010-2011. RECO's investigative work led to 119 individual charges and 22 prosecutions in the Ontario Court of Justice.

These prosecutions resulted in 56 convictions and the total amount of fines imposed was \$177,950. Additionally, the courts imposed a total of \$109,999 in restitution payments to be made and ordered a total of 24 months of probation and 30 months of jail time.

[A listing of convictions under REBBA 2002 can be found in the Summary of Enforcement Activities on page 25.](#)

INVESTIGATIONS RELATED TO MORTGAGE FRAUD

Mortgage fraud is an issue that continues to receive considerable attention.

RECO addresses mortgage fraud through:

- Education,
- Collaboration with organizations concerned about mortgage fraud,
- Investigative activities to ensure compliance, and
- Legal/statutory activities to impose disciplinary action on registrants proven to have participated in mortgage fraud.

During the year, RECO conducted 23 investigations related to allegations of mortgage fraud.

RECO's position is that any registrant or applicant proven to have knowingly participated in mortgage fraud faces losing their registration or having registration refused. It should be noted that some registrants alleged to have participated in mortgage fraud voluntarily terminate their registration.



RECO's Insurance Program was established in September 2000 to provide protection to both consumers and registrants. All registrants in Ontario are required to participate in RECO's Insurance Program which consists of three insurance coverages;

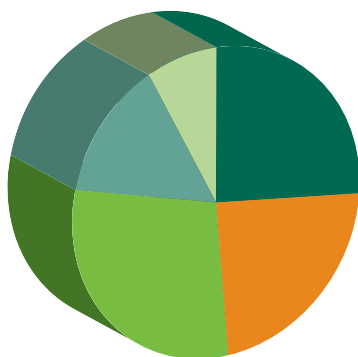
- Consumer deposit insurance protects consumers for loss of deposits caused by fraud, misappropriation of funds or insolvency by a registrant;
- Errors and omissions insurance provides protection for registrants in the event that errors and omissions committed in the course of their professional services lead to claims made against them;
- Commission protection insurance protects registrants from loss of commission caused by fraud, misappropriation of funds or insolvency of a brokerage.

Registrants benefit from comprehensive coverage at a very competitive price. Both consumer deposit and commission protection are unique features of RECO's Insurance Program and are not offered anywhere else in Canada. In the past year, RECO enhanced the level of protection available to consumers and registrants by increasing the per occurrence limit of both of these coverages from \$500,000 to \$1,000,000.

RECO continues to work with its service providers and insurer to improve the Program to ensure that RECO can continue to provide affordable, stable, long-term insurance coverage for the protection of consumers and registrants.

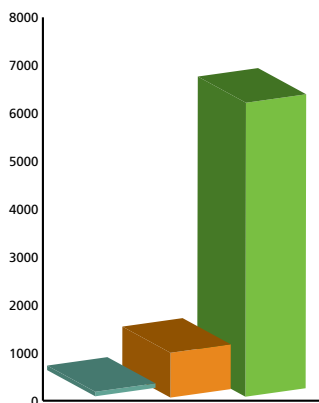
* The following charts are based on claims data from inception of the program in 2000 until February 2011.

Claims by value of transaction



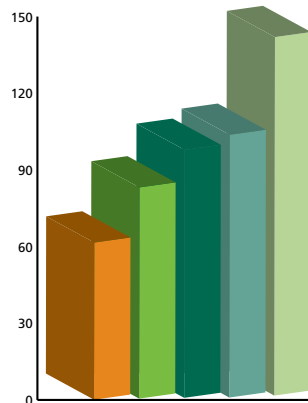
\$0-\$150,000	1,965
\$151,000-\$250,000	1,666
\$251,000-\$500,000	2,230
\$501,000-\$1,000,000	1,028
\$1,000,000 and up	568

Urban vs. rural



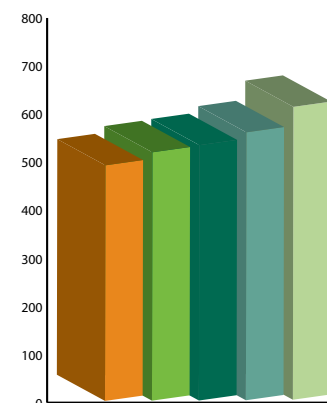
Other	98
Rural	973
Urban	6,385

Top 5 causes of loss - rural



Foundations, flooding	64
Septic	86
Property description	101
Non-disclosure, miscommunication	107
Well	146

Top 5 cause of loss - urban



Other	510
Structural	542
Property description	544
Incomplete sale	580
Non-disclosure, miscommunication	634



INSURANCE PROGRAM

LOSS PREVENTION MEASURES

The Program's insurer continues to sponsor a loss prevention seminar for local real estate boards and associations and over the past year RECO has worked with the provider to develop an online loss prevention course. The course, which will be free to all registrants, will be eligible for continuing education credits and is scheduled to be launched in 2011. RECO also continues to share loss statistics with the Registrar's Education Advisory Committee and the Ontario Real Estate Association which are used to identify and develop education programs relevant to the real estate profession.

CLAIMS STATISTICS AND TRENDS

Consumer Deposit Insurance Policy

Payment of claims (settlements and expenses) made under the consumer deposit coverage from inception of the Program in 2000 to February 28, 2011, is estimated to reach \$3,474,271.

Commission Protection Insurance Policy

Payment of claims (settlements and expenses) under the commission protection coverage from inception of the Program in 2000 to February 28, 2011, is estimated to reach \$2,653,599.

In the 2009-2010 policy year, there was a significant decrease in the number of consumer deposit and commission protection occurrences reported (from 13 to 6) compared to 2008-2009 policy period.

Errors and Omissions Insurance Policy

The majority of activity in the Program arises out of claims under the errors and omissions insurance coverage. The total cost of settlements and expenses under this coverage from inception of the Program in 2000 to February 28, 2011, is estimated to reach \$62,145,295.

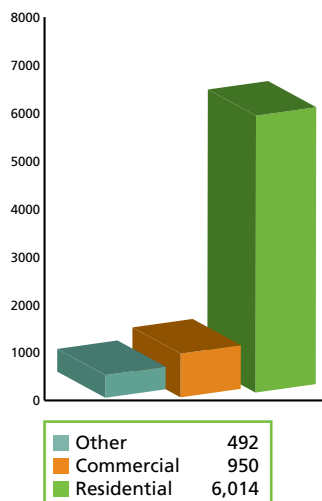
Key highlights of the errors and omissions policy:

Statistics based on 2000 – 2011 unless otherwise specified

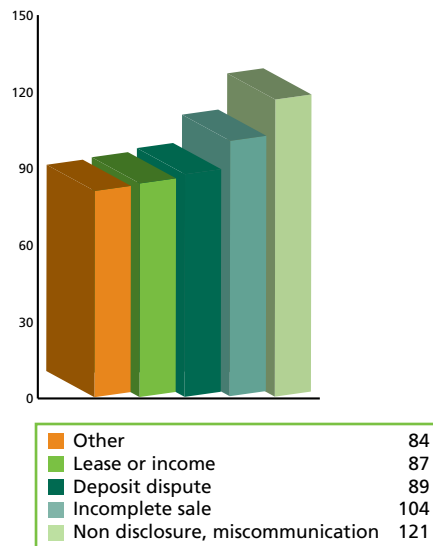
- A total of 7,463 claims have been reported - of which 1,152 remain open.
- Residential claims outnumber commercial claims by a margin of 6:1.
- Claims involving urban locations outnumbered those located in rural areas by a margin of 6:1.
- The number of claims involving transactions which exceed \$250,000 in value comprise approximately 50 per cent of all claims reported.
- In 2010, there was a small decrease in the number of errors and omissions claims (from 935 to 893) compared to 2009.

RECO's Insurance Program is placed with Lloyd's through insurance broker Alternative Risk Services and is independently managed by Dion, Durrell + Associates Inc.

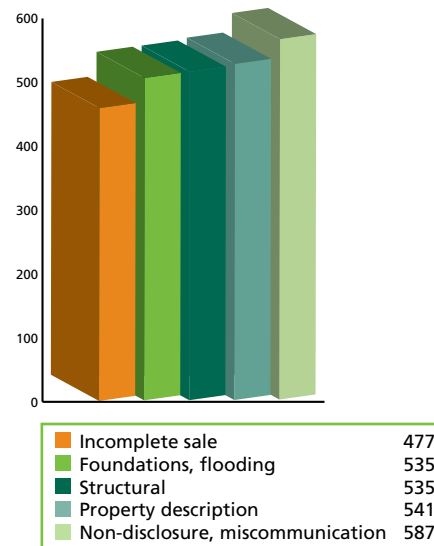
Claims by transaction type commercial vs. residential

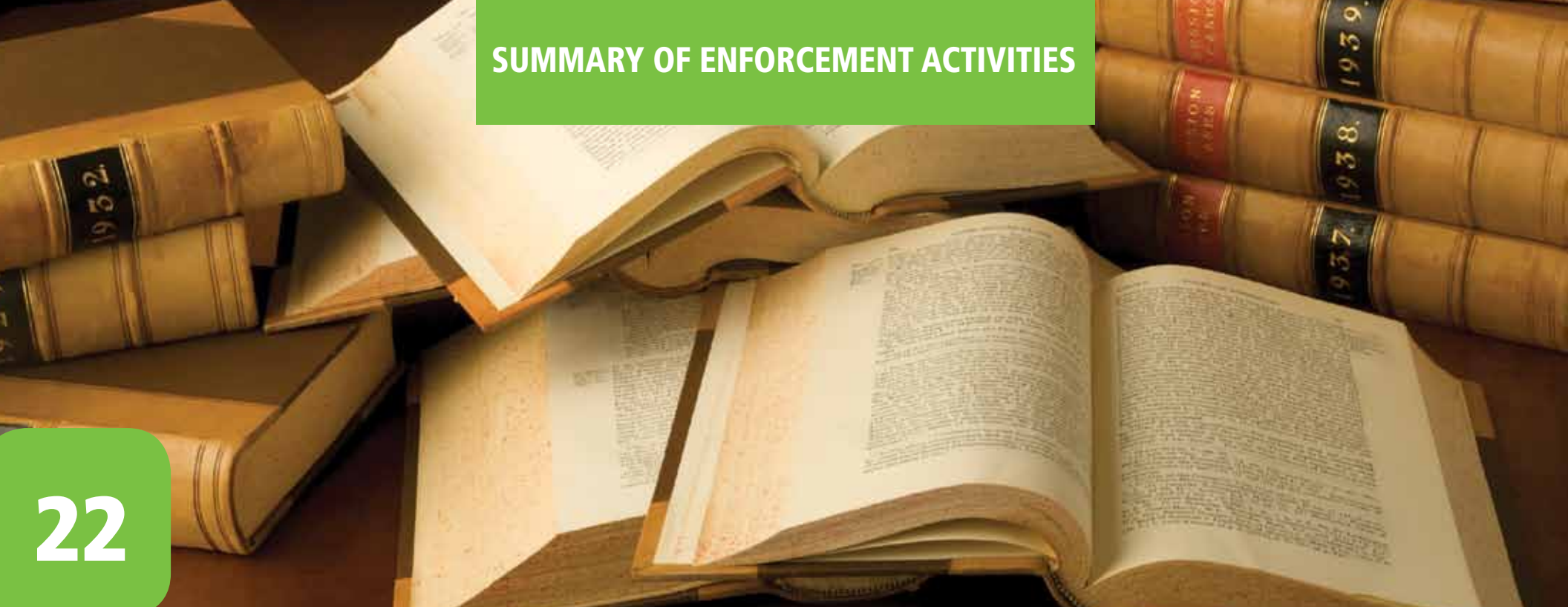


Top 5 causes of loss - commercial



Top 5 causes of loss - residential





SUMMARY OF ENFORCEMENT ACTIVITIES

22

REGULATORY ACTIVITY

April 1, 2010 to March 31, 2011

Under the *Real Estate and Business Brokers Act, 2002* (REBBA 2002), the Registrar is required to make certain information available to the public. The information required to be made publicly available includes notices of proposals, convictions, and charges. Decisions of the Discipline and Appeals panel are listed on RECO's website in accordance with the requirements of REBBA 2002.

RECO's public notice policy, which outlines the distribution of this information, can be found at www.reco.on.ca.

DISCIPLINE AND APPEALS HEARINGS

RECO's Discipline and Appeals Committees are statutory tribunals subject to the Statutory Powers Procedures Act. Complaints involving alleged breaches of the Code of Ethics may be referred to the Discipline Committee for a hearing. If possible, a matter referred to the Discipline Committee will be resolved at a pre-hearing through an agreed statement of facts and penalty. The pre-hearing serves as a form of alternative dispute resolution where RECO and the respondent agree on the details of the allegations as well as the appropriate penalty, before presenting the agreed statement to the Discipline Committee.

If a matter has not, or cannot be resolved at a pre-hearing, it will proceed to a hearing. The Chair of the Discipline Committee assigns a panel consisting of three members of the Committee to preside at the hearing. Following the hearing, the discipline panel prepares a final decision including reasons. If the panel makes a determination that a registrant has failed to comply with the Code of Ethics, it may order the registrant to take educational courses, pay a fine of up to \$25,000, and/or impose costs.

A full list of discipline and appeals panel decisions is posted in the Complaints & Enforcement section of RECO's website at www.reco.on.ca. Decisions remain posted on the website for a period of at least 60 months, as required by RECO's public notice policy.

REGISTRAR'S PROPOSALS

The Registrar has the authority to refuse, refuse to renew, revoke, suspend or apply conditions to registration. In such situations, the Registrar prepares a Proposal and notifies the applicant or registrant of that Proposal together with reasons for the Registrar taking such action. A registrant who has received a Proposal has 15 days from the date the Proposal is served to file a notice of appeal to the Licence Appeal Tribunal (LAT). If no appeal is received by LAT, the Registrar may carry out the Proposal.



SUMMARY OF ENFORCEMENT ACTIVITIES

REGISTRAR'S PROPOSALS

ALAN CHANG

Richmond Hill, ON

May 4, 2010

The Registrar issued a Notice of Proposal to refuse to renew the registration of Mr. Chang as a salesperson on March 13, 2009. Mr. Chang requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar on Dec. 8, 2009 to carry out the proposal. On Dec. 17, 2009 the Registrar carried out the proposal to refuse to renew Mr. Chang's registration. The Licence Appeal Tribunal Order is under appeal at the Divisional Court. On Feb. 5, 2010 the Licence Appeal Tribunal granted Mr. Chang a stay permitting him to trade in real estate pending a decision by the Court. Mr. Chang appealed this decision of the Licence Appeal Tribunal to the Superior Court of Justice (Divisional Court). The appeal was heard on May 4, 2010, at which time the Divisional Court dismissed Mr. Chang's appeal with written reasons.

GURPAL SINGH BHALLA

Toronto, ON

May 13, 2010

On April 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Gurbal Singh Bhalla. Mr. Bhalla did not request a hearing in front of the Licence Appeal Tribunal. His registration was revoked.

CKUMAR (TIM) RAJKUMAR

Downsview, ON

May 21, 2010

On Nov. 13, 2009, the Registrar issued a Notice of Proposal to revoke the registration of Ckumar (Tim) Rajkumar. Mr. Rajkumar requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar to revoke the registration of Mr. Rajkumar. The Licence Appeal Tribunal Order is under Appeal at the Divisional Court.

RAVINDER TULSIANI

Mississauga, ON

July 26, 2010

On June 30, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Ravinder Tulsiani. Mr. Tulsiani did not request a hearing in front of the Licence Appeal Tribunal. His registration was revoked.

HOOKEUN JO

St. Thomas, ON

July 28, 2010

On June 22, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Hookeun Jo. Mr. Jo did not request a hearing in front of the Licence Appeal Tribunal. His registration was revoked.

ANTON JEEVA ARULAPPU

Toronto, ON

Aug. 11, 2010

On Jan. 20, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Anton Jeeva Arulappu. Mr. Arulappu requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar to revoke the registration of Mr. Arulappu.

SYED ABBAS

Toronto, ON

Aug. 19, 2010

On April 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Syed Jawad Abbas. Mr. Abbas requested a hearing in front of the Licence Appeal Tribunal. After a pre-hearing Mr. Abbas withdrew his appeal before the Tribunal. The Registrar carried out his proposal to revoke the registration of Mr. Abbas.

ARTURO PERALTA

London, ON

Aug. 25, 2010

On Nov. 23, 2009, the Registrar issued a Notice of Proposal to revoke the registration of Arturo Peralta. Mr. Peralta requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar to revoke the registration of Mr. Peralta.

BRADLEY LOTZ

Stratford, ON

Sept. 13, 2010

On Aug. 10, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Bradley Lotz. Mr. Lotz did not appeal at the Licence Appeal Tribunal. His registration was revoked.

GOLDEN LAND REALTY INC., BROKERAGE

Toronto, ON

Sept. 15, 2010

On Aug. 27, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Golden Land Realty Inc. Golden Land Realty Inc. did not appeal at the Licence Appeal Tribunal. Its registration was revoked.

YUEN HUANG CHIU

Toronto, ON

Sept. 15, 2010

On Aug. 27, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Yuen Huang Chiu. Mr. Chiu did not appeal at the Licence Appeal Tribunal. His registration was revoked.

AHMAD FARHAD FAQIRI

Toronto, ON

Sept. 30, 2010

On May 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Ahmad Farhad Faqiri. Mr. Faqiri requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar to revoke the registration of Mr. Faqiri.

THOMAS R. LINDOP

Kilbride, ON

Oct. 5, 2010

On Sept. 1, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Lindop as a brokerage for non-payment of insurance. Mr. Lindop did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 5, 2010, the Registrar carried out the Proposal to revoke Mr. Lindop's registration.

DAVID MICHAEL WU

Toronto, ON

Oct. 5, 2010

On Sept. 1, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Wu as a brokerage for non-payment of insurance. Mr. Wu did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 5, 2010, the Registrar carried out the Proposal to revoke Mr. Wu's registration.

TILMAN OTTO BEHRENS

Goderich, ON

Oct. 5, 2010

On Sept. 1, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Behrens as a brokerage for non-payment of insurance. Mr. Behrens did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 5, 2010, the Registrar carried out the Proposal to revoke Mr. Behrens's registration.

SUMMARY OF ENFORCEMENT ACTIVITIES

REGISTRAR'S PROPOSALS

DONALD ERRETT BELL O/A ERRETT BELL

Nepean, ON

Oct. 5, 2010

On Sept. 1, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Bell as a brokerage for non-payment of insurance on Sept. 7, 2010. Mr. Bell did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 5, 2010, the Registrar carried out the Proposal to revoke Mr. Bell's registration.

STEPHEN YUK-NGAI CHEUNG O/A STEPHEN Y. CHEUNG

Owen Sound, ON

Oct. 5, 2010

On Sept. 1, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Cheung as a brokerage for non-payment of insurance. Mr. Cheung did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 5, 2010, the Registrar carried out the Proposal to revoke Mr. Cheung's registration.

DONNA L M WOLFE

Milton, ON

Oct. 5, 2010

On Sept. 1, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Ms. Wolfe as a brokerage for non-payment of insurance. Ms. Wolfe did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 5, 2010, the Registrar carried out the Proposal to revoke Ms. Wolfe's registration.

WELLINGTON AND GREY REAL ESTATE LTD., BROKERAGE

Arthur, ON

Oct. 12, 2010

On Sept. 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Wellington And Grey Real Estate Ltd. as a brokerage for non-payment of insurance. Wellington And Grey Real Estate Ltd. did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 12, 2010, the Registrar carried out the Proposal to revoke Wellington And Grey Real Estate Ltd's registration.

FAMILY REALTY FIVE STAR INC., BROKERAGE

London, ON

Oct. 12, 2010

On Sept. 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Family Realty Five Star Inc. as a brokerage for non-payment of insurance. Family Realty Five Star Inc did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 12, 2010, the Registrar carried out the Proposal to revoke Family Realty Five Star Inc.'s

registration.

TRANSFER REALTY INC., BROKERAGE

Toronto, ON

Oct. 12, 2010

On Sept. 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Transfer Realty Inc. as a brokerage for non-payment of insurance. Transfer Realty Inc did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 12, 2010, the Registrar carried out the Proposal to revoke Transfer Realty Inc.'s registration.

COUNTY LINE REAL ESTATE LTD., BROKERAGE

Chesley, ON

Oct. 12, 2010

On Sept. 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of County Line Real Estate Ltd. as a brokerage for non-payment of insurance. County Line Real Estate Ltd. did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 12, 2010, the Registrar carried out the Proposal to revoke County Line Real Estate Ltd.'s registration.

STONEWALL REALTY LTD., BROKERAGE

Southampton, ON

Oct. 12, 2010

On Sept. 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Stonewall Realty Ltd. as a brokerage for non-payment of insurance. Stonewall Realty Ltd. did not request a hearing in front of the Licence Appeal Tribunal. On Oct. 12, 2010, the Registrar carried out the Proposal to revoke Stonewall Realty Ltd.'s registration.

ANTONIO RACO (ALSO KNOWN AS TONY RACO)

Windsor, ON

Oct. 18, 2010

On May 25, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Antonio (Tony) Raco. Mr. Raco requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar to revoke the registration of Mr. Raco.

MILLICENT PRINCE

Richmond Hill, ON

Oct. 20, 2010

The Registrar issued a Notice of Proposal to revoke the registration of Ms. Prince as a salesperson on Nov. 20, 2008. Ms. Prince requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar to carry out the Proposal to

revoke Ms. Prince's registration. On Aug. 28, 2009 the Registrar carried out the Proposal to revoke Ms. Prince's registration. Ms. Prince appealed the Licence Appeal Tribunal Order at the Divisional Court. On Oct. 20, 2010, the Divisional Court dismissed Ms. Prince's appeal.

BENNY ROMANO

Downsview, ON

Oct. 27, 2010

On March 8, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Benny Romano. Mr. Romano requested a hearing in front of the Licence Appeal Tribunal. After a pre-hearing, the Licence Appeal Tribunal issued a consent order, attaching conditions to Mr. Romano's registration, including a two and a half month suspension of his registration commencing on Dec. 23, 2010.

ROYAL VIEW ROMANO REAL ESTATE SERVICES LTD., BROKERAGE

Woodbridge, ON

Oct. 27, 2010

On March 8, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Royal View Romano Real Estate Services Ltd. Royal View Romano Real Estate Services Ltd. requested a hearing in front of the Licence Appeal Tribunal. After a pre-hearing, the Licence Appeal Tribunal issued a consent order, attaching conditions, including restricting Royal View Romano Real Estate Services Ltd.'s ability to trade in real estate and the subsequent revocation of its registration by no later than Dec. 23, 2010.

ALEXANDRE ALVES

Toronto, ON

Feb. 14, 2011

On Feb. 18, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Alexandre Alves. Mr. Alves requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal rejected the registrar's proposal and ordered that Mr. Alves's registration be granted subject to specific conditions, including a three month suspension of his registration commencing on March 1, 2011.

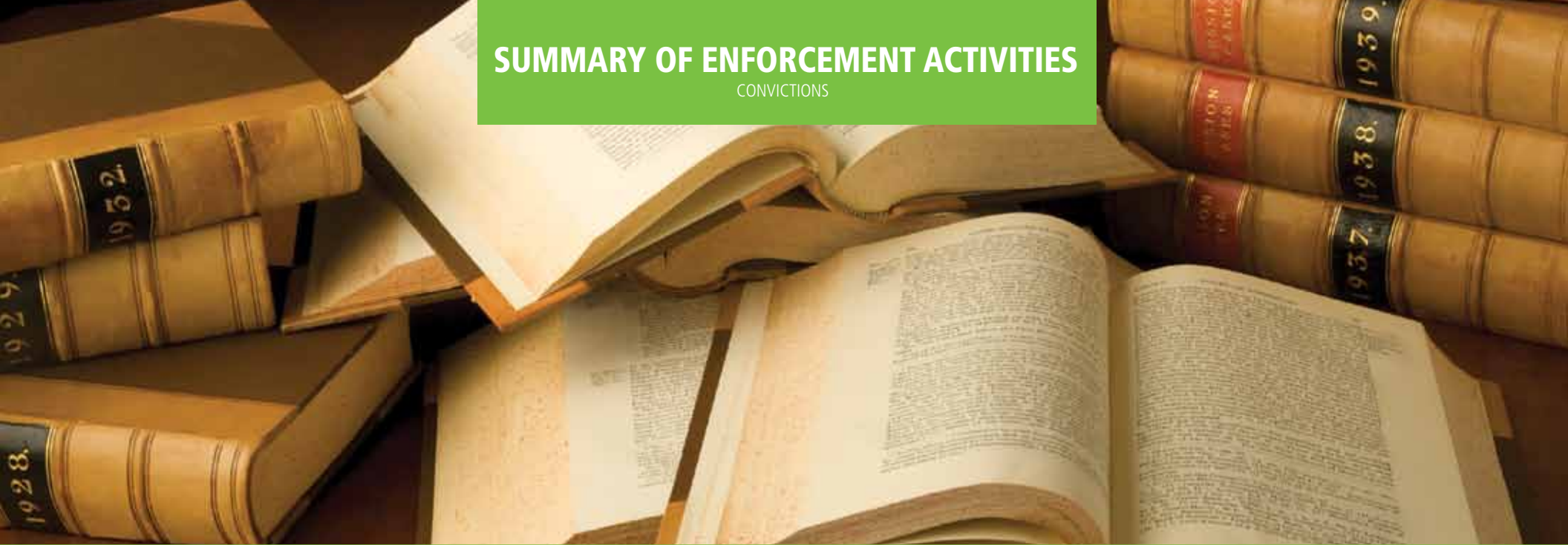
LYDIA DANNER

Toronto, ON

Feb. 25, 2011

On Jan. 31, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Lydia Danner. Ms. Danner did not request a hearing before the Licence Appeal Tribunal. The Registrar carried out his proposal to revoke the registration of Ms. Danner.





SUMMARY OF ENFORCEMENT ACTIVITIES

CONVICTIONS

CONVICTIONS

The Ontario Provincial Offences Act (POA) governs how charges are processed and prosecuted in Ontario courts. The POA applies to all Ontario statutes and regulations, including REBBA 2002. Individuals found guilty of offences under REBBA 2002 are subject to fines up to \$50,000 and a potential prison term of up to two years. Corporations found guilty of offences are subject to fines up to \$250,000. Courts have the power to order convicted persons to pay compensation and make restitution. Individuals may also be subject to a victim fine surcharge, in addition to the specified fine, pursuant to section 60.1 of the POA. The surcharge is collected by the court and goes into the province's Victim Justice Fund account. For more information, please visit www.ontariocourts.on.ca.

BENNY ROMANO

Toronto, ON

On April 6, 2010, Benny Romano pled guilty to three counts of failing to ensure that his brokerage complied with the Act and one count of failure to review, sign and date a trust account reconciliation statement. He was fined \$4,000 per count for a total of \$16,000 plus a \$4,000 victim fine surcharge.

ROYAL VIEW ROMANO REAL ESTATE SERVICES LTD., BROKERAGE **Woodbridge, ON**

On April 6, 2010, Benny Romano, on behalf of Royal View Romano Real Estate Services Ltd., Brokerage pled guilty to one count of failing to immediately deposit funds into the trust account to eliminate a shortfall, one count for failing to prepare a monthly trust account reconciliation and one count of employing an unregistered person to trade in real estate. The brokerage was fined a total of \$13,000 plus a \$3,250 victim fine surcharge.

VINCENT FORMOSI

Hamilton, ON

On April 13, 2010, Vincent Formosi was found guilty of accepting remuneration for trading in real estate from a person other than the brokerage that employed him. He was fined \$5,000. He was also ordered to pay restitution of \$10,000. This conviction is currently under appeal.

AMY CREIGHTON

Carleton Place, ON

On April 16, 2010, Amy Creighton pled guilty to three counts for failing to ensure that the brokerage complied with the Act. She was fined \$2,500 per count for a total of \$7,500 plus a victim fine surcharge.

CENTURY 21 CARLETON REALTY INC., BROKERAGE

Carleton Place, ON

On April 16, 2010, Amy Creighton, on behalf of Century 21 Carleton Realty Inc., Brokerage pled guilty to failing to prepare a trust account reconciliation, failing to maintain a trust ledger and making an unauthorized disbursement from the trust account. The said brokerage received a suspended sentence.

TERRY D. GRAHAM

Alliston, ON

On April 28, 2010, Terry D. Graham pled guilty to eight counts of trading in real estate while unregistered and eight counts of failing to deposit trust funds in a trust account. On Aug. 24, 2010, Mr. Graham was sentenced in respect of these convictions. He was sentenced to 15 months in jail. He was ordered to pay restitution in response to the prosecution's submission of \$89,999.66 in consumer loss. He was also placed on probation for two years.

VALERIA DAVIES

Marmora, ON

On May 18, 2010, Valeria Davies, as broker of record, pled guilty to three counts for failing to ensure that the brokerage complied with the Act. Ms. Davies was fined \$175 for each count, for a total of \$525.

SUMMARY OF ENFORCEMENT ACTIVITIES

CONVICTIONS

RE/MAX HARMONY REALTY LTD., BROKERAGE

Marmora, ON

On May 18, 2010 Valeria Davies, as broker of record of RE/MAX Harmony Realty Ltd., Brokerage pled guilty to one count for breach of real estate trust account, one count for failing to prepare a real estate trust account reconciliation statement, and one count of failing to record disbursement particulars on a trade record sheet. The said brokerage was fined \$175 for each count, for a total of \$525.

JENNIFER D'ANDRADE

Toronto, ON

On Jan. 10, 2011, Jennifer D'Andrade pled guilty to one count of failing to ensure that her brokerage complied with the Act. Ms. D'Andrade was fined a total of \$8,000.

On June 14, 2010, Jennifer D'Andrade pled guilty to one count of furnishing false information in an application for renewal. She was fined \$1,500, plus a victim fine surcharge.

SHAN (JEFF) XU

Ottawa, ON

On July 9, 2010 Shan (Jeff) Xu was found guilty of one count of furnishing false information in an application for registration and two counts of failing to disclose convictions to brokerages that were his prospective employer. Mr. Xu was fined \$25,000 per count, for a total of \$75,000.

GORDON SIMPSON

Brampton, ON

On Aug. 4, 2010, Mr. Gordon Simpson pled guilty to two counts for failing to deliver a copy of the agreement. He was fined \$3,000 per count for a total of \$6,000.

RAMANAN ANANDAPPA

Stouffville, ON

On Aug. 9, 2010, Ramanan Anandappa pled guilty to one count of furnishing false information on an application. He was fined a total of \$4,500.

RAVINDER TULSIANI

Brampton, ON

On Aug. 10, 2010, Ravinder Tulsiani pled guilty to one count of furnishing false information on an application. Mr. Tulsiani was fined \$3,000.

CHRISTIAN FORAGE

Mississauga, ON

On Aug. 10, 2010, Christian Forage, in the capacity of broker of record of Binswanger, Forage Real Estate Services Inc., pled guilty to one count of failing to ensure the brokerage complied with the Act. Mr. Forage was ordered to pay restitution of \$10,000, was fined \$2,500 and placed on 12 months of probation.

BINSWANGER, FORAGE REAL ESTATE SERVICES INC., BROKERAGE

Mississauga, ON

On Aug. 10, 2010, Christian Forage, in the capacity of Binswanger, Forage Real Estate Services Inc., pled guilty to one count of failing to ensure the brokerage complied with the Act. The said brokerage was fined \$2,500.

MARIANNA PINTO

Toronto, ON

On Sept. 13, 2010, Marianna Pinto pled guilty to two counts of falsifying information and was ordered to pay a fine of \$5,000 per count for a total of \$10,000.

NEWSTAR TORONTO INC., BROKERAGE

Toronto, ON

On Sept. 20, 2010, Ji Na Nam as broker of record for Newstar Toronto Inc., Brokerage pled guilty to one count of failing to prepare a trust account reconciliation statement and one count of making an unauthorized disbursement from the real estate trust account. The brokerage was fined \$2,500 per count for a total of \$5,000.

JI NA NAM KNOWN AS JINA VERONICA NAM

Richmond Hill, ON

On Sept. 20, 2010, Ji Na Nam pled guilty to two counts of failing to ensure that Newstar Toronto Inc., a brokerage that she was the broker of record of, complied with the Act. She was fined \$5,000 per count for a total of \$10,000 and placed on probation for one year.

JONATHAN SENORAN

Toronto, ON

On Dec. 13, 2010, Jonathan Senoran pled guilty to three counts for failing to ensure the brokerage complied with the Act. He was fined \$5,000 per count for a total fine of \$15,000.

VENTURE ONE REAL ESTATE INC., BROKERAGE

Toronto, ON

On Dec. 13, 2010, Jonathan Senoran, on behalf of Venture One Real Estate Inc., Brokerage pled guilty to one count of failing to properly maintain a written record in respect of trust money given to the brokerage, one count

for failing to prepare a trust account reconciliation statement and one count for failing to complete a trade record sheet. The said brokerage was fined \$5,000 per count for a total fine of \$15,000.

KANDIAH NATHAN

Scarborough, ON

On Dec. 20, 2010, Kandiah Nathan pled guilty to one count of furnishing false information on an application. He was fined a total of \$5,000.

GURPAL SINGH BHALLA

Toronto, ON

On Jan. 25, 2011, Gurpal Singh Bhalla was convicted of: one count of failing to notify the Registrar of changes; one count of furnishing false information in an application; one count of falsifying information; one count of furnishing false information in relation to a trade; and one count of false advertising. Mr. Bhalla was sentenced to three months in jail on each count, for a total of 15 months incarceration.

RHODORA XEREZ BURGOS

Toronto, ON

On Feb. 14, 2011, Rhodora Xerez Burgos pled guilty to one count of trading in real estate while unregistered and was fined \$4,000.

HARVEY GOLDMINTZ

Collingwood, ON

On Sept. 10, 2010, Harvey Goldmintz was found guilty of two counts of trading in real estate while not registered. On Dec. 10, 2010 sentencing took place and a fine of \$1,000 per count was imposed, for a total of \$2,000. On March 7, 2011, the Court of Appeal granted Mr. Goldmintz a leave to appeal these convictions.

ONTARIO CORP. 1560719, O/A BLUE MOUNTAIN CHALETs

Collingwood, ON

On Sept. 10, 2010, 1560719 Ontario Corporation (operating as Blue Mountain Chalets) was found guilty of two counts of trading in real estate while not registered. On Dec. 10, 2010 sentencing took place and the said brokerage was fined \$1,500 per count for a total of \$3,000. On March 7, 2011, the Court of Appeal granted Ontario Corp. 1560719 a leave to appeal these convictions.

JOHN ALLISON

Cornwall, ON

On March 23, 2011, John Allison pled guilty to one count of withholding documents from an inspector and one count of failing to prepare a trust account reconciliation statement. Mr. Allison was fined \$4,000 and \$3,000 respectively, for a total of \$7,000.



This financial review is based on the audited financial statements for the year ended March 31, 2011 and the comparative figures for the year ended March 31, 2010.

OVERVIEW

The Real Estate Council of Ontario has two reporting categories: General Operations, and the Insurance Program. General operating receipts are derived primarily from registration fees required under the *Real Estate and Business Brokers Act, 2002*, which are amortized to income over the two-year period of each registration.

Payments required under the education services agreements with the Ontario Real Estate Association represent a significant source of revenues. The advance payments required under the agreement for the provision of the Pre-registration, Articling and Broker Educational Program are being recognized over the term of the agreement whereas payments based on annual enrolments are recognized in the current year. Payments required under the agreement for the provision of the RECO Real Estate Update Course are recognized in the current year.

Other sources of revenue include transfer fees, penalties assessed by disciplinary panels, miscellaneous revenues, and interest, all of which are recognized in the current year. Insurance Program receipts are required to be held in trust and segregated from general operating funds.

Insurance payments include the premiums, the contribution to the premium stabilization fund, the contribution to the insurance administration fund plus the applicable taxes. Insurance receipts are amortized to income over the period of the insurance policy.

GENERAL OPERATIONS

Revenues

Overall, recognized operating revenues increased by \$1,396,133 or 13.3%, resulting primarily from a fee increase for registration as a salesperson, and a fee increase for transfers from one brokerage to another. Penalties assessed by the disciplinary panels, education revenues, and miscellaneous revenues were also higher. Interest earned decreased by \$144,417 from \$282,353 in fiscal 2010 to \$137,936 in fiscal 2011.



EXPENSES

Expense categories include: general operating departments and facilities; Board, committee and working group per diems and meeting costs; and other corporate expenses such as communications activities, consulting costs, election costs, the government fee under the Administrative Agreement, and amortization. Total expenses increased by \$612,895 or 6.1%. Expenses for general operating departments and facilities increased by \$382,857 or 4.7%; expenses for the Board, committee and task force groups decreased by \$8,062 or 4.5%; and expenses for the other corporate category increased by \$238,100 or 13.1%.

The increase in the operating department costs were due largely to increased staffing and payroll costs, either in the current year or throughout the previous year as well as the implementation of a performance management system. Increases in this area were offset by decreases in the use of external or contract services and reductions in information systems maintenance. Other increases, including those for facilities, resulted from the implementation of the Harmonized Sales Tax on July 1, 2010.

Board per diem and meeting expenses and audit committee were higher by \$11,861, with other committee and working group expenses lower overall by \$19,923.

In other corporate expenses, the increase in amortization expense of \$32,997 is related to the increase in capital expenditures made in fiscal 2010 and 2011; credit card discount and charges increased by \$77,382; the costs of disciplinary hearings increased by \$84,401; the government fee is estimated at \$57,320 higher; and costs related to the development of the strategic plan were \$26,132 higher. Smaller increases occurred for the annual general meeting, audit fees and expenses, elections, and participation in national and international regulatory groups. There were decreases in external consulting cost requirements and savings made in communications activities. Directors' and officers' liability insurance was the same as the previous year.

NET INCOME AND ACCUMULATED FUND BALANCE

Net income for the year was \$1,357,042 compared to \$718,221 in fiscal 2010. This income resulted in an accumulated fund balance of \$5,787,426 compared to \$4,430,384 in fiscal 2010.

Net current assets

Net current assets, which exclude deferred revenue, were \$16,411,548 at March 31, 2011 compared to \$13,325,409 at March 31, 2010. The increase of \$3,086,139 resulted from an increase in current assets of \$3,298,556 offset by an increase in current liabilities of \$212,417.

INSURANCE PROGRAM

Revenues

Recognized premium revenues increased by \$3,464,871 or 33.3% as a result of an increase in the net premium in the September 2010 billing (\$292 less a subsidy of \$12.50 compared to \$230 less a subsidy of \$25.00) and an increase in the number of subscribers to the plan. Recognized contributions to the premium stabilization fund increased by \$202,032 or 16.6%, as a result of an increase in the contribution level (\$27.50 compared to \$22.50) and the larger number of subscribers to the plan. Recognized contributions to the administration fund decreased by \$226,527 or 38.9%, as a result of decrease in the contribution level (\$10.74 less a subsidy of \$7.50 compared to \$10.70). Interest income decreased by \$49,327; miscellaneous income by \$3,347.

Expenses

As a result of the higher premium and the larger number of subscribers, premium expense increased by \$3,909,041 or 35.7%. Insurance administration expenses decreased by \$134,738 or 13.7%. Expenses were lower for legal and consulting costs, processing, printing and mailing costs as a complete policy review and mail out were not required. Additional computer system support services also were not required. Higher expenses occurred for credit card discounts and charges, insurance staffing, committee meeting expenses and other miscellaneous items.

Net income and accumulated fund balance

Net loss for the premium fund for 2011 was \$992,139 compared to a net loss of \$547,969 in 2010; net income for the stabilization fund for 2011 was \$1,545,203 compared to \$1,375,727 in 2010; net loss in the administration fund for 2011 was \$424,884 compared to a net loss of \$312,977 in 2010. At March 31, 2011, the accumulated fund balances were: \$359,548 in the premium fund; \$12,817,830 in the premium stabilization fund; and \$727,346 in the insurance administration fund.

Net current assets

Net current assets, excluding deferred revenues and prepaid premiums are \$14,825,562 at March 31, 2011 compared to \$14,282,629 at March 31, 2010. The increase of \$542,933 resulted from an increase in current assets of \$679,419 offset by an increase in current liabilities of \$136,486.



May 19, 2011

INDEPENDENT AUDITOR'S REPORT

To the Registrants of
Real Estate Council of Ontario

We have audited the accompanying financial statements of Real Estate Council of Ontario, which comprise the balance sheet as at March 31, 2011 and the statements of operations and cumulative operations and insurance trust fund balances and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Real Estate Council of Ontario as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario, Canada

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

FINANCIAL STATEMENTS

As at March 31, 2011

BALANCE SHEET

Real Estate Council of Ontario

ASSETS	OPERATIONS FUND		INSURANCE PROGRAM FUNDS		TOTAL	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Current assets						
Cash	899,749	994,995	518,507	381,138	1,418,256	1,376,133
Short-term investments	15,774,625	12,350,000	14,683,582	14,100,000	30,458,207	26,450,000
Accounts receivable	421,951	449,865	61,308	102,840	483,259	552,705
Prepaid insurance premiums	-	-	6,467,557	4,918,934	6,467,557	4,918,934
Deposits and prepaid expenses	204,112	207,021	-	-	204,112	207,021
	17,300,437	14,001,881	21,730,954	19,502,912	39,031,391	33,504,793
Property, plant and equipment (note 2)	639,699	722,514	-	-	639,699	722,514
	17,940,136	14,724,395	21,730,954	19,502,912	39,671,090	34,227,307
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	543,587	531,174	12,201	14,685	555,788	545,859
Insurance premiums payable	-	-	425,634	286,664	425,634	286,664
Government fee payable	345,302	145,298	-	-	345,302	145,298
Deferred education revenue (note 3(c))	400,000	400,000	-	-	400,000	400,000
Deferred registration revenue (note 3(a))	7,730,295	6,309,578	-	-	7,730,295	6,309,578
Deferred insurance premiums (note 3(b))	-	-	6,656,311	4,668,679	6,656,311	4,668,679
Deferred insurance stabilization (note 3(b))	-	-	654,916	512,328	654,916	512,328
Deferred insurance administration (note 3(b))	-	-	77,168	244,012	77,168	244,012
	9,019,184	7,386,050	7,826,230	5,726,368	16,845,414	13,112,418
Deferred education revenue (note 3(c))	400,000	700,000	-	-	400,000	700,000
Deferred registration revenue (note 3(a))	2,733,526	2,207,961	-	-	2,733,526	2,207,961
	12,152,710	10,294,011	7,826,230	5,726,368	19,978,940	16,020,379
ACCUMULATED FUND BALANCES						
Investment in property, plant and equipment (note 2)	639,699	722,514	-	-	639,699	722,514
Restricted						
Insurance Premium Fund (schedule II)	-	-	359,548	1,351,687	359,548	1,351,687
Premium Stabilization Fund (schedule II)	-	-	12,817,830	11,272,627	12,817,830	11,272,627
Insurance Administration Fund (schedule II)	-	-	727,346	1,152,230	727,346	1,152,230
Unrestricted	5,147,727	3,707,870	-	-	5,147,727	3,707,870
	5,787,426	4,430,384	13,904,724	13,776,544	19,692,150	18,206,928
	17,940,136	14,724,395	21,730,954	19,502,912	39,671,090	34,227,307



FINANCIAL STATEMENTS

For the year ended March 31, 2011

STATEMENT OF OPERATIONS AND CUMULATIVE OPERATIONS AND INSURANCE TRUST FUND BALANCES

Real Estate Council of Ontario

REVENUES	OPERATIONS FUND		INSURANCE PROGRAM FUNDS		TOTAL	
	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$
Registration fees (note 3(a))	9,113,717	8,210,108	-	-	9,113,717	8,210,108
Insurance premium fees (note 3(b))	-	-	13,862,490	10,397,619	13,862,490	10,397,619
Premium stabilization fees (note 3(b))	-	-	1,418,262	1,216,230	1,418,262	1,216,230
Insurance administration fees (note 3(b))	-	-	355,495	582,022	355,495	582,022
Education revenues (note 3(c))	1,861,428	1,808,136	-	-	1,861,428	1,808,136
Other income	951,242	512,010	1,765	5,112	953,007	517,122
	11,926,387	10,530,254	15,638,012	12,200,983	27,564,399	22,731,237
EXPENSES AND EXPENDITURES						
Council expenditures (schedules I and II)	10,707,281	10,094,386	15,702,167	11,927,864	26,409,448	22,022,250
OPERATING INCOME BEFORE INTEREST INCOME						
	1,219,106	435,868	(64,155)	273,119	1,154,951	708,987
INTEREST INCOME						
	137,936	282,353	192,335	241,662	330,271	524,015
NET INCOME FOR THE YEAR						
	1,357,042	718,221	128,180	514,781	1,485,222	1,233,002
ACCUMULATED FUND BALANCES						
Beginning of year	4,430,384	3,712,163	13,776,544	13,261,763	18,206,928	16,973,926
ACCUMULATED FUND BALANCES						
End of year	5,787,426	4,430,384	13,904,724	13,776,544	19,692,150	18,206,928

FINANCIAL STATEMENTS

For the year ended March 31, 2011

STATEMENT OF CASH FLOWS

Real Estate Council of Ontario

CASH PROVIDED BY (USED IN)	OPERATIONS FUND		INSURANCE PROGRAM FUNDS		TOTAL	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Operating activities						
Net income for the year	1,357,042	718,221	128,180	514,781	1,485,222	1,233,002
Item not affecting cash Amortization	389,029	356,032	-	-	389,029	356,032
	1,746,071	1,074,253	128,180	514,781	1,874,251	1,589,034
NON-CASH WORKING CAPITAL ITEMS RELATED TO OPERATIONS						
Short-term investments	(3,424,625)	(600,000)	(583,582)	(464,929)	(4,008,207)	(1,064,929)
Accounts receivable	27,914	(27,197)	41,532	165,400	69,446	138,203
Prepaid insurance premiums	-	-	(1,548,623)	(1,146,517)	(1,548,623)	(1,146,517)
Deposits and prepaid expenses	2,909	(3,065)	-	-	2,909	(3,065)
Accounts payable and accrued liabilities	12,413	93,212	(2,484)	(9,320)	9,929	83,892
Insurance premiums payable	-	-	138,970	286,664	138,970	286,664
Government fee payable	200,004	(5,129)	-	-	200,004	(5,129)
Deferred education revenue	(300,000)	(300,000)	-	-	(300,000)	(300,000)
Deferred registration revenue	1,946,282	560,211	-	-	1,946,282	560,211
Deferred insurance premiums	-	-	1,987,632	753,924	1,987,632	753,924
Deferred insurance stabilization	-	-	142,588	9,002	142,588	9,002
Deferred insurance administration	-	-	(166,844)	850	(166,844)	850
	(1,535,103)	(281,968)	9,189	(404,926)	(1,525,914)	(686,894)
	210,968	792,285	137,369	109,855	348,337	902,140
INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(306,214)	(318,769)	-	-	(306,214)	(318,769)
Increase in cash during the year	(95,246)	473,516	137,369	109,855	42,123	583,371
Cash - Beginning of year	994,995	521,479	381,138	271,283	1,376,133	792,762
Cash - End of year	899,749	994,995	518,507	381,138	1,418,256	1,376,133



NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2011

Real Estate Council of Ontario

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of organization

The Real Estate Council of Ontario (RECO) is a not-for-profit organization, incorporated by letters patent under the Canada Corporations Act on February 18, 1997. RECO is exempt from tax under the Income Tax Act (Canada).

On May 5, 1997, RECO received delegated responsibility to administer the *Real Estate and Business Brokers Act* (the Act). RECO's mandate is to protect consumers and to administer the regulatory requirements of Ontario's real estate profession. On March 31, 2006, the *Real Estate and Business Brokers Act 2002* (REBBA 2002) was proclaimed. Consumer deposit insurance, errors and omissions, insurance and commission protection insurance are mandatory under REBBA 2002. Payments required under the program are designated to three funds: the Insurance Premium Fund, the Premium Stabilization Fund and the Insurance Administration Fund.

The Premium Stabilization Fund is a restricted fund that may be used to offset future increases in the premiums charged by the insurer. The fund may also be used to reduce the present level of premiums. A special Insurance Premium Stabilization Committee, comprised of members, reviews and recommends the use of funds for approval by the Board of Directors.

The Insurance Administration Fund is a fund used to pay the administrative costs associated with the operation of the program.

Basis of preparation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below.

Revenue recognition

RECO follows the deferral method of accounting for revenue. RECO derives its revenue primarily from the fees charged to register as a real estate salesperson, a real estate broker, and a real estate brokerage, from amounts payable under the Education Services Agreement with the Ontario Real Estate Association, and fees charged for the administration of the insurance program. Registration proceeds are for a two-year period. Revenue is recognized evenly over this two-year period to match the period in which services are to be rendered. Amounts related to future years are recorded as deferred revenue. The Education Services Agreement is for a five-year period. Certain of the amounts payable under the agreement are recognized evenly over this period; the remaining amounts are recorded as deferred revenue. Other amounts payable are recognized in the year received. Insurance proceeds are for the one-year period of the insurance policy, which runs from September 1 of the current year to September 1 of the following year. Amounts related to the following year are recorded as deferred revenue.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as discussed below.

Short-term investments are classified as held-for-trading and are recorded at fair value with the change in the fair value recorded in revenues. Transaction costs related to investments classified as held-for-trading are expensed as incurred. RECO has made the following classifications:

- cash is classified as held-for-trading;
- short-term investments are classified as held-for-trading; and
- accounts payable and accrued liabilities, insurance premiums payable, and government fee payable are classified as other liabilities and are measured at fair value.

The carrying value of RECO's financial instruments, consisting of cash, short-term investments, accounts receivable, deposits and prepaid expenses, accounts payable and accrued liabilities, insurance premiums and government fee payable, approximate their fair values because of their short-term nature and maturities.

Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated amortization. Amortization is provided at the following annual rates on a straight-line basis:

- Computer equipment and software 30%
- Office furniture and equipment 20%
- Leasehold improvements over the term of the lease

Leases that transfer substantially all the benefits and risks of ownership to RECO are recorded as capital leases in equipment and long-term debt. Asset values recorded as capital leases are amortized on a straight-line basis over the expected life of the asset in accordance with the RECO's amortization policy. The obligations recorded as capital leases are reduced by lease payments, net of imputed interest. All other leases are recorded as operating leases, the costs of which are expensed in the period in which they are incurred.

Use of estimates

The preparation of RECO's financial statements and the accompanying notes in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts in the financial statements and the disclosure in the accompanying notes. Actual results could differ from those estimates used in preparing the financial statements.

FINANCIAL STATEMENTS

March 31, 2011

NOTES TO FINANCIAL STATEMENTS

Real Estate Council of Ontario

2. PROPERTY, PLANT AND EQUIPMENT

	2011		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment and software (i)	2,240,778	1,832,714	408,064
Office furniture and equipment	1,195,862	1,057,769	138,093
Leasehold improvements	671,354	577,812	93,542
	<u>4,107,994</u>	<u>3,468,295</u>	<u>639,699</u>
	2010		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment and software (i)	2,001,626	1,577,802	423,824
Office furniture and equipment	1,132,976	987,502	145,474
Leasehold improvements	667,178	513,962	153,216
	<u>3,801,780</u>	<u>3,079,266</u>	<u>722,514</u>

i) Included in computer equipment are intangible assets relating to software with a net book value in the amount of \$183,403 (2010 - \$146,396).

FUND BALANCES INVESTED IN PROPERTY, PLANT AND EQUIPMENT ARE AS FOLLOWS:

	\$
Invested in property, plant and equipment - Beginning of year	722,514
Additions during the year	306,214
Amortization charge for the year	(389,029)
Invested in property, plant and equipment - End of year	<u>639,699</u>



FINANCIAL STATEMENTS

March 31, 2011

NOTES TO FINANCIAL STATEMENTS

Real Estate Council of Ontario

3. DEFERRED REVENUE

a) Operations Fund

Deferred revenue represents registration fees received that relate to subsequent periods. The movements in the deferred revenue balance during the year were:

	\$
Balance - Beginning of year	8,517,539
Registration fees received in fiscal 2011	11,059,999
Less: Amounts recognized as revenue in the year	(9,113,717)
Balance - End of year	<u>10,463,821</u>
Amounts to be recognized as revenue in fiscal 2012	7,730,295
Amounts to be recognized as revenue in fiscal 2013 and future periods	2,733,526
	<u>10,463,821</u>

b) Insurance Program Funds

Deferred revenue represents insurance payments received that relate to the next fiscal year. The movements in the deferred revenue balance during the year were:

	Insurance Premium Fund \$	Premium Stabilization Fund \$	Insurance Administration Fund \$	Total \$
Balance - Beginning of year	4,668,679	512,328	244,012	5,425,019
Insurance payments received in fiscal 2011	15,850,122	1,560,850	188,651	17,599,623
Less: Amounts recognized as revenue in the year	(13,862,490)	(1,418,262)	(355,495)	(15,636,247)
Balance - End of year	<u>6,656,311</u>	<u>654,916</u>	<u>77,168</u>	<u>7,388,395</u>
Amounts to be recognized as revenue in fiscal 2012	6,656,311	654,916	77,168	7,388,395

c) Operations Fund - Education Services Agreement

An Education Services Agreement between the Registrar, appointed under REBBA 2002, RECO and the Ontario Real Estate Association (OREA) became effective August 1, 2008. In this agreement, the Registrar designated OREA as the sole fiduciary designate to provide the services, functions and responsibilities described in the agreement for a five-year period. As a provision of this agreement, OREA agreed to pay a one-time amount of \$1,500,000, semi-annual payments of \$150,000 and a percentage of the revenues generated by OREA annually through enrolments in the program.

FINANCIAL STATEMENTS

March 31, 2011

NOTES TO FINANCIAL STATEMENTS

Real Estate Council of Ontario

3. DEFERRED REVENUE CONTINUED

Revenue other than that based on enrolments has been deferred and is being amortized over the period to which it applies: \$1,500,000 over 60 months; and each \$150,000 semi-annual payment over six months. The movements in the deferred balance during the year were:

	\$
Balance - Beginning of year	1,100,000
Received August 3, 2010	150,000
Received February 2, 2011	150,000
Less: Amounts recognized as revenue in the year	(600,000)
Balance - End of year	800,000
Amounts to be recognized as revenue in fiscal 2012	400,000
Amounts to be recognized as revenue in fiscal 2013 and future periods	400,000
	800,000

4. ADMINISTRATIVE AGREEMENT

An administrative agreement exists between RECO and the Ministry of Government Services. The administration of this agreement is now under the Ministry of Consumer Services. Under this agreement, the maximum fee payable will not exceed \$220,000 per year. Amounts payable under the agreement are recognized in the year incurred. In the current year, \$200,004 was incurred as an expense (2010 - \$142,684).

5. COMMITMENTS

RECO has minimum commitments under leases for premises and equipment. The future estimated payments are:

	\$
2012	463,126
2013	340,048
2014	32,702
2015	32,702
2016	17,563
	886,141

RECO is also committed to make insurance premium payments of \$485,524 for the period from April 1, 2011 to August 31, 2011. This payment is due August 31, 2011.

NOTES TO FINANCIAL STATEMENTS

Real Estate Council of Ontario

6. FUNDS HELD IN TRUST

RECO holds in trust consumer deposits transferred by brokers as dormant trust funds. At March 31, 2011, these deposits, together with the accumulated interest, amounted to \$4,392,408 (2010 - \$3,659,222). These amounts have not been included in the financial statements as RECO does not control nor benefit from these funds.

7. CONTINGENT LIABILITIES

RECO is involved in various claims and litigation both as plaintiff and respondent. In the opinion of management, the resolution of claims against RECO will not result in a material effect on the financial position of RECO. Any settlements or awards will be reflected in the statement of operations, as the matters are resolved.

8. FINANCIAL INSTRUMENTS

The main risks to which RECO's financial instruments are exposed are interest rate risk, market risk and credit risk. It is management's opinion that RECO is not exposed to significant foreign exchange risk and cash flow risk.

Interest rate risk

The short-term investments bear interest at fixed rates and, as such, the risk resulting from fluctuations in interest rates is low.

Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of RECO. RECO manages its risk by investing only in highly liquid, short-term guaranteed investment certificates (GICs).

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject RECO to credit risk consist principally of cash and short-term investments. RECO places its cash and short-term investments with high quality institutions to mitigate this risk.

RECO is exposed to credit risk on accounts receivable from OREA. RECO's accounts receivable risk is considered to be low as receivables are recognized only if it is certain the monies will be received.

FINANCIAL STATEMENTS

March 31, 2011

NOTES TO FINANCIAL STATEMENTS

Real Estate Council of Ontario

9. MANAGEMENT OF CAPITAL

RECO defines its capital as its net assets for both the Operations Fund and the Insurance Program Funds.

For the Operations Fund, as Designated Administrative Authority, RECO's principal objective is to manage these assets in a manner that allows it to continue to meet the requirements of the Administrative Agreement with the Ministry of Government Services, now administered by the Ministry of Consumer Services, which includes a requirement to ensure it has adequate resources to comply with the agreement, REBBA 2002 and the Safety and Consumer Statutes Administration Act, 1996.

For the Insurance Program Funds, RECO's principal objective is to continue to provide for insurance coverage for consumer deposits (protection of consumers), for errors and omissions insurance (protection of consumers and registrants), and for commission protection insurance (protection of registrants) at affordable rates for registrants. Net assets of the Insurance Program Funds are restricted for use in the Insurance Program.

10. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to conform to the current year's financial statement presentation.

FINANCIAL STATEMENTS

For the year ended March 31, 2011

SCHEDULE OF COUNCIL EXPENDITURES

Real Estate Council of Ontario

OPERATING EXPENSES	2011 \$	2010 \$
Office of the President and Chief Executive Officer	590,772	522,761
Office of the Registrar	567,966	455,963
Registration department	833,492	815,526
Education department	277,260	214,079
Inspections and investigations	1,078,114	1,048,113
Complaints and compliance department	701,614	536,309
Office of the Director of Corporate Services	320,939	308,923
Legal services department	1,226,848	1,391,667
Administration and human resources	539,108	465,528
Finance and accounting department	337,839	291,631
Communications department	335,734	321,087
Information systems department	647,646	759,038
Facilities cost	1,024,815	968,665
	8,482,147	8,099,290
BOARD OF DIRECTORS AND WORKING GROUPS	2011 \$	2010 \$
Board of Directors' per diems	71,964	81,664
Board of Directors' travel and meeting costs	77,370	58,716
Education Designate Working Group	-	8,247
Todres Report Working Group	-	2,684
Legislation and Regulation Committee	6,422	12,259
Governance Committee	9,426	9,533
Audit Committee	4,792	1,885
Finance Committee	2,206	1,843
Commercial Real Estate Advisory Group	-	3,411
	172,180	180,242

FINANCIAL STATEMENTS

March 31, 2011

SCHEDULE 1 CONTINUED SCHEDULE OF COUNCIL EXPENDITURES

Real Estate Council of Ontario

OTHER CORPORATE	2011 \$	2010 \$
Amortization	389,029	356,032
Communications activities	286,165	291,526
Credit card discounts and charges	286,409	209,027
Government fee	200,004	142,684
Hearings activities	152,218	67,817
Consulting costs	245,371	317,939
Directors' and officers' liability insurance	187,731	187,731
Annual general meeting	76,764	69,602
Strategic planning	67,037	40,905
Elections	88,656	78,385
Audit fees	36,661	24,487
National and International Regulators' Groups	36,909	28,719
	2,052,954	1,814,854
	10,707,281	10,094,386



FINANCIAL STATEMENTS

March 31, 2011

SCHEDULE 2 SCHEDULE OF FUND BALANCES

Real Estate Council of Ontario

INSURANCE FUNDS

	Insurance Premium Fund \$	Premium Stabilization Fund \$	Insurance Administration Fund \$	2011 Total \$	2010 Total \$
Insurance funds recognized	13,862,490	1,418,262	355,495	15,636,247	12,195,871
Interest income	-	126,941	65,394	192,335	241,662
Miscellaneous income	-	-	1,765	1,765	5,112
	<u>13,862,490</u>	<u>1,545,203</u>	<u>422,654</u>	<u>15,830,347</u>	<u>12,442,645</u>

INSURANCE FUNDS

Legal and audit	-	-	42,509	42,509	192,478
Insurance staffing	-	-	185,490	185,490	157,199
Insurance Committee	-	-	19,279	19,279	12,303
Miscellaneous	-	-	9,132	9,132	1,103
Stabilization Committee	-	-	5,658	5,658	3,536
Printing costs	-	-	28,059	28,059	52,885
Credit card discounts	-	-	397,133	397,133	300,016
Processing and mailing costs	-	-	160,278	160,278	262,756
Insurance	14,854,629	-	-	14,854,629	10,945,588
	<u>14,854,629</u>	<u>-</u>	<u>847,538</u>	<u>15,702,167</u>	<u>11,927,864</u>

NET INCOME (LOSS)

For the year	(992,139)	1,545,203	(424,884)	128,180	514,781
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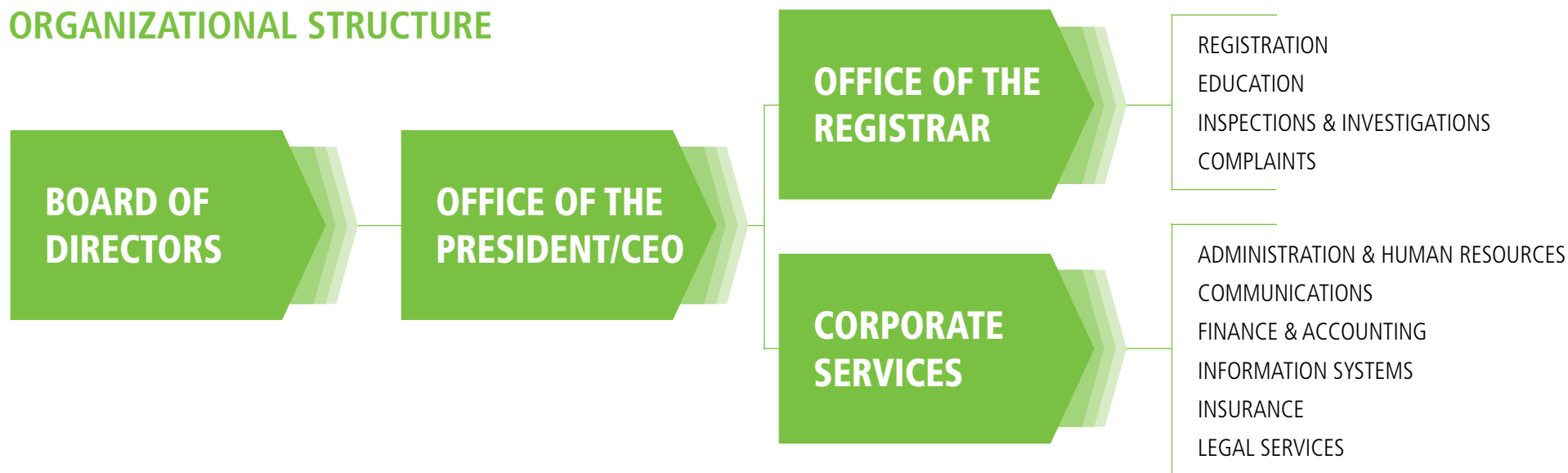
ACCUMULATED FUND BALANCES

Beginning of year	1,351,687	11,272,627	1,152,230	13,776,544	13,261,763
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ACCUMULATED FUND BALANCES

End of year	359,548	12,817,830	727,346	13,904,724	13,776,544
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ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTORS

RECO is governed by a 12-member Board of Directors, including nine elected representatives registered under REBBA 2002 and three non-registrants appointed by the Minister of Consumer Services to represent consumers, business and government. RECO's Board of Directors is responsible for providing progressive and collective leadership to RECO.

The day-to-day management of RECO is the responsibility of the President/CEO in accordance with the policies and budget established by the Board of Directors. The powers and duties imposed under the Act are carried out by the Registrar. The management team and staff support the delivery of programs and services for consumers and registrants. As of March 31, 2011, RECO had 87 full-time employees.

CHAIR

GEORGE E. LAVALLEE, B.Sc.

Broker
Century 21 Home Realty Inc., Brokerage
Waterloo
End of Term: June 2012

George Lavallee was first elected to RECO's Board of Directors in 2006. During his time on RECO's Board of Directors, he chaired RECO's Insurance, Audit and Finance committees and Commercial Real Estate Advisory Group and was a member of the Governance, Audit and Premium Stabilization committees.

After completing his postsecondary education at the University of Pennsylvania, Mr. Lavallee began his real estate career in 1973. He has been involved in various aspects of real estate including new home sales, real estate sales, branch management and brokerage ownership.

He sold his company in 2009 to Century 21 Home Realty Inc., Brokerage but stayed on as a full-time broker.

He is an active volunteer in his community and was a member of the Guelph & District Association of Realtors® Finance Committee.

In 2003 Mr. Lavallee was honoured by Century 21 with a long-term service award, and after serving on numerous committees on the Kitchener-Waterloo Association of Realtors® and the Board of Directors for eight years, Mr. Lavallee became President of the Board in 2005.

VICE CHAIR

KEITH R. TARSWELL

Broker
Bosley Real Estate Ltd., Brokerage
Toronto
End of Term: June 2011

Keith Tarswell was elected to RECO's Board of Directors in 2008. During his time on the Board of Directors, he has participated in the Audit, Discipline, Finance, and Governance Committees and served as Chair of the Premium Stabilization Committee.

Mr. Tarswell began his career in real estate in 1980, becoming a Broker in 1988, and was awarded his MVA designation in 1992. He enjoyed residential and commercial success before accepting a management position with Bosley Real Estate Ltd., Brokerage in 1998.

Mr. Tarswell has also served on numerous committees with the Toronto Real Estate Board and the Ontario Real Estate Association.



GOVERNANCE



ELECTED DIRECTORS

GEORGE E. LAVALLEE, B.Sc.

Broker
Century 21 Home Realty Inc., Brokerage
Waterloo
End of Term: June 2012

KEITH R. TARSWELL

Broker
Bosley Real Estate Ltd., Brokerage
Toronto
End of Term: June 2011

GLEND A BRINDLE

Broker
Royal LePage Team Realty, Brokerage
Ottawa
End of Term: June 2012

TAMER E. FAHMI

Broker of Record
Hearth & Home Realty Inc., Brokerage
Burlington
End of Term: June 2011

PETER HOFFMAN

Broker of Record
Royal LePage Triland Realty, Brokerage
London
End of Term: June 2013

CYNTHIA K. LAI, FRI

Broker
Global Link Realty Group Inc., Brokerage
Toronto
End of Term: June 2013

JODY LAVOIE

Broker
Royal LePage Team Realty, Brokerage
Ottawa
End of Term: June 2013

RANDALL JAMES OICKLE

Broker
Royal LePage Team Realty, Brokerage
Ottawa
End of Term: June 2011

DAVID G. PEARCE

Broker of Record
Re/Max Rouge River Realty Ltd., Brokerage
Toronto
End of Term: June 2012

APPOINTED DIRECTORS

DON ARONSON

Owner/President
Aronson & Associates Incorporated
Term Ended: February 2011

LAWRENCE BREMNER, B.A., L.L.B.

Barrister & Solicitor
End of Term: December 2012

MARY SHENSTONE

Assistant Deputy Minister
International Relations & Chief of Protocol
Ministry of Intergovernmental Affairs
End of Term: August 2013

BILL YETMAN

Chief Operating Officer
Retail Council of Canada
Term Began: February 2011
End of Term: February 2014

MANAGEMENT

OFFICE OF THE PRESIDENT/CEO

TOM WRIGHT **President/CEO**

The President/CEO is responsible for the effective and efficient management of the organization in accordance with the policies and the budget established by the Board of Directors. This encompasses delegation of full authority over RECO's operating activities and resources, responsibility for achievement of RECO's strategic goals, and accountability for RECO's results.

SANDRA GIBNEY

Principal Advisor, Strategic Management and Planning

The Principal Advisor, Strategic Management and Planning is responsible for directing the development and coordination of long-term strategy and planning functions for the Council, as well as providing leadership, oversight, analysis and project management support for a broad range of initiatives critical to the fulfillment of strategic objectives, and participating in the evaluation and prioritization of proposed goals, objectives and initiatives.

SHELLEY WESTLAKE-BROWN

Manager, Executive & Board Operations

The Manager, Executive & Board Operations is responsible for providing executive level administrative management to the Office of the President/CEO, including a wide range of complex and confidential administrative, operational and governance tasks. The Manager, Executive & Board Operations works closely with the Board of Directors, Committees, Task Forces and Management Group.

REGULATORY

ALLAN JOHNSTON **Registrar**

The Registrar is responsible for providing leadership, integrity and fair-mindedness to the administration of the *Real Estate and Business Brokers Act, 2002*, and to ensure the highest possible level of consumer protection and knowledge in the operation of the real estate brokerage industry in Ontario.

BRUCE MATTHEWS

Deputy Registrar, Regulatory Compliance

Under the direction of the Registrar, the Deputy Registrar, Regulatory Compliance is responsible for overseeing the managing of the enforcement and administration of the *Real Estate and Business Brokers Act, 2002* as it applies to RECO's investigations, inspections, inquires and compliance roles, developing and implementing operational objectives to ensure maximum administrative and service results and ensuring that the requirements of the *Real Estate and Business Brokers Act, 2002* and RECO's policies are interpreted and applied in a consistent fashion.

BRIAN SCHLOTZHAUER

Deputy Registrar, Industry Standards

Under the direction of the Registrar, the Deputy Registrar, Industry Standards is responsible for overseeing the managing of the enforcement and administration of the *Real Estate and Business Brokers Act, 2002* as it applies to the registration and education roles, developing and implementing operational objectives to ensure maximum administrative and service results and ensuring that the requirements of the *Real Estate and Business Brokers Act, 2002* and RECO's policies are interpreted and applied in a consistent fashion.

JOHN BURNET

Manager, Complaints, Compliance & Discipline

The Manager, Complaints, Compliance & Discipline (CCD) is responsible for administering and managing, by various means, RECO's complaints, compliance and discipline process and providing interpretation of the RECO Code of Ethics.

BRIAN PRENDERGAST

Manager, Inspections & Investigations

The Manager, Inspections and Investigations helps fulfill the duties of the Registrar by directing province-wide inspections and investigation services; ensuring that the functions performed are timely, consistent, and impartial.

ANGELA VOLPE

Manager, Registration

The Manager, Registration provides daily management of the registration department; develops and implements technical and operational objectives; represents the Office of the Registrar at the Licence Appeal Tribunal and at Provincial Offences Court; and ensures the requirements of *Real Estate and Business Brokers Act, 2002* and RECO's policies and procedures as they relate to registration are interpreted and applied in a consistent fashion.

CORPORATE SERVICES

DAN STAPLETON

Director, Corporate Services

The Director, Corporate Services supports the President/CEO by ensuring the efficient and effective management of the Real Estate Council of Ontario's non-regulatory operations, as organized under corporate services including administration; human resources; finance; information systems; communications; legal services and insurance services.

GLORIA FOUGERE

Manager, Finance & Accounting

The Manager, Finance and Accounting is responsible for establishing and overseeing all functions related to finance and accounting.

STEVE FYFE

Manager, Information Systems

The Manager, Information Systems is responsible for building and managing the IS organizational structure. The Manager of Information Systems understands RECO's strategy and business objectives and works with management to determine how technology can be used to support and advance these objectives.

SHERRI HAIGH

Manager, Communications

The Manager, Communications oversees a broad range of the Council's communications activities and develops and implements communications plans and policies that support the Council's strategic goals and objectives.

SYLVIA MAUTI

Manager, Administration & Human Resources

The Manager, Administration & Human Resources is responsible for the internal administrative matters of the organization, including conducting or supervising all office management functions, such as office equipment, facilities, support services, and human resources.

ELIZABETH SILCOX

Manager, Legal Services

The Manager, Legal Services is responsible for managing and providing the legal services required to support the activities of all departments of RECO, including the Board of Directors, its Committees, Task Forces, Working Groups and the Office of the President/CEO as required.



COMMITTEES, TASK FORCES, WORKING AND ADVISORY GROUPS

Agency Task Force	The RECO Board of Directors supports a collaborative approach and worked with the Ontario Real Estate Association (OREA) to form a joint RECO/OREA Working Group to discuss the recommendations contained in the final report of the Canadian Regulators Group Agency Task Force.
Appeals Committee	The Appeals Committee is established to hear, consider and decide appeals related to Discipline Committee decisions.
Audit Committee	The Audit Committee is established to assist the Board of Directors in meeting its fiduciary responsibilities.
Commercial Real Estate Advisory Group	The Commercial Real Estate Advisory Group is established to provide advice to the Board of Directors on regulatory issues in the commercial real estate sector.
Discipline Committee	The Discipline Committee is established to hear matters referred to it by the Registrar. Discipline panels determine whether or not registrants have complied with the Code of Ethics.
Registrar's Education Advisory Committee	The Education Advisory Committee is established to review education requirements for registrants and provide advice to the Registrar. The Committee may also make recommendations regarding potential changes to educational requirements or policies related to education providers and approved subject areas.
Finance Committee	The Finance Committee is established to advise the Board of Directors on financial policies and the annual budget.
Governance Committee	The Governance Committee is established to develop, recommend to the Board of Directors, implement and assess effective corporate governance principles.
Insurance Committee	The Insurance Committee is established to monitor the registrant insurance program on an ongoing basis, including claims data, policy wording and administration.
Legislation & Regulations Committee	The Legislation & Regulations Committee is established to develop recommendations to the Board of Directors related to potential changes to REBBA 2002 and associated regulations.
Premium Stabilization Committee	The Premium Stabilization Committee is established to monitor the premium stabilization fund created as part of the registrant insurance program and ensure that any use of these funds is transparent.

NOTES

NOTES

FOSTERING CONFIDENCE

2010 - 2011
ANNUAL REPORT



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