



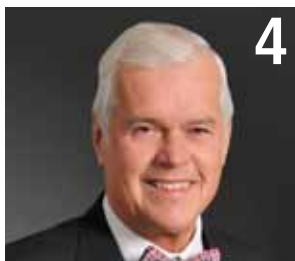
2011-2012 Annual Report

**Fostering confidence  
& upholding integrity**  
in real estate transactions

# 8



RECO REACHES OUT TO HOME BUYERS AND SELLERS WITH AD CAMPAIGN



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CHAIR MESSAGE



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PRESIDENT/CEO MESSAGE



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PERFORMANCE REVIEW

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## YEAR 2011-2012 IN BRIEF

## TOMORROW



### RECO'S AWARD WINNING COMMUNICATIONS

RECO won awards from the Association of Real Estate License Law Officials (ARELLO) for *Best Annual Report* and *Best Newsletter of 2011*.

RECO was also recognized with Awards of Merit from the International Association of Business Communicators (IABC) for its website and *For the RECO*rd newsletter.

[Look for details on page 10.](#)



### REGISTRANT SATISFACTION SURVEY

Eighty-seven per cent of registrants found that RECO is meeting or exceeding service standards. Half of all registrants would like to see RECO more involved in social media and online communications.

[Look for details on page 5.](#)



### NEW ADVERTISING GUIDELINES

Complemented by an advertising checklist and a multimedia presentation, the clear and easy-to-follow advertising guidelines have been well received by registrants. There has been a 20 per cent reduction in advertising-related complaints this year, which may be attributed to the September 2011 introduction of the updated advertising guidelines.

[Look for details on page 16.](#)



### RECO LAUNCHES CONSUMER AWARENESS ADVERTISING CAMPAIGN

RECO's consumer awareness campaign encouraged home buyers and sellers to discover the benefits of a regulated real estate industry.

[Look for details on page 8.](#)

# Increasing awareness of the value of a regulated industry



It is my pleasure, on behalf of the Board of Directors of the Real Estate Council of Ontario (RECO), to present the annual report for the 2011-2012 fiscal year.

RECO's role is to administer the *Real Estate and Business Brokers Act, 2002* on behalf of the provincial government. The purpose of this report is to outline how RECO met its objectives for the year, which have advanced its consumer protection mandate. It's been a year of significant achievements and I'm proud of the accomplishments of RECO's staff and my fellow Directors.

## DEMONSTRATING THE VALUE OF A REGULATED REAL ESTATE INDUSTRY

As Chair and also as a real estate broker, I believe it is our good fortune to be part of a regulated industry. As professionals we benefit by having laws to adhere to, educational standards to meet and processes that act as checks and balances to ensure the integrity of the industry. Established standards, rules and regulations are key to providing quality service to Ontario's home buyers and sellers.

Demonstrating the value of a regulated real estate industry has been the focus of RECO's first-ever consumer awareness campaign that launched in March. The ongoing campaign is one of the strategic priorities identified by the Board of Directors, using a variety of channels to convey RECO's consumer protection message. Video and print advertising campaigns speak to some of the issues faced by home buyers and sellers and point to RECO as a helpful resource.

Two editions of *RECO*nect – RECO's newsletter for home buyers and sellers – were also introduced this year. The electronic newsletters have been distributed by a free subscription service on RECO's website and also by registrants who pass them along to their clients. RECO also launched a YouTube channel and Twitter feed @RECOhelps.

## PLANNING FOR THE FUTURE

Each year, the Board of Directors engages in a strategic planning session, which sets the stage for the initiatives the board will work on in the coming year. This past September, the Board's strategic planning session focused not only on initiatives for the current term, but also looked ahead by engaging in a broad-based discussion on the future of RECO.

*Video and print advertising campaigns speak to some of the issues faced by home buyers and sellers and point to RECO as a helpful resource.*

RECO's registrant satisfaction survey ensured that Ontario's real estate professionals were part of that conversation. The survey, conducted every two years, is a valuable tool for evaluating RECO's efforts in meeting the needs of Ontario's registered real estate professionals, allowing RECO to hear from registrants about the effectiveness of the organization's programs and activities, and to look at opportunities for improvement. Eighty-seven per cent of respondents indicated that they believed RECO to be meeting or exceeding service standards. There was also a strong desire for more electronic communications, which will influence how RECO's various publications are created and distributed.

### CREATING NEW RESOURCES FOR REGISTRANTS

In 2010-2011, the Board of Directors undertook a comprehensive advertising review. The issue of non-compliant advertising was something that the Board felt strongly about and wanted to identify opportunities for RECO to build on its existing resources. The results of the review formed the basis for creating a new advertising guidelines publication and complementary resources that expanded significantly on existing materials.

### REACHING OUT TO ONTARIO'S REAL ESTATE PROFESSIONALS

Over the past year, my fellow Directors and I have traveled around the province, representing RECO at more than 30 industry events and trade shows. While we're often invited to speak to attendees, addressing industry issues and what's happening at RECO, it's a learning opportunity for us as well. These events provide vital opportunities for Directors and RECO staff to talk to Ontario's real estate professionals about issues on an industry level, to learn about emerging trends and gather suggestions for service enhancements.

### RECOGNIZING EXCELLENCE

RECO is committed to providing high quality communication pieces that keep real estate professionals informed of timely issues. Over the past year, RECO received four awards related to its website, registrant newsletter and annual report. The awards, from the Association of Real Estate License Law Officials and the International Association of Business Communicators, reaffirm RECO's commitment to providing top-quality communications to Ontario's real estate industry.

I would like to extend my most sincere gratitude to my fellow Directors for their support during my term. I'd like to acknowledge the hard work of RECO's management and staff, in particular President/CEO Tom Wright. Spending time alongside this dedicated and knowledgeable group this year has been an invaluable experience.

I would also like to thank Allan Johnston, who will be retiring this summer after almost 14 years at RECO. In June of 2006, just after the proclamation of REBBA 2002, I recall that RECO's annual report focused on celebrating a new era of real estate regulation. I believe we are now facing the end of an era in saying goodbye to Allan. As Registrar, Allan has dedicated himself to enforcing the Act with utmost professionalism. His contributions have helped form an industry of integrity of which I am proud to be a part.

RECO's consumer awareness campaign asks home buyers and sellers to discover the benefits of a regulated real estate industry. As a real estate professional and as Chair of RECO's Board of Directors, I believe there is significant value in a regulated real estate environment. I encourage you to read on to discover for yourself how RECO fulfills its core purpose of fostering confidence and upholding integrity in real estate transactions.



Keith Tarswell  
Chair, Board of Directors

# Improving effectiveness and planning for our future



This past year has been marked by exciting new initiatives to explore how the Real Estate Council of Ontario (RECO) can improve its efforts to foster confidence and uphold integrity in real estate transactions. While our external outreach to registrants and consumers continues to be critically important, it is equally important for RECO to reflect on our internal resources, processes and systems. This year, through a comprehensive internal analysis, RECO identified areas for improvement, determined how we can be more effective and recognized the steps we must take to prepare RECO for the future.

## BUSINESS PROCESS REVIEW

To effectively pursue our mandate we must not only consider what we do, but how we do it. This year RECO engaged in an extensive business process review that examined the organization's core business processes and supporting systems to determine how we can accomplish our goals more effectively and efficiently.

The benefits of this review will be widespread. By benchmarking our processes and support systems against leading practices, we have highlighted areas where operational improvements can be made. In addition, we've identified enhancements to information systems and technology processes that will be necessary to make those improvements a reality. As a result, RECO will be able to significantly enhance operational efficiency and customer service.

The review has also enabled us to plan for the future. We have assessed the capacity of our resources and systems to meet current and future business demands and prepared a business improvement plan that will enable us to meet the challenges we anticipate in the future.

The business process review provides us with an exciting opportunity to make RECO more effective. Now that it is complete, implementation will follow in the coming year.

## EMPLOYEE ENGAGEMENT SURVEY

RECO's knowledgeable and professional staff are its greatest asset, and ensuring high levels of employee engagement is the best way to nurture this vital resource. To ensure that RECO is fostering an engaged workforce we commissioned an employee engagement survey.

A third-party firm administered a confidential online survey to gather employee feedback on how the RECO workplace functions and identify potential issues. The firm then conducted focus groups with volunteers from across the organization to further investigate those issues.

The survey garnered an impressive 91 per cent response rate, indicating that staff are eager to make their voices heard. The results of the survey were compiled into reports for each individual department, which managers then shared with their staff.

In aggregate, the survey results proved very enlightening, emphasizing strengths like work environment and pointing out areas for improvement, like more opportunities for professional growth.

RECO has formed a steering committee to take the data and turn it into a plan for action. Studies show that employee engagement and satisfaction in the workplace lead to greater productivity, which means the initiatives that result from the survey will lead to a more productive RECO.

## OFFICE MOVE

As the real estate industry has grown, RECO has continued to provide efficient service to an ever-increasing number of registrants. Careful planning ensured that our office provided enough space for RECO's first 15 years, but our current and future needs outgrew the space available. In March, RECO relocated to a new office that will ensure we have the capacity to provide registrants and the public with the quality of service they have come to expect for the next 10 years.

## A LEADER IN REGULATION

RECO maintains close ties with well-established peers at home and abroad. This year the internationally-recognized Association of Real Estate License Law Officials (ARELLO) selected RECO as the winner of two prestigious awards for the Best Newsletter of 2011 and Best Annual Report of 2011.

Closer to home, RECO continues a close working relationship with the Canadian Real Estate Regulators Group (CRG) to share best practices and expertise with like-minded groups across the country. Meetings with our fellow CRG members also present us with important opportunities to discuss emerging trends and developments across the regulatory environment.

Since RECO was established in 1997, we've learned a great deal about how to effectively establish and administer a regulatory body. Today we're proud to share our knowledge and experience with other organizations that are embarking on similar endeavours. Throughout the year, RECO met with representatives from other regulatory bodies including Ontario's newest Delegated Administrative Authority (DAA) - the Retirement Homes Regulatory Authority. These meetings provide us with opportunities to pay back the goodwill of those who shared their expertise and helped make RECO a successful regulator.

## STRONG RELATIONSHIPS

RECO's relationship with the Ontario Ministry of Consumer Services provides key support and feedback that helps RECO meet its mandate. This year we continued to nurture this relationship to ensure it remains strong and productive.

In fact, this year the Ontario government publicly endorsed the value of RECO's DAA model. Don Drummond's Commission on the Reform of Ontario's Public Services advocated for the creation of more DAAs. The 2012 Ontario budget also supported the DAA model to improve efficiency and regulatory outcomes.

I am also grateful for the strong working relationship RECO enjoys with the Ontario Real Estate Association (OREA) and its member boards and associations. Their assistance in promoting awareness of industry issues, sharing information about regulatory matters, and extending invitations for RECO Directors and staff to attend numerous events is important to how we reach 62,000 real estate professionals across the province.

Today we're proud to share our knowledge and experience with other organizations that are embarking on similar endeavours.

## RECOGNITION

Each year I welcome the opportunity to thank the hard-working and capable people that helped RECO accomplish its goals in the preceding year. I would like to thank RECO's Board of Directors for its support and direction during what was another eventful and successful year.

The management and staff at RECO work hard to improve efficiency and should be proud of their achievements during the year – thank you.

Many of the images found in this annual report feature RECO staff members. As we continue to engage Ontario residents through our consumer awareness campaigns and increase our presence at industry events, we feel it's important to showcase the people that work hard to make RECO a success. Reflective of our YouTube and Twitter account names, these are the individuals behind how RECO helps. They are an important asset to both Ontario's real estate industry and home buyers and sellers.

In particular, this year, I would like to thank Registrar Allan Johnston. Allan will be retiring from RECO in the summer of 2012. After 14 years of extraordinary service and over a decade as Registrar his absence will be deeply felt professionally and personally. I would like to offer him my heartfelt thanks for his contributions to real estate regulation in Ontario and wish him well in his retirement.

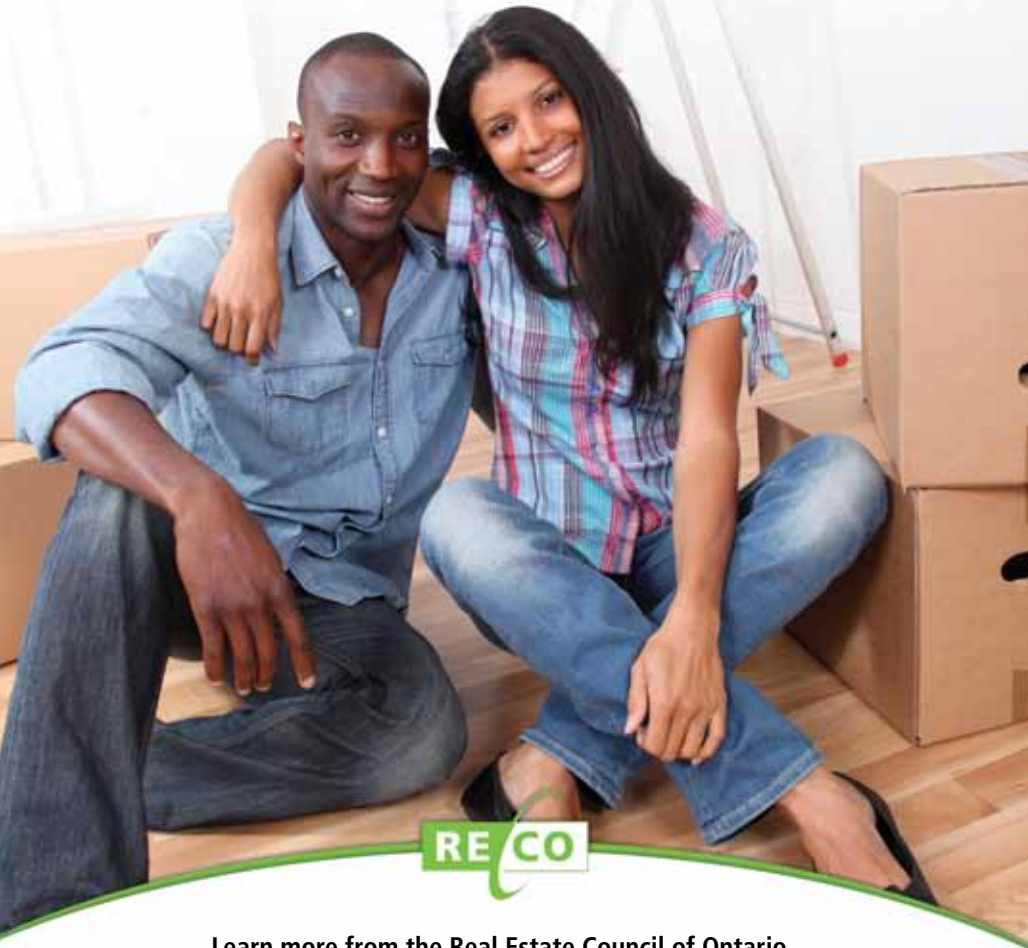
Thanks to its Directors and staff, RECO fosters confidence and integrity in real estate transactions more efficiently and effectively than ever. I'm pleased to present you with further details of our efforts in this report.



Tom Wright  
President/CEO

# Do you know how **RECO HELPS?**

Protecting the public interest in real estate transactions



Learn more from the Real Estate Council of Ontario  
Ontario's real estate regulator

[www.reco.on.ca](http://www.reco.on.ca)



**@RECOhelps**

Twisting news and tips important to Ontario's real estate professionals, home buyers and sellers.



## RECO reaches out to home buyers and sellers with ad campaign

Buying or selling a home is the largest financial transaction most people will ever undertake. The process can be a confusing and emotional experience, laden with legalities and complexities that go beyond the day-to-day knowledge of most buyers and sellers.

That's why RECO has launched a new advertising campaign directed toward Ontario's home buyers and sellers asking them to turn to RECO to learn more about the value of a regulated real estate industry.

The campaign, which launched in March 2012, is one of the strategic priorities identified by RECO's Board of Directors.

In addition to *RECOconnect*, the existing consumer-oriented newsletter, RECO launched a three-part video series for home buyers and sellers on the [YouTube.com/RECOhelps](http://YouTube.com/RECOhelps) channel. The videos, which are meant to generate curiosity, feature scenarios that Ontarians selling or purchasing a home could potentially face.





Learn more from the  
Real Estate Council  
of Ontario  
**Ontario's real  
estate regulator**

[www.reco.on.ca](http://www.reco.on.ca)

You  **RECOhelps**

 **@RECOhelps**

Tweeting news and tips important to Ontario's  
real estate professionals, home buyers and sellers.



**Do you  
know how  
RECO HELPS?**  
Protecting the public interest in  
real estate transactions



## RECOhelps - Tweets

**27 March @RECOhelps**

RECO reaches out to home buyers and sellers.  
See story in Toronto Star <http://bit.ly/HaQ6nd>

**6 March @RECOhelps**

Check out the new edition of For the RECOrd –  
valuable insights on commission adjustments,  
hijacked listings & more <http://bit.ly/zsRxIG>

**8 February @RECOhelps**

Are you a real estate professional looking to  
update your #RECO registration information?  
Visit MyWeb - <http://bit.ly/zOnAnv>

**21 November @RECOhelps**

Busy week for RECO staff and board with  
outreach activities in London, Mississauga and  
Sudbury.

**28 September @RECOhelps**

Check out RECO's new advertising guidelines  
<http://bit.ly/rucM0h>

**29 August @RECOhelps**

Are your lock boxes safe?  
Check out RECO's latest newsletter  
<http://tinyurl.com/RECOsummernews>

The videos suggest buyers and sellers plan for the purchase and sale of their home and highlight the benefits of a regulated real estate industry. They conclude by telling viewers to "Learn more from RECO, Ontario's real estate regulator."

Short video clips based on the video series aired on 300 Toronto Transit Commission screens in 63 stations throughout Toronto and on 289 screens in professional office buildings throughout the GTA and Ottawa. There have been more than 2,000 visits to the YouTube videos in the first month.

A complementary print advertising campaign ran on all GO Train lines in the province. The ads, which ask buyers and sellers if they know how RECO helps, direct viewers to RECO's Twitter account, YouTube channel and website.

The ten week advertising campaign will wrap up in early June.

In addition, RECO published an advertorial in The Toronto Star's special Home Buyer and Seller edition to coincide with RECO's attendance at its first consumer trade show – The International Home and Garden Show, held at the International Centre in Mississauga.



## CLIENTS / CUSTOMERS



*RECO continued to provide registrants with timely and informative editions of the quarterly registrant newsletter, For the RECOrd. The newsletters won awards from the Association of Real Estate License Law Officials and the International Association of Business Communicators.*

## Objective

**Increase registrants' understanding of RECO and its role**

**Increase the knowledge, competence and professionalism of registrants**

**Increase public awareness of the value of working with registrants**

**Be the source of consumer protection, education and information for real estate transactions**

## Measure

RECO continued to produce newsletters for registrants providing plain language information. The *Buying or Selling Your Home* brochure, available in seven languages, was distributed to registrants. Representatives from RECO participated in more than 30 industry trade shows and speaking engagements. RECO continued to answer questions during the brokerage inspection process.

RECO began a comprehensive review of the continuing education program. Thirty-one new courses were added to the program.

New advertising guidelines were published, with a complementary advertising checklist and multimedia presentation. Advertising related complaints were reduced by 20 per cent over the past fiscal year.

RECO continued to provide registrants with timely and informative editions of the quarterly registrant newsletter, *For the RECOrd*. The newsletters won awards from the Association of Real Estate License Law Officials (ARELLO) and the International Association of Business Communicators (IABC).

RECO launched a consumer awareness campaign including print ads on GO Trains, video ads on the Toronto Transit Commission (TTC) and video ads in office building lobbies and elevators in Ottawa and the Greater Toronto Area (GTA).

Three video podcasts were created to encourage home buyers and sellers to discover the benefits of a regulated real estate industry.

*RECO*nect newsletter for home buyers and sellers was launched. Two editions were distributed electronically through a mailing list and also by registrants who requested permission to send it to their clients.

Select members of management and the Chair of the Board of Directors underwent media relations training in preparation for positioning RECO as a subject matter expert.

RECO maintained an active media relations strategy, conducting 40 media interviews throughout the year including televised interviews with Global and CBC news outlets, live radio appearances and a full-page feature about RECO's consumer awareness campaign in the Toronto Star.

CLIENTS / CUSTOMERS CONTINUED



Objective

Improve service quality to consumers and registrants

Measure

In the 2011-2012 fiscal year, RECO developed an online process for terminations of registration and transfers to a new employing brokerage. The online process, which will be added to MyWeb in early fiscal 2012-2013, is expected to reduce the number of deficient applications. These enhancements will allow registrant transfers and terminations to be quickly and conveniently processed, with instant confirmation of the transaction.

RECO continued to improve complaint processing times, leading to a further 10 per cent reduction in the total number of active complaint files related to registrant conduct.

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 *Buying or Selling Your Home* is available on the website and in print format.



*Online enhancements will allow registrant transfers and terminations to be quickly and conveniently processed, with instant confirmation of the transaction.*

## INTERNAL PROCESSES & SYSTEMS



### Objective

**Reliable systems and processes for core business activities**

### Measure

RECO undertook a review of its core business processes and supporting systems in order to identify opportunities to improve operational efficiencies and customer service, assess the capacity of resources and systems to meet current and future business demands, and benchmark processes and support systems against leading practices.

In the 2012-2013 fiscal year, RECO will prepare a business process improvement plan that will enable the organization to sustain its operations for the foreseeable future and identify information systems and technology enhancements to support the improved business processes.

A human resources information system was developed that allows for centralized tracking of vacation and sick leave entitlement. The system is expected to be implemented in the 2012-2013 fiscal year.

## STAKEHOLDERS



### Objective

**Support the role of the Ontario government in consumer protection**

### Measure

RECO continued to work closely with Ministry of Consumer Services staff with respect to proposed legislative and regulatory changes and policy development related to the *Real Estate and Business Brokers Act, 2002* and its administration.

RECO supported the Ministry of Consumer Services' initiatives related to consumer awareness and education by participating in the Ministry of Consumer Services' Public Education Committee, attending the Government and Community Services Fair and participating in the 2012 Smart Consumer Calendar.

**Enhance RECO's reputation for consumer protection in the real estate sector**

RECO collaborated with external organizations and responded to invitations to educate law enforcement agencies and financial institutions about mortgage fraud and RECO's investigations processes.

RECO staff continue to be active members of the Canadian Regulators Group, the Council on Licensure, Enforcement and Regulation and the Association for Real Estate License Law Officials.

RECO continued to attend real estate association trade shows and speaking engagements, participating in more than 30 events in 2011-2012.

## PEOPLE



## Objective

**Ensure a qualified, skilled, stable and sustainable workforce**

## Measure

During the 2011-2012 fiscal year, the Board of Directors approved a President/CEO succession strategy and plan.

RECO undertook a comprehensive employee engagement study, with 91 percent of staff responding to a survey conducted by an independent firm. Further focus group studies were conducted. The results will be used in the 2012-2013 fiscal year to create and implement a plan for increased employee engagement.

## FINANCIAL



## Objective

**Allocate funds appropriately to support strategic/operational priorities and ensure the long-term financial stability of the organization**

## Measure

RECO's Finance Committee commissioned a report on the application of HST to examine whether any options exist for recovering funds.

A budget planning guide was developed to assist managers with forecasting business and financial needs.

# Looking back at the evolution of Ontario's dynamic real estate industry



As I reflect on the past decade, I can say with confidence that this has been a significant period in shaping the landscape of Ontario's real estate industry. The proclamation of the *Real Estate and Business Brokers Act, 2002* has been a guiding force in fostering consumer confidence in our profession.

In RECO's 2001-2002 annual report, President/CEO Tom Wright noted that the years ahead would provide RECO with opportunities for continuous improvement in meeting the expectations of our registrants and of Ontario's home buyers and sellers. Electronic communication, online service delivery and member engagement were all listed as areas where RECO could strive to improve and progress.

I'm pleased to say that these priorities have been at the forefront of RECO's strategic initiatives for the past 10 years and have contributed to dynamic changes within the industry.

## ENHANCING ONLINE SERVICES

Listening to the needs of registrants through the registrant satisfaction survey, RECO is committed to delivering online services through our exclusive registrant portal, MyWeb. The online registration renewal service, launched in March 2010, has been tremendously successful with more than half of all registrants now completing their renewals online.

Our team has been diligently working to broaden the availability of online services, with the launch of online transfers and terminations coming soon. The services are in their final phase of testing and are expected to be available by the early spring of 2012.

The enhancement of online services available on MyWeb will be especially significant for registrants who are transferring brokerages. Under REBBA 2002, registrants cannot trade in real estate until their application for transfer is completed. By having the ability to process transfers online, registrants will be able to get back to trading immediately.

## RAISING THE BAR IN EDUCATION

As the real estate industry continues to evolve, so do the skills and competencies required to be a knowledgeable and conscientious real estate professional. RECO has initiated a comprehensive review of the educational program for individuals aspiring to enter the real estate industry, as well as continuing education for brokers and salespersons currently trading in real estate across Ontario.

## Working with Ontario's real estate professionals has been a rewarding experience and I have enjoyed being witness to a rapidly evolving and dynamic industry.

The goal of this initiative is to implement a new best practices education program that balances RECO's mandate of consumer protection with sound adult learning principles and methodology. To ensure that our updated educational programming reflects the needs of Ontario's real estate industry, RECO will be conducting surveys and in-person focus groups, collecting feedback from registrants.

### BUILDING CREATIVE AND COMPLIANT ADVERTISING

Having completed a comprehensive advertising review during the 2010-2011 fiscal year, we discovered common trends when it came to non-compliance in registrant advertising. By evaluating the results of the review, along with the advertising guidelines that were in place, we decided to undertake a significant update by streamlining advertising requirements.

This past fall, RECO launched a new set of advertising guidelines that make it easier than ever for real estate professionals to promote their business, while ensuring that all forms of advertising meet the requirements of REBBA 2002. The new guidelines apply to all forms of advertising and are broken down into easy-to-follow segments that include visuals of compliant and non-compliant advertising.

To complement the new guidelines, RECO created an advertising checklist and a multimedia presentation. The checklist provides registrants with a basic framework to create advertising that meets the minimum requirements and avoids prohibited content. The multimedia presentation incorporates both audio and visuals to bring additional understanding to the new guidelines.

### REFLECTING ON THE PAST WHILE MOVING FORWARD

One of the accomplishments that I take most pride in as I prepare to retire from my role as Registrar this summer is the high level of dedication towards upholding the Code of Ethics demonstrated by Ontario's registered real estate professionals. I firmly believe that registration with RECO is more than just a license to do business; it's an opportunity to be part of a dynamic industry that provides home buyers and sellers with the highest levels of honesty, integrity and professionalism.

As the real estate profession continues to grow and gain greater exposure, it will be important for RECO to continue to develop new ways of communicating our message to registrants and the public. Our registrants are vital to the success of the real estate industry and the public is vital to the success of our registrants.

It has been a privilege to be RECO's Registrar for the past 10 years. Working with Ontario's real estate professionals has been a rewarding experience and I have enjoyed being witness to a rapidly evolving and dynamic industry. I would like to extend my sincere gratitude to RECO's Board of Directors who continue to ensure our organization nurtures mutual respect between Ontario's home buyers and sellers and registered real estate professionals. Additionally, I would like to thank RECO's dedicated management and staff for the excellent work they do each and every day and their commitment towards administering REBBA 2002.

I am confident that the next 10 years will be as significant as the last in fostering confidence in the real estate marketplace, while delivering the high service standards that Ontario's home buyers and sellers have come to rely on. RECO is and will continue to be a dynamic organization, prepared to meet the ever changing needs of Ontario's real estate industry.



Allan T. Johnston  
Registrar

## TOTAL REGISTRANTS BY CATEGORY (62,964)

**36,940**

Salespersons

**11,112**

Brokers

**10,292**

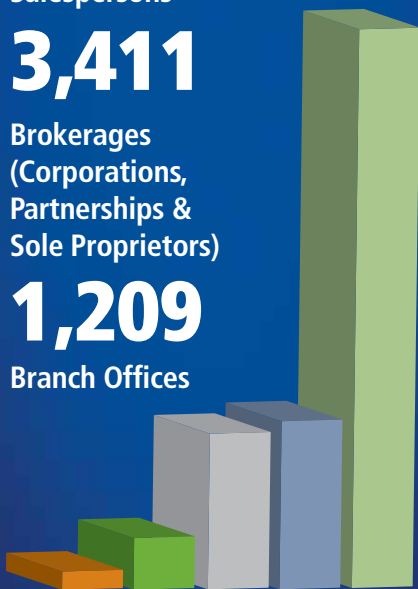
Provisional  
Salespersons

**3,411**

Brokerages  
(Corporations,  
Partnerships &  
Sole Proprietors)

**1,209**

Branch Offices



## 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 more than 62,000 real estate registrants.

RECO regulates the activity of trade 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; and
- Establishing and administering insurance requirements, which include consumer deposit protection.

## 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.

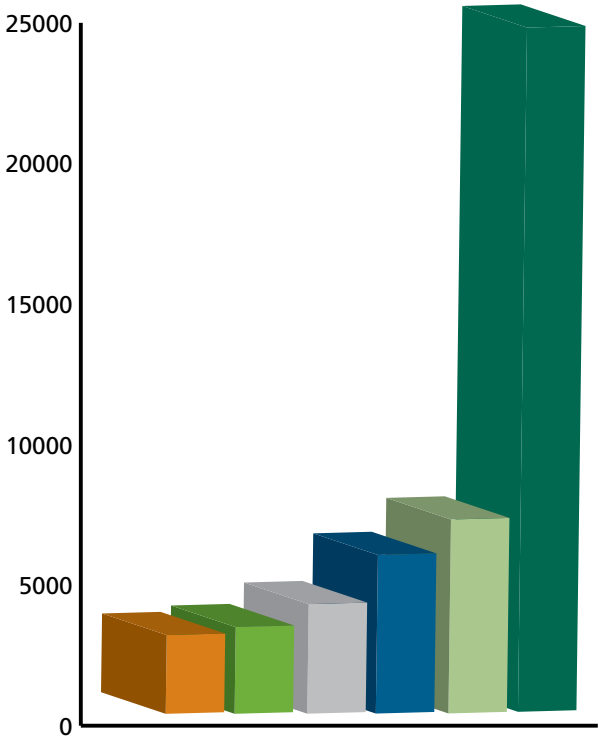
The total number of individuals and businesses registered in Ontario grew to 62,964, a 22 per cent increase in total registrants over the past five years.

In 2011-2012 there were 5,677 new registrations processed, a 2.5 per cent increase over the previous year.

Registration staff processed a total of 46,962 transactions in 2011-2012 including processing new business and new broker/salesperson registrations, renewals, reinstatements, transfers, terminations, and revisions.

The online registration renewal service, launched in March 2010, has been tremendously successful with more than half of all registrants now completing their renewals online, up from 34 per cent at the end of March 2011.

Registration Transaction by Type



Total registration transactions: 46,962

|                    |        |
|--------------------|--------|
| Terminations:      | 2,819  |
| Reinstatements:    | 3,102  |
| Revisions:         | 3,923  |
| New registrations: | 5,677  |
| Transfers:         | 6,943  |
| Renewals:          | 24,498 |

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 the Ontario Real Estate Association (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 credits 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 2011-2012, the Registrar approved 12 new continuing education providers and 31 new courses.

Additionally, RECO has initiated a comprehensive review of all educational programming related to both the pre-registration curriculum and continuing education courses.

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 to schedule courtesy inspections with new brokerages to help them ensure that their businesses are in compliance with regulatory requirements right from the start. While most inspections are randomly conducted, they may also be generated by a complaint.

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

RECO CONDUCTED  
1,047 INSPECTIONS IN  
2011-2012

658

Routine  
Inspections

236

Reconciliation  
Inspections

140

Courtesy  
Inspections

13

Complaint-Based  
Inspections





## 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.

Most complaints received by RECO do not involve serious or malicious misconduct; many are a result of ethical failings or exercising poor judgment. These fall under the Code of Ethics contained in REBBA 2002. The Registrar determines what actions, if any, are appropriate, depending on the nature of the allegations.

## 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.

During the fiscal year, 1,359 complaint files were opened and 1,327 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, 61 per cent originated with a consumer complaint, 32 per cent originated with a registrant complaint, and the remaining seven per cent were opened for other reasons.

During fiscal 2010-2011, RECO streamlined the complaint handling process, which resulted in a 20 per cent decrease in the number of active complaint files. Through the new handling process and the introduction of a standardized complaint form, RECO has been able to further reduce active complaint files by 10 per cent this year.

Compliance staff speak with registrants and consumers about ethical issues or potential complaints on a daily basis. During the 2011-2012 fiscal year, compliance staff responded to 14,419 inquiries including 9,071 phone calls, 5,130 emails and 218 written inquiries.

## TOTAL COMPLAINTS CLOSED: 1,327

**42%**

Dismissed by Registrar  
or Manager of CCD

(Complaints, Compliance & Discipline)

**25%**

Written  
Warning

**11%**

Written Warning  
& Course

**6%**

Written Warning  
& Requirement

4% Referred to Investigations  
3% Pre-Hearing Decision  
3% Other  
2% Complaint Withdrawn  
2% Discipline Decision  
1% Written Warning, Course & Requirement  
0.7% Appeal Decision  
0.2% Referred to Inspections  
0.1% Condition

## DURING THE 2011-2012 FISCAL YEAR, THE MOST COMMON COMPLAINTS RELATED TO:



### COMPLAINT TRENDS

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

As a result of the newly streamlined advertising guidelines, RECO has seen a significant decline in the number of advertising-related complaints. The updated guidelines, along with the complementary checklist and multimedia presentation, provide visual instructions on how to produce compliant advertising, regardless of media format.

### ADMINISTRATIVE REGULATORY ACTIONS

In 2011-2012, the Registrar took administrative regulatory action, such as imposing conditions on registration or issuing a reprimand in 719 cases. This number is consistent with the 722 administrative regulatory actions taken in 2010-2011.

### 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 2011-2012, the Registrar issued proposals to refuse or revoke 31 registrations compared with 32 the year before. Additionally, 11 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 22-23.

### INVESTIGATIONS

RECO investigates alleged violations of REBBA 2002 and associated regulations.

Eighty-nine investigations were opened in 2011-2012, while 115 investigations were closed. RECO's investigative work led to 135 individual charges and 22 prosecutions in the Ontario Court of Justice.

These prosecutions resulted in 29 convictions and the total amount of fines imposed was \$203,750. Additionally, the courts imposed a total of \$89,999.96 in restitution payments and ordered a total of 15 months of jail time along with one probation sentence.

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.

A listing of convictions under REBBA 2002 can be found in the Summary of Enforcement Activities on page 24-25

### INVESTIGATIONS RELATED TO MORTGAGE FRAUD

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

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 opened 19 investigations and closed 24 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 introduced on September 1, 2000 to provide protection to both consumers and registrants. All registrants 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 coverage 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; and
- Commission protection coverage protects registrants from loss of commission caused by fraud, misappropriation of funds or insolvency of a brokerage.

## PROTECTION FOR REGISTRANTS – PROTECTION FOR CONSUMERS

RECO's insurance program benefits both registrants and consumers in Ontario by offering broad protection at a competitive price. The program is unique in offering consumer deposit and commission protection; these insurance features are not offered in other Canadian jurisdictions.

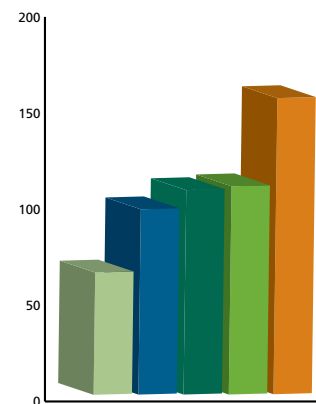
RECO is committed to working with the program's insurer to continue to deliver and improve the valuable protection offered to registrants and consumers alike, at affordable prices.

### Claims by Value of Transaction



|                       |      |
|-----------------------|------|
| \$0-\$150,000         | 2115 |
| \$151,000-\$250,000   | 1842 |
| \$251,000-\$500,000   | 2567 |
| \$501,000-\$1,000,000 | 1240 |
| \$1,000,000 and up    | 668  |

### Top 5 Causes of Loss - Rural



|                                  |     |
|----------------------------------|-----|
| Foundations, Flooding            | 64  |
| Septic                           | 97  |
| Property Description             | 107 |
| Non Disclosure, Miscommunication | 109 |
| Well                             | 155 |

### Top 5 Causes of Loss - Urban



|                                  |     |
|----------------------------------|-----|
| Structural                       | 530 |
| Other                            | 590 |
| Property Description             | 616 |
| Incomplete Sale                  | 651 |
| Non Disclosure, Miscommunication | 676 |

## LOSS PREVENTION MEASURES

The program's insurer continues to sponsor a loss prevention seminar for local real estate boards and associations. In collaboration with RECO, the insurer is working towards updating the loss prevention seminar and will be introducing an online loss prevention course in the months to come. Both programs will be available free of charge to registrants and will be eligible for continuing education credits.

This year, working with the insurer, RECO published a loss prevention bulletin included in the insurance renewal mailing and featured in the summer edition of *For the RECOrd*. The bulletin presented a case study on due diligence and offered tips for being proactive in preventing loss.

## CLAIMS STATISTICS AND TRENDS

### Consumer Deposit Insurance Policy

From inception of the program on September 1, 2000 to February 29, 2012, there have been 46 occurrences under the consumer deposit insurance coverage. Payment of claims (settlements and expenses) under this coverage is estimated to reach \$3,591,818.

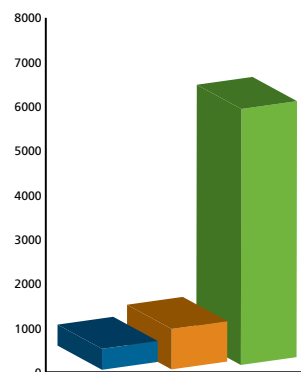
### Commission Protection Insurance Policy

From inception of the program on September 1, 2000 to February 29, 2012, there have been 100 occurrences under the commission protection insurance coverage. Payment of claims (settlements and expenses) under this coverage is estimated to reach \$3,910,127.

### Errors and Omissions Insurance Policy

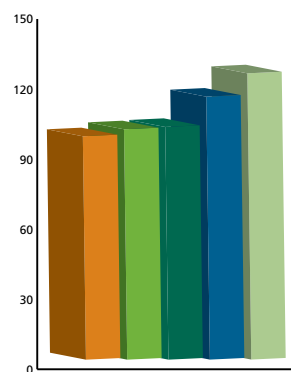
The majority of activity in the program continues to arise from claims under the errors and omissions insurance coverage. From inception of the program on September 1, 2000 to February 29, 2012, there have been 8,485 claims reported. The estimated total cost of claims (settlements and expenses) under the errors and omissions insurance coverage is estimated to reach \$72,134,047.

### Claims by Transaction Type Commercial vs. Residential



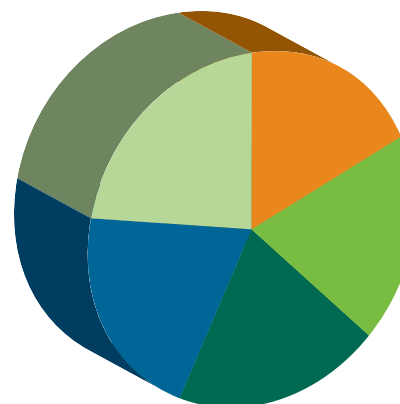
|             |      |
|-------------|------|
| Other       | 492  |
| Commercial  | 950  |
| Residential | 6014 |

### Top 5 Causes of Loss - Commercial



|                                  |     |
|----------------------------------|-----|
| Lease or Income                  | 96  |
| Other                            | 99  |
| Deposit Dispute                  | 100 |
| Incomplete Sale                  | 113 |
| Non Disclosure, Miscommunication | 123 |

### Top 5 Causes of Loss - Residential



|                                  |     |
|----------------------------------|-----|
| Foundations, Flooding            | 535 |
| Incomplete Sale                  | 542 |
| Structural                       | 569 |
| Property Description             | 602 |
| Non Disclosure, Miscommunication | 628 |

## KEY HIGHLIGHTS OF THE ERRORS AND OMISSIONS POLICY

Statistics based on 2000-2012 unless otherwise specified

# 8,485

A total of 8,485 claims have been reported - of which 1,343 remain open

# 6:1

Residential claims outnumber commercial claims by a margin of 6:1

# 53%

The number of claims involving transactions which exceed \$250,000 in value comprise approximately 53 per cent of all claims reported

# 2.2%

In 2011, there was a 2.2 per cent increase in the number of errors and omissions claims (from 896 to 916) compared to 2010, while RECO's total number of registrants grew by 4.6 per cent

## SUMMARY OF ENFORCEMENT ACTIVITIES

### REGULATORY ACTIVITY

#### April 1, 2011 to March 31, 2012

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 as well as decisions of the Discipline and Appeals Committees.

RECO's public notice policy, which outlines the distribution of this information, can be found at [www.reco.on.ca](http://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 in 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 in a pre-hearing, it will proceed to a hearing. The Chair of the Discipline Committee generally assigns a panel consisting of three members of the Committee to hold 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](http://www.reco.on.ca). Decisions remain posted on the website for a period of 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.

#### ASHOK KUMAR GERA

**Toronto, ON**

**April 5, 2011**

On June 7, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Ashok Kumar Gera. Mr. Gera requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar to revoke Mr. Gera's registration. Mr. Gera appealed the Licence Appeal Tribunal's decision to the Divisional Court.

#### RE/MAX HALIBURTON HIGHLANDS REALTY LTD.

**Haliburton, ON**

**April 27, 2011**

On March 4, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Re/Max Haliburton Highlands Realty Ltd. Re/Max Haliburton did not request a hearing in front of the Licence Appeal Tribunal and the Registrar carried out his proposal to revoke the registration of Re/Max Haliburton Highlands Realty Ltd. on April 27, 2011.

#### ROBERT WIAFE-ABABIO

**Toronto, ON**

**June 16, 2011**

On June 15, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Robert Wiafe-Ababio. Mr. Wiafe-Ababio requested a hearing in front of the Licence Appeal Tribunal. After a hearing, the Licence Appeal Tribunal ordered the Registrar to revoke Mr. Wiafe-Ababio's registration. Mr. Wiafe-Ababio requested a stay motion hearing before the Licence Appeal Tribunal and was successful. Mr. Wiafe-Ababio was granted a stay on June 16, 2011 and the Licence Appeal Tribunal attached conditions to Mr. Wiafe-Ababio's registration, pending the appeal. This matter is currently under appeal at the Divisional Court.

#### PERVEZ EBRAHIM TAGARI

**Toronto, ON**

**July 25, 2011**

On March 12, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Pervez Ebrahim Tagari. Mr. Tagari 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. Tagari, which was carried out on July 25, 2011. Mr. Tagari appealed that decision to the Divisional Court.

#### DAVID W. PECK

**Fergus, ON**

**September 19, 2011**

On September 1, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Peck as a brokerage for non-payment of insurance. Mr. Peck did not request a hearing in front of the Licence Appeal Tribunal. On September 19, 2011, the Registrar carried out the Proposal to revoke Mr. Peck's registration.

#### GEORGE ZOURNTOS

**Richmond Hill, ON**

**September 19, 2011**

On September 1, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Zourntos as a brokerage for non-payment of insurance. Mr. Zourntos did not request a hearing in front of the Licence Appeal Tribunal. On September 19, 2011, the Registrar carried out the Proposal to revoke Mr. Zourntos' registration.

#### TONY G. H. RIDER

**Cookstown, ON**

**September 19, 2011**

On September 1, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Rider as a brokerage for non-payment of insurance. Mr. Rider did not request a hearing in front of the Licence Appeal Tribunal. On September 19, 2011, the Registrar carried out the Proposal to revoke Mr. Rider's registration.

#### JOHN MYLLYNEN

**Windsor, ON**

**September 19, 2011**

On September 1, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Myllynen as a brokerage for non-payment of insurance on September 19, 2011. Mr. Myllynen did not request a hearing in front of the Licence Appeal Tribunal. On September 19, 2011, the Registrar carried out the Proposal to revoke Mr. Myllynen's registration.

#### MAURICE REIS LOPES

**Toronto, ON**

**September 19, 2011**

On September 1, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Lopes as a brokerage for non-payment of insurance. Mr. Lopes did not request a hearing in front of the Licence Appeal Tribunal. On September 19, 2011, the Registrar carried out the Proposal to revoke Mr. Lopes' registration.

#### DEBORAH F. PENDER

**Ottawa, ON**

**September 19, 2011**

On September 1, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Ms. Pender as a brokerage for non-payment of insurance. Ms. Pender did not request a hearing in front of the Licence Appeal Tribunal. On September 19, 2011, the Registrar carried out the Proposal to revoke Ms. Pender's registration.

#### NEWTON ADRIAN THOMAS

**Woodstock, ON**

**September 19, 2011**

On September 1, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Thomas as a brokerage for non-payment of insurance. Mr. Thomas did not request a hearing in front of the Licence Appeal Tribunal. On September 19, 2011, the Registrar carried out the Proposal to revoke Mr. Thomas' registration.

**GAGGANGEET SINGH RANDHAWA****Mississauga, ON  
September 19, 2011**

On September 1, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Mr. Randhawa as a brokerage for non-payment of insurance. Mr. Randhawa did not request a hearing in front of the Licence Appeal Tribunal. On September 19, 2011, the Registrar carried out the Proposal to revoke Mr. Randhawa's registration.

**SHARINA IMRAN-KHAN****Toronto, ON  
September 20, 2011**

On May 28, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Sharina Imran-Khan. Ms. Imran-Khan requested a hearing in front of the Licence Appeal Tribunal. After a hearing the Licence Appeal Tribunal issued an order attaching conditions to Ms. Imran-Khan's registration.

**GEORGE H. PETRIE REAL ESTATE INC.****Tweed, ON  
September 26, 2011**

On September 6, 2011, the Registrar issued a Notice of Proposal to revoke the registration of George H. Petrie Real Estate Inc. as a brokerage for non-payment of insurance. George H. Petrie Real Estate Inc. did not request a hearing in front of the Licence Appeal Tribunal. On September 26, 2011, the Registrar carried out the Proposal to revoke George H. Petrie Real Estate Inc.'s registration.

**BUYERS REALTY INC.****Mississauga, ON  
September 26, 2011**

On September 6, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Buyers Realty Inc. as a brokerage for non-payment of insurance. Buyers Realty Inc. did not request a hearing in front of the Licence Appeal Tribunal. On September 26, 2011, the Registrar carried out the Proposal to revoke Buyers Realty Inc.'s registration.

**HOGG REALTY INC.****Cambridge, ON  
September 26, 2011**

On September 6, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Hogg Realty Inc. as a brokerage for non-payment of insurance. Hogg Realty Inc. did not request a hearing in front of the Licence Appeal Tribunal. On September 26, 2011, the Registrar carried out the Proposal to revoke Hogg Realty Inc.'s registration.

**AIELLO REAL ESTATE SERVICES INC.****Woodbridge, ON  
October 5, 2011**

On March 2, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Aiello Real Estate Services Inc. Mr. Aiello on behalf of Aiello Real Estate Services Inc., requested a hearing in front of the Licence Appeal Tribunal. After a pre-hearing Mr. Aiello on behalf of Aiello Real Estate Services Inc., withdrew his appeal before the Tribunal and the Registrar carried out his proposal to revoke the registration of Aiello Real Estate Services Inc.

**ANGELO AIELLO****Woodbridge, ON  
October 5, 2011**

On March 2, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Angelo Aiello. Mr. Aiello requested a hearing in front of the Licence Appeal Tribunal. After a pre-hearing Mr. Aiello withdrew his appeal before the Tribunal and the Registrar carried out his proposal to revoke the registration of Mr. Aiello.

**JIANCHENG HUANG O/A JOHN HUANG****Markham, ON  
November 1, 2011**

On July 21, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Jiancheng Huang. Mr. Huang requested a hearing in front of the Licence Appeal Tribunal. After a pre-hearing Mr. Huang withdrew his appeal before the Tribunal. The Registrar carried out his proposal to revoke the registration of Mr. Huang.

**1567913 ONTARIO LTD. (Diversified Development Realty)****Brampton, ON  
November 8, 2011**

On August 19, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Diversified Development Realty. Mr. Simpson, on behalf of Diversified Development Realty, 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 Diversified Development Realty. This matter is under appeal.

**GORDON SIMPSON****Brampton, ON  
November 8, 2011**

On August 19, 2010, the Registrar issued a Notice of Proposal to revoke the registration of Gordon Simpson. Mr. Simpson 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. Simpson. This matter is under appeal.

**PAOLO FASCIANI O/A PAUL FASCIANI****Thornhill, ON  
November 8, 2011**

On August 24, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Paolo Fasciani. Mr. Fasciani requested a hearing in front of the Licence Appeal Tribunal. On November 8, 2011, the Licence Appeal Tribunal issued an order attaching conditions to Mr. Fasciani's registration.

**RUTE MESQUITA JORGE****Chatham, ON  
December 2, 2011**

On August 4, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Rute Jorge. Mr. Jorge requested a hearing in front of the Licence Appeal Tribunal. After a hearing the Licence Appeal Tribunal issued an order attaching conditions to Mr. Jorge's registration. This matter is under appeal.

**CASTLE REALTY (CHATHAM) LTD.****Chatham, ON  
December 2, 2011**

On August 4, 2011, the Registrar issued a Notice of Proposal to revoke the registration of Castle Realty (Chatham) Ltd. Mr. Jorge, on behalf of Castle Realty (Chatham) Ltd., 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 Castle Realty (Chatham) Ltd.

**MONSTER REALTY CORPORATION O/A BREKLAND REALTY GROUP****Mississauga, ON  
February 1, 2012**

On February 1, 2012, The Registrar issued an immediate suspension of registration of Monster Realty Corporation which operated as Brekland Realty Group. The Registrar also gave notice he was proposing to revoke the brokerage's registration. The registrant did not exercise its right to a hearing and the proposal became final and the Registrar carried out the proposal.

**PAUL JAIGO****Toronto, ON  
February 29, 2012**

On May 7, 2010 the Registrar issued a Notice of Proposal to revoke the registration of Paul Jaigo. Mr. Jaigo requested a hearing before the Licence Appeal Tribunal. After a hearing the Licence Appeal Tribunal ordered the Registrar to carry out his proposal to revoke the registration of Mr. Jaigo.

**DONNA MAE BOLES****St. Catharines, ON  
March 23, 2012**

On December 19, 2011 the Registrar issued a Notice of Proposal to suspend the registration of Donna Mae Boles. Ms. Boles requested a hearing before the Licence Appeal Tribunal. After a hearing the Licence Appeal Tribunal ordered the Registrar to carry out his proposal to suspend the registration of Ms. Boles.

**DMB REALTY INC.****St. Catharines, ON  
March 23, 2012**

On December 19, 2011 the Registrar issued a Notice of Proposal to suspend the registration of DMB Realty Inc. Donna Mae Boles, on behalf of the brokerage, requested a hearing before the Licence Appeal Tribunal. After a hearing the Licence Appeal Tribunal ordered the Registrar to carry out his proposal to suspend the registration of DMB Realty Inc.

## SUMMARY OF ENFORCEMENT ACTIVITIES

### 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](http://www.ontariocourts.on.ca).



**PAUL JAIGO**  
**HOMELIFE SUPERSTARS REAL ESTATE LTD.**  
**Rexdale, ON**

On April 18, 2011, Paul Jaigo pled guilty to two (2) counts of failing to report to the Registrar, a change in the information that was included in an earlier application for registration. He was fined \$2,500 per count for a total fine of \$5,000.

**WEST 100-METRO VIEW REALTY LTD.**  
**Mississauga, ON**

On April 26, 2011, Simon Mahdessian, on behalf of West-100 Metro View Realty Ltd., pled guilty to one (1) count of failing to prepare a trust account reconciliation statement and one (1) count of failing to complete a trade record sheet. West-100 Metro View Realty Ltd. was fined \$4,000 per count for a total fine of \$8,000.

**SIMON MAHDESSIAN**  
**WEST 100-METRO VIEW REALTY LTD.**  
**Mississauga, ON**

On April 26, 2011, Simon Mahdessian pled guilty to two (2) counts of failing to ensure that his brokerage, West-100 Metro View Realty Ltd., complied with the Act. Simon Mahdessian was fined \$4,000 per count for a total fine of \$8,000.

**CHARLIE VANEZI**  
**CENTURY 21 HOME REALTY INC.**  
**Waterloo, ON**

On May 30, 2011, Charlie Vanezi pled guilty to one (1) count of trading in real estate while not registered and was fined \$3,250.

**MUNIR ILYAD AHMAD**  
**HOMELIFE/BAYVIEW REALTY INC.**  
**Thornhill, ON**

On June 27, 2011, Munir Ilyad Ahmad was found guilty of one (1) count of furnishing false information, one (1) count of false advertising and one (1) count for failure to notify the registrar of name change. He was fined \$45,000.

**KOROUGH ESLAH**  
**CENTURY 21 YOUR NUMBER ONE REALTY INC.**  
**Toronto, ON**

On July 28, 2011, Koroush Eslah was convicted of two (2) counts of making a false statement on an application for registration, and one (1) count of failing to notify a prospective employer of previous convictions. He was fined \$4,000 per count for a total fine of \$12,000.

**REALCO REAL ESTATE INC.**  
**Ottawa, ON**

On August 4, 2011, Robert Stephenson, on behalf of Realco Real Estate Inc., pled guilty to one (1) count of obstruction of an inspector. Realco Real Estate Inc. was fined \$10,000.

**ROBERT STEPHENSON**  
**Ottawa, ON**

On August 4, 2011, Robert Stephenson pled guilty to one (1) count of obstruction of an inspector. Mr. Stephenson was fined \$10,000.

**KANWALJIT SINGH DHUNNA**  
**Brampton, ON**

On March 31, 2011, Kanwaljit Singh Dhunna pled guilty to one (1) count of falsifying information relating to a trade in real estate and one (1) count of trading in an a name other than the name under which he was registered. On August 15, 2011, Mr. Dhunna was sentenced and was fined \$15,000 per count for a total of \$30,000.

**ALEJANDRO DIAZ**  
**Ottawa, ON**

On September 29, 2011, Alejandro Diaz pled guilty to three (3) counts of failing to ensure compliance as a broker of record. Alejandro Diaz was fined \$4,500 per count for a total of \$13,500.

**SYNERCAPITAL REAL ESTATE INVESTMENT SERVICES INC.**  
**Ottawa, ON**

On September 29, 2011, Alejandro Diaz, on behalf of Synercapital Real Estate Investment Services Inc., pled guilty to one (1) count of failing to maintain a trust ledger, one (1) count of failing to complete a trade record sheet, and one (1) count of failing to prepare a monthly reconciliation statement. Synercapital Real Estate Investment Services Inc. was fined \$4,500 per count for a total of \$13,500.

**GURPAL SINGH BHALLA O/A G.S. BHALLA**  
**Toronto, ON**

On January 25, 2011, Gurpal Singh Bhalla was convicted of the following offences: count one (1), failing to notify the Registrar of changes, count two (2), furnishing false information in an application for registration, count three (3), falsifying information, count four (4), furnishing false information in relation to a trade in real estate, and count five (5), false advertising. He was sentenced to 3 months in jail on each count, for a total of 15 months incarceration. On October 18, 2011 an appeal of both the conviction and sentencing was heard. The appeal in relation to conviction for counts one (1) and two (2) were dismissed but the sentences altered. On count one (1), Mr. Bhalla was ordered to pay a fine of \$20,000 and on count two (2) a conditional sentence was imposed. The appeals on conviction and sentence on counts three (3), four (4), and five (5) were granted and the convictions quashed.

**ASHRAF ARIF**  
**Ottawa, ON**

On October 27, 2011, Ashraf Arif pled guilty to one (1) count as an officer or director of a brokerage, who fails to take reasonable care to prevent the brokerage from committing an offence. Mr. Arif was fined \$4,500.

**RISHIRAM SHIWSANKAR**  
**Mississauga, ON**

On October 27, 2011, Rishiram Shiwsankar was found guilty on two (2) counts of providing false information on an application. Mr. Shiwsankar was fined \$3,000 per count for a total of \$6,000.

**TERRY GRAHAM**  
**Alliston, ON**

On December 20, 2011, Terry Graham was sentenced on one (1) count of trading while unregistered and one (1) count of failing to deposit trust funds in a trust account. Mr. Graham received two years probation and a \$25,000 restitution order. This is in addition to other convictions in Barrie, for which Mr. Graham was convicted on eight (8) counts of trading without registration, eight (8) counts of failing to deposit trust funds in a trust account and was sentenced to 15 months incarceration and two years probation with restitution. The Mississauga charges were laid before Mr. Graham was convicted in Barrie.

**AMAR QADEER**  
**Toronto, ON**

On February 13, 2012, Amar Qadeer pleaded guilty to and was convicted on one (1) count of failing to notify the Registrar in writing, within five days of a change to information that he previously provided on an application for registration. Mr. Qadeer was fined \$2,000.

**ANTON JEEVA ARULAPPU**  
**Toronto, ON**

On March 15, 2012, Anton Jeeva Arulappu was found guilty on two (2) counts of providing false information in an application for registration and two (2) counts of failing to notify the Registrar in writing, within five days of a change to information that he previously provided on an application for registration. Mr. Arulappu was fined \$2,000 per count for a total of \$8,000.

**JEAN BELLEUS**

On February 16, 2012, Jean Belleus was found guilty of (1) count of holding himself out as being a broker when he was not registered as such. On March 20, 2012, Mr. Belleus was fined \$5,000.





This financial review is based on the audited financial statements for the year ended March 31, 2012 and the comparative figures for the year ended March 31, 2011.

### OVERVIEW

The Real Estate Council of Ontario (RECO) 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 (OREA) 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

Recognized operating revenues increased by \$2,001,314 or 16.8%. Registration revenues were higher by \$1,643,705 as the 2010 fee increase was fully recognized. An increase in enrolment fees resulted in higher education revenues of \$98,085. Other income was higher by \$259,524 due to an increase in the number of hearings and penalties assessed, and to an increase in the number of transfers processed. Interest earned increased by \$70,997 from \$137,936 in fiscal 2011 to \$208,933 in fiscal 2012.

## EXPENSES

Total expenses increased by \$780,771 or 7.3%, from \$10,707,281 in fiscal 2011 to \$11,488,052 in fiscal 2012. Operating departments and facilities costs were higher by \$648,255; Board, committee and working group per diems and meeting costs were lower by \$7,069; and other corporate expenses such as communications activities, consulting costs, election costs, the government fee under the Administrative Agreement, and amortization were higher by \$139,585.

The increase in the operating department costs of \$550,345 were due largely to increased staffing and payroll costs, reflecting full year costs for additions in the previous year, additions in the current year, as well as the implementation of the performance management system. In-house projects for the education model review and the advertising project added \$69,289. Costs related to the move were \$77,223. These increases were offset by reductions in other areas.

Board and committee per diem and meeting expenses were lower by \$7,069.

In other corporate expenses, the increase in amortization expense of \$27,395 is related to the increase in equipment expenditures made in fiscal 2012; the increase in communications activities resulted from increased consumer outreach activities; credit card discount and charges increased by \$22,698 as greater numbers selected this option for payment; the government fee reduction of \$127,314 reflects adjustment for prior years for which the actual subsequent billings were less than the estimates; annual general meeting expenses were higher by \$38,253 due to mailing and postage costs; and costs related to the development of the strategic plan were \$30,447 higher. Smaller increases occurred in other areas.

## NET INCOME AND ACCUMULATED FUND BALANCE

Net income for the year was \$2,648,582 compared to \$1,357,042 in fiscal 2011. This income resulted in an accumulated fund balance of \$8,436,008 compared to \$5,787,426 in fiscal 2011.

### Net current assets

Net current assets, which exclude deferred revenue, were \$16,063,758 at March 31, 2012 compared to \$16,411,548 at March 31, 2011. The decrease of \$347,790 resulted from an increase in current assets of \$1,491,329 offset by an increase in current liabilities of \$1,839,119.

## INSURANCE PROGRAM

### Revenues

Recognized premium revenues increased by \$2,935,886 or 21.2%. This resulted from an increase in the number of subscribers to the plan and the increase in premium from \$292.00 less a subsidy of \$12.50 in the September 2010 billing to \$292.00 in the September 2011 annual billing. Recognized contributions to the premium stabilization fund decreased by \$318,757 or 22.5% as a result of the decrease in the contribution level from \$27.50 in the September 2010 billing to \$12.50 in the September 2011 billing. Recognized contributions to the insurance administration fund increased by \$239,758 or 67.4% as a result of an increase in the contribution level from \$10.74 less a subsidy of \$7.50 in the September 2010 billing to \$15.17 in the September 2011 billing. Interest income allocated to the stabilization fund increased by \$32,620 and the allocation to the insurance administration increased by \$18,567. Miscellaneous income increased by \$152,939 as a result of the levy of suspension fees.

### Expenses

As a result of the larger number of subscribers, premium expenses increased by \$2,248,947 or 15.1%. Insurance administration expenses increased by \$206,328 or 24.3%. Legal and audit and consulting includes \$100,000 in support of course development related to insurance issues. Credit card discounts and charges increased as more subscribers elect this payment option. Insurance staffing and printing and processing also increased.

### Net income and accumulated fund balance

Net loss for the insurance premium fund for 2012 was \$305,200 compared to a net loss of \$992,139 in 2011; net income for the premium stabilization fund for 2012 was \$1,259,066 compared to \$1,545,203 in 2011; net loss in the insurance administration fund for 2012 was \$219,948 compared to a net loss of \$424,884 in 2011. At March 31, 2012, the accumulated fund balances were: \$54,348 in the premium fund; \$14,076,896 in the premium stabilization fund; and \$507,398 in the insurance administration fund.

### Net current assets

Net current assets, excluding deferred revenues and prepaid premiums are \$15,807,097 at March 31, 2012 compared to \$14,825,562 at March 31, 2011. The increase of \$981,535 resulted from an increase in current assets of \$975,336 and a decrease in current liabilities of \$6,199.

May 17, 2012

### 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, 2012 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, which comprise a summary of significant accounting policies and other explanatory information.

#### **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, 2012 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

# BALANCE SHEET

Real Estate Council of Ontario

For the year ended March 31, 2012

| ASSETS                                               | OPERATIONS FUND   |                   | INSURANCE PROGRAM FUNDS |                   | TOTAL             |                   |
|------------------------------------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|-------------------|
|                                                      | 2012<br>\$        | 2011<br>\$        | 2012<br>\$              | 2011<br>\$        | 2012<br>\$        | 2011<br>\$        |
| <b>Current assets</b>                                |                   |                   |                         |                   |                   |                   |
| Cash                                                 | 1,037,871         | 899,749           | 851,004                 | 518,507           | 1,888,875         | 1,418,256         |
| Short-term investments                               | 16,922,957        | 15,774,625        | 15,308,647              | 14,683,582        | 32,231,604        | 30,458,207        |
| Accounts receivable                                  | 504,520           | 421,951           | 79,082                  | 61,308            | 583,602           | 483,259           |
| Prepaid insurance premiums                           | -                 | -                 | 6,823,188               | 6,467,557         | 6,823,188         | 6,467,557         |
| Deposits and prepaid expenses                        | 326,418           | 204,112           | -                       | -                 | 326,418           | 204,112           |
|                                                      | <b>18,791,766</b> | <b>17,300,437</b> | <b>23,061,921</b>       | <b>21,730,954</b> | <b>41,853,687</b> | <b>39,031,391</b> |
| <b>Property, plant and equipment (note 2)</b>        | <b>4,364,634</b>  | <b>639,699</b>    | <b>-</b>                | <b>-</b>          | <b>4,364,634</b>  | <b>639,699</b>    |
|                                                      | <b>23,156,400</b> | <b>17,940,136</b> | <b>23,061,921</b>       | <b>21,730,954</b> | <b>46,218,321</b> | <b>39,671,090</b> |
| <b>LIABILITIES</b>                                   |                   |                   |                         |                   |                   |                   |
| <b>Current liabilities</b>                           |                   |                   |                         |                   |                   |                   |
| Accounts payable and accrued liabilities             | 2,578,007         | 543,587           | 29,097                  | 12,201            | 2,607,104         | 555,788           |
| Insurance premiums payable                           | -                 | -                 | 402,539                 | 425,634           | 402,539           | 425,634           |
| Government fee payable                               | 150,001           | 345,302           | -                       | -                 | 150,001           | 345,302           |
| Deferred education revenue (note 3(c))               | 400,000           | 400,000           | -                       | -                 | 400,000           | 400,000           |
| Deferred registration revenue (note 3(a))            | 8,618,260         | 7,730,295         | -                       | -                 | 8,618,260         | 7,730,295         |
| Deferred insurance premiums (note 3(b))              | -                 | -                 | 7,298,793               | 6,656,311         | 7,298,793         | 6,656,311         |
| Deferred premium stabilization (note 3(b))           | -                 | -                 | 312,448                 | 654,916           | 312,448           | 654,916           |
| Deferred insurance administration (note 3(b))        | -                 | -                 | 380,402                 | 77,168            | 380,402           | 77,168            |
|                                                      | <b>11,746,268</b> | <b>9,019,184</b>  | <b>8,423,279</b>        | <b>7,826,230</b>  | <b>20,169,547</b> | <b>16,845,414</b> |
| <b>Deferred education revenue (note 3(c))</b>        | <b>100,000</b>    | <b>400,000</b>    | <b>-</b>                | <b>-</b>          | <b>100,000</b>    | <b>400,000</b>    |
| <b>Deferred registration revenue (note 3(a))</b>     | <b>2,874,124</b>  | <b>2,733,526</b>  | <b>-</b>                | <b>-</b>          | <b>2,874,124</b>  | <b>2,733,526</b>  |
|                                                      | <b>14,720,392</b> | <b>12,152,710</b> | <b>8,423,279</b>        | <b>7,826,230</b>  | <b>23,143,671</b> | <b>19,978,940</b> |
| <b>ACCUMULATED FUND BALANCES</b>                     |                   |                   |                         |                   |                   |                   |
| Investment in property, plant and equipment (note 2) | 4,364,634         | 639,699           | -                       | -                 | 4,364,634         | 639,699           |
| <b>Restricted</b>                                    |                   |                   |                         |                   |                   |                   |
| Insurance Premium Fund (schedule II)                 | -                 | -                 | 54,348                  | 359,548           | 54,348            | 359,548           |
| Premium Stabilization Fund (schedule II)             | -                 | -                 | 14,076,896              | 12,817,830        | 14,076,896        | 12,817,830        |
| Insurance Administration Fund (schedule II)          | -                 | -                 | 507,398                 | 727,346           | 507,398           | 727,346           |
| <b>Unrestricted</b>                                  | <b>4,071,374</b>  | <b>5,147,727</b>  | <b>-</b>                | <b>-</b>          | <b>4,071,374</b>  | <b>5,147,727</b>  |
|                                                      | <b>8,436,008</b>  | <b>5,787,426</b>  | <b>14,638,642</b>       | <b>13,904,724</b> | <b>23,074,650</b> | <b>19,692,150</b> |
|                                                      | <b>23,156,400</b> | <b>17,940,136</b> | <b>23,061,921</b>       | <b>21,730,954</b> | <b>46,218,321</b> | <b>39,671,090</b> |
| Contingent liabilities (note 7)                      |                   |                   |                         |                   |                   |                   |

**STATEMENT OF OPERATIONS AND  
CUMULATIVE OPERATIONS AND INSURANCE TRUST FUND BALANCES**

For the year ended March 31, 2012

Real Estate Council of Ontario

| REVENUES                                    | OPERATIONS FUND   |                   | INSURANCE PROGRAM FUNDS |                   | TOTAL             |                   |
|---------------------------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|-------------------|
|                                             | 2012              | 2011              | 2012                    | 2011              | 2012              | 2011              |
|                                             | \$                | \$                | \$                      | \$                | \$                | \$                |
| Registration fees (note 3(a))               | 10,757,422        | 9,113,717         | -                       | -                 | 10,757,422        | 9,113,717         |
| Insurance premium fees (note 3(b))          | -                 | -                 | 16,798,376              | 13,862,490        | 16,798,376        | 13,862,490        |
| Premium stabilization fees (note 3(b))      | -                 | -                 | 1,099,505               | 1,418,262         | 1,099,505         | 1,418,262         |
| Insurance administration fees (note 3(b))   | -                 | -                 | 595,253                 | 355,495           | 595,253           | 355,495           |
| Education revenues (note 3(c))              | 1,959,513         | 1,861,428         | -                       | -                 | 1,959,513         | 1,861,428         |
| Other income                                | 1,210,766         | 951,242           | 154,704                 | 1,765             | 1,365,470         | 953,007           |
|                                             | <b>13,927,701</b> | <b>11,926,387</b> | <b>18,647,838</b>       | <b>15,638,012</b> | <b>32,575,539</b> | <b>27,564,399</b> |
| <b>EXPENSES</b>                             |                   |                   |                         |                   |                   |                   |
| Council expenses (schedules I and II)       | 11,488,052        | 10,707,281        | 18,157,442              | 15,702,167        | 29,645,494        | 26,409,448        |
| <b>INCOME (LOSS) BEFORE INTEREST INCOME</b> |                   |                   |                         |                   |                   |                   |
|                                             | 2,439,649         | 1,219,106         | 490,396                 | (64,155)          | 2,930,045         | 1,154,951         |
| <b>INTEREST INCOME</b>                      |                   |                   |                         |                   |                   |                   |
|                                             | 208,933           | 137,936           | 243,522                 | 192,335           | 452,455           | 330,271           |
| <b>NET INCOME FOR THE YEAR</b>              |                   |                   |                         |                   |                   |                   |
|                                             | 2,648,582         | 1,357,042         | 733,918                 | 128,180           | 3,382,500         | 1,485,222         |
| <b>ACCUMULATED FUND BALANCES</b>            |                   |                   |                         |                   |                   |                   |
| Beginning of year                           | 5,787,426         | 4,430,384         | 13,904,724              | 13,776,544        | 19,692,150        | 18,206,928        |
| <b>ACCUMULATED FUND BALANCES</b>            |                   |                   |                         |                   |                   |                   |
| End of year                                 | 8,436,008         | 5,787,426         | 14,638,642              | 13,904,724        | 23,074,650        | 19,692,150        |

Real Estate Council of Ontario

For the year ended March 31, 2012

| CASH PROVIDED BY (USED IN)                                  | OPERATIONS FUND  |                    | INSURANCE PROGRAM FUNDS |                | TOTAL            |                    |
|-------------------------------------------------------------|------------------|--------------------|-------------------------|----------------|------------------|--------------------|
|                                                             | 2012<br>\$       | 2011<br>\$         | 2012<br>\$              | 2011<br>\$     | 2012<br>\$       | 2011<br>\$         |
| <b>Operating activities</b>                                 |                  |                    |                         |                |                  |                    |
| Net income for the year                                     | 2,648,582        | 1,357,042          | 733,918                 | 128,180        | 3,382,500        | 1,485,222          |
| Item not affecting cash                                     |                  |                    |                         |                |                  |                    |
| Amortization                                                | 416,424          | 389,029            | -                       | -              | 416,424          | 389,029            |
|                                                             | <b>3,065,006</b> | <b>1,746,071</b>   | <b>733,918</b>          | <b>128,180</b> | <b>3,798,924</b> | <b>1,874,251</b>   |
| <b>NON-CASH WORKING CAPITAL ITEMS RELATED TO OPERATIONS</b> |                  |                    |                         |                |                  |                    |
| Short-term investments                                      | (1,148,332)      | (3,424,625)        | (625,065)               | (583,582)      | (1,773,397)      | (4,008,207)        |
| Accounts receivable                                         | (82,569)         | 27,914             | (17,774)                | 41,532         | (100,343)        | 69,446             |
| Prepaid insurance premiums                                  | -                | -                  | (355,631)               | (1,548,623)    | (355,631)        | (1,548,623)        |
| Deposits and prepaid expenses                               | (122,306)        | 2,909              | -                       | -              | (122,306)        | 2,909              |
| Accounts payable and accrued liabilities                    | 346,267          | 12,413             | 16,896                  | (2,484)        | 363,163          | 9,929              |
| Insurance premiums payable                                  | -                | -                  | (23,095)                | 138,970        | (23,095)         | 138,970            |
| Government fee payable                                      | (195,301)        | 200,004            | -                       | -              | (195,301)        | 200,004            |
| Deferred education revenue                                  | (300,000)        | (300,000)          | -                       | -              | (300,000)        | (300,000)          |
| Deferred registration revenue                               | 1,028,563        | 1,946,282          | -                       | -              | 1,028,563        | 1,946,282          |
| Deferred insurance premiums                                 | -                | -                  | 642,482                 | 1,987,632      | 642,482          | 1,987,632          |
| Deferred premium stabilization                              | -                | -                  | (342,468)               | 142,588        | (342,468)        | 142,588            |
| Deferred insurance administration                           | -                | -                  | 303,234                 | (166,844)      | 303,234          | (166,844)          |
|                                                             | <b>(473,678)</b> | <b>(1,535,103)</b> | <b>(401,421)</b>        | <b>9,189</b>   | <b>(875,099)</b> | <b>(1,525,914)</b> |
|                                                             | <b>2,591,328</b> | <b>210,968</b>     | <b>332,497</b>          | <b>137,369</b> | <b>2,923,825</b> | <b>348,337</b>     |
| <b>INVESTING ACTIVITIES</b>                                 |                  |                    |                         |                |                  |                    |
| Purchase of property, plant and equipment                   | (2,453,206)      | (306,214)          | -                       | -              | (2,453,206)      | (306,214)          |
| Increase in cash during the year                            | 138,122          | (95,246)           | 332,497                 | 137,369        | 470,619          | 42,123             |
| Cash - Beginning of year                                    | 899,749          | 994,995            | 518,507                 | 381,138        | 1,418,256        | 1,376,133          |
| Cash - End of year                                          | <b>1,037,871</b> | <b>899,749</b>     | <b>851,004</b>          | <b>518,507</b> | <b>1,888,875</b> | <b>1,418,256</b>   |

## 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 taxes 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, composed 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 (OREA) 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 fiscal year to September 1 of the following fiscal year. Amounts related to the following fiscal 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 and 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 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 on a straight-line basis over the lease term.

### Use of estimates

The preparation of RECO's financial statements and the accompanying notes in accordance 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.

**Future accounting changes**

The Accounting Standards Board of The Canadian Institute of Chartered Accountants (CICA) has confirmed that Canadian not-for-profit organizations will have to adopt either the accounting standards in Part III of the CICA Handbook designed for not-for-profit organizations or International Financial Reporting Standards in Part I of the CICA Handbook effective for fiscal years beginning on or after January 1, 2012. RECO has determined that it will issue financial statements in accordance with Part III of the CICA Handbook beginning with the fiscal year ending March 31, 2013. RECO is in the process of evaluating the potential impact of the new accounting standards on its financial statements.

**Real Estate Council of Ontario****2. PROPERTY, PLANT AND EQUIPMENT**

|                                     | <b>2012</b>      |                                   |                  |
|-------------------------------------|------------------|-----------------------------------|------------------|
|                                     | Cost<br>\$       | Accumulated<br>amortization<br>\$ | Net<br>\$        |
| Computer equipment and software (i) | 1,690,681        | 1,462,529                         | 228,152          |
| Office furniture and equipment      | 2,284,304        | 868,224                           | 1,416,080        |
| Leasehold improvements              | 2,720,402        | -                                 | 2,720,402        |
|                                     | <u>6,695,387</u> | <u>2,330,753</u>                  | <u>4,364,634</u> |
|                                     | <b>2011</b>      |                                   |                  |
|                                     | Cost<br>\$       | Accumulated<br>amortization<br>\$ | Net<br>\$        |
| 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>   |

i) Included in computer equipment and software are intangible assets relating to software with a net book value in the amount of \$135,990 (2011 - \$183,403).

Fund balances invested in property, plant and equipment are as follows:

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| Invested in property, plant and equipment - Beginning of year | 639,699          |
| Additions paid for during the year                            | 2,453,206        |
| Additions accrued as at March 31, 2012                        | 1,688,153        |
| Additions during the year                                     | 4,141,359        |
| Amortization charge for the year                              | (416,424)        |
| Invested in property, plant and equipment - End of year       | <u>4,364,634</u> |

**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 as follows:

|                                                                       |            |
|-----------------------------------------------------------------------|------------|
|                                                                       | \$         |
| Balance - Beginning of year                                           | 10,463,821 |
| Registration fees received in fiscal 2012                             | 11,785,985 |
| Less: Amounts recognized as revenue in the year                       | 10,757,422 |
| Balance - End of year                                                 | 11,492,384 |
| Amounts to be recognized as revenue in fiscal 2013                    | 8,618,260  |
| Amounts to be recognized as revenue in fiscal 2014 and future periods | 2,874,124  |
|                                                                       | 11,492,384 |

**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<br>Premium<br>Fund<br>\$ | Premium<br>Stabilization<br>Fund<br>\$ | Insurance<br>Administration<br>Fund<br>\$ | Total<br>\$ |
|----------------------------------------------------|------------------------------------|----------------------------------------|-------------------------------------------|-------------|
| Balance - Beginning of year                        | 6,656,311                          | 654,916                                | 77,168                                    | 7,388,395   |
| Insurance payments received in fiscal 2012         | 17,440,858                         | 757,037                                | 898,487                                   | 19,096,382  |
| Less: Amounts recognized as revenue in the year    | 16,798,376                         | 1,099,505                              | 595,253                                   | 18,493,134  |
| Balance - End of year                              | 7,298,793                          | 312,448                                | 380,402                                   | 7,991,643   |
| Amounts to be recognized as revenue in fiscal 2013 | 7,298,793                          | 312,448                                | 380,402                                   | 7,991,643   |

**c) Operations Fund - Education Services Agreement**

An education services agreement between the registrar, appointed under REBBA 2002, RECO and 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. 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:

## Real Estate Council of Ontario

**3. DEFERRED REVENUE CONTINUED**

|                                                    | \$             |
|----------------------------------------------------|----------------|
| Balance - Beginning of year                        | 800,000        |
| Received August 3, 2011                            | 150,000        |
| Received February 2, 2012                          | 150,000        |
| Less: Amounts recognized as revenue in the year    | 600,000        |
| Balance - End of year                              | <u>500,000</u> |
| Amounts to be recognized as revenue in fiscal 2013 | 400,000        |
| Amounts to be recognized as revenue in fiscal 2014 | 100,000        |
|                                                    | <u>500,000</u> |

**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, \$72,690 (2011 - \$200,004) was incurred as an expense.

**5. COMMITMENTS**

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

|            | \$        |
|------------|-----------|
| 2013       | 747,182   |
| 2014       | 709,932   |
| 2015       | 709,932   |
| 2016       | 686,194   |
| 2017       | 662,493   |
| Thereafter | 3,671,307 |

RECO is also committed to make insurance premium payments of \$475,524 for the period from April 1, 2012 to August 31, 2012. This payment is due on August 31, 2012.

**6. FUNDS HELD IN TRUST**

RECO holds in trust consumer deposits transferred by brokers as dormant trust funds. As at March 31, 2012, these deposits, together with the accumulated interest, amounted to \$5,454,862 (2011 - \$4,392,408). These amounts have not been included in the financial statements, as RECO does not control or 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 and cumulative operations and insurance program fund balances, 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.

**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, short-term investments and accounts receivable. RECO places its cash and short-term investments with high-quality institutions to mitigate this risk. RECO's accounts receivable risk is considered to be low as receivables are recognized only if it is certain the monies will be received.

**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.

**SCHEDULE 1**  
**SCHEDULE OF COUNCIL EXPENDITURES**

**Real Estate Council of Ontario**

| <b>OPERATING EXPENSES</b>                           | <b>2012</b> | <b>2011</b> |
|-----------------------------------------------------|-------------|-------------|
|                                                     | \$          | \$          |
| Office of the President and Chief Executive Officer | 549,650     | 590,772     |
| Office of the Registrar                             | 632,626     | 567,966     |
| Registration department                             | 791,442     | 833,492     |
| Education department                                | 323,814     | 277,260     |
| Inspections and investigations                      | 1,033,652   | 1,078,114   |
| Complaints and compliance department                | 924,712     | 701,614     |
| Office of the Director of Corporate Services        | 354,178     | 320,939     |
| Legal services department                           | 1,443,598   | 1,226,848   |
| Administration and human resources                  | 579,752     | 539,108     |
| Finance and accounting department                   | 348,050     | 337,839     |
| Communications department                           | 357,607     | 335,734     |
| Information systems department                      | 694,624     | 647,646     |
| Facilities cost                                     | 1,096,697   | 1,024,815   |
|                                                     | 9,130,402   | 8,482,147   |
|                                                     |             |             |
| <b>BOARD OF DIRECTORS AND WORKING GROUPS</b>        | <b>2012</b> | <b>2011</b> |
|                                                     | \$          | \$          |
| Board of directors' per diems                       | 83,824      | 71,964      |
| Board of directors' travel and meeting costs        | 60,349      | 77,370      |
| Legislation and regulation committee                | 8,504       | 6,422       |
| Governance committee                                | 7,198       | 9,426       |
| Audit committee                                     | 2,629       | 4,792       |
| Finance committee                                   | 2,607       | 2,206       |
|                                                     | 165,111     | 172,180     |

**SCHEDULE 1 CONTINUED**  
**SCHEDULE OF COUNCIL EXPENDITURES**

Real Estate Council of Ontario

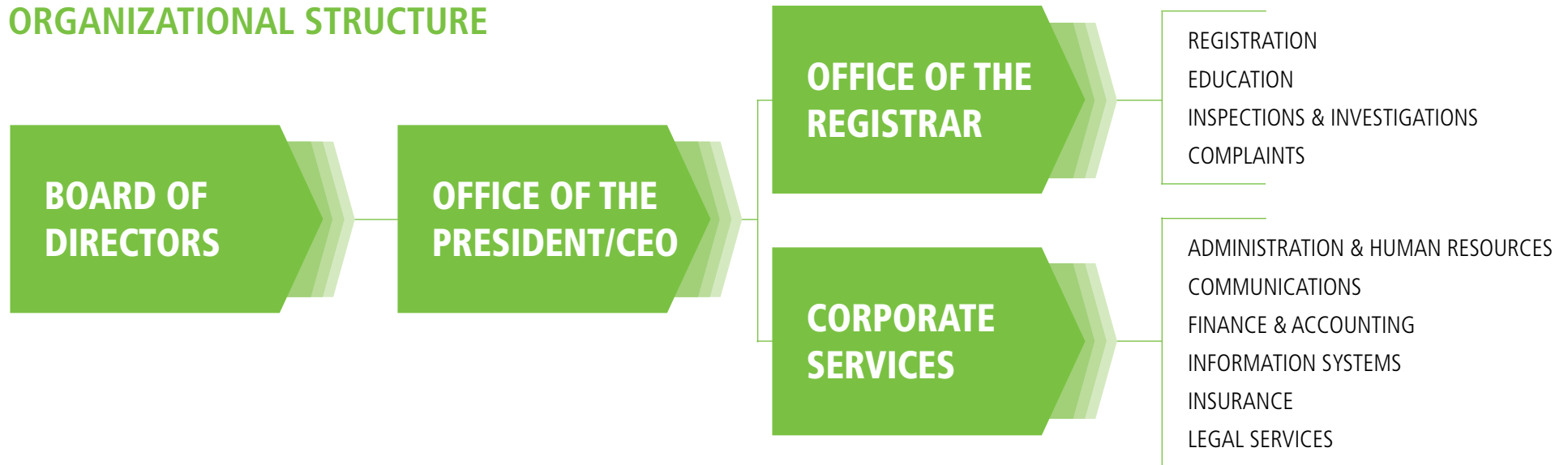
| OTHER CORPORATE                               | 2012       | 2011       |
|-----------------------------------------------|------------|------------|
|                                               | \$         | \$         |
| Amortization                                  | 416,424    | 389,029    |
| Communications activities                     | 377,912    | 286,165    |
| Credit card discounts and charges             | 309,107    | 286,409    |
| Government fee (note 4)                       | 72,690     | 200,004    |
| Hearings activities                           | 167,759    | 152,218    |
| Consulting costs                              | 250,115    | 245,371    |
| Directors' and officers' liability insurance  | 194,634    | 187,731    |
| Annual general meeting                        | 115,017    | 76,764     |
| Strategic planning                            | 97,484     | 67,037     |
| Elections                                     | 87,703     | 88,656     |
| Audit fees                                    | 52,628     | 36,661     |
| National and international regulators' groups | 51,066     | 36,909     |
|                                               | 2,192,539  | 2,052,954  |
|                                               | 11,488,052 | 10,707,281 |

**SCHEDULE 2**  
**SCHEDULE OF INSURANCE PROGRAM FUND BALANCES**

Real Estate Council of Ontario

| <b>REVENUES</b>                             |                                    |                                        |                                           |                     |                     |
|---------------------------------------------|------------------------------------|----------------------------------------|-------------------------------------------|---------------------|---------------------|
|                                             | Insurance<br>Premium<br>Fund<br>\$ | Premium<br>Stabilization<br>Fund<br>\$ | Insurance<br>Administration<br>Fund<br>\$ | 2012<br>Total<br>\$ | 2011<br>Total<br>\$ |
| Insurance funds recognized                  | 16,798,376                         | 1,099,505                              | 595,253                                   | 18,493,134          | 15,636,247          |
| Other income                                | -                                  | -                                      | 154,704                                   | 154,704             | 1,765               |
|                                             | <u>16,798,376</u>                  | <u>1,099,505</u>                       | <u>749,957</u>                            | <u>18,647,838</u>   | <u>15,638,012</u>   |
| <b>EXPENSES</b>                             |                                    |                                        |                                           |                     |                     |
| Legal and audit                             | -                                  | -                                      | 156,885                                   | 156,885             | 42,509              |
| Insurance staffing                          | -                                  | -                                      | 198,845                                   | 198,845             | 185,490             |
| Insurance committee                         | -                                  | -                                      | 14,116                                    | 14,116              | 19,279              |
| Miscellaneous                               | -                                  | -                                      | 17,906                                    | 17,906              | 9,132               |
| Stabilization committee                     | -                                  | -                                      | 2,407                                     | 2,407               | 5,658               |
| Printing costs                              | -                                  | -                                      | 42,580                                    | 42,580              | 28,059              |
| Credit card discounts                       | -                                  | -                                      | 454,871                                   | 454,871             | 397,133             |
| Processing and mailing costs                | -                                  | -                                      | 166,256                                   | 166,256             | 160,278             |
| Insurance                                   | 17,103,576                         | -                                      | -                                         | 17,103,576          | 14,854,629          |
|                                             | <u>17,103,576</u>                  | <u>-</u>                               | <u>1,053,866</u>                          | <u>18,157,442</u>   | <u>15,702,167</u>   |
| <b>INCOME (LOSS) BEFORE INTEREST INCOME</b> |                                    |                                        |                                           |                     |                     |
|                                             | (305,200)                          | 1,099,505                              | (303,909)                                 | 490,396             | (64,155)            |
| <b>INTEREST INCOME</b>                      |                                    |                                        |                                           |                     |                     |
|                                             | -                                  | 159,561                                | 83,961                                    | 243,522             | 192,335             |
| <b>NET INCOME (LOSS) FOR THE YEAR</b>       |                                    |                                        |                                           |                     |                     |
|                                             | (305,200)                          | 1,259,066                              | (219,948)                                 | 733,918             | 128,180             |
| <b>ACCUMULATED FUND BALANCES</b>            |                                    |                                        |                                           |                     |                     |
| Beginning of year                           | 359,548                            | 12,817,830                             | 727,346                                   | 13,904,724          | 13,776,544          |
| <b>ACCUMULATED FUND BALANCES</b>            |                                    |                                        |                                           |                     |                     |
| End of year                                 | 54,348                             | 14,076,896                             | 507,398                                   | 14,638,642          | 13,904,724          |

## 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, 2012, RECO had 89 full-time employees.

### CHAIR

#### KEITH R. TARSWELL

Broker  
Bosley Real Estate Ltd., Brokerage  
Toronto  
End of Term: June 2014

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, 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 in 1998.

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

### VICE CHAIR

#### JODY LAVOIE

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

Jody Lavoie was first elected to RECO's Board of Directors in 2010 and was elected by the Board in 2011 to serve as Vice Chair. He has served as a member of RECO's Audit and Governance Committees in addition to being Chair of the Finance Committee.

Mr. Lavoie began his career as a real estate salesperson in 2005, becoming a broker in 2008. He has extensive knowledge of construction and renovation practices and donates his time to Habitat for Humanity and Renovation Challenge projects.

Mr. Lavoie is an active member of the Ottawa Real Estate Board, serving for 3 years on both the MLS and Arbitration Committees and has been awarded various sales achievement and philanthropic awards throughout his career.

## BOARD OF DIRECTORS

### ELECTED DIRECTORS



#### CHAIR

##### KEITH R. TARSWELL

Broker  
Bosley Real Estate Ltd.,  
Brokerage  
Toronto  
End of Term: June 2014



#### VICE CHAIR

##### JODY LAVOIE

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



##### GLEND A BRINDLE

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



##### PETER HOFFMAN

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

### APPOINTED DIRECTORS



##### 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



##### CYNTHIA K. LAI, FRI

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



##### GEORGE E. LAVALLEE, B.Sc.

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



##### DAVID G. PEARCE

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



##### REBECCA RYDER

Broker of Record  
Royal LePage Burloak Real Estate  
Services Ltd., Brokerage  
Burlington  
End of Term: June 2014



##### GEORGE WATSON

Broker  
Lifestyle Realty Associates Inc.,  
Brokerage  
Wasaga Beach  
End of Term: June 2014



##### BILL YETMAN

Chief Operating Officer  
Retail Council of Canada  
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 & Planning**

The Principal Advisor, Strategic Management & 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 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 management of the enforcement and administration of the *Real Estate and Business Brokers Act, 2002* as it applies to RECO's investigations, inspections, inquiries 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 management 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 & 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 RECO'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

|                                                 |                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Agency Task Force</b>                        | 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.                                |
| <b>Appeals Committee</b>                        | The Appeals Committee is established to hear, consider and decide appeals related to Discipline Committee decisions.                                                                                                                                                                                             |
| <b>Audit Committee</b>                          | The Audit Committee is established to assist the Board of Directors in meeting its fiduciary responsibilities.                                                                                                                                                                                                   |
| <b>Commercial Real Estate Advisory Group</b>    | 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.                                                                                                                                                  |
| <b>Discipline Committee</b>                     | 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.                                                                                                                           |
| <b>Registrar's Education Advisory Committee</b> | 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. |
| <b>Finance Committee</b>                        | The Finance Committee is established to advise the Board of Directors on financial policies and the annual budget.                                                                                                                                                                                               |
| <b>Governance Committee</b>                     | The Governance Committee is established to develop, recommend to the Board of Directors, implement and assess effective corporate governance principles.                                                                                                                                                         |
| <b>Insurance Committee</b>                      | The Insurance Committee is established to monitor the registrant insurance program on an ongoing basis, including claims data, policy wording and administration.                                                                                                                                                |
| <b>Legislation &amp; Regulations Committee</b>  | The Legislation & Regulations Committee is established to develop recommendations to the Board of Directors related to potential changes to REBBA 2002 and associated regulations.                                                                                                                               |
| <b>Premium Stabilization Committee</b>          | 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.                                                                                                          |



# 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



Real Estate Council Of Ontario  
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