



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

the bulletin

Housing Strategy Takes Shape

Six months ago, BC's Lieutenant Governor revealed in her Throne Speech that a new provincial housing strategy would be introduced this year. Recent announcements regarding the BC Building Code and non-market housing signal the strategy has begun to roll out, and an announcement is expected this fall. However, the extent to which market housing will be represented remains unclear.

“The new housing program will give individuals greater choice and new flexibility. It will transform housing options to help people positively transform their lives.”

The Honourable Iona Campagnolo
Lieutenant Governor

Consumer Protection

At least one consumer protection measure expected is the introduction of a modernized BC Building Code. In fact, the new edition will be released for public review by early fall, before coming into effect by year's end.

Each technical provision in the Code will be supported by objectives and explanations of its importance. The new format should create minimal disruption, as information and clarifications of provisions will be included.

The current Code (1998) allows for innovation and some flexibility where compliance is concerned; the modernized Code will include more specific “alternative solutions.”

Non-Market Housing

On June 19, the BC government announced a 30-year agreement with the Government of Canada to transfer the administration of non-market housing resources from the federal level to the province. The full announcement is available at www.bchousing.org and includes:

- transfer of 51,600 of the 72,500 federally-assisted social housing units across BC to the provincial government
- annual funding by the Government of Canada to the province to support existing social housing units, including \$140 million in the first full year of the agreement

Strategy Impact

Helping people most in need is the philosophical focus of the housing strategy; namely, support for people who are homeless and earn low wages. BCREA appreciates this philosophy and recommended ways to strengthen it during Government Liaison (GL) Days in April.

During that event, BCREA reinforced its position that the strategy must recognize the role of market housing in society. Long-standing recommendations to reduce the Property Transfer Tax and assist first-time buyers were noted. The GL Days brief is available

online at www.bcrea.bc.ca.

There's no guarantee that measures to support market housing will be reflected in the strategy, despite some recent moves. For example, in 2005 government housing responsibilities were consolidated under one ministry. The noticeable result has been improved efficiency and focus on housing issues. Efforts to develop best practices in local government management of development cost charges have also been noticed.

BCREA continues to monitor strategy announcements and will keep member boards and REALTORS® informed of developments. Your comments can be directed to solmstead@bcrea.bc.ca.



I N S I D E

President's Report Page 2
Speaking of Aboriginal housing

Practical Points Page 3
Assignment contracts now available

Trends Page 4
You said it: earnings, experience and education

Government Relations Page 5
Gaining ground on personal service corporations

Education Page 6
cpe course schedule

I S S N 1 1 9 5 - 4 4 0 X

President's Report

Speaking of Aboriginal Housing

Observing sessions at the World Urban Forum in June reminded me of how fortunate we are to live in Canada. But one presentation made me particularly proud to be a REALTOR®.

Along with 83 other curious souls, I found my way into a crammed meeting room, coffee in hand, and looked forward to the panel discussion of Aboriginal housing issues in Canada.

Hosted by The Canadian Real Estate Association (CREA), the session examined the paltry state of Aboriginal housing across our country, both on-reserve and off. "Canada's shame," scowled one panelist. "Third world slums," lectured another.

Their descriptions were backed up with facts (chronic low incomes drastically deplete housing choices for Aboriginal people), anecdotes (the federal *Indian Act* does more harm than good through old, prescriptive policies) and stories of absolute despair that transcend generations.

With the dismal scene set, CREA President Alan Tennant tabled a paper that described what's gone wrong with Aboriginal housing and, more importantly, recommendations to help address it.

As you can imagine, the Government of Canada shouldered most of the blame for perpetuating the issue and responsibility for solving it. Within the mix of recommendations, CREA noted one size doesn't fit all and that solutions must focus on the needs of local communities.

Governments are not solely responsible for addressing it. Community members and stakeholders must also play a substantial role.

Session panelists agreed. One gentleman, who represented a major financial institution, described how he works with Aboriginal communities to develop banking programs that assist homeownership on and off reserves. The importance of his contribution is staggering, considering that Aboriginal ownership rates lurk at 28.5 per cent, compared to the national average of 67 per cent.



President *Kelly Lerigny*

Our profession can make a meaningful contribution, too. CREA deserves credit for putting this topic in context and proposing solutions, a move that reflects a commitment to basing social policy positioning on Quality of Life principles. Let's support our national association by promoting its ideas and engaging opportunities to share them.

Kelly Lerigny
President

CREA's paper, *Aboriginal Housing in Canada: Building on Promising Practices*, is available online at www.realtorlink.ca/content/wuf.

Board of Directors 2006-2007

Long-Range Plan Principles

1. Demonstrating leadership through effective communication with member boards, REALTORS® and the public
2. Demonstrating the professionalism of REALTORS®
3. Strengthening membership relations
4. Providing service and support options for member boards
5. Building on the role and recognition of BCREA in the development and delivery of excellent education products and services
6. Leading provincial advocacy efforts and providing valued advice on behalf of the profession
7. Demonstrating public interest by integrating the Quality of Life philosophy in BCREA programs
8. Building and strengthening relationships with external stakeholders

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Assignment Contracts Now Available

With a few projects being cancelled due to high construction costs and labour shortages, concerns have arisen about the risks of assigning purchase contracts, making sure the parties to the assignment agreements are aware of those risks and that the risks are clearly allocated between the parties.

Of particular concern are situations where the profit, or “lift,” was paid to the assignor upon the execution of the assignment agreement, and then the developer cancels the project. What happens to the lift? Does the assignee get the lift back or does the assignor get to keep it? Who gets the original deposit?

To help REALTORS® and their clients better manage risks when working with assignments, BCREA’s Standard Forms Committee has prepared two Assignments of Contract of Purchase and Sale. One is designed for use when the contract being assigned is for a new condominium development purchased from a developer in a pre-construction marketing program. The other is for use for a non-development property, such as an existing house or condominium.

The assignment agreements clearly allocate the risks between the parties. They also address issues such as the GST payable on the assignment, the need of the parties to get independent

advice and who must get the developer’s consent and pay the developer’s assignment fee.

BCREA shares the copyright to these forms with the Canadian Bar Association, BC Branch (CBA). The new forms are now available on WEBForms™.

BCREA extends its gratitude to Ed Wilson, of Lawson Lundell LLP, who donated more than 60 pro-bono hours on this project. Ed has been the CBA’s representative on BCREA’s Standard Forms Committee for the past ten years.



Leasing Aboriginal Lands

BCREA retained the services of Boughton Law Corporation to develop a standard form sale document for use in assigning leases or subleases of Aboriginal lands.

The standard form will apply to the following types of properties in BC:

1. Reserve lands held by the Crown for use and benefit of a First Nation or band under the *Indian Act*, and
2. Reserve lands held by the Crown for use and benefit of a First Nation or band under the *Indian Act*, but subject to a certificate of possession or other individual holding.

The form will not be appropriate for:

1. Traditional territories claimed by First Nations or Tribal Councils by virtue of Aboriginal title,
2. Reserve lands managed by a First Nation pursuant to the *First Nations Land Management Act*,
3. Sechelt Band Lands under the *Sechelt Indian Band Self-Government Act*,
4. Westbank Lands pursuant to the *Westbank First Nation Self-Government Act*, or
5. Nisga’a Lands under treaty settlement legislation.

Given the unique and autonomous nature of these latter groups, a standard form is not possible. While the form developed for use on lands covered by the *Indian Act* will be a binding contract between the buyer and seller, the form may or may not be accepted by the native bands.

BCREA’s Standard Forms Committee and the Aboriginal Lands Task Force are in the process of finalizing the documentation, which will soon be available on WEBForms™.

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You Said It: Earnings, Experience and Education

Every year, thousands of REALTORS® respond to surveys commissioned by BCREA and CREA. From one year to the next some responses, such as gender breakdowns (58.5 per cent male; 41.5 per cent female) and the proportion of REALTORS® who volunteer in their communities (66 per cent), remain fairly stable.

In this and subsequent *Bulletin* articles, some of the more interesting results from 2006, and comparisons between provincial and national numbers, will be presented.

Experience and Earnings

The number of REALTORS® in the business for five years or less continues to grow (42.6 per cent, national), though BC lags behind the national average (36.5 per cent).

Years employed in real estate

	BC	Canada
1-5 years	36.5%	42.6%
6-10 years	8.2%	11.4%
11-15 years	18.9%	12.2%
16-20 years	16.9%	15.3%
21-25 years	7.9%	8.1%
25+ years	11.6%	10.3%

Nationally, survey results indicate a REALTOR®'s experience impacts income. Just over 65 per cent of respondents in the business five years or less reported 2005 incomes of \$50,000 or less. Those reporting over \$600,000 in annual income were in the business 20 years or more. BC has the highest percentage of REALTORS® who reported earning more than \$600,000—twice the national average.

Income from real estate

(\$ thousands)	BC	Canada
0-50	35.6%	43.0%
50-75	15.2%	17.1%
75-150	28.9%	26.3%
150-225	11.4%	8.1%
225-300	4.6%	3.1%
300-375	1.9%	1.0%
375-450	0.9%	0.6%
450-525	0.5%	0.3%
525-600	0.4%	0.2%
600+	0.6%	0.3%

Support for Education

BC REALTORS® who responded to the survey demonstrated clear support for continuing education. For example,

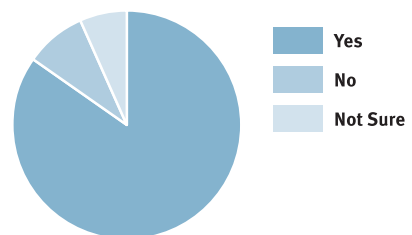
nearly 60 per cent of REALTORS® took at least one cpe course in 2004 and 2005.

cpe courses attended

	2005	2004
None	23.5%	25.0%
1-3	59.3%	58.1%
4-6	15.1%	15.2%
7-9	1.3%	1.1%
10 or more	0.7%	0.5%

As BC real estate boards implement the Professional Development Program (PDP), it's remarkable that nearly 85 per cent of REALTORS® support the amount of continuing education required. The PDP is designed to help REALTORS® stay on top of practice issues and other changes, demonstrate professionalism, inspire client confidence, advance their careers and manage risks.

Is it reasonable to expect REALTORS® to complete three days (18 credits) of continuing education courses over two years?



More information

- 2006 CREA Membership Survey Available on left side of CREA's REALTOR Link® page, under the heading Research
- 2006 BC REALTOR® Survey Available on BCREA's REALTOR Link®, Publication and Hot Topics page, under the heading Research



Gaining Ground on Personal Service Corporations

Licensing by way of personal service corporations would provide real estate professionals with flexibility in income and tax planning—a mechanism that several other professionals, including doctors, dentists and lawyers, currently enjoy in BC.

This approach could help REALTORS® better manage these two aspects of their business in anticipation of the busy and slow periods that characterize the real estate market.

By licensing as a personal service corporation, a REALTOR® would gain no additional protection from any liability. There would be no change

in the way REALTORS® errors and omissions insurance operates, either.

When the *Real Estate Services Act (RESA)* came into effect in January 2005, the ability for this type of licensing wasn't explicitly included in the legislation. However, the Act anticipated it might be possible in the future.

Since 2005, BCREA, the Real Estate Council of BC and provincial government staff have worked diligently to determine whether the concept would be acceptable to the Canada Revenue Agency (CRA) and how it would ultimately work. A significant amount of collaborative work has been invested



in the topic and progress is being made.

Draft language is being reviewed by all three stakeholders. Once agreement is reached on a draft regulation, BCREA will submit a request for an advance tax ruling from the CRA to ensure the language satisfies that organization's requirements. BCREA is hopeful a submission to the CRA could be made sometime this summer and a response received in the fall.

Practical Points

Lessons Learned in Leaky Condo Decision

A real estate agent who sold former Liberal MP Simma Holt a leaky condo after promising she wouldn't has been ordered to pay Holt almost \$20,000.

In early July, BC Supreme Court Justice Victor Curtis found the licensee made negligent misrepresentations to her client about the state of the condo. He noted the licensee in her evidence said, "I assured her I would not sell her a leaky condo." He also noted that Holt was "reasonably relying on the advice of [her REALTOR®] who had encouraged her to do so."

Considering the unique facts of this particular case, three lessons can be drawn:

- Don't make sweeping promises to your clients.
- Don't allow your client to completely hand off the responsibility to you.
- Don't substitute your judgment for that of your clients by minimizing problems that arise—let them reach their own conclusions as to what is significant.
- obtain at least 12 to 24 months of strata council minutes (if applicable), recent annual general meeting and executive meeting minutes, special resolutions, disclosures, (new strata) bylaws, financial statements and engineering reports
- obtain the Form B Information Certificate (prescribed by the *Strata Property Act*)
- ensure the Contract of Purchase and Sale contains the appropriate clauses and phrases to protect parties regarding special assessments, including the Property Disclosure Statements as part of the contract
- ensure the seller completes a Property Disclosure Statement – Strata Title Properties
- consult an accredited professional to inspect the building before a purchasing decision is made
- investigate the warranty program (if applicable) and the limits and responsibilities of the homeowner

Chilliwack and District Real Estate Board

- SEPT. 8, CHILLIWACK, *Buyer Agency* (6 PDP credits), Jim McCaughan
OCT. 11, CHILLIWACK, *Selling Tenant-Occupied Properties (STOP)* (6 PDP credits), Evelyn McNulty

Fraser Valley Real Estate Board

- AUG. 22, SURREY, *The New Real Estate Services Act – Everything You Need to Know!* (3 PDP credits), Adrienne Murray
SEPT. 12, SURREY, *Risk Management for REALTORS®* (6 PDP credits), Richard Collins
SEPT. 19, SURREY, *Risk Management for Commercial REALTORS® and Property Managers* (6 PDP credits), Joe Mendes
SEPT. 21, ABBOTSFORD, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Brian Taylor
SEPT. 27, SURREY, *Professionalism – It Pays! Be Safe or Be Sued!* (3 PDP credits), Mike Mangan
OCT. 6, SURREY, *Selling Tenant-Occupied Properties (STOP)* (6 PDP credits), Evelyn McNulty
OCT. 12, SURREY, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Brian Taylor

Kamloops and District Real Estate Association

- SEPT. 22, KAMLOOPS, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Brian Taylor
OCT. 12, KAMLOOPS, *Electronic Title Searching* (6 PDP credits), Catherine Greenall

Kootenay Real Estate Board

- SEPT. 11 AND 13**, CRANBROOK, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Jim McCaughan*
SEPT. 12, CRANBROOK, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Jim McCaughan

Okanagan Mainline Real Estate Board

- SEPT. 13, VERNON, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Leslie Howatt
SEPT. 14 AND 15**, KELOWNA, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Leslie Howatt
OCT. 4 AND 5**, VERNON, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Jim McCaughan

Powell River Sunshine Coast Real Estate Board

- SEPT. 14, POWELL RIVER, *Tax Tips for Selling Real Estate* (6 PDP credits), Lorana Laporte

Real Estate Board of Greater Vancouver

- AUG. 22, VANCOUVER, *Electronic Title Searching* (6 PDP credits), Catherine Greenall

- AUG. 23, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Richard Collins*
AUG. 24, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Jim McCaughan
SEPT. 1, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Kim Spencer*
SEPT. 6, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Leslie Howatt
SEPT. 7, VANCOUVER, *Liability for Contaminated Sites: New Practical Considerations for REALTORS®, Buyers and Sellers* (6 PDP credits), Wally Braul
SEPT. 15, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Harvey Exner*
SEPT. 20 (AM AND PM**), VANCOUVER, *Selling Tenant-Occupied Properties (STOP)* (3 PDP credits), Richard Collins
SEPT. 20 (AM AND PM**), VANCOUVER, *Foreclosures and Court Ordered Sales* (3 PDP credits), Jack Micner
SEPT. 6, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Richard Collins

Vancouver Island Real Estate Board

- AUG. 24, COURTENAY, *CONDO 101: Strata Law for REALTORS®* (6 PDP credits), Mike Mangan
AUG. 25, COURTENAY, *CONDO 202: Advanced Strata Law for REALTORS®* (6 PDP credits), Mike Mangan
SEPT. 15, NANAIMO, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Michael Ziegler
SEPT. 21, DUNCAN, *Advanced Negotiating Skills for REALTORS®* (6 PDP credits), Gerald Clerx
OCT. 2 (AM AND PM**), *Selling Tenant-Occupied Properties (STOP)* (3 PDP credits), Evelyn McNulty

Victoria Real Estate Board

- SEPT. 8, VICTORIA, *Selling Tenant-Occupied Properties (STOP)* (6 PDP credits), Evelyn McNulty
SEPT. 25, VICTORIA, *Buyer Agency* (6 PDP credits), Jim McCaughan
SEPT. 27, VICTORIA, *What Brokerages and REALTORS® Need to Know About Agency* (6 PDP credits), Gary Brady
OCT. 6, VICTORIA, *Applied Ethics in Real Estate* (6 PDP credits), Kim Spencer

*For managing brokers, associate brokers and sole proprietors only
**Separate courses

Current as of July 19, 2006. Check with your local board office for last-minute changes. Look for more cpe courses on BCREA's REALTOR Link® homepage, under Professional Development.

Please note that this is a schedule of BCREA cpe courses only and does not reflect all PDP-accredited courses.