



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

the bulletin

The Code Keeps Up

The REALTOR® Code of Ethics unites all REALTORS® by its universal measure of professionalism and business conduct. Since its inception in 1913, it has governed REALTORS® and instilled in consumers the trust and confidence of the REALTOR® trademark. This trust and confidence is the foundation of REALTOR® business success.

Over the years, the Code has been amended to reflect changes in law, technology and in society. The latest changes will take effect January 1, 2008.

Article 11: Personal Interest in Property

This article, including its interpretations, was amended during the Special Assembly of The Canadian Real Estate Association (CREA) in October.

Article: A REALTOR® shall not buy or sell, or attempt to buy or sell an interest in a property either directly or indirectly for himself or herself, any member of his or her immediate Family, or any entity in which the REALTOR® has a financial interest, without making the REALTORS®'s position known to the buyer or seller in writing.

11.1 Disclosure of the REALTOR®'s position shall include the fact that the REALTOR® is a licensed real estate practitioner, the nature of the interest held (when selling), the relationship of the REALTOR® to the Immediate Family member, and/or the fact that the REALTOR® has a financial interest in the buying or selling entity.

11.2 Where disclosure regarding the

Purchase or Sale is also required pursuant to provincial regulation, such additional disclosure shall be made in accordance with that regulation.

11.3 Disclosure pursuant to Article 11 shall be made at the earliest possible opportunity, and in any event prior to the presentation of an offer to Purchase.

11.4 When in doubt, disclose.

The changes in Article 11 are designed to clarify the responsibilities of a REALTOR® who's directly or indirectly involved in a transaction, where they also represent either the buyer or seller, or both.

Article 15: Advertising Claims

All advertising, regardless of its nature, must prominently display all significant conditions, limitations and additional charges relating to any offer or promotion. Note the following interpretations—some revised and some new—recently approved by the CREA directors:

15.1 Advertising of Compensation shall include the details of services provided and whether any additional charges may apply. If the advertised Compensation does not include Listing on MLS®, a statement to that effect must be included.

15.3 Advertising of programs, initiatives or guarantees (e.g., "Buy a house with 0% down," "If I don't sell your house, I will buy if from you," etc.) must clearly set out or direct consumers to all significant details of how the program works, including, but not limited to, exceptions and time frames.



15.4 Significant conditions, restrictions, limitations and additional charges shall be fully and prominently displayed in the body of the advertisement near the claim or offering and shall comply with all applicable laws.

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President's Report

A Reflection on the Fall Meetings



President **Andrew Peck**

This fall, I've had the pleasure of visiting most of the 12 member boards around the province and meeting with your directors and staff of those boards. During those visits, I've been asking three key questions.

How are we doing with the pursuit of professionalism?

Our Professional Development Program (PDP) is only a couple of years old, and most board leaders believe the results are starting to show. Many believe REALTORS® are starting to recognize the benefits of focusing on greater knowledge and skills, and that the PDP is helping to increase REALTOR® professionalism. For those who haven't yet fulfilled the requirements, I encourage you to sign up for a course at least every six months. You'll readily see the benefits of discussing professional issues with your colleagues.

How are we doing with public affairs advocacy?

In the interests of influencing public policy, and in pursuit of greater public recognition of the work of REALTORS®,

I congratulate the many boards that work with their local communities to improve them through the Quality of Life principles. As civic officials meet with REALTORS®, they become increasingly aware that what's good for the citizens in their communities will ultimately be good for REALTORS® as well . . . we're all neighbours!

Where should we be headed with agency education?

The member boards recently supported the creation of a joint task force with representatives of the Real Estate Council of BC to review where we've come from on the topic of agency education, and to research improvements the profession can undertake to ensure the consumers we serve are fully protected. That task force has now been formed and will begin its work early in 2008.

The discussions with the member boards have been fantastic—and I can only conclude that BCREA is on the right track in working to help REALTORS® achieve success and remain

relevant to consumers.

My final thought on visiting your many boards is that your leaders are dedicated to ensuring your relevance. The boards are extremely well-run organizations and your leaders put your interests at the front of everything they do. Please take time to share your thoughts with your local board elected officials. Better still, get involved!

Finally, I wish all REALTORS® in the province a happy holiday and continued prosperity for the New Year.

Andrew Peck
President

Board of Directors 2007-2008

Core Ideology

Core Purpose

Ensuring the continued relevance of REALTORS® in BC.

Core Values

- Member board vitality
- REALTOR® success
- REALTOR® professionalism
- Quality of Life
 - Economic viability
 - Housing opportunities
 - Environmental preservation
 - Property owner rights
 - Better communities
- Public trust

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15.5 A condition, restriction, limitation or additional charge shall be considered “significant” if it would likely affect a consumer’s decision to retain the REALTOR®/brokerage.

15.6 Any claims or offerings in advertising must also comply with all applicable laws, including the *Competition Act*.

To make sure your ads comply with Article 15, ask this question: When average consumers read my ad, are they adequately informed about all of the things that are important to them, including any additional costs, what costs may be significant, what

they’re getting for their money, and how the program works before contacting me?

See CREA Dispatch 2007-09, available through BCREA’s REALTOR Link® page, for examples of proper and improper advertising.

Article 28: REALTORS® Acting as Principal

This new article was approved at the CREA Special Assembly in October.

Article: A REALTOR®, when acting as a principal in a real estate transaction, remains obligated by the duties imposed by the REALTOR® Code.

trust and confidence is the foundation of REALTOR® business success

28.1 A REALTOR® is acting as a principal when he or she is buying or selling or attempting to buy or sell an interest in the property either directly, on his or her own behalf or through any entity which the REALTOR® holds any direct or indirect interest.

The complete, revised REALTOR® Code will be available through BCREA’s REALTOR Link® page in January.

Education

Learning the Code

How well do you know the REALTOR® Code of Ethics, and how do you apply it in your work every day? Those are two things you’ll face in a major promotion of the REALTOR® Code coming in 2008.

REALTORS® live and work in a dynamic and ever-changing marketplace, faced with increasing demands from consumers. Your commitment to professional competence, honesty and integrity, fairness and personal accountability are critical attributes to upholding the REALTOR® brand. As the REALTOR® Code changes to keep up with this dynamic profession, you are obligated to continually update your knowledge of and compliance with the Code.

This is the impetus to CREA’s new ethics promotion program for 2008 and

beyond, a program designed to update your knowledge and awareness of the REALTOR® Code. Through contests and draws, REALTORS® will also have the opportunity to win REALTOR® clothing, laptop computers or a trip for two anywhere Air Canada flies.

At the heart of the program is the custom-designed Ethics Passport, valid for one year. These are actually pocket-sized versions of the REALTOR® Code, which will be issued to those who successfully complete an online ethics quiz. In addition to the E-Passport, all REALTORS® who successfully complete the quiz will automatically receive a certificate verifying they have taken the quiz and are committed to ethical practices in the real estate profession.



PDP Professional Development Program

CREA’s promotion complements BCREA’s cpe course, *Ethics: Unlocking the REALTOR® Code*. This one-day course, worth six Professional Development Program credits and approved for CREA’s REALTOR® Code education requirement, weighs the differences between ethical and legal standards and offers a four-step process for resolving dilemmas.

Always keep ethics top of mind!

Loonie Takes Flight

By Cameron Muir, BCREA Chief Economist



The meteoric rise of the Canadian dollar has many concerned that it's flying just a little too high. Five years ago, a loonie buried at centre ice during the Salt Lake Winter Olympics helped the Canadian team win gold. While our players faced off over the lucky dollar, worth just 64 US cents, more than one NHL team was in jeopardy of relocating south of the border. The greenback was king and everybody wanted to be paid in US dollars—my, how times have changed.

The subprime mortgage debacle was the icing on the cake for an already troubled US dollar. The spectre of multi-billion dollar writedowns in the US banking sector and severe belt-tightening by American consumers has taken the bloom off the rose. The value of the greenback has fallen compared to most major world currencies.

**The Bank of Canada
will be hard pressed to
increase its trendsetting
overnight rate**

But the velocity of the loonie's rise has more fuel than just a troubled US economy. Strong international demand for our minerals and Alberta's immense oil sands increase the pressure. Add to this a government flush with cash, a \$60 billion tax cut, a strong domestic economy and you get the proverbial perfect storm.

While consumers line up at border stations along the 49th parallel, Canadian retailers scramble to cut prices on inventories purchased at pre-parity prices. BC lumber mills are struggling to keep the sawdust flying and Vancouver hoteliers are nervous. So, how will we survive?

Most economists agree that the Canadian dollar is now out of line with the fundamentals; however, don't count on the loonie to descend to the 95-cent range with the same rapidity. It could take many months or years to float down to a level suggested by the fundamentals. This will depend a great deal on how quickly the US returns to economic form.

In the meantime, the Bank of Canada will be hard pressed to increase its trendsetting overnight rate in fear of completely derailing the manufacturing sector—not bad news for a housing market coping with eroding affordability. Cheaper imports from the US will lower consumer prices and stimulate retail sales. In the short term, BC households will benefit from a loonie that stretches further than ever before. However, the longer our dollar stays at its lofty height, the more negative the economic impact.

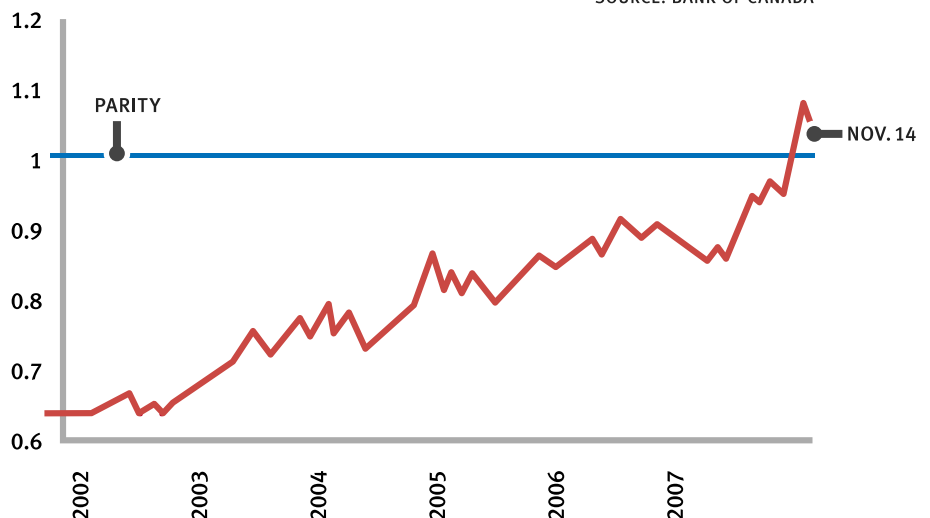
Industry is better able to cope with a slow, rather than quick, rise in the loonie's value. Over many years, investment in machinery, equipment and technology can offset an eroding exchange

rate by increasing productivity and international competitiveness. A rapidly rising dollar can leave industry unable to respond quickly enough, leading to huge losses, layoffs, temporary closures and even business insolvency.

Therein lies the rub. There will be winners and losers: consumers and hockey teams have more purchasing power, while industries struggle to compete on a newly tilted international playing field. Unless you believe the mighty US economy has permanently lost its dominant position in the world, the long-term outlook remains positive. However, the longer the loonie remains in the stratosphere, the more the negative fallout will impact our economy and, by extension, BC households. Like the fabled Icarus whose wax wings came too near the sun, the loonie may also be soaring above its cruise altitude.

Canada–US Dollar Exchange Rate

SOURCE: BANK OF CANADA



Practical Points

GST Change: Transitional Rules

On October 30, 2007, the Government of Canada announced in its Economic Statement that it plans to reduce the GST rate by one percentage point from 6 per cent to 5 per cent, effective January 1, 2008. The government also laid out transitional rules regarding transactions that straddle the January 1, 2008 implementation date.

Where a Contract of Purchase and Sale is entered into after October 30, 2007, the new 5 per cent GST will apply, provided both ownership and possession are transferred on or after January 1, 2008. If either ownership or possession is transferred before January 1,

2008, 6 per cent GST will apply and the purchaser won't be entitled to claim a GST 2008 transitional rebate.

The GST transitional rebate can only be claimed in 2008 after all the conditions for claiming it are met. Where a new housing rebate is available, the amount of the 2008 transitional rebate is determined by the following formula:

$$\text{Purchase price} \times [0.01 - (\text{available new housing rebate} / \text{purchase price})] \div 6$$

Canada Revenue Agency (CRA) rules regarding GST, HST or transitional rebates are numerous and depend



on the date of the Contract of Purchase and Sale, as well as the ownership and possession dates.

If you have questions regarding GST rebates and transitional rebate rules, CRA Notice No. 226 provides comprehensive information. This document is available on the CRA website: www.cra-arc.gc.ca.

Government Relations

BC Building Code Going *Green*

In the February 2007 Throne Speech, the provincial government signaled that a "BC Green Building Code" would be developed as one of its initiatives to help reduce global warming.

This initiative is expected to be implemented early in 2008 and will simply amend the existing BC Building Code to help reduce the impacts of buildings on the environment and human health, not introduce an entirely new code.

The first policy proposals are now on display at www.housing.gov.bc.ca/building/green. They focus on new homes, not current housing stock.

Green Building Code Goals

1. Identification and removal of barriers to sustainable building practices within current codes and regulations

This initiative . . . will simply amend the existing BC Building Code

2. Identification and proposal of new provisions for green buildings regulation
3. Implementation of new provisions through administration, education and training

The green building provisions will focus on:

- Sustainable sites (land use, storm water management)
- Water conservation (low-flow fixtures, water re-use)
- Energy (conservation)

- Materials (re-used, sustainable materials)
- Indoor environment (enhanced air quality)

Impact on REALTORS®

REALTORS® will be indirectly impacted by the proposals, if they are adopted by the government. Your ability to recognize and communicate a home's green features and the related benefits could be helpful to your clients, even if the current green building code proposals aren't accepted.

BCREA is working with the Canadian Home Builders' Association of BC and Urban Development Institute, as members of the government's Industry Advisory Committee, to more fully assess the impact of the proposals.

Current as of November 22, 2007. Check with your local board office for last-minute changes. The complete cpe catalogue is available on BCREA's REALTOR Link® homepage.

Note: this is a schedule of BCREA cpe courses only and does not reflect all PDP-accredited courses. Each course on this schedule is assigned 6 PDP credits, unless otherwise indicated.

Chilliwack and District Real Estate Board

JANUARY 23, CHILLIWACK, *Ethics: Unlocking the REALTOR® Code*, Kim Spencer

Fraser Valley Real Estate Board

JANUARY 24, SURREY, *What Brokerages and REALTORS® Need to Know About Agency*, Jim McCaughan

Real Estate Board of Greater Vancouver

DECEMBER 12, VANCOUVER, *Electronic Title Searching*, Catherine Greenall

DECEMBER 13, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency*, Andrew Peck

DECEMBER 17, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency*, Richard Collins

JANUARY 9, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency*, Richard Collins

JANUARY 16, VANCOUVER, *Selling Tenant-Occupied Properties (STOP)*, Evelyn McNulty

JANUARY 17, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency*, Kim Spencer

JANUARY 18, VANCOUVER, *CONDO 101: Strata Law for REALTORS®*, Adrienne Murray

JANUARY 24, VANCOUVER, *Representing Buyers in the Sale of New Homes and Condominiums*, Gerry Halstrom

JANUARY 31, VANCOUVER, *What Brokerages and REALTORS® Need to Know About Agency*, Andrew Peck

Victoria Real Estate Board

JANUARY 14, VICTORIA, *Contracts: Keep on Top of Changes*, Ray Blender

JANUARY 21, VICTORIA, *What Brokerages and REALTORS® Need to Know About Agency*, Michael Ziegler

FEBRUARY 8, VICTORIA, *Ethics: Unlocking the REALTOR® Code*, Ara Balabanian

FEBRUARY 25, VICTORIA, *Risk Management for Commercial REALTORS® and Property Managers*, Keith Olsen

PDP Update

On October 11, BCREA's Education Committee accredited the cpe course, *Contracts: Keep on Top of Changes*, for the Professional Development Program (PDP) for 6 credits. The three-quarter day course has also been accredited for the Real Estate Council of BC's Relicensing Education Program (REP) for 6 credits. In both cases, accreditation is retroactive to June 21, 2007—the date the course was first offered.

The PDP is a continuing education program created by BCREA and its 12 member boards, and completion of 18 credits (about three courses) in each cycle is necessary to maintain board membership. REP is a continuing education program implemented by the Real Estate Council of BC as a condition of licence renewal.

Both programs operate on the same cycle and have the same required course: *What Brokerages and REALTORS® Need to Know About Agency*.



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