

**PRE-OFFER PERIOD****POLICY PROBLEM**

During 2020, high demand and insufficient supply resulted in an overheated real estate market, causing bidding wars, frustrated purchasers, and decisions made without proper due diligence. In response, the provincial government introduced a cooling off period which gave three days following an accepted offer where a purchaser can rescind the agreement with no questions asked along with the payment of a rescission fee.

By the time the legislation was implemented (and the policy was renamed the Home Buyer Rescission Period [HBRP]), the market had cooled, and the incidence of multiple offers on properties without proper site inspections and purchaser due diligence had declined. In the years since, market activity has fallen to the point where buyer's market conditions have persisted for many months, dramatically reducing the need for and usage of the HBRP.

In September 2023, BCREA conducted a survey of REALTORS® about the HBRP. Of the 2,986 responses to this survey, nearly 93 per cent stated that they had not had any homebuyers exercise their right of rescission. Most buyers mistakenly assume that they can use the three day HBRP to conduct due diligence, such as site inspections, when no such right (or sufficient time) exists, unless stipulated in the Agreement for Purchase and Sale.

Rather than providing government-touted buyer protections during real estate transactions, the HBRP has caused confusion, exposure, and negative unintended consequences for buyers and sellers alike. The HBRP is being utilized as a loophole to allow unscrupulous purchasers to tie up multiple properties. This is resulting in cascading consequences for sellers, from sale delays due to

rescinded agreements to pressure on sellers to renegotiate agreements which were already finalized, and the loss of potential purchasers. Buyers are similarly confused as many forego the due diligence of conditional offers, mistakenly believing the HBRP will allow for such due diligence and ultimately losing their potential purchase and the rescission fee amount.



## RECOMMENDATION

### REPLACE THE HOME BUYER RESCISSION PERIOD WITH A PRE-OFFER PERIOD

To support genuine consumer protection for both buyers and sellers, REALTORS® recommend replacing the existing HBRP with a five day pre-offer period commencing on the date of the listing. Throughout that time, the sellers cannot view or accept any offers on the property.

During the pre-offer period, sellers would make access to the listed property available for viewings and home inspections. All documents related to the property would be made available at the time of the listing.

As noted in both BCREA's white paper, *A Better Way Home: Strengthening Consumer Protection in BC Real Estate*, and BC Financial Services Authority's report, *Enhancing Consumer Protection in BC's Real Estate Market*, a pre-offer

period would provide a better opportunity for prospective purchasers to conduct and complete their due diligence before presenting an offer to purchase a property.

Providing prospective purchasers with property documents and property access before any offers can be made allows a genuine opportunity for due diligence and the ability to make an informed offer, dramatically reducing the potential for buyers' regret and the HBRP's use. In turn, this reduces the negative unintended consequences of the HBRP for the seller, specifically, the cascading collapse of dependent transactions, uncertainty and delays, and actions of nefarious purchasers tying up multiple properties or pressuring sellers to renegotiate.

BCREA is the provincial association for BC REALTORS®. As a champion for the real estate sector, BCREA advances REALTOR® professionalism and ensures the REALTOR® voice is heard, for the benefit of consumers and communities, across BC. By working in collaboration with the province's real estate boards, our mission is to provide professional development opportunities, advocacy, economic and policy research, and standard forms so REALTORS® are trusted, respected, and proud of their profession.



### CONTACT

For more information, please contact BCREA Senior VP, Government Relations, Marketing & Communications Trevor Hargreaves (thargreaves@bcrea.bc.ca or 604.742.2798).