



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

the bulletin

Making Education Work for REALTORS®



Education is a key element for success in today's highly-competitive business environment, as well as a cornerstone for a positive public perception of REALTORS®. BCREA and the Real Estate Council of BC (RECBC) have been working together to simplify the relicensing education requirements for REALTORS® (and other licensees) and further harmonize the Relicensing Education Program (REP) and the Professional Development Program (PDP).

BCREA and RECBC signed a Protocol Agreement at the end of 2009, which outlines the changes to the educational requirements for trading services licensees renewing their licence in 2011 or 2012. As previously announced, the first change is that the requirement for an elective course has been eliminated for licence renewals in 2011 or 2012. Trading services licensees would have to complete only the mandatory course:

Real Estate E&O Insurance Legal Update (or *Real Estate E&O Insurance Commercial Legal Update* for commercial real estate practitioners). All other educational requirements for licensing and renewing licences remain the same.

In addition, the Agreement introduces a new fee structure for the mandatory *Legal Update* courses. Effective January 1, 2010, the course fee for all licensees is \$150 regardless of whether or not the licensee is a member of a real estate board. RECBC wanted, as part of its mandate to ensure public accountability by real estate licensees, to have the same fee structure for all licensees and not just those licensees who are members of real estate boards.

However, RECBC recognizes that due to diverse real estate board structures, some boards may collect all or part of the course fee through a pre-payment by way of monthly dues charged to board members. Therefore, for members, real estate boards are able to offer a reduced rate for the mandatory course. Attendees who have already registered and paid the 2009 rate for a course that has been advertised for 2010 will not be charged the new course fee.

Another element of the Agreement is a requirement to create an online version of *Legal Update*. Currently, the course is only offered in a classroom setting. An online version would provide REALTORS® with greater flexibility in selecting when and where they could take the mandatory course. In a recent survey of BC

What does this mean to REALTORS®?

- only ONE mandatory REP course (*Legal Update*) for REALTORS® renewing their licence in 2011 or 2012
- online version of *Legal Update* coming in or before July 2010
- a single course fee for all licensees across the province

REALTORS®, over 36 percent said that they would prefer online professional development courses. BCREA has committed to having *Legal Update* available as an online course by July 1, 2010.

BCREA and RECBC will be meeting twice a year to discuss how *Legal Update* is administered and to ensure a continued high standard of education for REALTORS® in the province.

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RECBC REAL ESTATE COUNCIL
OF BRITISH COLUMBIA

President's Report

Ensuring REALTORS®' Relevance

The economy and its impact on real estate has been this year's most dramatic story. The year started with sales at 25 year lows and ended with the second best December on record. As a REALTOR®, I know that we must use every tool at our disposal to provide professional, educated service to our clients.

BCREA has been working hard to ensure REALTORS® have a variety of information at their fingertips, from MLS® statistics to mortgage rate forecasts and broader macroeconomic trends, to share with clients and to help make sense of a turbulent market.

Education has been a key focus for BCREA this past year and I'm very happy to report that the Real Estate Council of British Columbia and BCREA have signed a Protocol Agreement regarding the harmonization of the Relicensing Education Program and the Professional Development Program (PDP).

This is a great step forward, as it simplifies the education requirement for licence renewal. In essence, this

Agreement means that *Real Estate E&O Insurance Legal Update* (or *Real Estate E&O Insurance Commercial Legal Update* for commercial real estate practitioners) becomes the only mandatory course for licensees with licences expiring in 2011 or 2012. You can read more about the Protocol Agreement on the front page.

The Harmonized Sales Tax (HST) was also a key focus and BCREA invested significant effort in broadcasting the message that BC homebuyers are being pushed to the brink to accommodate increasing tax demands from government. Over 7,000 letters were sent to MLAs through BCREA's website by concerned consumers and REALTORS® expressing their dissatisfaction with the HST. BCREA met with member boards, government officials, stakeholders and journalists to ensure that our message of unfair tax burdens on BC homebuyers was heard.

The provincial government's November announcement to raise both the new housing rebate threshold and the maximum available rebate was one result



President **John Tillie**

of that hard work. Indeed, Finance Minister Hansen acknowledged both consumer and industry input as the main factor in making those changes to lessen the HST impact.

Looking forward, we will continue our advocacy efforts with Government Liaison Days in April, where BCREA and member boards will meet with MLAs to further promote the goal of making home ownership more attainable and to minimize the financial burden on BC homebuyers.

John Tillie
President



Board of Directors 2009-2010

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 vitality
 - Housing opportunities
 - Environmental preservation
 - Property owner rights
 - Better communities
- Public trust

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Government Relations

HST Legal Advice for Homebuyers and Sellers

With the provincial government's implementation of the Harmonized Sales Tax (HST) on July 1, 2010, homebuyers and sellers across the province will be questioning how this new tax will affect them. In preparation for the HST and given the complicated nature of the related transition rules, BCREA is encouraging BC REALTORS® to recommend that their clients seek legal advice regarding the tax and how it applies to residential property.

With legal aid, REALTORS®' clients can strive for a better understanding of the rules and regulations related to the HST such as its impact on the purchase and sale of residential property in BC, how it will apply to

property leases and rentals, and HST rebates for new housing.

To aid REALTORS® in understanding the effects of the HST on their businesses, the Canadian Real Estate Association (CREA) and the Canada Revenue Agency (CRA) have both recently updated their HST and related transitional rules questions and answers (Q&A) documents. Both documents have been revised to add and update questions and answers following release of the BC government's information notice which addresses the transitional rules for residential real property. Topics of pertinence to licensees include how the HST will apply to REALTOR® services

and whether REALTORS® will recover the HST they pay on their costs.

REALTORS® have a collective responsibility to provide their clients with excellent service by providing a clear and stress free experience in the processes of purchasing and selling property. To help achieve this goal, BCREA hopes that licensees will maintain these professional standards by advising their clients to seek legal advice on HST related topics.

To read CREA's updated Q&A, visit CREA's REALTOR Link® homepage (www.realtorlink.ca). To read the CRA's Q&A document, visit their website at www.cra-arc.gc.ca.

Quality of Life

2009 Quality of Life Successes

Throughout 2009, BCREA's member boards put the Quality of Life program into practice through the following three initiatives.

REALTORS Care® Blanket Drive

In December of 2009, the Greater Vancouver, Fraser Valley and the Chilliwack and District Real Estate Boards focused on building better communities by working together to hold the fifteenth annual REALTORS Care® Blanket Drive. With participating real estate offices from Whistler to Hope as well as extensive public and corporate support, this incredible initiative managed to collect over 4,350 bags of clothing, coats and blankets for over 45 local charities and demonstrated REALTORS®'

support of individuals in need within their communities.

Home Energy Labeling

Throughout 2009, the BC Northern and Victoria Real Estate Boards each worked in partnership with their local municipalities and energy advisor groups to pilot home energy assessment incentive programs. By providing incentives to home sellers who participated in a home energy audit and posting the outcomes on MLS®, both boards worked to increase homes' marketability and simultaneously preserve the environment with a goal to affect change on government policy by making home energy labeling mandatory.

Realty Watch

The Greater Vancouver, Fraser Valley and Chilliwack and District Real Estate Boards participated in Realty Watch, a community crime prevention program run in partnership with local police and RCMP across the Lower Mainland. More than 13,000 REALTORS® assisted by observing and reporting suspicious activity and, in emergency situations, responding to fan-outs, to search for people who may be in danger. In May 2009, a White Rock REALTOR® received a fan-out and proved the program's success by realizing that his client was listed as missing. For further information, visit www.realtywatch.net.



The Armchair Analyst: Mortgage Interest Rates

Housing affordability has a significant impact on housing markets. One does not need to be an economist to understand that as the carrying cost of home ownership increases, some potential homebuyers will be unable to qualify for mortgage financing. Housing affordability is often reported as the gap between the price of a home and household income. For example, “the average home price is ten times the average income”. It is also commonly reported that since the current gap is head and shoulders above the long-term average, home prices *must* decline to match this so-called fundamental long-term average. This type of analysis ignores one basic fact; housing affordability is not just a function of incomes and home prices, mortgage interest rates also play a key role. Mortgage rates have been on a downward slide for more than 25 years, enabling a much larger gap between home prices and household incomes.

Interest rates are an important determinant of housing demand. Their impact on your mortgage payment or carrying cost can be dramatic. In 1982, when the 5-year fixed mortgage rate hit a high of 22.75 per cent, the housing market subsequently collapsed with home prices falling 40 to 50 per cent in many markets. The Armchair Analyst is wise to pay close attention to the direction and magnitude of interest rates. While low mortgage interest rates can be a powerful engine of demand, as recent activity demonstrates, very high interest rates can virtually pull the rug out from under any housing market.

The Bank of Canada, Canada’s central bank, influences variable mortgage interest rates. Its primary focus is to

keep inflation between one and three per cent with a target of two per cent. The Bank adjusts its trendsetting target overnight rate, the one day rate at which it lends to major financial institutions, in order to stimulate or slow the economy and inflation. Thus, the higher inflation typically associated with an overheated economy means that short-term interest rates will increase. The recent financial crisis created the opposite situation. Fear of a severe contraction in the economy and the potential ensuing deflation led the Bank to slash its trendsetting rate to 0.25 per cent in order to stimulate the economy.

Both short and long-term fixed mortgage rates move in tandem with deposit rates and bond yields of similar maturity. Since a mortgage embodies more risk than a bond, a premium is attached to a fixed mortgage rate. For example, 5-year fixed mortgage rates are typically around 250 basis points (+2.5 per cent) above the 5-year bond yield. However, there are exceptions. The financial crisis and sharp downturn in the stock markets had many investors fleeing to low risk options such as bonds. The resulting decline in bond yields did

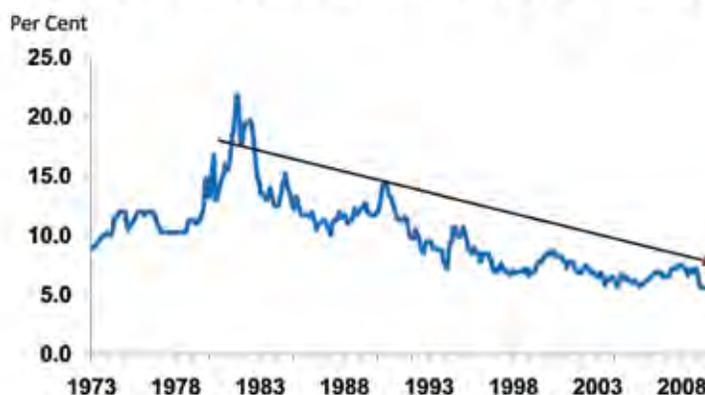


By Cameron Muir,
BCREA Chief Economist

not create an equivalent decline in fixed mortgage rates. The fallout from the subprime mortgage debacle widened the risk premium attached to mortgages, exceeding 400 basis points (+4.0 per cent) at the time.

A key determinant of mortgage interest rates is inflation and expected inflation. High inflation means the Bank of Canada will raise its target overnight rate to put the brakes on the economy. Bond investors will also require higher yields in order not to lose ground. With interest rates at or near historic lows, there is little doubt that economic recovery will induce inflation and higher mortgage rates. How long will it take for the economy to once again fire on all cylinders and will higher interest rates mean trouble for BC’s housing markets? We will explore these issues in the next installment of the Armchair Analyst.

5-Year Fixed Term Mortgage Rate



Source: Bank of Canada, BCREA

Community Involvement

2010 Olympics: REALTORS® Involved

As the province welcomes the 2010 Olympic and Paralympic Games, many British Columbians are preparing to take part in the festivities by attending events or watching the games in the comfort of their own homes. At this year's epic event, a few Canadian REALTORS® will be maximizing the experience by also volunteering and one licensee will even take a firsthand approach as a competitor in the Olympic Games while being watched around the world.

As a volunteer member of the hill decorating crew for the ski jumping event at the Olympics and a member of the range crew for the biathlon at the Paralympics, Vancouver REALTOR® Jim Woolsey knew that this was a once in a lifetime opportunity. Jim has relished the opportunity to be a volunteer and connect with people from across Canada and around the world at such an incredible celebration. Jim stated that hosting the games will be an experience which will leave a long lasting legacy for BC.

Richmond licensee, Larry Tavener, is also volunteering in many ways including acting as Vice Chair of a program in partnership with the Province of BC, called *Spirit of BC*, to promote community innovation, pride and excellence.

In an effort to leave a lasting memory of the games for British Columbians, Larry has helped organize "spirit boards". These panels, on which the public has written their feelings of what the games means to them, will be housed at skytrain stations across

Vancouver. Larry noted that given the opportunity to help promote and showcase Vancouver, who better to be involved than REALTORS® who know the area so well.

In the hopes of winning an Olympic gold medal, Alberta REALTOR®, Lyndon Rush, will test his metal by piloting the Canadian bobsled team. Born in Saskatoon, Saskatchewan, this Canadian licensee has taken the past year off of real estate, carrying with him the dream of competing at this level on a world platform. As a hard working REALTOR® and athlete, Lyndon hopes to use the teamwork, drive and competitive edge that he's acquired from years in the real estate industry to achieve this fantastic goal.

"The relevancy of this event is the same for REALTORS® as all the worth-while volunteering positions that licensees support every day," reported Jim Woolsey. "This is to support and promote the exciting, vibrant and sustainable communities that are part of our work and family life."

While hosting the 2010 Olympic Games in Vancouver was not welcomed by everyone, it seems to be a natural fit for REALTORS®, who are already so active in their communities.



BCREA hopes that the Olympic benefits will continue well after the Games and that they will, without a doubt, forever impact the pride that British Columbian's have for this incredible province.

BCREA is proud to report REALTORS®' involvement in the 2010 Olympic and Paralympic Games and wishes Canada's competing REALTOR® great success at the bobsledding event. REALTORS®' involvement and participation at the Games demonstrates not only the versatility of the profession but also the direct bond that licensees have with their communities, their province and the country as a whole.

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Current as of January 15, 2010. 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, and all courses that are also REP accredited are full-day courses and have been marked with an asterisks (*).

BC Northern Real Estate Board

- MARCH 29, PRINCE GEORGE**, *Real Estate E&O Insurance Legal Update 2010**
- APRIL 16, TERRACE**, *Real Estate E&O Insurance Legal Update 2010**
- MAY 13, PRINCE GEORGE**, *Real Estate E&O Insurance Commercial Legal Update**

Chilliwack and District Real Estate Board

- MARCH 10, CHILLIWACK**, *Ethics: Unlocking the REALTOR® Code*
- APRIL 7, CHILLIWACK**, *Real Estate E&O Insurance Commercial Legal Update**
- APRIL 27, CHILLIWACK**, *Contracts: Keep on Top of Changes**

Fraser Valley Real Estate Board

- FEBRUARY 26, SURREY**, *What Brokerages and REALTORS® Need to Know About Agency**
- MARCH 4, SURREY**, *Real Estate E&O Insurance Legal Update 2010**
- MARCH 18, SURREY**, *Foreclosures and Court Ordered Sales**
- MARCH 24, SURREY**, *Electronic Title Searching**
- MARCH 26, SURREY**, *What Brokerages and REALTORS® Need to Know About Agency**

Kootenay Real Estate Board

- MAY 4, CRANBROOK**, *Contracts: Keep on Top of Changes**
- MAY 5, NELSON**, *Contracts: Keep on Top of Changes**

Northern Lights Real Estate Board

- MARCH 2, DAWSON CREEK**, *Risk Management for REALTORS®**

Okanagan Mainline Real Estate Board

- APRIL 19, SALMON ARM**, *Ethics: Unlocking the REALTOR® Code*
- APRIL 20, VERNON**, *Ethics: Unlocking the REALTOR® Code*
- APRIL 21, KELOWNA**, *Ethics: Unlocking the REALTOR® Code*
- APRIL 22, KELOWNA**, *What Brokerages and REALTORS® Need to Know About Agency**

Real Estate Board of Greater Vancouver

(all courses held at REBGV unless indicated)

- What Brokerages and REALTORS® Need to Know About Agency**
MARCH 1, MARCH 18, MARCH 31, APRIL 8, APRIL 28, MAY 7, MAY 27
- Real Estate E&O Insurance Legal Update 2010**
MARCH 3, MARCH 19, MARCH 26 (MAPLE RIDGE), MARCH 30 (RICHMOND), MARCH 31 (BURNABY), APRIL 16, APRIL 27, MAY 6, MAY 18, MAY 31
- CONDO 101: Strata Law for REALTORS®**
MARCH 4, APRIL 7, MAY 4
- MARCH 9**, *Ethics: Unlocking the REALTOR® Code*
- MARCH 11**, *Representing Buyers in the Sale of New Homes and Condominiums**
- MARCH 12**, *Negotiating and Presenting Offers*
- MARCH 15 & 16**, *Accredited Buyer's Representative (ABR®)*
(9 PDP credits)
- Foreclosures and Court Ordered Sales**
MARCH 17, APRIL 14, MAY 19
- CONDO 202: Advanced Strata Law for REALTORS®**
MARCH 24, APRIL 22, MAY 25
- Contracts: Keep on Top of Changes**
MARCH 25, APRIL 21
- APRIL 12**, *Electronic Title Searching**
- Real Estate E&O Insurance Commercial Legal Update**
APRIL 13, MAY 12
- APRIL 15**, *Disclosure Issues & Risks**
- Selling Tenant-Occupied Properties (S.T.O.P.)**
APRIL 16 (GIBSONS), APRIL 20
- MAY 5**, *Risk Management for Commercial REALTORS®**
- MAY 20**, *Know Your Product*
- MAY 21**, *Win/Win: Conflict Resolution Skills for REALTORS®*

South Okanagan Real Estate Board

- APRIL 16, PENTICTON**, *Buyer Agency**

Vancouver Island Real Estate Board

- MARCH 4, NANAIMO**, *Professional Standards Enforcement: Practices E&O Procedures*

Victoria Real Estate Board

(all courses held at VREB unless indicated)

- Ethics: Unlocking the REALTOR® Code*
FEBRUARY 26, MARCH 12, MAY 27
- MARCH 9**, *Selling Tenant-Occupied Properties (S.T.O.P.)**
- Real Estate E&O Insurance Legal Update 2010**
APRIL 7, MAY 31 (EDUCATION ON VACATION CRUISE)
- APRIL 29**, *Contracts: Keep on Top of Changes**
- MAY 5**, *What Brokerages and REALTORS® Need to Know About Agency**
- MAY 30 (EDUCATION ON VACATION CRUISE)**, *Negotiating and Presenting Offers*