

WINTER/SPRING 2003

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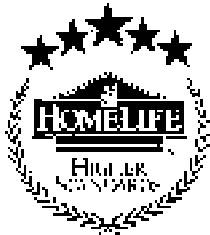
Food for thought ...

“Let a joy keep you. Reach out your hands and take it when it runs by.”

... Sandburg

Courtesy of:

ROB DRYSDALE



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MORE GOOD NEWS

TAXPAYER WINS IN COURT!

The taxpayer was a partner in a Vancouver law firm who needed \$300,000 to buy a house. He withdrew the funds from his partnership, bought the house, then borrowed \$300,000 and loaned it back to the partnership. He then proceeded to claim the interest on the loan as a deductible expense on his personal tax return (i.e. on the basis that the loan was used for investment or business purposes).

The tax department disallowed this deduction on the basis that the money borrowed was used to purchase a home. (i.e. Canada Customs and Revenue Agency “looked through” the series of transactions and determined that this was the real reason for the “shuffling”. Upon appeal by the taxpayer, however, the Supreme Court held that it was clear that the taxpayer had used the borrowed funds to refinance his partnership capital account, and this finding was not altered by the fact that the borrowing and purchase of the home had occurred on the same day. It was an error to treat the whole matter as one simultaneous transaction as each transaction had to be viewed independently. Viewed that way, the taxpayer had simply borrowed funds directly for the purpose of refinancing his partnership capital account and, thus for the purpose of earning income from his law firm. *As such, the interest was incurred for investment purposes and was deductible.*

Are you thinking of buying a house? Do you have idle cash in your business? The above case precedent might give you some ideas about restructuring your financing strategy.

Courtesy of:

Pagnanini Edwards Lam, Chartered Accountants

Telephone: 604-299-9274 Email: Info@accountantsplus.ca

**Disclaimer: Not intended to solicit properties already listed*

RENTAL/INVESTMENT — PROPERTIES —

↑ ROB'S UPDATE

WINTER/SPRING 2003



Residential Mortgage Rates

Best residential rates as of January 9, 2003

Term	Posted Rates	Our Best
6 Months	5.55%	4.55%
1 Year Closed	4.80%	3.90%
2 Year Closed	5.50%	4.60%
3 Year Closed	5.90%	4.65%
4 Year Closed	6.20%	5.00%
5 Year Closed	6.45%	5.25%
7 Year Closed	7.10%	5.90%
10 Year Closed	7.60%	6.15%

Courtesy: Jared Dreyer,
INVIS: 604-649-5991

RENTAL MANAGEMENT SERVICES

To have your rental property operate carefree, have it looked after by Cathy Mantel @ HOMELIFE PROPERTY MANAGEMENT.

Cathy offers a very competitive service with a low monthly fee with **no start up charge.**

*For more information call:
(604) 590-2037*

Thought of the Month:

"One word frees us of all the weight and pain of life. That word is love."

... Sophocles

MARKET STATISTICS

INCREASE IN SALES AND PRICES MARK YEAR FOR FRASER VALLEY

With sales volumes not seen in 9 years and residential prices showing increases in nearly all areas, 2002 proved to be a banner year for the Fraser Valley real estate market. Sales closed at 16,106 for 2002, 19% higher than the 13,567 properties sold in 2001. New listings in 2002 did not deep pace with sales. There were a total of 24,676 new listings processed, an increase of only 5% compared to 2002. By the year's end there were only 4,602 total active listings on the Fraser Valley MLS, a 26% decrease compared to 2001.

The average selling price of detached homes in Surrey was \$260,993, an increase of 10.8% over a year ago. North Delta, with less new construction, saw an increase of 2.8% to average sale price of \$255,184. Over the entire Fraser Valley the average sale price of \$252,224 marked a 10.4% increase. Due to continuing low interest rates (5.25% 5 year money) it is anticipated that the 2003 spring market should be very active.

Take advantage of this window of opportunity: Buying or selling for experience, enthusiasm and results call Rob at 604-597-7292.

AMMENDMENTS TO THE RESIDENTIAL TENANCY ACT

The British Columbia Real Estate Association is providing input into a number of proposed amendment to the RTA which will be most likely voted on in the Provincial Legislature this year.

Key changes in the act will allow for annual rent increases of 3% to 4%, and landlords will be able to carry forward increases if they do not raise rents in a given year. Also if landlords are willing to allow pets, they will be permitted to collect an additional deposit to cover any damage that might be caused by pets. Owners will also be able to collect extra deposits for keys and garage door openers to reduce replacement costs that can be incurred.

Rob will do a special mailer once the amendments become law.

Courtesy of Cathy Mantel: Homelife Property Management.

MARKET EVALUATION

Whether you are considering selling your rental property in order to take out your equity, take advantage of your capital gains tax exemption reservation made in 1994 or **planning to sell your principal residence** I will be pleased to do an up to date market evaluation at no cost or obligation to you. Please call **604-597-7292.**

EXPERIENCE — TO SERVE YOU BEST



Rob Drysdale

For more than 18 years Rob has been working as a professional Realtor in the Fraser Valley. Specializing in residential and investment property sales, his knowledge of the market and community is impressive, and has served his clients exceptionally well over the past years.



Company Profile

Benchmark Realty was established in Langley in 1983 with seven salespeople. Within one year additional branches were added in White Rock and Surrey and boasted 75 salespeople. In 1986 a long search for a franchise partner ended by hooking up with Homelife Realty Services. Homelife Realty with 9 offices and 300 salespeople is a major force in the Fraser Valley Real Estate market.