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Food for thought ...

“As far as we can discern the sole purpose of human existence is to kindle a light in the darkness of mere being.”

... Carl Gustav Jung

Courtesy of
ROB DRYSDALE



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RENTAL PROPERTIES

Minimize Your Tax – When you Sell

When you sell a rental property, you must report the gain or loss from the disposition for tax purposes. (Technically, the tax impact of the disposition should be calculated separately for the land and building components of the sale as a different tax result can occur when “recapture” arises on the sale of the building, or a capital loss occurs on the sale of the land). For the purposes of the article, however, a very simplistic example of a gain(loss) calculation is provided:

Example

Proceeds of Sale	\$250,000
• Selling costs	15,000
Net Proceeds	235,000
• <u>Adjusted Cost Base</u>	<u>100,000</u>
Capital Gain(Loss)	<u>\$135,000</u>
	x 50%

Taxable Capital Gain = \$67,500

(Only 1/2 the capital gain is taxable)

As can be seen from this formula, in order to minimize your taxes you must ensure that you report all your selling costs and ensure that all allowable costs are included in your adjusted cost base.

Checklist

Have you included the following Items . . . ?

<i>Sell Costs</i>	<i>y/n</i>	<i>Adjusted Cost Base (“ACB”)</i>	<i>y/n</i>
1. Realty or commissions		1. Purchase price	
2. Advertising costs		2. Property purchase tax paid	
3. Legal or notary fees re: sale		3. Legal or notary fees re: purchase	
4. Repairs done for purposes of sale		4. Capital improvements	
5. Related disbursements		5. Increase in ACB re: 1994 election	
6. Others?		6. Others?	

In certain circumstances, additional items and special tax rules can also affect the calculation of your adjusted cost base and capital gain/loss). Further, if the property sold was ever the principal residence of you/your spouse, additional tax benefits may be available. In any event, to ensure you get the best tax result, start by organizing your information using the above checklist, then consult your tax advisor to ensure you are calculating your gain/loss appropriately and that you are taking advantage of all opportunities to minimize tax.

Contributed by Kathryn Edwards, CA
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**Disclaimer: Not intended to solicit properties already listed*

RENTAL/INVESTMENT — PROPERTIES —

↑ ROB'S UPDATE

WINTER/SPRING 2004

2003 MARKET STATISTICS

In 2003, the real estate market in the Fraser Valley experienced the busiest market in more than a decade. A total of 18,351 sales were processed through the Fraser Valley Multiple Listing Service— an increase of 13.9% over 2002.

Housing prices increased across all communities in 2003. The average year to date price of a single-family detached house in the Fraser Valley rose \$30,000 an increase of 10.9%. In 2002 the year-to-date average price was \$271,464 which shot up to \$301,121 by the end of 2003.

The median price of a residential detached home in North Delta at the end of December 2003 was \$291,000, while the median price for Surrey was \$317,500. Surrey higher value is due to the large numbers of newer homes sold.

Great interest rates, strong consumer confidence and pent-up demand have all been factors in the market over the last year.

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



Residential Mortgage Rates

Best residential rates as of January 30, 2004

Term	Our Best	Posted Rates
6 months Closed	4.30%	5.30%
1 Year Closed	3.40%	4.30%
2 Year Closed	3.90%	4.80%
3 Year Closed	4.40%	5.50%
4 Year Closed	4.65%	5.80%
5 Year Closed	4.85%	6.15%
7 Year Closed	5.35%	7.15%
10 Year Closed	7.70%	7.55%

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:

“Of all forms of caution, caution in love is perhaps the most fatal to true happiness.”

... Bertrand Russell

AMENDMENT TO THE RESIDENTIAL TENANCY ACT

As of January 1, 2004, the changes to the RTA come into effect. One new addition which will ease some worries about marijuana grow operations in your rental property is that tenancies may be ended for illegal activities. Landlords may end tenancies for illegal activity that has, or is likely to cause damage to the landlord's property, adversely affect the quiet enjoyment, security, safety or physical well being of another occupant, or jeopardize a lawful right or interest of the landlord or another occupant.

Rob has enclosed an information sheet of highlights of the recent changes.

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 19 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.