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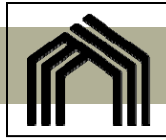
British Columbia Enacts Significant Changes to the Strata Property Act

In December of 2009, the Province enacted several changes to the *Strata Property Act* (the "Act"). Some of the key changes which take effect January 1, 2010 include:

1. **Special Levies:** Strata corporations must account for funds raised by special levy, separately from other strata funds. The strata corporation must invest those funds in investments permitted by the regulations or in insured accounts with savings institutions in British Columbia. They may also charge interest on money owed and outstanding by strata owners per a special levy. As a result, the strata corporation will be able to register liens against a strata lot for interest owing due to late payment of the levy. Lastly, some special resolutions fail where a bare majority but not a $\frac{3}{4}$ super-majority of strata owners vote to assess a special levy to repair or replace common assets. In such instances the Act now permits the strata corporation to apply to either Provincial or Supreme Court, not later than 90 days from the vote, for an order authorizing the special levy be assessed and the repairs go forward, irrespective of the failure to achieve the requisite $\frac{3}{4}$ vote.
2. **Rental Restrictions:** Under the new provisions, new strata corporations would not be able to change rules about rental units that impact the rights of owners and purchasers or the marketability of the units. Owners would be able to continue to rent their units until the date the rental period originally defined by the developer in the Form J Rental Disclosure Statement expires. Existing strata owners do not benefit from these changes.
3. **Age Restrictions:** The Act now grants strata corporations the express authority to pass bylaws restricting the age of persons who may reside in a given strata lot.

In addition, look for the following provisions in the Act to be brought into force later in 2010:

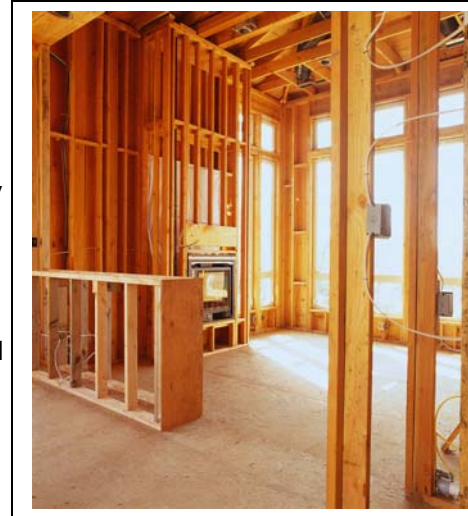
1. **Audited Financial Statements:** The Act will require that the strata corporation's financial statements be audited. Owners and purchasers reviewing the statements will know they are materially correct and conform to generally accepted accounting practices. This audit requirement may be waived by a $\frac{3}{4}$ vote of the strata owners.
2. **Depreciation Reports:** Strata corporations will be required to obtain regular depreciation reports (a "Report"). The Report must estimate repair and replacement costs for major items in the strata corporation, as well as the expected lifespan of those items. Owners may waive this requirement by a $\frac{3}{4}$ vote. Strata corporations must disclose the Report in a Form B request made by owners or purchasers or their representatives.
3. **Changes to Dispute Resolution:** Under the former provisions of the Act most Strata disputes were required to be submitted to the B.C. Supreme Court for resolution. Under the new provisions, many of these same disputes may proceed in Provincial Court.
4. **Form B Information Certificates:** In addition to requiring that the Form B details the most recent depreciation report, the new provisions of the Act will require that the Form B detail which parking stalls and storage lockers are allocated to a particular strata lot.



HST to Become Payable on GST-Qualifying Residential Real Property Transactions

As you are no doubt aware the British Columbia government has proposed the enactment of a harmonized sales tax, the HST. HST will apply to the sale and purchase of new or substantially renovated housing units. If the sale of a housing unit is currently subject to the GST, it may become subject to the HST.

Under the HST the Provincial Government will provide significant rebates, both for builders and purchasers, intended to make the effective taxes payable on the purchase of new or substantially renovated homes equivalent to the taxes currently payable per the Goods and Services Tax. The following table provides a simple summary of the applicability of HST on the sale of new or substantially renovated housing. For more detailed information please contact Mullin DeMeo or your professional tax adviser.



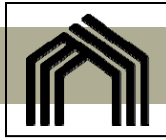
	Completion/Possession On or Before June 30, 2010	Completion/Possession On or After July 1, 2010
Contract of Purchase and Sale Signed On or Before November 18, 2009	No HST Payable – current GST rules continue in force and effect	No HST Payable due to grandparenting provisions– current GST rules continue in force and effect
Contract of Purchase and Sale Signed After November 18, 2009	No HST Payable – current GST rules continue in force and effect	HST Payable – Both GST and HST rebates are potentially available

It is important to note that due to the unpredictable nature of construction timelines, some Contracts of Purchase & Sale may be signed at a time when the buyer and seller are not certain whether completion will occur in advance of July 1st, 2010 or not. In addition, it should also be noted that in some circumstances the HST rebates will be assignable by the buyer to the seller.

The maximum HST rebate will be available on the sale of new or substantially renovated homes valued at \$525,000 or above. The rebate will be calculated as 70.43% of the PST portion of the 12% HST tax, equivalent to 5/7 of the PST. The rebate will max out at \$26,250.

Please see the following page for a summary of the increased transactional costs, incorporating all applicable taxes, on the purchase of new or substantially renovated housing in British Columbia under the HST.

(cont'd)



Price of new or Substantially Renovated Home	Property Transfer Tax on Non-Exempt Purchases	GST Payable (current)	GST New Housing Rebate (current)	Total Purchase Price (current)	HST Payable	GST Portion, New Housing Rebate	BC Portion, New Housing Rebate	Total Purchase Price Under HST	New Home Cost Increase
\$150,000	\$1,500	\$7,500	\$2,700	\$156,300	\$18,000	\$2,700	\$7,500	\$159,300	\$3,000
\$200,000	\$2,000	\$10,000	\$3,600	\$208,400	\$24,000	\$3,600	\$10,000	\$212,400	\$4,000
\$250,000	\$3,000	\$12,500	\$4,500	\$261,000	\$30,000	\$4,500	\$12,500	\$266,000	\$5,000
\$300,000	\$4,000	\$15,000	\$5,400	\$313,600	\$36,000	\$5,400	\$15,000	\$319,600	\$6,000
\$350,000	\$5,000	\$17,500	\$6,300	\$366,200	\$42,000	\$6,300	\$17,500	\$373,200	\$7,000
\$400,000	\$6,000	\$20,000	\$3,150	\$422,850	\$48,000	\$3,150	\$20,000	\$430,850	\$8,000
\$450,000	\$7,000	\$22,500	\$0	\$479,500	\$54,000	\$0	\$22,500	\$488,500	\$9,000
\$500,000	\$8,000	\$25,000	\$0	\$533,000	\$60,000	\$0	\$25,000	\$543,000	\$10,000
\$550,000	\$9,000	\$27,500	\$0	\$586,500	\$66,000	\$0	\$26,250	\$598,750	\$12,250
\$600,000	\$10,000	\$30,000	\$0	\$640,000	\$72,000	\$0	\$26,250	\$655,750	\$15,750
\$650,000	\$11,000	\$32,500	\$0	\$693,500	\$78,000	\$0	\$26,250	\$712,750	\$19,250
\$700,000	\$12,000	\$35,000	\$0	\$747,000	\$84,000	\$0	\$26,250	\$769,750	\$22,750
\$750,000	\$13,000	\$37,500	\$0	\$800,500	\$90,000	\$0	\$26,250	\$826,750	\$26,250
\$800,000	\$14,000	\$40,000	\$0	\$854,000	\$96,000	\$0	\$26,250	\$883,750	\$29,750
\$850,000	\$15,000	\$42,500	\$0	\$907,500	\$102,000	\$0	\$26,250	\$940,750	\$33,250
\$900,000	\$16,000	\$45,000	\$0	\$961,000	\$108,000	\$0	\$26,250	\$997,750	\$36,750
\$950,000	\$17,000	\$47,500	\$0	\$1,014,500	\$114,000	\$0	\$26,250	\$1,054,500	\$40,250
\$1,000,000	\$18,000	\$50,000	\$0	\$1,068,000	\$120,000	\$0	\$26,250	\$1,111,750	\$43,750

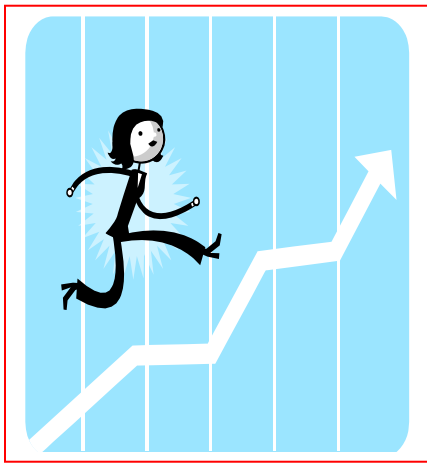
Disclaimer/Note

The above is for informational purposes only and is not a legal or tax opinion. All information and specific circumstances should be reviewed and discussed thoroughly with your client's qualified legal and tax advisor. It may also be advisable to insert a condition precedent within a contract for your client's benefit regarding the foregoing.



Provincial Government Winds up the Homeowners' Protection Office Reconstruction Loan Program

This past summer, Minister of Housing and Social Development Rich Coleman announced that the HPO reconstruction loan program would cease accepting applicants effective July 31st, 2009, while all of the no-interest loans approved prior to the July 31st deadline will continue to be honored. Going forward it is uncertain whether the provincial government intends to revive or otherwise recreate this popular program. Mullin DeMeo will keep you updated if and when changes to the HPO program arise.



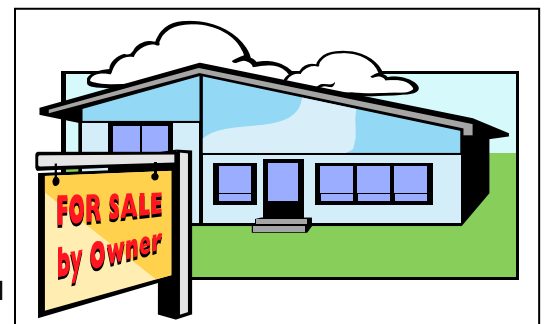
Victoria Real Estate Market Sees Marked And Sustained Rebound From 2008 to 2009

It won't come as a surprise to local real estate professionals that 2009 saw a significant change in the health and vitality of the Victoria real estate market. Throughout the year listing prices rose significantly, the volume of listings and the pace of sales were much improved, and the speed with which the local real estate market rebounded from late 2008's lows was encouraging for Buyers, Sellers, and real estate professionals alike. Major strata property developments continued apace, with projects including Waterstone, the Falls, La Vie At Millstream Village, the 834 and Reflections all either beginning sales or reaching completion during the year.

How much of an overall improvement did the local real estate market see? According to the Victoria Real Estate Board ("VREB"), the total volume of all real estate sales in Greater Victoria rose by 24 per cent year over year. Accordingly, the total value of all real property transactions through the Victoria Real Estate Board's Multiple Listing Service® (MLS®) system rose by more than 20 percent! When averaged out over the totality of 2008 and 2009, prices remained relatively flat, with no increase in detached single family dwellings and minor declines noticeable in strata properties overall.

2010: What to Look For in the New Year

Mullin DeMeo is paying close attention to a host of issues as we begin 2010. The Provincial Government may yet enact or bring into force further changes to the *Strata Property Act*, as detailed on page 1 above. The Province has yet to enact the HST, and there may be additional changes to the specifics of this new tax as it pertains to real property transactions. There has also been musing by public officials concerning changes to other legislation affecting real property transactions, including the *Real Estate Development Marketing Act*.



Finally, Mullin DeMeo will keep you up to date on the unexpected and ongoing developments that are a regular part of all aspects of real estate law. Whether pertaining to real property, agency, banking, or professional liability, corporate, creditor-debtor, contract or fraud, our lawyers are committed to keeping themselves current on the latest developments in the law and passing that information on to you.

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About Us

Mullin DeMeo maintains one of the busiest real estate law practices in British Columbia and certainly on Vancouver Island. Each year, Mullin DeMeo processes more real estate transactions than any other firm in the Victoria area.

We have a staff of six lawyers, fifteen legal assistants, a land title agent, electronic filing capability and advanced technology, all dedicated to providing excellent legal services in real estate matters.

All major financial institutions in Victoria have approved us to prepare mortgage documentation and we are counsel for several local branches. Our lawyers maintain a good working relationship with Victoria Real Estate Board members, and we are called upon on a weekly basis to speak to Realtors on legal issues.

We are proud to have been the first law firm in British Columbia to submit Land Title Documents by electronic filing. In fact, Peter DeMeo was the first lawyer in the province to obtain and use a digital signature molded exclusively by the Law Society of B.C. Mr. DeMeo has since been regularly invited to speak to various legal groups and both the legal and real estate community respects his expertise with electronic filing of real estate documents.

The goal of our firm is to provide a level of service that will ensure that our clients are fully satisfied and will wish to remain long-term clients of the firm. If you would like further information please contact us.

Visit us at:

www.realestatelawvictoria.com

The information in this newsletter is for information purposes only and is only intended to be of general nature. It is not, and should not be taken as, legal advice. You should not rely on, or take or fail to take any action, based upon this information. Never disregard professional legal advice or delay in seeking it because of something you have read in this newsletter. Each property transaction is unique and it is important that the parties involved have good communication with their advisors - realtor, lawyer, bankers - in order to ensure they are fully advised.

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