



BEACON LAW CENTRE

Lawyers & Notaries Public

Specializing in

- real estate law
- business law
- wills & estates

With us you receive:

- plain language
- up-front approach
- work quoted by the job, not the hour.
- prompt service
- friendliness
- value for money

Offices in:

- Sidney
- Brentwood Bay
- Broadmead

More info on back page

"If you can dream it,
you can do it."

– Walt Disney

Raising the Bar

Issue 3, Winter, 2010

Welcome to *Raising the Bar*, a quarterly newsletter for clients and friends of Beacon Law Centre. We intend this newsletter to maintain a valued business relationship at any stage – even after our legal services for you are completed.

With *Raising the Bar*, we hope to keep up the best aspects of our service: meaningful information, trusted advice, and outstanding service. In turn, you can pass on our name, and maybe even this newsletter, to someone else who might need our services.

FIRST PERSON: Steve McKenzie, Retired Retailer

Now an elderly widower, Steve McKenzie once owned and managed a popular downtown department store in a small city on the mainland. This father of three has accomplished much for his family. After his wife of 52 years passed on, he bought a house on the south island with his youngest daughter, Julie, and her husband Ian. He paid for his half outright. His daughter and son-in-law got a mortgage for theirs.

bought house with daughter & her husband

Julie and Ian live upstairs. Steve lives downstairs. When they bought the house a few years ago, the title was registered as 'joint tenants' so that, assuming Steve would die first, ownership would pass to Julie and Ian without probate. If Julie and Ian die before Steve, ownership of the house would go to him; not to their children.

home equity, financial security

Concerned about the tough economy, Julie and Ian wanted to refinance the house (get a new mortgage) to pay off credit card debt and get a secured line of credit to invest with. Because of the line-of-credit component of the new mortgage, the lender required Steve's name be removed from the title to the house. The lender also required Steve to guarantee the mortgage.

agreements made

Between themselves, Steve and Julie agreed that he would still be an owner, even though his name would be removed from the title. With this father-daughter understanding, sealed with a handshake, Steve agreed to sign the lender's papers. He then went to Beacon Law Centre for independent legal advice, as required by the lender.

another agreement required

Beacon Law Centre pointed out that no documents reflected the agreement between Steve and Julie

that he would remain an owner of the house. With Steve's consent, Beacon Law Centre drafted a co-owners agreement. Under it, Julie and Ian hold half of the property in trust for Steve. It confirms their shared responsibility for the expenses of ownership (e.g. property taxes, utilities). It also confirms that Julie and Ian are fully responsible for their mortgage, sets out the procedure to sell the house if one of them wants to sell, how the proceeds-of-sale would be divided between them, and a way to resolve any disputes (mediation first).

other bases covered

Beacon Law Centre also drafted a codicil (addendum) to Steve's will confirming that his share of the property would go to Julie and Ian on his death – necessary because his existing will would give his estate, including his interest in the house, to Julie and her two siblings.

legal smarts used

Finally, Beacon Law Centre prepared a life estate registered against the title to the house. This confirms that Steve

is entitled to live in the house for the rest of his life. It also makes him eligible to continue to claim the senior's home owner grant of \$845 per year. Without that, Julie and Ian could only claim the regular grant of \$570 per year. This will save them \$275 per year for as long as Steve lives in the house. Registration of a life estate can require payment of property transfer tax, but an exemption applies because the house is Steve's residence.

better for all

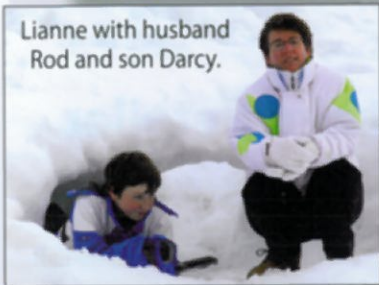
Had Steve not received and followed Beacon Law Centre's advice but just signed the lender's documents, things might not turn out so well. Rather, with Beacon Law Centre's involvement, the new arrangement is better for the whole family. Steve could count on one more accomplishment for himself and for his family. 🏠

This story is a composite of multiple real-life stories. Names have been changed to protect privacy.





Lianne with husband Rod and son Darcy.



Del Elgersma,
Lawyer, Partner



Lianne Macdonald,
Lawyer, Partner



Kelvin Scheuer,
Lawyer, Associate

PERSONNEL PROFILE: Lianne Macdonald, Lawyer, Partner

Lianne is one of Beacon Law Centre's two founding partners. She has been practising law for 20 years. She currently specializes in estate work, helping people who have recently lost a family member to settle various estate needs. She also has a great deal of expertise in business law, real estate, and preparing wills.

Lianne grew up in a small coastal community, rich in culture and the arts. She devotes personal time to her family, early-

morning gardening, boating, and reading. Volunteer work, too – see below.

Lianne is a university scholarship winner and a graduate of the prestigious University of Victoria Law School. She is a member of the Canadian Bar Association.

What Lianne most enjoys about practising law is the strong bonds formed assisting long-time clients to meet lifetime challenges and celebrate lifetime achievements. 🏡

LEGAL NEWS: Taxes and Real Estate

Several types of taxes can affect real estate: municipal property taxes, property transfer tax, capital gains tax, non-resident withholding tax, probate tax, and HST. Real estate law is a specialty area for Beacon Law Centre and we can provide advice to minimize the impact of these taxes.

Sales of used residential properties were exempt from GST and continue to be exempt from HST. As was the case with GST, the HST applies to sales of newly constructed homes and sales of commercial properties. Rebates for the purchase of new homes are available to qualifying purchasers:

- HST New Housing Rebate and BC HST New Housing Rebate for buyers of a new principal residence.
- HST Residential Rental Property Rebate for investors.
- PST Transitional Housing Rebate for homes on which construction was at least 10% complete by July 1, 2010.

Property transfer tax applies to most real estate transfers. There are a few exemptions, such as the exemption for the transfer of a principal residence between related parties.

Beacon Law Centre handles transactions involving real estate anywhere in BC. It uses the land title electronic filing system, which makes closings faster and greatly reduces the chance of costly delays.

Thanks to clients who refer friends and colleagues for these and related services. 🏡



COMMUNITY INVOLVEMENT

On the peninsula as anywhere, 20 years as a volunteer is a long time. Lianne Macdonald has been a willing volunteer for that long. Her service as a volunteer includes:

- Saanich Peninsula Chamber of Commerce.
- Memorial Park Society.
- Town of Sidney Museum Advisory Committee.
- Rotary Club of Sidney By The Sea.

Lianne chaired the Rotary Club's initiative to raise the funds for the town to build a children's water spray park at Iroquois Park in Sidney – coming soon. You could also see Lianne ringing the Salvation Army bells in December near Tanner's bookstore to raise funds for the Sally Ann's good works. 🏡

THREE LOCATIONS

Sidney

104-9717 Third St.
Sidney, BC, V8L 3A3

Victoria (at Royal Oak)

4599 Chatterton Way,
Victoria, BC, V8X 4Y7

Brentwood Bay

5-7115 West Saanich Rd.
Brentwood Bay, BC, V8M 1P7

e-mail: newsletter@beaconlaw.ca • Phone: 250-656-3280 • Monday to Friday, 9 AM to 5 PM.



Beacon Law Centre (BLC) is a leading south-island boutique law firm. BLC concentrates on real estate, business law, wills, and estates. We provide service from offices in Broadmead, Sidney, and Brentwood Bay. *Raising the Bar* is one way we keep in touch with clients and friends. We also respect your confidentiality. If you want us to add or remove your name and address from the *Raising the Bar* mailing list, then send e-mail to newsletter@beaconlaw.ca. Please share the newsletter with others. When you recommend BLC, that is our best advertising.