

Less public protection plan could prove very unpopular

TORONTO - There's a move afoot in North America to make people more responsible for the safety of their money.

The way it is now, the Canada Deposit Insurance Corp. covers deposits of up to \$60,000 a person at any one financial institution. Bankers say this encourages people to seek the highest return, regardless of how sound the bank or trust company may be.

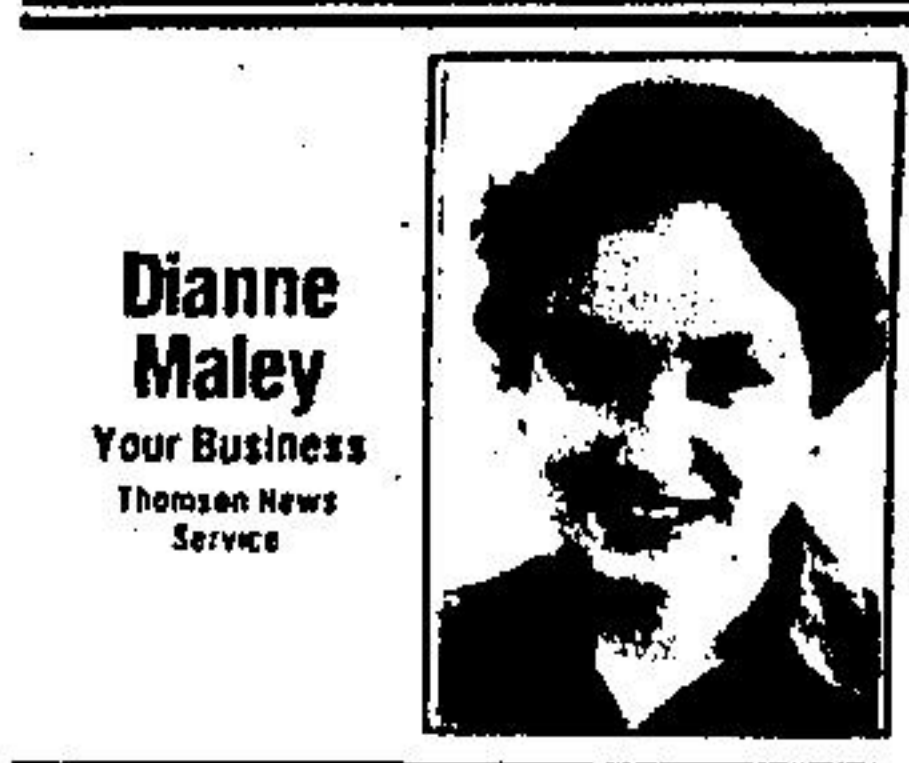
They are right. Even so, a move to less public protection will not be popular.

In the United States, the Treasury Department itself wants to lower the limit on deposit insurance, now \$100,000 (U.S.). The Treasury Department is like Canada's Finance Department. The U.S. government is facing the incredible \$500-billion (U.S.) bailout of failed savings and loan institutions.

Canada has had its own share of bank and trust company failures; there may be more before the current slowdown is over. The suggestion that depositors may be part of the problem rings true.

NAYSAYERS

Yet not all financial institutions agree. Indeed, big and little ones have their own reasons for taking sides in the debate. Making depositors shoulder more of the



Dianne Maley
Your Business
Thomson News
Service

responsibility for the safety of their money would favor the Big Six banks.

The Canadian Bankers' Association thinks it is a terrific idea. The Trust Companies Association of Canada does not.

"How can you expect a depositor to assess a financial institution when the authorities sometimes have difficulty," says John Evans, president of the Trust Companies Association. He has a point. But National Trust, for example, thinks the bankers are right. After all, it is the smaller trust companies that cause a problem.

The bankers' plan, first set out in 1985, runs like this:

Deposits would be fully insured up to \$20,000. Deposits of more than \$20,000 would be 75-per-cent in-

sured, up to \$75,000. After that, depositors would be on their own. This plan has the advantage of protecting small depositors.

No one expects changes to be made soon. But if more financial institutions fail, the heat will be on deposit insurance. After all, when banks and trust companies fail, the taxpayer ends up footing the bill.

TROUBLING SIGNS

South of the border, the savings and loan bailout is beginning to hit home. President George Bush said it was the reason he decided to raise taxes. The disaster is spilling over into the U.S. real estate market as desperate lenders try to unload foreclosed property.

We can't afford to have something similar happen here, even on a much smaller scale.

A persuasive counter-argument to the banks' plan is that government regulators should be able to keep financial institutions in line. Instead, they have failed miserably in some cases. This has not been for want of trying.

The problem is that regulators have too little power to catch irresponsible financial institutions in time. Often, by the time regulators get their hands on the financial statements of the non-regulated parent company, the institution is insolvent. There is no easy solution.

Real Estate Board was formed to protect property owners interests

Well over 60 years ago, a group of real estate salespeople decided to form an association for the purpose of protecting the interests of property owners while working to elevate the industry in the eyes of the public. This practice has evolved dramatically over the years, and today, 115 real estate boards are in operation across Canada.

But, as the public usually interacts with the members of the real estate board - or Realtors - and not the board itself, chances are that the actual operation of such an organization may be unknown to the average customer. Here then, is a look at a typical real estate board and the role it plays, not just in the industry, but in the community as well.

The prime reason for a board's existence is the operation of a Multiple Listing Service (MLS). The MLS is a system through which information about properties for sale is made accessible to all members of the board. This provides for a greater exposure to broker offices, thus increasing the opportunities for a speedy sale. And through either direct computer access or the printed version of the information, Realtors have a superior selling tool at their fingertips when working to match sellers and buyers. MLS is also invaluable in providing statistical outlooks on the housing market's status at any given moment.

Equally as important in a board's functions within a community or a region is enforcement of a strict Code of Ethics and high Standards of Business Practice. The board provides a forum in which to adjudicate complaints and can, in some cases, impose or recommend disciplinary action as a result of improper business practices. The interests of both the consumer, and the board members are thus protected.

Another key function relates to

education. Once they have received their real estate licence and have chosen to become members of the board, Realtors can receive further orientation in areas such as career development, the use of the MLS, computer training, and other formative courses to supplement the formal training towards licensing and specialization. And, by liaising regularly with provincial associations, the board maintains a proper supply of tools and materials to ensure a high quality of education among its members.

Although these functions constitute the basis of operation of a real estate board, other services, in varying degrees, are also provided.

For instance, the board can act as a resource centre for Realtors to research various economic and market aspects of the industry. It can also provide its members with literature, audio-visual aids and other materials useful in their daily activities. In all areas of the country, resale statistics are made available to help in determining a fair market value for a given type of property.

As well, the board participates in CREA's Political Action Committee, which is in fact an impressive lobbying force that acts on behalf of both the industry and the consumer. It monitors federal housing and taxation policy, and issues of national concern such as housing affordability, income and sales tax reform, and employment standards for the industry. Similar efforts at the provincial and municipal levels put valuable Realtor expertise at the disposal of policy makers.

In addition to its efforts on the legislative, educational and economic fronts, the board may also be involved in community services of various types. The board either initiates programs or, at least, en-

courages its members to take part in activities that benefit charitable organizations and the community as a whole, through programs such as "Realty Watch".

Much work is done by the members and staff of your local real estate board. Next time you talk to an agent, find out if he or she is a Realtor; this means he or she is a member of the board, subscribes to a strict Code of Ethics and Standards of Business Practice and has much to offer in looking after your real estate needs.

This article is supplied by The Canadian Real Estate Association to benefit consumers in the housing market. For more information about the purchase or sale of a home, contact your local real estate board, or get in touch with your neighborhood Realtor.



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Survey Completed Wednesday, July 18, 1990	MORTGAGE RATES ANNUAL INTEREST					
	SIX MONTH	ONE YEAR	TWO YEAR	THREE YEAR	FOUR YEAR	FIVE YEAR
TRUST COMPANIES						
Canada Trust	14.25	14.25	14.25	14.25	14.25	14.25
Municipal Trust	N/A	13.75	13.75	14.00	14.00	14.00
CHARTERED BANKS						
Bank of Commerce	N/A	14.25	14.25	14.25	14.25	14.25
Bank of Montreal	14.25	14.20	14.25	14.25	14.25	14.25
Bank of Nova Scotia	N/A	14.25	14.25	14.25	14.25	14.25
Royal Bank	14.25	14.25	14.25	14.25	14.25	14.25
Toronto Dominion	N/A	14.25	14.25	14.25	14.25	14.25

This survey was prepared to help the Herald Homestyle readers track weekly Bank and Trust Company rates.

Advanced House mirrors the future

If you thought that being environmentally responsible and living in an energy efficient home meant sacrificing comfort or style, think again. The Advanced house, located in Brampton, offers state-of-the-art solutions and a creative design for the future.

This 3,100 sq. ft. model home uses energy efficient technology from the roof to the basement. According to Elizabeth White, project manager, "The Advanced House is a small step towards environmentally responsible housing. It demonstrates that new products and technologies, many developed in Canada, can dramatically reduce total home energy use without compromising comfort, safety or style."

It was the job of five ARIDO (Association of Registered Interior Designers of Ontario) members to design The Advanced House interior and transform the initial empty space into a pleasing and livable home. Anita Aiello of Designs Concepts, Margi Billesdon of Margael Designs Inc., and Pat Saya of Anna Patricia Interior Design Inc., with the assistance of Virginia Warwick and Colette Anthon worked on the project for over six months, and donated all design fees.

The designers wanted to prove that the high-tech, energy efficient features built into The Advanced House would not look out of place in a traditional French country interior. The design team worked almost entirely with donated products and materials including low-toxicity paints and natural materials for furnishings and finishes wherever possible. The result is a perfect balance between leading edge technology and suburban comfort.

There are a variety of ways to become energy efficient in your own home; The Advanced House offers practical and efficient solutions to everyday household demands on

energy. Here are some examples:

- All appliances are smaller and more compact; they use 40%-80% less energy than conventional appliances.
- Windows are extra efficient at keeping the heat in, triple glazed, and make use of passive solar heating.
- Natural lighting is maximized wherever possible with skylights.
- Fluorescent lighting is used throughout the house which saves approximately 80% of the energy of a regular incandescent light; for example, one 18 watt fluorescent bulb gives the same light as a 75 watt incandescent bulb and lasts 13 times longer (regular light fixtures were easily adapted to fit fluorescent bulbs).
- High levels of cellulose insulation made from recycled newspapers drastically reduces space heating and cooling energy.
- The sun room floor acts as a solar collector which stores heat for the rest of the house.
- The fireplace burns at very high temperatures and stores heat in the masonry.

The savings are impressive. Total energy consumption of The Advanced House is 27% of an equivalent conventional home built to Ontario Building Code standards. Building these features into a new home will cost more initially, but will be recovered over time through energy savings. Many of the ideas from The Advanced House can be incorporated into your own home either with slight modifications or during renovation.

The Advanced House, located in Brampton, is open to the public all year from 12 p.m. to 6 p.m. Wednesday, Thursday and Friday and from 10 a.m. to 4 p.m. on Saturday and Sunday.