

Buying a Home in BC



This publication is for those who want to buy a home in British Columbia. It steps you through the process, from making an offer to closing the deal. It also explains the common legal documents involved — in language you can understand.

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About this Publication

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About People's Law School

People's Law School is a non-profit society in British Columbia, dedicated to making the law accessible to everyone. We provide free education and information to help people effectively deal with the legal problems of daily life.



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Introduction

This publication is for those who want to buy a home in British Columbia. It steps you through the process, from making an offer to closing the deal. It also explains the common legal documents involved — in language you can understand.

At People's Law School, we believe accurate, plain English information can help people take action to work out their legal problems. This publication explains in a general way the law that applies in British Columbia, Canada. **It is not intended as legal advice.** For help with a specific legal problem, contact a legal professional. Some sources of legal help are highlighted in the Where to Get Help section.

We've tried to use clear language throughout. See the Glossary section for definitions of key legal terms, which are also bolded in the text.

The information is current to November 2019.



Visit peopleslawschool.ca for more in-depth coverage of buying a home.

Before you make that offer...

Got five minutes? Our **online checklist** will walk you through the purchase contract. It explains what you're signing — clearly and simply.



Find it at peopleslawschool.ca

What You Should Know

New homes vs. previously owned homes

This information is aimed at buyers of **previously owned homes**. Some of the information will be useful for buyers of newly constructed homes. **BC Housing** offers *Buying a Home in BC: A Consumer Protection Guide* for buyers of newly constructed homes.

Tip

If you're buying a condo, townhouse, or other **strata** housing, see page 15 for additional things you'll need to consider.

The money you'll need

Before you start looking for a new home, consider what you can afford. This way, you won't waste time looking for homes outside your price range. Be realistic. Consider your other financial goals, like saving for retirement,

education costs, and travel. Make room for unexpected job loss or illness.

The money you need now

No matter how you decide to finance your home purchase, you'll be paying a large amount of your own cash right at the start. This will include:

- **The down payment.** The portion of the purchase price you pay yourself.
- **Closing costs.** The costs associated with buying a new home. Some typical closing costs include property transfer taxes, legal fees, and home inspection. Most lenders will also require that you show proof of home insurance before they will provide your lawyer or notary with mortgage funds.

Your ongoing costs

Owning a home is a big commitment. You don't have to pay rent, but there are other ongoing costs you'll need to budget for:

- **Monthly mortgage payments.** Most people need to borrow a lot of money to cover the rest of the purchase price. You'll pay the lender back (typically monthly), with **interest**. If you don't make your payments on time, the lender may have the right to sell your home. This arrangement is called a **mortgage**.
- **Other ongoing costs.** As the homeowner, the costs of owning will come out of *your* pocket. They include property taxes, home maintenance, home insurance, utilities, and strata fees (if you buy into a **strata**).

Making an offer to purchase

If you find a home you want, you must make a written **offer** to buy it. Your offer should include the terms (such as the purchase price) on which you're prepared to buy the property.

In BC, there's a standard **contract of purchase and sale**. The buyer's realtor will usually fill out this contract. It tells you what your rights are, what commitments you're making, and the strict deadlines you must meet. For more information, see our section on understanding the paperwork on page 8 below.

You can add conditions to your offer



"We thought we'd found our dream home, at a price we could afford. We couldn't believe our luck! Turns out there was a major drainage issue which would have been too expensive to fix. We're so relieved the inspector flagged this issue. Including a subject clause helped us dodge a bullet."
– Reggie, Langley

It's common for a buyer to make an offer after viewing the home just once, especially when the market is hot. But how can you satisfy yourself that you're not hit with a nasty surprise (or two) once you've handed over the cash? Adding conditions (or **subject clauses**) to your offer will buy you time to address these risks.

You can choose to walk away from the deal if you're not satisfied that the conditions in your subject clauses have been met by a certain date. This date is called the **subject removal date**.

You can make your offer subject to:

- Getting loan approval.
- Your lawyer's approval of the agreement.
- Being satisfied with the results of a home inspection.
- Selling your own home by a certain date.
- Checking **zoning** and title to the property.

Tip

The law says you must make all reasonable efforts to remove your subject clauses. For example, you can't decline to remove your financing clause just because you've found a property you like better.

When you become locked into the contract



"House hunting was a crazy, sometimes deflating experience. We felt priced out of the market. So when we found a decent home that we could actually afford, we put in an offer to buy it. But we thought the offer was like an 'expression of interest.' The seller accepted our offer, and suddenly we were locked in! Soon, we were wondering if we were settling for something less than what we really want."
– Jameela, Vancouver

There are different ways the seller can respond to your offer. They can:

1. **Ignore** your offer or **reject** your offer. If they do either of these things, you're free to keep looking and to make offers to other sellers.
2. Cross out some of your terms and add new ones. If the seller changes your offer in any way, it becomes a new offer by the seller known as a **counteroffer**. For example,

the seller might propose to increase the purchase price.

The counteroffer cancels your original offer. You must then decide if you want to accept the counteroffer or make a counteroffer of your own to the seller. You don't have to accept a counteroffer.

3. **Accept** your offer within the set time limit. To accept your offer, the seller must sign the contract without changing it. They must also tell you that they've accepted your offer.

The purchase contract is **legally binding** as soon as an offer or counteroffer is accepted in writing. Legally binding means you and the seller must each perform your obligations under the contract (or risk being taken to court).

Tip What if you added **subject clauses** to your offer? Once the seller accepts your offer, they're locked in — they can't cancel the contract without consequences. As the buyer you've bought some time to thoroughly answer any questions you might have. If you can't satisfy the subject clauses, you can walk away.

Hiring a lawyer or notary

Most buyers hire a **lawyer** or **notary public** to help close the deal. Their role is to deliver what you're expecting, without surprises. Generally this means registering your name on title as the owner of the property clear of financial **encumbrances**.

Buying a home is a major expense and a complicated process. A good lawyer or notary public will walk you through. They'll make sure you understand the paperwork. They'll make sure things are done on time.

Using a lawyer or notary (and requiring the seller to use one) can help protect you from **real estate fraud**. For example, someone could pretend to be the true owner of a property and sign documents fraudulently. The seller's lawyer or notary will check the seller's

identification to confirm their name matches the name registered on title.

Tip You can expect to pay about \$900 to \$1,500 for a lawyer or notary for help with buying a home.



Six Steps to Buying a Home

Step 1. Decide if you're hiring a real estate agent

You can look for a home on your own or may decide to ask a professional to help you. As a buyer, you don't pay your realtor. The seller typically pays a commission to both their own realtor and the buyer's realtor from the sale proceeds.

There are advantages to working with a **real estate agent**. Realtors are connected to networks of potential sellers. They can help you navigate a complex process by:

- helping you clarify the type of home you need and can afford
- helping you make a written offer to purchase
- explaining the steps to complete the purchase
- explaining the forms used

When it comes to realtors, reputation matters. If you decide to use a realtor, ask for recommendations or look online. How well do

they know your preferred neighbourhoods? Do they understand your lifestyle needs? Pick someone you trust and are comfortable with.

If you decide to look for a home on your own, good places to start looking are local newspapers and the internet.

Tip Real estate agents must be licensed. You can use the licensee search from the **Real Estate Council of BC** to see if an agent is currently licensed.

Step 2. Look into mortgage options

It's a good idea to get "pre-approval" for a mortgage before making an offer to purchase. Shop around to get the best terms.

While "pre-approval" is a good indication that you'll get the loan you need, it's not a sure thing. If you need to borrow money to complete the sale, consider making your offer "subject to" you securing satisfactory financing. You'll be able to get out of the contract if the financing falls through.

Tip Visit peopleslawschool.ca for more information on getting a mortgage and what to expect when you meet a lender or broker.

Step 3. Make an offer

When you find a home you want to buy, make an **offer to purchase**. In most residential sales in BC, a realtor will help write up the offer on a standard contract of purchase and sale form.

Your offer should include the following items. The terms below are all *negotiable terms*. The seller can choose to accept, reject or propose a change to any or all of them.

- **The purchase price.** As the buyer, you set the purchase price you're willing to pay. Choose a realtor who knows the local market. They can help you put in an offer that's competitive, but not overpriced. Also,

find out if you have to pay GST on top of the purchase price.

- **Time limit.** Give the seller a time limit to accept your offer — normally a day or two. If the seller doesn't accept it by then, your offer expires, allowing you to make an offer on another property.
- **Deposit.** You'll have to pay a **deposit**. This is typically 5% to 10% of the purchase price. The deposit should be paid to the realtor in trust, not directly to the seller. In most cases, you'll want to keep it low.

Tip You pay the deposit once your offer is accepted. If you added conditions (**subject clauses**) to your offer, you pay the deposit once you've satisfied (or **waived**) the conditions.

- **Your desired completion date and possession date.** The "**completion date**" is when your name will be registered on **title** as the legal owner of the property. It's also when you'll need to pay the seller the balance of the purchase price.

The "**possession date**" is when you can legally take "physical possession" of the home. Usually, it's the date you get the keys to your new home.

- **List of fixtures.** When someone sells a home, all the **fixtures** go along with it. A fixture is anything that's attached to the home such that removing it would cause damage or require repair. The bathroom sink is an obvious example.

Specifically list in the offer anything you want the seller to include in the sale, such as appliances, curtains, mirrors or chandeliers. Add a sentence that the purchase price includes these items.

Remember to include any **subject clauses** for conditions that are important to you. It's risky to make an offer with no conditions. You'll also have to propose a **subject removal date**. Usually, one week is plenty. But think about

how much time you'll need to satisfy your specific inquiries.

Before you sign the offer, read it carefully. It may lead to a legally binding contract! If there's anything in it you don't like or that doesn't apply, you can change it. If you're making major changes, consider getting legal advice before you sign.

Tip

Before you make an offer, visit peopleslawschool.ca to use our **home buyer's checklist**. It will help you understand what you're signing. And it only takes five minutes! You can also learn more about the standard purchase contract at page 8 below.

Step 4. Remove any subject clauses

Typically, buyers ask for a week to remove subjects but you can ask for more time. Once agreed upon, it's a strict deadline. To avoid scrambling, get on top of things straight away.

Tip

At page 12 below, you can learn more about the documents you'll come across when you're trying to satisfy the subject clauses.

Here are some steps you might take to remove some common subjects:

- **Obtain loan approval.** Let your lender know you've made an offer to purchase. Most lenders require an **appraisal** of the home before they commit to the mortgage. The lender will usually arrange for the appraisal. They may ask you to pay for it.
- **Complete a home inspection.** An inspection usually takes two to four hours. Make time to attend and take notes. If the inspection turns up any problems, you can ask the seller to fix them or to reduce the purchase price. **Consumer Protection BC** has information on what to expect from a home inspection.

If you don't remove the subject clauses, the contract ends. On the other hand, if you're satisfied the conditions have been met, give **written notice** to the seller that you're removing the conditions.

After the subjects are removed

Here are some things that should happen shortly after the subjects are removed:

- Give the seller the deposit to secure the sale. This is usually done through your realtor, or lawyer or notary. That way, if the seller backs out, your deposit is being held somewhere safe.
- Arrange for "all risk" insurance coverage *from 12:01 am on the completion date onwards*. Most lenders require proof of insurance before they'll provide any funds for the sale.
- Find a lawyer or notary and let them know the deal is firm.

Step 5. Prepare the transfer paperwork

You should touch base with your lawyer or notary well before the completion date. Then, you'll meet with them again on, or a few days before, the completion date to sign the closing documents. Don't be afraid to ask questions. It's important you understand each document you're signing. See page 13 for an explanation of the documents you'll be asked to sign when closing the deal.

It's your lawyer or notary's job to make sure you understand the process. Here are some other things you can expect them to do (and explain to you):

- **Ask how you wish to hold title to the property.** You can hold the property as "**joint tenants**" or as "**tenants-in-common**."
- **Examine title.** They'll be looking for any charges against the property (known as **encumbrances**) that reduce its value, or restrict the property's use.

- **Coordinate payments.** Your lawyer or notary will tell you how much money you must pay on closing. Your lawyer or notary will arrange to forward this money to the seller's lawyer or notary.

Tip

Bring a certified cheque or banker's draft for the amount of your closing balance. Just because money is sitting in a bank account under your name, that doesn't mean you'll have immediate access to it. Well before closing, check in with your financial institution to ask how much lead time they'll need.

- **Deal with your lender.** If you have a mortgage, your lawyer or notary will receive instructions from your lender. They'll make sure any documents your lender requires are in place. They should also explain the terms of your mortgage to you.
- **Prepare the transfer documents.** Your lawyer or notary prepares the transfer documents and sends them to the seller's lawyer or notary. The seller signs the documents and returns them.
- **Register you as the owner.** Your lawyer or notary will register the transfer documents and the mortgage with the **Land Title Office**.

Step 6. Complete the sale

When your lawyer or notary has received all of the purchase money — and the Land Title Office has confirmed the registration of the transfer documents — they pass the money to the seller.

Your realtor will give you the keys to your new home on the "possession date." Be sure to set up utilities services, as well as any telephone and internet accounts.



Understand the Paperwork



"The seller's realtor told us the roof was in great shape. It started leaking a week after we moved in, and we had to borrow \$20,000 to get it replaced. There was nothing in the purchase contract about the state of the roof, so we couldn't get the seller to cover this expense."
– Jose, Squamish

There are common documents you'll come across at these key stages of the process:

- making an offer (with a purchase contract)
- satisfying subject clauses
- closing the deal

The purchase contract

If you find a home you want to buy, the next step is to make a written offer to the seller. In BC, this is typically done using a standard **contract of purchase and sale**.

You generally can't rely on anything the seller (or their realtor) says about the property if it's not written in the contract. Unless they're deliberately misleading you, oral comments by the seller won't be binding on them.

Here are **ten more things** you should know about the standard purchase contract.

1. When the standard purchase contract is used

The standard purchase contract is published jointly by the **Canadian Bar Association BC Branch** and the **BC Real Estate Association**. It's used for most residential sales in BC.

If you're not using the standard purchase contract, or if you're making changes to it, the information below may not apply. A different contract may be used if you're:

- Buying a home before it's built. You'll be asked to enter a **pre-sale contract**. These are written by the developer's lawyers and strongly favour the developer.
- Building a new house. The builder will ask you to sign a **construction contract**. This is a standard contract developed by the **Home Builders' Association of BC**.

Tip It's a good idea to make your offer to buy any home on the condition that your lawyer approves the contract.

2. The contract sets out your rights and obligations

The purchase contract is the key document when buying a home in BC. It sets out the rights and obligations of both the buyer and the seller. It says who must do what, and by when.

The basic promises made in the contract are as follows:

- the seller promises to transfer ownership of the home to the buyer
- in exchange, the buyer promises to pay the purchase price to the seller

Each party promises *now* to do these things at a date in the future (called the "completion date"). By signing the contract, you agree to certain terms and conditions that are attached to these promises.

3. When you become locked into the contract

Your offer should contain the terms on which you're prepared to buy the home. The seller can choose to accept or reject your offer. When a seller accepts your offer, they agree to sell the home to you on the terms of that offer. The seller can also propose a change to the terms of the offer (called a **counteroffer**), such as asking for a higher sale price.

The purchase contract is **legally binding** as soon as an offer or counteroffer is accepted in writing. You and the seller must each now perform your obligations under the contract (or face legal consequences).

Tip What if you included **subject clauses** in your offer? You can walk away from the deal if you can't satisfy them.

4. Key dates in the process

Once an offer is made, the legal process follows a general timeline. In your offer, you must propose the dates on which you want certain steps in the process to take place.

- **Date and time the offer expires.** When you make an offer, you must put a time limit on the offer. Usually it's a day or two. If the seller doesn't accept or make a counteroffer in time, the offer expires. Both parties can walk away.
- **Subject removal date.** If you include subject clauses in your offer, you must propose a date by which you'll satisfy your inquiries. By this date, you must tell the seller whether you want to go ahead with the sale. This is typically a week or so. But it depends on the complexity of the issues you're trying to resolve.

If you don't confirm whether you want to proceed by this date, the contract ends. This means that neither party is required to go ahead with the deal.

- **Completion date.** This is sometimes referred to as the “closing date.” It’s when ownership of the home is legally transferred to you, as the buyer. You must also pay the balance of the purchase price to the seller on this date. This date is usually 30 to 90 days from the acceptance of the offer, but may vary depending on your needs, and those of the seller.
- **Possession date.** This is the date you can take “physical possession” of the property. It’s usually one or two days after closing. Practically speaking, it’s when you’ll receive the keys and can move in. If it’s a rental property, it’s when the new landlord (the buyer) takes charge of the building.

5. You must take the deadlines seriously

In a standard purchase contract, the parties agree that “time is of the essence.” This means each party must meet strict deadlines — or face the legal consequences. If you do miss a deadline, the seller *may* choose to overlook it. But don’t count on it.

For example, if you don’t pay what you owe by the completion date, the seller might cancel the contract and keep your deposit. They can also sue you for any losses they experience as a result of your failure to complete.

6. How the property is described

At the top of the standard purchase contract, the property is described by:

1. The street address.
2. A legal description of the property, from the Land Title Office records.
3. Property identifier (or PID). This number is used by the Land Title Office to uniquely identify a “parcel” of land.

You’ll be more familiar with street addresses, but it’s not the only thing to pay attention to. Your lawyer or notary should check that all descriptions refer to the property you think you’re buying.

7. The risk of damage passes from the seller to the buyer

There’s always a risk that fire, flood, vandals or disgruntled tenants cause damage to the property once the contract is signed. In the standard purchase contract, the seller is responsible for damage or loss to the property, up to (but not including) the **completion date**. After that time, the risk passes to you, as the new owner of the property.

Tip Consider purchasing “all risk” home insurance that covers you for property damage starting at 12:01 am on the completion date.

8. What the seller promises to give the buyer



“We thought we’d found the perfect spot on the Sunshine Coast. We’d hoped to build our retirement home, alongside a separate cottage for when our kids and grandkids came to visit. We made an offer, but it turned out there were some restrictions on how we could use the land. Our lawyer said there were limitations on putting up secondary buildings, and restrictions on boat parking. These restrictions came with the land — we couldn’t remove them. It wasn’t meant to be.”

– Adrian, Vancouver

In a standard purchase contract, a seller promises to deliver to the buyer title “free and clear” of all encumbrances, except those agreed upon in the contract. The seller is locked into this promise once they accept an offer or counteroffer.

Let’s unpack some of these legal concepts:

- **Delivering title.** The seller transfers ownership of the property to the buyer. They do this by registering the transaction with the Land Title Office on the completion date.



Having “title” to land means you legally own it. In BC, the Land Title Office keeps an official record of who owns what land.

- **Free and clear of encumbrances.** An encumbrance represents the right of someone other than the property owner to use the property, or to claim a debt against it. It typically reduces the value of the property or restricts its use.

Most buyers assume they’re buying the property with no restrictions attached. But under the standard contract, the seller promises to deliver clear title *subject to some exceptions*.

Generally, the seller doesn’t have to remove *non-financial* encumbrances. For example, there may be a **restrictive covenant** on the title. This prevents something from being done to or with the property. The covenant could, for instance, prevent multi-unit dwellings. Under the standard purchase contract, a seller wouldn’t be required to remove this type of charge.



Tip Put your mind to this when making an offer: make your offer subject to searching title for any charges that might affect the use or value of the property. If any restrictions are found, ask yourself whether it’s still a good purchase for you.

9. What’s included in the sale

A **fixture** is anything that’s attached to the home such that removing it would cause damage or require repair. The bathroom sink is an obvious example. When someone sells a home, all the fixtures go along with it. On the other hand, anything you can move without causing damage to the property is called a **chattel**. Appliances such as the washer, dryer, fridge and stove are chattels.



Tip It’s not always clear what’s included in the sale. Specifically write in your offer anything you want included in the sale. A seller might specifically exclude anything they want to take with them.

10. What the buyer promises to give the seller



“We made an offer on a condo, and put down \$50,000 for the deposit. Shortly after, Elise got a job offer in Australia. It was too good to pass up. But it was bad timing because the market had crashed since we’d made the offer. If the seller put their home on the market now, they’d get way less than what we’d promised to pay. Our lawyer told us if we pulled out of the deal, the seller would keep our deposit, and could sue us for their loss. We decided to complete the purchase, and find a place to rent in Australia.”

– Georgia, Surrey

As the buyer, your basic promise is to pay the seller the **purchase price** for the home by the completion date.

The **deposit** is an amount of money you will give to the seller to secure the sale. It’s usually paid when an offer is accepted or when subjects are removed. You must pay the purchase price (less the deposit you already paid) on the completion date. If you’re taking out a mortgage, some of this money will come from your lender.

If you don’t complete the sale, the seller can choose to:

- **Cancel the agreement and keep the deposit.** The seller may be able to claim additional **damages**. Damages are compensation paid to a person for loss or injury.
- **Continue with the sale.** If a buyer tries to back out of a binding contract, the seller could sue them for **specific performance** of the contract. This is where a court

forces a party (in this case, the buyer) to go through with the sale. The seller could also sue the buyer for damages arising from the failure to complete the sale.

Satisfying subject clauses

You can attach conditions to your offer. You do this by writing subject clauses into the contract. If you can't satisfy the conditions — for example, if you've made selling your current home a condition of your offer, and nobody buys it — you can walk away. Here are **three documents** you may come across during this period.

If you're buying a **condo** or other strata housing, see page 15 below for an overview of the other documents you should review.

1. Property condition disclosure statement

The property condition disclosure statement provides information that's of interest to potential buyers. It's usually referred to as a PDS.

Sellers aren't legally required to complete a PDS. But it's become standard practice in BC. If your realtor doesn't mention it, ask them to request one. The seller should include key information about the property that a potential buyer would want to know. For example, is the property connected to a municipal sewer or on a septic system?

Under the law, a seller must tell a buyer about any **material latent defects** they're aware of. Sellers usually do this by filling out a PDS. A material latent defect is a problem that can't be detected by a reasonable inspection of the property. Common examples include:

- a history of flooding or insect infestation
- structural damage to the property
- underground storage tanks located on the property
- problems with the drinking water

Take what the seller says in the PDS with a grain of salt. As long as a seller is honest, the

law doesn't require that what they're telling you in the PDS is correct. If you want to know something about the state of the property, look into it independently.

As well, you cannot rely on anything the seller or their realtor only says *orally*.



Consider incorporating the statements made in the PDS into the purchase contract. That way, the seller is bound by anything they say in the PDS.

Say a seller *honestly believes* there's no termite problem, and they say so in the PDS. After the sale completes, you discover there actually was an existing termite problem.

Normally, the seller's honest disclosure would get them off the hook. But, if the PDS formed part of the contract, you could sue for damages. Ask your realtor or lawyer about wording you can use to incorporate the PDS into the contract.



2. Home inspection report

Most buyers get a home inspection before committing to the purchase. Having an expert check the home is the best way to get an honest and informed opinion about its condition. An inspector will visually examine the property and provide you with a home inspection report. They check a building's systems and structural components such as electrical, plumbing, structure, insulation and ventilation.

Take the time to read the report carefully. Expect a lot of detail — the reports are designed to be comprehensive. All homes have problems, even relatively new ones. Some problems are significant, and others are no big deal. When reading the report, focus on the problems that would make the home unliveable, or would be expensive to repair.

Tip Make time to attend the inspection so you can hear everything first hand and ask questions. There's no substitute for seeing the issues for yourself.

A home inspection can't guarantee you'll uncover every problem. The report must list areas that were not covered by the inspection. For example, an inspector can't comment on spaces that aren't reasonably accessible or visible. This means they might not be able to tell you if there's a defect behind walls, underneath floors, or in an attic. They're also not required to inspect any evidence of water penetration, condensation and mould.

3. Title search

Having "title" to land simply means that you will be legally recognized as owning it. The Land Title Office keeps an official record of who owns what land in BC. It also keeps a record of any **encumbrances** that might be registered against the property. These are charges that may restrict how the property can be used, or reduce its value, such as mortgages or easements.

Before you commit to buying a home, you should satisfy yourself that you'll be able to use the property as you intend. A **title search** shows who the owner of the home is, and any related encumbrances. Any existing *financial* charges (such as a mortgage) must be removed by the seller as part of the sale.

A title search may also reveal *non-financial* charges against the property that restrict how the land can be used. For example, you might not be allowed to build multi-unit dwellings on the land. Under the standard contract, a seller

isn't required to remove these non-financial charges from the property. The restrictions come with the property.

It's common for the buyer's realtor to obtain a title search during the subject removal period. If anything unusual comes up, they should tell you to talk to a lawyer. Once the deal is firm, your lawyer or notary will also do a title search.

Closing the deal

The final document signing usually takes place at the office of your lawyer or notary. This happens on, or a few days before, the "completion date." Here are **six common documents** your lawyer or notary might get you to review or sign on closing.

1. Transfer ownership with a "Form A Transfer"

When someone sells their home in BC, they have to fill out a document called a **Form A Transfer**. This is filed with the Land Title Office. Then the official record is updated to reflect that you're the new owner of the property.

This form is typically prepared by the buyer's lawyer or notary, but it's signed by the seller. As the buyer, you should check that:

- Your name is spelled correctly. The form should show your full legal name. Ask your lawyer or notary what to do if this name differs from the name that appears on your purchase contract.
- The form correctly indicates the way you want to hold the land (as **joint tenants** or **tenants-in-common**). If you're unsure, ask your lawyer or notary to explain the difference to you.
- Your address is correct. If you're moving into your new home soon, use your new address. This is how you'll receive important mail related to the property, such as property tax assessments.

2. File taxes with a property transfer tax return

When you buy property, you're responsible for filing a **property transfer tax return** with the Land Title Office. You'll also have to pay any related property transfer taxes. If you don't do this on time, the Land Title Office may refuse to register you as the new owner of the property.

Typically, the buyer's lawyer or notary completes the return. They'll ask you to sign it. They should also tell you how much tax you need to pay. Generally, you give this amount to your lawyer or notary, and they'll pay it to the Land Title Office on your behalf.



There are some exemptions. Your lawyer or notary can help you figure out whether you need to pay property transfer tax.

3. Calculate how much you owe with a "statement of adjustments"

A **statement of adjustments** is a document that lays out the financial obligations of the buyer and seller.

The final line on your statement of adjustments tells you how much you must pay to complete the transaction. The calculation starts with a debit for the purchase price. Adjustments are then made to increase or reduce the amount you still owe (to the seller or to others).

A **"debit"** is something you must pay for when the deal closes. Debits *increase* the total amount of money you must pay. Typical debit adjustments include the following:

- Property transfer tax, goods and services tax (GST) if it applies, lawyer or notary fees.
- Property taxes. A seller might have already paid an annual bill for property taxes. Some of those taxes might relate to a time when *you* will own and use the land. The adjustment recognizes that you must pay the seller back for that amount of property tax.

- Strata fees. Similarly, a seller might have prepaid monthly strata fees for the month you're moving in.
- Title insurance. This insurance protects your lender from problems related to the property's title. You can also purchase your own title insurance at the same time.

A **"credit"** is money you've already paid to the seller (for example, a deposit), or you've paid or will pay to a third party on behalf of the seller. A credit *reduces* the amount of money you must pay on closing. Some typical credit adjustments include the following:

- The deposit. This is a credit because you've already paid this part of the purchase price to the seller.
- Any amounts you're borrowing that your lender will pay on your behalf. The mortgage reduces the amount of the purchase price that you have to pay out of your own pocket.
- Property taxes, strata fees, or utility expenses. You might receive the bill for expenses that relate to a time when the seller owned the home. Adjustments should be made for these.



Your lawyer or notary should alert you to any upcoming property tax bills. Make sure to budget for the payment.

4. Get financing with a "mortgage loan agreement"

If you're borrowing money to buy your home, you should have already met with your lender (or a mortgage broker) to negotiate the terms of your mortgage. At closing, you'll need to sign the **mortgage loan agreement**. This is the agreement between you and your lender that sets out the terms of the mortgage.

Your lawyer or notary should clearly explain the terms of the mortgage to you. Make sure you understand the fees, type of loan, interest rate, payment amount and schedule. Are they

what you were expecting? Make note of when your first mortgage payment is due.

You should know that getting mortgage pre-approval doesn't guarantee you'll get the loan. It's the mortgage loan agreement that locks your lender into the arrangement.



Visit peopleslawschool.ca for in-depth information about getting a mortgage.

5. Authorize the payment of money with a “direction to pay”

A **direction to pay** contains *your* instructions for what to do with the mortgage money. Your lawyer or notary will prepare this document for you, but you'll be asked to sign off on it. You may instruct:

- your lender to pay the mortgage amount to your lawyer or notary
- your lawyer or notary to allocate the mortgage money to different parties (for example, to the seller, to taxing authorities, or to pay legal fees)

6. Register the mortgage with a “Form B Mortgage”

A mortgage gives the lender a “charge” — meaning an interest or a right — against the property. That charge gives the lender rights if you default on the mortgage. For example, if a borrower doesn't make their payments on time, the lender can sell the property to pay the debt.

A **Form B Mortgage** is a document that's filed with the Land Title Office. It tells the Land Title Office about the lender's rights against your property. The form also provides key details about the mortgage, such as its amount, the interest rate, and the loan period. You'll be asked to sign this form.

You'll also be asked to sign a document acknowledging you received copies of:

- the Form B Mortgage, and
- the standard mortgage terms.



If You're Buying a Condo or Other Strata Housing

Strata housing is an arrangement where you buy a home within a community. Owning a home in this way involves sharing, and owning, common space with others. You're in a legal relationship with the other owners. There are many perks to strata living. But there are some key things you should consider before making an offer on strata property.



Here, we give a brief overview of some things to consider. Visit peopleslawschool.ca for more detailed information on what to watch for before making an offer on a condo, duplex, townhouse or other strata housing.

Understand the legal framework

“Strata” is a type of ownership

“Strata” refers to a way that you can legally own property. Strata housing is a collection of units contained in a larger building or complex. Each unit represents a private dwelling, legally a **strata lot**.

It's not the size or shape of a development that makes it a strata. It's the ownership structure. You can own condos, townhouses, duplexes, and even a single-family house in a strata with others.

What you own

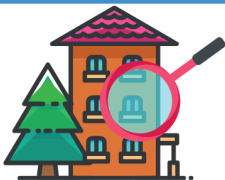
When you buy into strata housing, the following things happen:

1. **You own your individual strata lot.** Your private dwelling belongs to you.
2. **You become a member of a strata corporation.** Through the strata corporation, you own common property and common assets, together with the other owners. You're also responsible for common expenses.

A strata corporation manages the strata

The strata corporation is responsible for managing and maintaining the strata's common property and common assets. An elected **council** of owners performs the strata corporation's duties. The council works like a board of directors. It handles the finances and arranges for the day-to-day upkeep of the strata — things like cleaning the gutters, shovelling snow, or fixing the roof. The council also enforces the strata's rules and **bylaws**.

When you buy into strata



You become the owner of your individual **strata lot**.



You become a member of a **strata corporation**.



Through the strata corporation, you own **common property** with the other owners.



The strata corporation **manages + maintains** the strata.

The buying process

The information above on the home-buying process outlines key factors to consider when buying any type of home. There are additional things to consider before making an offer on strata property.

There are additional documents to review

Make sure to review the following documents:

- The **Form B information certificate** is a key document. It provides important information about the unit that's for sale. It also tells you about the strata corporation. It should attach the current budget, rules, and a depreciation report (if any).
- **Title to the strata.** This can reveal limitations on the use of the lot, or charges that may affect the lot's value. The **strata plan** shows the boundaries of the strata lot you are thinking of buying.
- **Bylaws and rules.** The bylaws set out owners' rights and obligations. Look for any pet, age, or rental restrictions. As well, look for any rules that restrict use of common property. For example, a rule may prevent you from parking a boat or RV in your parking spot.
- **Minutes of the strata corporation.** These can tell you what recent issues the strata corporation has been dealing with (such as water leaks) or about expensive repairs coming up. They can also give you a sense of whether the council is proactive, or tends to do the bare minimum. Ask for *at least* two years of minutes.

Be clear about what's included in the monthly strata fees

As an owner, you must help to pay for the strata's common expenses. The strata covers its upkeep by charging **monthly strata fees**.

The fees cover:

- Frequent and ongoing costs. These include utilities, repair and upkeep, the strata's insurance payments, and common amenities.
- Larger expenses that happen less frequently, or for emergencies and other unexpected costs. Money is set aside for things like major renovations or replacing the roof.

Compare the fees to similar developments. If they seem *high*, take a close look at what they cover. For example, are utilities (hot water, heat and gas) covered? Do the fees cover items you won't use, or that won't benefit you?

If the strata fees seem *low*, consider whether the budget is adequate. Will you be asked to pay large lump sums for expensive repairs down the road?

Figure out what your other financial obligations might be

In addition to the monthly strata fees, be aware of the following expenses:

- A **special levy** is money collected from owners for a specific purpose. These are typically required when the strata hasn't set aside enough money for large or unexpected expenses.
- There may be **user fees** for parking, storage or other facilities.
- The strata corporation may charge you the cost of their **insurance deductible** if something *within* your strata lot damages other property. These deductibles can be very high (such as \$25,000, \$50,000 or even \$100,000). Consider getting personal insurance to cover this risk.

Review the financial statements and the budget of the strata corporation. Where is money being spent? Consider the following:

- Whether there's enough money to cover the cost of major repairs and renewal projects.
- Check what, if any, new home warranty coverage remains on the unit.

- Whether you'll have to pay for future instalments of any special levies that have already been approved.

Look into the physical condition of the property

Take a closer look at the unit you're thinking of buying, *and* the condition of the entire strata complex. If the development is in poor repair, you'll have to help pay to fix it. This generally applies even if the repairs don't relate to your unit.

You can investigate the physical condition of the property by:

- Reviewing meeting **minutes**.
- Reviewing the strata's **depreciation report**, if the strata has one.
- Hiring a **home inspector** to evaluate the condition of the unit you're thinking of buying, and of the common property. Be aware of the limitations of the inspection.
- Hiring a **qualified engineer** to inspect the major building systems.

Decide whether the community is right for you

Before you buy a strata lot, try to picture what it'd be like to live within the particular community. A careful review of the minutes can tell a lot about the strata. You might see noise complaints relating to a potential neighbour. Consider relationship dynamics. You may find evidence of recurring disputes, the existence of factions, or similar trends that concern you.



Common Questions

What if I change my mind after making an offer?

It may be possible to revoke (that is, cancel) the offer. Revoking an offer can lead to legal problems. You'll probably lose your deposit. The seller may also seek other legal remedies. It's critical to ask for legal advice *as soon as possible*. A lawyer can help you minimize negative outcomes.

If you made an offer with subjects, you may still have time to get out of the contract — without consequences.

What are my rights and obligations if I'm buying a property that currently has tenants?

You must honour the existing tenancy agreement. You can only end it by following the same eviction rules that the previous landlord (seller) would have had to follow.

What's the difference between a home inspection and a home appraisal?

Buyers often get home inspections to check the physical condition of the property. Lenders will typically get an appraisal to assess the property's current market value.

What can I do to protect myself when signing a pre-sale contract?

Pre-sale contracts are written by the developer's lawyers and strongly favour the developer. Always get a lawyer to review the contract before signing. Or else say in the contract that your offer is subject to your lawyer being satisfied with the contract's terms.

The developer must give you a **disclosure statement**. Review it carefully. It explains what the developer is selling and describes your right to cancel the pre-sale contract within seven days of signing it, or if the developer makes significant changes to the disclosure statement.

Where to Get Help

Access Pro Bono

Provides free legal advice to qualifying persons who cannot obtain legal aid or afford a lawyer.
1-877-762-6664 (toll-free)
accessprobono.ca

BC Housing

An organization that works to develop a range of housing options for British Columbians offers a comprehensive guide on *Buying a Home in BC*.
bchousing.org

Canada Mortgage and Housing

A federal government corporation with a mandate to make housing affordable for all Canadians provides information and tools to help you buy a home in Canada.
cmhc-schl.gc.ca/en/buying

Consumer Protection BC

The regulator of certain consumer transactions in BC has information on what to expect from a home inspection, and how to find a licensed inspector.
consumerprotectionbc.ca

Real Estate Council of BC

The body that licenses real estate agents in the province offers an online guide on *Buying a Home in British Columbia*.
recbc.ca

Self-Counsel Press

Publishes do-it-yourself guides on legal topics for BC, including a *BC Residential Real Estate Purchase and Sale Kit* and *BC Condominium Purchase and Sale Kit*.
self-counsel.com

Glossary

Bylaw: A rule that a strata corporation makes and that its members must follow.

Chattel: Items of property that you can move without causing damage to the land or a building.

Counteroffer: An offer made in response to an offer by the other party during negotiations for a contract.

Completion date: The date a real property sale is finalized. Title to the property is transferred from the seller to the buyer.

Deposit: Part of the purchase price paid before the completion date, with the balance to be paid on the completion date.

Down payment: The part of the purchase price personally paid by the buyer. The balance of the purchase price is typically paid by a lender (with the buyer paying the lender back over time).

Encumbrance: Any claim or lien on real estate. Usually reduces the property's value, or restricts its use.

Estate: All of the property and belongings a person owns upon their death, with some exceptions.

Fixture: Any property that's permanently attached to land or a building such that removing it would cause damage or require repair.

Joint tenants: A way that property can be owned where each owner has the same interest in and an equal right to use the property. Usually, when one joint tenant dies, their share automatically passes to the other joint tenants.

Land Title Office: A physical office location in various cities across BC where you can register and search official property records using BC's land registration system.

Lien: A legal claim made on someone else's property to make sure they pay a debt.

Mortgage: A legal agreement in which a person borrows money to buy real estate and gives the lender a security interest in the property.

Notary public: A legal professional authorized to provide certain non-contentious legal services to the public.

Offer: A written proposal to buy real estate on certain terms.

Possession date: The date a buyer can legally take "physical possession" of their new home.

Purchase price: The price the buyer agrees to pay to the seller in exchange for transferring real estate to the buyer.

Real property: Land and any buildings on the land.

Strata: A form of property ownership where part of a property is owned individually (a "strata lot"), and common property is shared.

Subject clause: A condition in a purchase contract that must be satisfied or waived before the buyer becomes locked into the contract.

Subject removal date: The date by which a buyer proposes to satisfy or remove the conditions in their subject clauses.

Tenants-in-common: A way property can be owned where each owner holds a separate and distinct interest in the property. When a tenant-in-common dies, their share of the property is included in their estate.

Title: A person's right to own or use a specific property.

Waive: To voluntarily give up a right or a claim.

Zoning: Dividing land in a city or town into different areas (or "zones") according to how the land can be used and developed.

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	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
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