VIP

HOME TEAM

Buyer's Guide

About Us

Sutton was founded in 1983 and currently has more than 200 offices nationwide. The V.I.P. Home Team are your premier choice for Real Estate services in Simcoe County. With our exceptional client attention and industry knowledge, we will help you navigate the complexities of the real estate market. The contents of this document are intended solely for your general guidance and are not intended to constitute legal, tax, accounting or other professional advice of any kind.

How To Participate In The Home Buyers' Plan (HBP)

New for 2023 - FHSA

There will be a new First Time Home Buyer Savings Account (FHSA) available in Canada this year, a great opportunity for current renters and young adults that have never owned a home to start contributing and saving tax free for their down payment. This could be a great opportunity to work with your Financial Advisor partners to find new home buyers, or help parents find additional money to contribute for their children. The First Home Savings Account (FHSA) is coming as early as April 1, 2023 in Canada, giving first time home buyers the benefit of an RRSP and TFSA combined to help save for their first home.

Here are some of the benefits:

- Contributions are tax deductible
- Withdrawal to purchase a home is non-taxable
- Growth is tax free
- Max. $40,000 contribution room
- Max. $8000 contribution per year, beginning 2023, including carry forward amount (excess charged 1% penalty each month) Ex. $5000 contributed in 2023, max. allowed in 2024 would be $11,000 ($8000 plus $3000 carry forward) Like the TFSA, carry forwards only accumulate once the FHSA is opened.
- Must be min. 18 years old, max. 71 years old and Canadian resident
- Must not have owned a home in which they lived at during any part of the calendar year or any time in the previous 4 years. Can make the withdrawal within 30 days of moving in
- Can not use funds with a partner that is not a first time home buyer
- 15 years to grow and use funds for buying a first home
- Can hold multiple FHSA, total cannot exceed $40,000. What Happens if you don't use your FHSA?
- Withdraw your funds and pay tax at your applicable tax rate, or transfer to your RRSP or RRIF tax free and pay tax on withdrawal at retirement income tax rate
- Transferred funds do not reinstated the contribution room of the FHSA
- Transferred funds into an RRSP do not reduce contribution room, nor are they limited by their available contribution room. Can you carry forward Undeducted Contributions?
- Yes, like an RRSP, you can carry forward indefinitely and deduct contributions in later tax years.

Highlights - FHSA

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The Home Buyers' Plan (HBP) is a program that allows you to withdraw funds from your Registered Retirement Savings Plans (RRSPs) to buy or build a qualifying home for yourself or for a related person with a disability. The HBP allows you to pay back the withdrawn funds within a 15-year period.

You can withdraw funds from more than one RRSP as long as you are the owner of each RRSP account. Your RRSP issuer will not withhold tax on withdrawn amounts of $35,000 or less. Some RRSPs, such as locked-in or group RRSPs, do not allow you to withdraw funds from them.

Certain conditions must be met in order to be eligible to participate in the HBP, including the following:

- you must be considered a first-time home buyer
- you must have a written agreement to buy or build a qualifying home, either for yourself or for a related person with a disability
- you must be a resident of Canada when you withdraw funds from your RRSPs under the HBP and up to the time a qualifying home is bought or built
- you must intend to occupy the qualifying home as your principal place of residence within one year after buying or building it. If you buy or build a qualifying home for a related person with a disability, or help a related person with a disability to buy or build a qualifying home, you must intend that the related person with a disability occupies the qualifying home as their principal place of residence
- in all cases, if you have previously participated in the HBP, you may be able to do so again if your repayable HBP balance on January 1st of the year of the withdrawal is zero and you meet all the other HBP eligibility conditions.

Do You Meet The HBP Eligibility Conditions?

You must be considered a first-time home buyer.
You must have a written agreement to buy or build a qualifying home for yourself.
Or
You must have a written agreement to buy or build a qualifying home for a related person with a disability, or to help a related person with a disability buy or build a qualifying home (obtaining a pre-approved mortgage does not satisfy this condition).

Notes:

If you are withdrawing funds from your RRSPs to help a related person with a disability buy or build a qualifying home, it is the related person with a disability who must have entered into such an agreement. To participate in the HBP, you must meet all HBP eligibility conditions that apply to you.

You are responsible for making sure that all HBP conditions are met (see the eligibility questions in Area 1 of). If you make an RRSP withdrawal under the HBP and a condition is not met, your RRSP withdrawal(s) may be considered ineligible. Form T1036, Home buyers' plan (HBP) Request to withdraw Funds from an RRSP If your RRSP withdrawal(s) are considered ineligible, you will have to include part or all of the withdrawal(s) as income on your income tax and benefit return for the year you received the funds. If we have already assessed your income tax and benefit return for that year, we will reassess it to include the withdrawal(s). If you do not meet the conditions to participate in the HBP in the current year, you may be able to participate in future years. CRA may contact you to ask for more information about your HBP withdrawal after you submit your documentation.

Are You a First Time Home Buyer?

Unless you are a person with a disability or you are helping a related person with a disability to buy or build a qualifying home, you have to be a first-time home buyer to withdraw funds from your RRSP(s) to buy or build a qualitfying home.

You are considered a first-time home buyer if, in the four-year period, you did not occupy a home that you or your current spouse or common-law partner owned.

NOTE

Even if you or your spouse or common-law partner has previously owned a home, you may still be considered a first-time home buyer.

If you have a spouse or common-law partner, it is possible that only one of you is a first-time home buyer.

THE FOUR - YEAR PERIOD

Begins on January 1st of the fourth year before the year you withdraw the funds from your RRSP.

Ends 31 days before the date you withdraw the funds.

For example, if you withdraw funds on July 31, 2022, the four-year period begins on January 1, 2018 and ends on June 30, 2022.

Breakdown of a Marriage or Common-Law Partnership

Generally, you will not be prevented from participating in the HBP if you do not meet the first-time home buyer requirement, provided that you live separate and apart from your spouse or common-law partner for a period of at least 90 days as a result of a breakdown in your marriage or common-law partnership. You will be able to make a withdrawal under the HBP if you live separate and apart from your spouse or common-law partner at the time of the withdrawal and began to live separate and apart in the year in which the withdrawal is made, or any time in the four preceding years. However, in the case where your principal place of residence is a home owned and occupied by a new spouse or common-law partner, you will not be able to make an HBP withdrawal under these rules.

You will be required to dispose of their previous principal place of residence no later than two years after the end of the year in which the HBP withdrawal is made. The requirement to dispose of the previous principal place of residence will be waived if you buy out the share of the residence owned by your spouse or common-law partner. The existing rule that individuals may not acquire the home more than 30 days before making the HBP withdrawal will also be waived in this circumstance.

Existing HBP rules will otherwise generally apply. For example, your outstanding HBP balance must be at the beginning of the year in which you make nil an HBP withdrawal.

This measure applies to HBP withdrawals made after 2019.

CAN YOU PARTICIPATE IN THE HBP LATER?

If you are not considered a first-time buyer now, you may be considered a first-time home buyer later, once the four-year period has passed.

For example, if in 2017 you sold the home you lived in before, you may be able to participate in 2022, or if you sold the home om 2018, you may be able to participate in 2023.

Are You Building Or Buying A Qualifying Home?

You are considered to buy or build a qualifying home if:

- you buy or build it, or you are considered as buying or building it, before October of the year after the year 1st of the withdrawal
- you buy or build it, alone or with one or more individuals

NOTE:

We consider you to have built a qualifying home on the date it becomes habitable.

If you do not buy or build the qualifying home before October of the year after the year you withdrew the funds, you can:

- cancel your participation in the HBP
- buy or build a different home (replacement property) before October 1st of the year after the year you withdrew the funds

A replacement property has to meet the same conditions as a qualifying home. To inform us that you are buying or building a replacement property, send a letter to one of the following addresses:

If your residential address is in Ontario, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut, Northwest Territories or in the following cities in the province of Quebec (Montréal, Québec City, Laval, Sherbrooke, Gatineau and Longueuil), send you request to:

Revenue Canada Agency
Sudbury Tax Centre
Pension Workflow Team
Post Office Box 20000, Station A
Sudbury ON P3A 5C1

If your residential address is in Manitoba, Saskatchewan, Alberta, British Columbia, Nova Scotia, New Brunswick or a location in the province of Quebec not listed under the Sudbury Tax Centre, send your request to:

Revenue Canada Agency
Winnipeg Tax Centre
Pension Workflow Team
Post Office Box 14000, Station Main
Winnipeg MB R3C 3M2

Provide your name, address, and social insurance number, as well as the address of the replacement property. You have to say in the letter that you intend to occupy the replacement property as your principal place of residence within one year after you buy or built it.

NOTE:

If you already withdrew, from your RRSPs, the $35,000 maximum allowed under the HBP, you cannot make any more HBP withdrawals to buy or build the replacement property.

Extensions for buying or building a qualifying home or replacement property

If you do not buy or build the qualifying home you indicated on Form T1036 (or a replacement property) before October 1st of the year after the year you withdrew the funds, we still consider you to have met the deadline if either of the following situations applies:

- You had a written agreement, in effect on October 1st of the year after the year you withdrew the funds, to buy a qualifying home or replacement property, and you buy the property before October1st of the second year after the year of the withdrawal. In addition, you were a Canadian resident up to the time of the purchase.
- You had paid an amount after the date of the first withdrawal and before October 1st of the year after the year you withdrew the funds to the contractors or suppliers (with whom you deal at arm's length) for materials for the home being built, or towards its construction, that was at least equal to the total of all withdrawals under the HBP.

Participating in the HBP for a related person with a disability

Under the HBP, the home must better fit the needs of the disabled person than their current home. You can withdraw funds from your RRSPs under the HBP to buy or build a home, if:

- you are a person with a disability
- you are buying or building a home for a related person with a disability
- you are helping a related person with a disability to buy or build a
- home

Regardless of the situation you are responsible for making sure that all applicable HBP conditions are met.

If, at any time during your participation period, a condition is not met, your withdrawal will not be considered eligible and it will have to be included as income on your income tax and benefit return for the year it is received.

Is my Home Buyers’ Plan balance up to date?

(If you have never participated in the HBP this section does not apply.)

If you have previously participated in the HBP, you may be able to do so again if:

- your HBP balance is zero on January 1st of the year during which you plan on withdrawing funds under the HBP
- you meet all the other HBP conditions that apply to your situation

Your HBP balance from your last participation is zero when the total of your yearly designated HBP repayments and any amounts included in your income (because no designated HBP repayment was made as required for a given year) equals the total eligible withdrawals you made from your RRSP under your participation in the HBP

NOTE:

The RRSP, PRPP, or SPP contributions you make in the first 60 days of a year, and designate as HBP repayments for the previous year reduce your HBP balance for purposes of determining whether your balance is zero on January 1st of the current year. For more information about designating HBP repayments, see repaying your withdrawls.

Do You Meet the RRSP Withdrawl Conditions?

You can withdraw a single amount or make a series of withdrawals in the same calendar year. However, you cannot withdraw more than $35,000.

To withdraw funds from your RRSPs under the HBP, fill out Form T1036, Home Buyers' Pan (HBP) Request to Withdraw Funds from an RRSP. In certain situations, we will consider extensions for buying or building a qualifying home or replacement property.

Your RRSP contributions must remain in the RRSP for at least 90 days before you can withdraw them under the HBP, or they may not be deductible for any year.

Your RRSP deduction may be affected by your participation in the HBP

If you participate in the HBP, certain rules limit the deduction of your RRSP contributions made during the 89-day period before you withdrew the funds under the HBP. Under these rules, you may not be able to deduct part or all of the contributions made during this period for any year.

The following conditions must also be met in order to be eligible to participate in the HBP:

- You have to be a at the time resident of Canada of the withdrawal.
- You have to receive or be considered to have received, all withdrawals in the same calendar year.
- You cannot withdraw more than $35,000.
- Only the person who is entitled to receive payments from the RRSP can withdraw funds from an RRSP. You can withdraw funds from more than one RRSP as long as you are the owner of each RRSP. Your RRSP issuer will not withhold tax on withdrawal amounts of $35,000 or less.
- Normally, you will not be allowed to withdraw funds from a locked-in RRSP or a group RRSP.
- Your RRSP contributions must stay in the RRSP for at least 90 days before you can withdraw them under the HBP. If this is not the case, the contributions may not be deductible for any year.
- Neither you nor your spouse or common-law partner or the related person with a disability that you buy or build the qualifying home for can own the qualifying home more than 30 days before the withdrawal is made.
- You have to buy or build a qualifying home for yourself, for a related person with a disability, or to help a related person with a disability buy or build a qualifying home before October 1st of the year after the year of the withdrawal.

- You have to fill out Form T1036, Home Buyers' Plan (HBP) Request to Withdraw Funds from an RRSP for each eligible withdrawal.

To determine the part of the contributions you, your spouse or common-law partner made to an RRSP that are not deductible for any year, you can use this chart to make the calculation.

NOTE:

You are responsible for making sure that all HBP conditions are met. If you make an RRSP withdrawal under the HBP and a condition is not met, your RRSP withdrawal(s) may not be considered eligible. You will have to include part or all of the withdrawal(s) as income on your income tax and benefit return for the year you received the funds. If we have already assessed your income tax and benefit return for that year, we will reassess it to include the withdrawal(s). If you do not meet the conditions to participate in the HBP in the current year, you may be able to participate in future years.

Are you a resident of Canada?

You have to be a resident of Canada when you receive funds from your RRSPs under the HBP and up to the time you buy or build a qualifying home. For more information about residency status, see Residency status or call 1-800-959-8281 (toll free within Canada and the United States), or (613-940-8495) from outside Canada and the United States). We accept collect calls by automated response. You may hear a beep and experience a normal connection delay.

If you become a non-resident after a qualifying home is bought or built, you cannot cancel your participation in the HBP. However, special rules will apply to the repayment of your HBP balance. For more information, see the HBP participant becomes a non-resident.

10 CRITICAL QUESTIONS YOU MUST ASK A BUYER AGENT BEFORE HIRING

We all want to get it right when it comes to real estate. So, sellers have understood how to interview several real estate agents before hiring one. But apparently, Buyers don't. Most Buyers hire buying agents without the needed diligence. I've often seen people easily going after an agent with a license at hand; a co-worker, cousin or Mom's agent who works in the 'burbs.

Since we all want to get it right, let me share these ten tips with you. In property buying, whoever you choose to work with, there are 10 FUNDAMENTAL THINGS you MUST find out. Put in another way, 10 QUESTIONS YOU MUST ASK the individual you intend to hire as your BUYER AGENT.

1 – How much do you know in the neighbourhoods I'm interested in?

A prerequisite to buying a home is evaluating neighborhoods and communities. You want to pick a real estate agent that can efficiently help you with this process. An expert agent should be able to tell you the changes that are taking place in a neighbourhood, make quality comments on the type of schools and know where to find the closest grocery store and park. Even better: in your first meetings, they should be able to inquire about your type of lifestyle and propose matching neighborhoods you are yet to consider.

2 – What is your expertise in the kind of property I want to buy?

There's a significant difference between buying a condo and buying a house, lofts, or commercial properties. Each of these has their peculiar considerations and challenges that every good buying agent must understand and be able to help you focus on what's important. Like in buying a house, knowledge about the noisiest loft is not of much relevance just as in-depth knowledge about wet basements and knob and tube wiring doesn't matter if you're buying a condo.

3 – Tell me about your negotiation style and experience.

A major factor of consideration for buyers in picking a real estate agent is negotiation skill. Top Buyer Agents go beyond negotiation learned in real estate licensing courses for additional education such as the Certified Negotiation Expert designation or the advanced designation of Master Certified Negotiation Expert. Also, they should be able to quickly and explicitly tell you how they approach any negotiation. Agents should know the Best Alternative to a Negotiated Agreement which is the foundation of almost all negotiations.

4 – Tell me about the legal pitfalls I need to worry about?

You had better test the agent's legal knowledge by asking this question. Even though you'll be hiring a real estate lawyer who will help close the property, there are all some legal issues that will come up before the closing day. Every realtor should be familiar with disclosures, conditions, the offer paperwork, closing issues, intricacies of representation and more.

5 – How do you go about winning a bidding war?

This is a big one if you want to buy a house in Simcoe County. Expert Buyer Agents should know what's required to win a bidding war which is more than just having a drum of cash. I've often seen buyers lose out in a bidding war in that final night because their agents didn't know the nitty-gritty it takes to win a bidding war.

6 – Do you have experience in helping people like me?

Any buying agent you're hiring should understand the type of buyer you are. How can they effectively represent you to your best interest if not? Are you a first-time buyer, an investor; going through a divorce, downsizing, just moving to the city or buying a new house because your family is growing? Since there are unique considerations for different types of buyers, it's important that your realtor understand which you are.

7 – Can I speak to some of your past clients?

You may not want to call references by asking this question as you would have seen past clients reviews of the realtor online. Nevertheless, how the agents handle this question during the interview can reveal a lot.

8 – What kinds of partnerships do you have with home service professionals?

Leading agents have connections with lawyers, lenders, appraisers, surveyors and home inspectors. They also have preferred relationships with handymen, painters, electricians, plumbers, cleaners and more. Any Realtor with all these is worth considering.

9 – Tell me about your present relationships with past clients.

You don't want to end your relationship with your Realtor the moment you get the keys to your new home. Even though this frequently happens, most buyers want to be able to rely on their Realtor when something goes wrong with the house and need repairs. At VIP Home Team, we ensure we are always there or to assist in such instances and to also evaluate future renovation decisions or keep you informed about changes to the value of your home.

Beyond being experts at buying a home, The VIP Home Team is also an expert at owning homes.

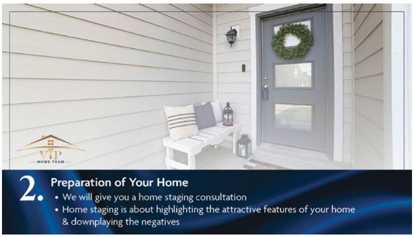
10 – Finally, trusting your gut can matters.

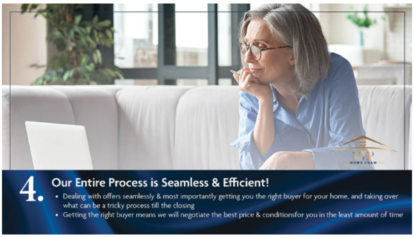
It's important sometimes that you just tune in to your gut. Is the agent listening to you? Do you think they understand what you want? Do you like or trust them? Irrelevant, some may think, but it's better to trust your gut and be glad you did at the right time.

Are you searching for a Buyer Agent in Simcoe County? We'd love you to consider us in your search. Contact us to see whether we're the correct agent for you.

Steps to Success Custom Buyer Presentation

Our Steps to Success Buyer Presentation is about educating your buyer clients right from the beginning. As a Realtor®, you are a trained, knowledgeable, experienced professional. You know the market nationally, regionally and locally. With a strong buyer presentation such as ours, you will get the commitment of buyer prospects to work with you. We all know that working with buyers can be like herding cats. Our Buyer Presentation is a tool designed to help designate you as the real estate professional and establish control of your client.





Above: Assorted pages from our Buyer Presentation

7 Steps to Success in Our Buyer Presentation

Introduction

In our Steps to Success Buyer Presentation the first thing we do is introduce ourselves and our real estate company or brokerage. If you are a new agent you can focus on the power of the brokerage. If you are an experienced top producing agent, you can focus on your individual success. Pages here can be on years in business, size of company, sales results of brokerage and/or agent, team member bios, etc. This is where you are setting up your credibility prior to running through the presentation.

Step 1 – Buying Consultation
Purchasing a home is one of the greatest rewards in life. When you hire us to assist you in purchasing a home we will do our absolute best to give you the personal attention and service you deserve. We will help you to find a great home, with fair terms, at a good price. Let's work together to make your dreams a reality.

Step 2 – Loan Pre-Approval
There are many advantages to getting pre-approved for a mortgage loan. You will know exactly what you can comfortably afford and will not be looking at homes out of your range. You become a "qualified buyer" which puts you in a stronger negotiating position with sellers. If your offer is accepted, your pre-approval can simplify the closing process.

Step 3 – Searching for a Home
One of the many advantages of hiring us as your buyer's agent is the valuable resources we have available to use when searching for a home. Along with being members of the Board of REALTORS® with access to the Multiple Listing Service, we also work as a team with other brokerages in town to provide a larger network of information and service.

Step 4 – Viewing Homes
This is an important time to work as a team to achieve the best results for you. Remember, we are here to assist you and guide you throughout the entire home buying process. Viewing homes can be a fun, but timely process so it is important to view only homes that meet your needs, and to be mindful of the appointments we set up.

Step 5 – Develop a Pricing Strategy
Once we find a home you like, you may decide to submit an offer on the home. Before writing an offer, we will do some research to be sure the Seller's pricing is in-line with the current market conditions. We can pull up the recent activity of sales listed in the Multiple Listing Service to find comparable home's pricing.

Step 6 – Writing and Negotiating an Offer
Our experience, knowledge and commitment to you will truly shine once we write an offer for your desired home. There are many important strategic factors to consider besides the price. This is where we really make a difference as we assist you in evaluating every important term of the contract to be sure we are looking out for your best interests.

Step 7 – Managing the Transaction Through Closing
Once your offer is accepted by the Seller you are then "Under Contract", but we still have much work to do to ensure a successful closing. Many of these steps will have strict deadline dates applied, and if not completed properly and on time, could cause forfeiture of your earnest money and loss of the sale. We will outline and discuss some of the steps to expect.

There's a LOT of important paperwork that is part of buying or selling a property in Ontario. While real estate forms can vary, the Ontario Real Estate Association (OREA) has produced a set of standard forms that are commonly used for resale residential and commercial leases and sales; the standard forms are then customized to the individual(s) situation. Let's have a look and we'll explain what they mean.

But before we begin, here is what's new as of 2024:

The Trust in Real Estate Services Act (TRESA)

- The legislation that protects consumers in real estate transactions was updated and came into effect on December 1, 2023. The Trust in Real Estate Services Act (TRESA) is a beast – with all sorts of implications for buyers, sellers and their REALTORS.
- In short, TRESA:
    1. Provides better consumer education – there's a new RECO Information Guide that must be given to all buyers and sellers
    2. Sets out new rules around representation – As a buyer or seller, you can now be:
    3. Represented by a REALTOR as a Client; or
    4. Choose to represent yourself as a Self-Represented Party (SRP)
    5. Sets out new rules around brokerage representation – There are now two types of brokerage representation to help navigate situations where an agent or brokerage represents more than one party with competing interests in a transaction (multiple representation):
    6. Brokerage Representation – when the brokerage and all its agents represent you
    7. Designated Representation – when one or more of a brokerage's agents is your designated representative.
- Greater disclosure requirements – Sellers and their agents must now disclose everything they know about a property.
- Open bidding wars – While the blind binding wars of the past are still permissible,there are new rules guiding what a Seller and their agent can share during a multiple offer or bidding war – and open auctions are now legal in Ontario

In Ontario, all REALTORS work for a brokerage. All agreements are legally between you (the Buyer)and your REALTOR's brokerage—not the individual you are working with

- As of December 2023, a new option became available to brokerages: Designated Representation. In this arrangement, the individual agent (or agents) you are working with is responsible for representing your interests, and the brokerage simply provides services (such as advertising or administration). The V.I.P. Home Team operate under Designated Representation.
- Traditionally, it was the brokerage that provided this representation, and by extension all its agents (as agents of the brokerage). This is called Brokerage Representation. One result of this arrangement was that working with a buyer agent and a seller agent from the same brokerage meant you were under Multiple Representation, where both parties were restricted in what help they could provide. Designated Representation avoids this.
- All real estate forms and documents can be signed electronically with an acceptable electronic signature program (eg. Docusign), including the Agreement of Purchase and Sale
- Your agent should take the time to explain what the documents mean to you – don't be afraid to ask questions, and don't sign anything without reading it.
- You have a legal right to receive a copy of all the forms you sign

The RECO Information Guide

The first document you are likely to encounter is the RECO Information Guide, introduced in 2023. The Real Estate Council of Ontario (the consumer protection body) has mandated that this document be given to any prospective client in advance of providing any services or advice. It contains information anyone contemplating working with a realtor should know before deciding to enter (or not enter) an agreement to work together.
The purpose of the guide is to help consumers understand:

- The benefits of working with a Realtor, as well as the risks of self-representing (which is always an option)
- The duties agents and brokerages owe their clients•Representation agreements, including commission
- Disclosure rules during bidding wars where there is more than one offer on a property
- Other topics including Multiple Representation, and how to file a complaint to RECO

Your Realtor should discuss this guide with you, and will ask you to sign a copy, acknowledging that you were given it and had its contents explained to you. In addition to the Information Guide, you'll be asked to sign one of 2 documents further defining your relationship:

1. The Buyer Representation Agreement (BRA); or
2. The Self-Represented Party acknowledgement form

The Buyer Representation Agreement (BRA) – OREA Form 300

Ontario's Buyer Representation Agreement is the agreement between you (the Buyer) and your agent's Brokerage. It confirms the terms of your relationship, the commission that will be paid if you buy a property during the period of the agreement, the role of the agent and what happens if they are also representing the Seller. The BRA will also name the specific agent(s) designated as your representative under Designated Representation, list any specific services to be provided, as well as the expiry date and geographic limitations of the agreement.

When you sign a BRA, it means that the agent will:

- Promote and protect your best interests
- Negotiate favourable terms for you, the Buyer
- Maintain confidentiality
- Take reasonable steps to determine and disclose material facts about properties

What does that really mean? It means your agent will give you sold data or other dirt they find that may not be in the Seller's best interests. It means they will negotiate price and terms that are favourable to you. It means they must take extra steps to discover material facts about the property and neighbourhood. It means they will always keep your information confidential (eg. your motivations for buying, your budget, your timeline, etc.)

In the overwhelming majority of cases, when people talk about "working with an agent," this is the kind of relationship they are referring to.

A quick note about the Holdover Period

Also explained in the RECO Information Guide, the "holdover clause" in a BRA outlines the circumstances under which a BRA could apply for an additional period of time (specified in the BRA) beyond the main contract expiry. In essence, for any property that was introduced to a buyer during the time the contract was in effect, that contract would still apply for that additional period of time. (But not for any new property).

Information and Disclosure to Self-Represented Party Form

Buyers and Sellers are of course free to represent themselves if they are confident that they have the expertise and/or experience to do so. In this case, a Realtor would be prohibited from providing services, advice or opinions, including advice or an opinion on price, terms, or clauses to include in an offer. An "SRP" is 100% on their own! Of course, there is a form for that too—the Realtor involved will supply it and ask you to sign the acknowledgement saying this is the route you have chosen. If you do end up purchasing a property this way, there is also a form to allow for the data from that sale to be recorded on the MLS.

FINTRAC – Identification Record

This is a mandatory identification document required by the federal government. FINTRAC stands for the Financial Transactions and Reports Analysis Centre of Canada.

Agreement of Purchase and Sale – OREA Forms 100 & 101

This is the biggie! The Agreement of Purchase & Sale is the actual agreement for you to purchase a home! In Ontario, a real estate transaction has to be in writing to be legal, so this is the main legal document that defines the terms and conditions of your offer to purchase. There's a version of the form for house purchases (Form 100) and one for condo purchases (Form 101). The most important non pre-printed parts of the Agreement of Purchase and Sale are as follows:

- Legal names of the Buyers and Sellers
- Legal description of the property (including the lot details for houses, or the condo corporation for condos)
- Purchase price
- Amount and terms of the deposit [Related: All About Deposits]
- Irrevocable time (in other words, the time the offer expires if not accepted by the other side)
- Completion date (the date you take possession)
- Inclusions and exclusions (eg. appliances, light fixtures, etc.)
- Identification and terms of any rental items (eg hot water tank)
- For condos: description of the condo fees and what they cover; description of parking and locker
- Whether or not HST is applicable (usually not for resale residential sales)
- Directions for the lawyers, including important dates for title searches, closing arrangements, etc.

The schedules attached to the Agreement of Purchase and Sale form part of the agreement and are customized by the agents. Generally speaking:

- Schedule A is created by the brokerage representing the Buyer and includes the unique terms and conditions for the sale, favourable to the Buyer.
- Schedule B is often included and is created by the brokerage that represents the Seller. Schedule B's differ significantly, so make sure to read it thoroughly!

Important info about the Agreement of Purchase & Sale:

- Time limits matter on the Agreement of Purchase and Sale – if an agreement expires at 11:59 PM, it's too late to accept it at 12:01.
- It's not enough to just sign something within the time frame, the now accepted document also needs to be delivered to the other side before the expiry time(these days usually by email).
- The time zone that is relevant is the one that the property is located in – it doesn't matter if the Buyer is in Europe and the Seller is in Asia. If the property is in Barrie,then Barrie time dictates the time.
- All negotiations must be in writing to be legal
- Anything changed or written in must be initialed by all parties
- The brokerages and their agents are not parties to this agreement – it's a legal contract between the Buyer and the Seller and is merely created by the agents/brokerage.

Confirmation of Cooperation – OREA Form 320

The Confirmation of Cooperation details the type of relationship the Buyer and Seller have with their agent/brokerage, and the commission agreement between the Seller's brokerage and the Buyer's brokerage. It also details what happens if the brokerage (Brokerage Representation) or same agent (Designated Representation) represents both the Buyer and the Seller (multiple representation). Both brokerages are party to this agreement so both agents will sign it.

Real estate forms and paperwork aren't nearly as complicated as they appear – but make sure your agent takes you through what they mean, and don't be afraid to ask them for clarification.

Note: We are not lawyers, and this shouldn't be construed as legal advice. Think of this as general information and get a legal opinion if you need it.

What's a deposit in real estate?

A deposit is paid by a Buyer on the successful agreement of the purchase/sale of a home, and forms part of the final purchase price.

In real estate, a deposit serves two purposes:

1. Provides security to the Seller– A deposit ensures that the Buyer has a stake in the agreement and something to lose if they walk away and refuse to close on a purchase.

2. Pre-estimates damages– In the event of a breach of the contract by the Buyer, the deposit serves as a signal to the Court of a pre-estimated amount of damages.

In Ontario, a deposit is usually paid by certified cheque or money order.

How much should the deposit be?

Truth: The higher the deposit, the more attractive the offer.

In real estate, there is no fixed amount of deposit required by law. While deposits are technically negotiated between the Buyer and the Seller, local customs usually indicate what is 'acceptable.' In Toronto, 5% of the purchase price is usually seen as 'normal'. When we bought our house in Prince Edward County, a flat $1000 was "normal" at the time.

The risk of offering a deposit that is lower than expected is that it will be rejected by the Seller and may make you seem like an unserious Buyer, or worse, a financial risk.

If you're in a bidding war, the size of your deposit will most certainly be one of the factors taken into consideration, and I've seen Sellers accept a lower price for a higher deposit.

When is a deposit due?

In Ontario, a deposit is normally due within 24 hours of an Agreement of Purchase and Sale (APS) being accepted, unless it's otherwise specified and agreed-to.

The standard wording of the APS states "24 hours" – not "one business day," so if you enter into an agreement at 11 am on Saturday, the deposit is due by 10:59 am Sunday. Note that your agent can outline alternate deposit arrangements in the agreement (e.g.,. 'by 6 pm on Monday, November 5').

In multiple offer situations (i.e., bidding wars), it's good practice to provide a certified deposit at the same time as the offer. That lessens the Seller's risk of having to deal with buyer's remorse the next day and will strengthen your position against other bidders.

Pro Tip: Even if you've just started the house hunting process, make sure that your deposit (around 5% of the purchase price in Toronto) is liquid and isn't locked away in a virtual bank or investment. Many Buyers get a line of credit in advance of a purchase and use that to fund the deposit if their money is in investments or RRSP's.

What happens if a deposit is late?

If your deposit doesn't arrive in time, you will be in breach of the agreement, and the Seller could potentially walk away from the deal. We see this happen when another potential Buyer has materialized, and the Seller sees an opportunity to sell the house for more money. Don't be late with your deposit.

Where is a deposit held?

The deposit is normally held by the listing brokerage, in a trust account. Trust accounts are highly regulated and routinely audited. Deposit money held in trust cannot be used to pay the brokerage's expenses (salaries, rent, etc.)

Your deposit is insured.

There's an insurance policy that covers your deposit up to a maximum of $100,000 per claim. If your deposit exceeds $100,000, you may be asked to provide two deposits (one to the seller's brokerage and one to the buyer's brokerage or the seller's lawyer) to reduce risk. If the brokerage holding your deposit goes bankrupt (this is extremely rare), all claims cannot exceed $3,000,000.

As a Buyer, can I refuse to provide a deposit?

Sometimes, in the fury of a bidding war, a Buyer pays more than they anticipated and they wake up the next day with regret. If the offer was firm (meaning there were not conditions like financing or home inspection), they must proceed with the purchase and must provide a deposit. Agreements in Ontario are signed under seal and are binding, and not providing a deposit as per the agreement could get you sued.

What happens to your deposit at closing?

A deposit is applied to the Buyer's closing costs and forms part of the purchase price at closing. So if a Buyer paid $800,000 for a home and provided a $40,000 deposit, that amount + any additional downpayment + the mortgage money from the lender will be provided to the Seller (less the expenses and adjustments).

I'm a Buyer. What happens to the deposit if I don't get financing?

If your offer was contingent on obtaining financing and you are unable to obtain financing during the conditional period (and thus you do not waive the condition), your deposit will normally be returned to you in full, without deduction. Note that if your Agreement of Purchase and Sale states something different, whatever you've agreed to in writing will be what applies to your situation. Read everything before signing!

It's important to note that a deposit is only returned with the agreement of both the Buyer and the Seller or by Court order, so if a Seller does not believe that a Buyer acted in good faith in fulfilling a condition, they can refuse to release the deposit.

If your purchase was not conditional on financing or you previously waived the condition and now are unable to obtain financing, call your agent and call your lawyer. You will likely lose the deposit you provided and may get sued for any damages the Seller has. This is not good.

What happens to my deposit if I don't waive the home inspection clause?

Depending on the wording of the home inspection clause you signed if you don't waive or fullfil the home inspection condition in the specified time period (e.g. 3 days), you will likely get your deposit back.

Remember: a Seller doesn't have to fix deficiencies identified in the home inspection unless they agree to, which is incredibly rare in Toronto. If you decide not to waive the home inspection clause, the Seller is free to sell to someone else.

Also: remember that there is an expectation of good faith – meaning a Buyer can't just use the home inspection clause to get out of a purchase if they've changed their minds. It legitimately has to be because of the home inspection.

The Financing Condition

The financing condition – an important condition that all home Buyers should understand.

The Agreement of Purchase and Sale (or APS) is the official document that includes the terms and conditions of an offer to buy a property, including any conditions designed to protect you.

A condition is defined as "a requirement that is fundamental to the very existence of the offer." A breach of a condition allows the Buyer to get out of the contract and obtain the full amount of the deposit back. There are limitless types of conditions that might be included in an APS thought the most common one is the financing condition.

Do You Need a Financing Condition?

The financing condition protects a Buyer. While the legal wording of the clause may vary, it essentially tells a Seller that your offer to buy their property is conditional on you obtaining financing. A well-worded financing clause will state that the financing you obtain must be "satisfactory to the Buyer in their sole and absolute discretion;" meaning that the terms and conditions of the financing obtained (interest rate, payments, etc) must be satisfactory to you – not just that you were able to obtain financing from someone at some imaginary rate.

If you buy a property without a financing condition and then realize that you can't find a lender to lend you the money, you've got trouble. Or maybe you find out your credit isn't as good as you thought it was and the bank is penalizing you by charging you a higher interest rate and you can no longer afford the mortgage payments. A financing condition can protect you from losing your deposit and being sued, by giving you an 'out' if you need it.

Pro Tip: If your offer is conditional on financing, you have a duty to seek financing in good faith (meaning you can't just change your mind about the house the next day and back out of the deal saying you couldn't get financing).

Mortgage Pre-qualification vs Pre-approval

People often mistake being for being pre-qualified for a mortgage for being pre-approved for a mortgage. Being pre-qualified means that a lender has determined how much mortgage you can afford by looking at how much money you make and what your debts are and applying their fancy ratios. They have not likely confirmed what you've told them (with credit checks and employment confirmation letters), nor have they guaranteed you an interest rate or mortgage terms.

Mortgage pre-approvals are in writing – so if you don't have something in writing(probably valid for 90 or 120 days), then you aren't technically pre-approved. Having a financing condition in your offer gives you the opportunity to confirm everything with your lender and is one of the most important ways of protecting yourself.

These days, banks are often looking to approve people for a mortgage for a particular house – they want to know that the home they are purchasing you is worth what you paid. They may order an independent appraisal of the house and will lend you money based on that appraisal. Again, a financing condition can protect you.

Financing conditions in Simcoe County are usually for 2-5 days, giving you time to sort out your finances. At the end of that time period, you'll be asked to sign a 'waiver' or 'fulfilment of condition' and your offer will no longer be dependent on your financial situation.

Financing Condition and Bidding Wars

If you find yourself in a bidding war or some other high-pressure negotiation where financing conditions aren't likely to be accepted by the Seller, there are ways of being fully approved by your lender BEFORE you make an offer, thus enabling you to make an offer without a financing condition. A great REALTOR and lender can guide you through this process.

Bidding Wars

While Ontario home buyers have always had a right to know if there are other offers on a property (and the number of offers), the contents of the offers – price, closing date, terms and conditions, etc. – had to remain confidential. This is often referred to as 'blind bidding'.

Under TRESA, blind bidding is still permissible…but…a Seller can now choose to disclose the contents of the offers to the other bidders, provided that they give the same information to every person who has submitted a valid offer.

This rule change means we can now have open auctions for homes in Ontario and ushers in the possibility of greater transparency in traditional bidding wars.

As a Seller, you can direct your REALTOR to share the highest price, closing dates, deposit amounts and/or terms and conditions with the other offers. Names and other personally identifiable information must still remain confidential. You'll be asked to provide that direction in writing – and can change or revoke your wishes at any time. The Seller is always in control of what – if any – information is released.

As a Buyer, it's important to know that the details of your offer may be shared. That might work to your benefit if you aren't the top offer – for example, knowing that the top offer is $25K more than yours can help you decide how to adjust your bid to win; but it also might work against you – for example, your offer is the highest and is used to get the other bidders to increase their offers. There are ways to structure your offer to keep it confidential – make sure to discuss the pros and cons of each strategy with your agent before you submit an offer.

Realty Check

Bidding wars don't actually involve bids like an auction, and they aren't actually wars. The term 'bidding war' is used to describe a situation when more than one Buyer makes an offer on a property at the same time. Understanding the basics about multiple offer situations and having the knowledge to play the game will go a long way in making you feel more comfortable and help you get what you want.

Who's In Control

Multiple offers generally present themselves in a Seller's market, when Sellers are in control. In the words of my old economics Prof – a Seller's market is when there are too many Buyers chasing too few properties.

The Seller's Goal

The Seller's wants to expose their property to as many potential buyers as possible, then force anyone interested enough to make an offer to show up at the same time. If the strategy works, the result is multiple offers, and often a selling price above what they might have otherwise have received. It's important to note that not all properties that have an offer date get multiple offers – but it's best to be prepared just in case.

How It Works

As a potential Buyer, you are entitled to know how many offers you are competing with. When a Buyer signs an offer, their Realtor 'registers' the offer with the Listing Brokerage. The number of registered offers must be shared with other registered Buyers – but not necessarily the content of the offers. The Seller can choose to disclose the contents of the offers to the other bidders, provided that they give the same information to every person who has submitted a valid offer.

Most multiple offer situations involve Realtors presenting their clients' offer to the Sellers and the Listing Realtor in person. There is usually a time set – for example,7 PM on Monday, and offers are presented in the order in which they were registered. Potential Buyers and Realtors wait for the process to run its course.

Generally, Sellers will select the best of all the first offers that have been presented to them. 'Best offer' of course is a subjective decision, based on the Seller's specific situation, but which is usually a combination of the most attractive closing date, price and conditions. In most bidding wars, Sellers do not negotiate with Buyers, so it's important that your first offer is your best offer. In some situations though, negotiations are necessary. Sellers are only allowed to negotiate with one offer at a time – meaning they can't sign-back 2 or 3 offers at the same time, at higher prices, in the hopes that someone accepts it. If two or more offers are very close, potential Buyers may be asked to both improve their offers – though again, this will be a blind process and one that your Realtor will need to carefully walk you through.

At some point, the Seller will accept an offer, and all other potential Buyers will be notified via their Realtors.

Top 10 Things You Need to Know About Home Inspections

1. What a Home Inspection IS:

When you conduct a home inspection as a buyer, there are two things you're hoping to accomplish:

1. Identify any major problems with the house and get an idea of what's involved in remedying those major issues. In all likelihood, in Toronto, you are not buying a new house. You're buying a house that may have been constructed a century ago and renovated periodically (by the ex-owner's brother's friend who knew a little about electrical) over time. Your house won't be in perfect condition and you need to know what to anticipate.

2. Get an introduction to your future house so that you know how to maintain it. If you're a first time home buyer, this will be especially important for you – owning a house is a lot of work and properly taking care of it is the only way to maintain your investment.

2. What a Home Inspection IS NOT:

Home inspectors conduct visual inspections – they don't look behind the walls and under the floors (and yes, sometimes evil things are happening there). They are not specialists and often recommend further inspections, for example, a termite or environmental inspection, when they suspect there could other issues. Home inspections do not look for compliance with the building code or Toronto's by-laws (for example, second suite apartments).

3. Preparation for Home Ownership

One of the biggest benefits of a home inspection is that it prepares you for the house – what needs to be fixed immediately, in 2 years, in 5 years, etc. Most home inspectors spend the time to give you important maintenance tips (like telling you where the water main shut off valve is located). Good home inspection companies provide a written summary of their inspection AND a guide full of useful information about caring for your home. Some companies even offer advice from your home inspector for the time that you own your home. We especially love working with Carson Dunlop, our go-to home inspectors in Toronto.

4. The Home Inspection Process

A home inspection for most GTA houses takes between 2-3 hours, depending on the size, age and condition of the home. The inspector will go through the house, room by room and look for major issues; good home inspectors will go into the attic and onto the roof too. They'll often take pictures which will form part of the written report you will receive after the inspection.

5. What Happens if you Uncover Something Evil

Sometimes, home inspections uncover big, unexpected stuff – for example, a roof that needs replacing, mold in the basement or knob and tube wiring. You may need to revisit your budget. You may need to decide if you want to take on major fixes or walk away from the house. And you may need to revisit the price you offered for that old Toronto house. In most cases, big issues are already known and have been factored into the asking price; but in other situations, you may need to go back to the Seller and re-negotiate the price based on what you now know (note: this is extremely rare in a Seller's market). Although a home inspection should not be used to nickel and dime the little stuff that you uncover, it may force a discussion about the big stuff. A good REALTOR can guide you through that process. Knowing what we now know, what is the home worth in the market? What is the home now worth to you?

6. Licensing and Regulation

In 2017, Ontario passed the Home Inspection Act, which brought minimum standards of contracts, reports, disclosures and performance to the industry. That said, there is a huge variance in skill level, experience and standards of practice, so choose your home inspector carefully. Remember: the home inspection is intended to protect you and the money you spend by hiring a competent professional will be well worth it. Get recommendations from your REALTOR and friends and do your due diligence. If you unknowingly buy a lemon of a house, you'll be talking about that home inspector for years to come.

7. Cost of a Home Inspection in Toronto

Home inspections can cost anywhere from \$300 to \$750, depending on the provider you use. As with most things in life, you get what you pay for. Home inspectors come in all varieties – from the ex-handyman who now calls himself a home inspector to the engineer who uses thermal imaging.

8. Liability

Home inspection companies will generally make prospective homebuyers sign a waiver of liability, clearly indicating the limitations of the inspection. If something is missed, generally the only remedy is a refund of the cost of the inspection. So if they missed a $20,000 foundation problem, you may only be eligible to get your $400 fee back.

9. Pre-listing Inspections

In a market where there is more demand for houses than inventory, many Sellers choose to pay for a pre-list home inspection to help give potential Buyers comfort with the house in the hopes of creating a bidding war (and eliminating the need for 8 people to conduct and pay for a home inspection when clearly only one of them will get the house). Pre-list inspections are good – but remember that their client is the Seller.
And in an unregulated industry, that could mean anything. Of course, there are some great home inspection companies out there who have reputations to protect, but we always recommend that our Buyer clients protect themselves by hiring a home inspector who works for them.

10. Condo Inspections Home Buyer's Guide

While most Toronto Buyers choose not to have a condo inspection because of the limits of what an inspector can look at, there are times when it's important to conduct one. For example, older condominium buildings where the systems are not owned by the condo corporation.

Whether you're a first time home buyer or an old veteran, home inspections are an important part of the home buying process. If you're in the market to buy a condo in Ontario, you'll no doubt hear about the and your REALTOR will likely recommend that your offer to purchase be conditional on having your lawyer review the Status Certificate. Here's what you need to know.

What's a Condominium Status Certificate?

A status certificate (sometimes referred to as an estoppel certificate) is a huge document that contains the financial and legal health of a condo corporation. It's usually a few hundred pages long and contains important rules, regulations, rights and obligations that every condo owner must know.

Part of the status certificate is specific to the unit you are purchasing and part of it is specific to the condo corporation as a whole.

Why Do I Need a Status Certificate?

When you make an offer to buy a condo, your offer will likely be 'conditional on the review of the status certificate' by your lawyer. You'll generally negotiate a 2-5 day period for your lawyer to review all of the documents to make sure that you aren't buying into a legally or financially risky condo building.

The Buyer or the Seller can order the status certificate (it's usually $100 in Toronto) and the condo corporation/property manager will have 10 business days to provide it to you.

Your bank or lender will also require a copy of a current status certificate (less than 30 days old) in order to advance you the mortgage on closing.

What Does a Condo Status Certificate Contain?

In addition to the legal declaration of the corporation, there's a ton of information in the Status Certificate package:

- Legal registration of the corporation, address and any easements
- Contact information for the Board of Directors and Property Managers
- Whether the unit is current or in arrears in paying the monthly maintenance fees (also known as common element expenses)
- Whether or not there is any special assessment on the unit or building.
- A special assessment is sometimes levied on condo owners when extra funds are required to pay for repairs, budget shortfalls or boosting the emergency reserve fund. Special assessments can be one-time costs (eg. $10,000 per unit) or can be spread over a number of years (eg an extra $200 a month for the next 3 years).
- Boundaries of the units– Most Toronto condo owners own the drywall and everything inside it, meaning that everything behind the walls – cables, pipes, wires, etc are the responsibility of the condo corporation
- Duties and rights of the condo corporation and of the individual owners
- Percentage ownership of each individual unit and the amount that unit contributes to the common elements. For example: if there were 50 identically-sized units in a condo, each would own 2% of the condo corporation and pay 2% of the common elements. Of course, most condo buildings have units of varying sizes and the percentage of ownership almost always varies based on the size of the unit (thus the bigger the condo, the more common elements fees they pay).
- Percentage of units that were reported as tenanted in the previous calendar year. This can be an important factor when deciding to buy a condo. Buildings that have a high owner-resident ratio tend to have fewer issues and be better maintained).

Financial and Insurance Information

- Copy of the current budget
- Details of any increases in common elements or special assessments in the current year
- Audited for financial statements the previous year
- Certificate of insurance for the building
- Any requirements on the individual owners to get unit or liability insurance
- List of all agreements the building is party to (eg rental agreements)
- How much money is in the (think of the Reserve Fund as an emergency fund that the condo corporation can tap into to make non-routine repairs and improvements). Part of every common element fee is paid into the reserve fund each month. Having an adequate amount of money in the reserve fund is essential to having a financially healthy condo corporation.
- A summary of the Reserve Fund Study. A Reserve Fund study is mandated by law for all condos in Ontario and usually occur every 3 years. The purpose of the study is to have a professional examine all the main systems (eg heating, electrical, plumbing) and physical structures (garage, balconies, windows, common elements) and provide a reasonable expectation as to when they will need to be replaced or repaired and an estimated cost.

Legal Information in the Status Certificate

Details of any judgments against the corporation (any lawsuits they've lost and still owe money)
Details of any pending lawsuits(both against and by the corporation) – for example, the corporation might be getting sued by an owner for a slip and fall accident, or the corporation might be suing the original builder for deficiencies in the building.

Rules, Bylaws, and Regulations in the Status Certificate

Even if you don't read the rest of the status certificate, make sure to read this part! It will impact your day-to-day enjoyment of the condo. The rules and bylaws will generally cover:

- Pet restrictions and rules
- Visitor rules and visitor parking
- Rules surrounding renting out your unit (for example, most condos now have a minimum term requirement of 6 months if you are renting out your unit)
- Use of the common elements
- Requirements if you want to make alterations or renovations to your unit
- Decor rules – often there are rules restricting the kind or colour of window coverings, what you can store on your balcony, etc.
- Noise and smells

- Parking and locker rules (for example, you can only rent a locker to someone who lives in the building)
- Balconies and terraces (for example, no BBQ's allowed on balconies)
- Obligations re: repairs

Having the status certificate reviewed by a real estate lawyer is a critical part of buying a condo. It's the best way to safeguard your investment.

If you're buying a condo, having the status certificate reviewed by your real estate lawyer is a critical step.

The status certificate (sometimes referred to as an estoppel certificate) is a document produced by the Condo Corporation that contains the financial and legal health of the corporation. It contains important rules, regulations, rights and obligations that every condo owner must know. Part of the status certificate is specific to the unit you are purchasing and part of it is specific to the condo corporation as a whole.

The status certificate is usually a few hundreds pages long and has some really critical information that you need to understand.

Reserve Fund & Budget

Part of every monthly condo fee (usually 20-30%) is paid into the reserve fund each month and it serves as an emergency fund for the condo corporation to make non-routine repairs and improvements. Having an adequate amount of money in the reserve fund is essential to having a financially healthy condo corporation.

Your lawyer will provide an opinion as to whether or not they believe the reserve fund and budget are adequate. If it seems out of the ordinary, they'll seek more information and help you assess the level of risk.

Replacement plans for big-ticket items (eg roof, elevators, heating systems, etc.) will be outlined in the status certificate and your lawyer will be able to see if the associated costs have been budgeted for.

Pro Tip:
Make sure you hire a real estate lawyer who is experienced in closing condo sales and reviewing status certificates. While you might get a deal if you hire your Mom's lawyer in her small town, you could be putting yourself at risk if they aren't familiar with what's normal and what's not.

Warning! If You're Buying into a Small, Self-Managed Building...

If the condo fees seem too good to be true, they probably are. Self-managed condo buildings in Toronto are notorious for having low condo fees and low budgets and reserve funds. They usually resort to levying special assessments to pay for big ticket items and emergencies.

Condo Maintenance Fees

Your lawyer will confirm that the condo fees that you agreed to in the Agreement of Purchase sale, and what they cover, are correct. They'll also review if there are any planned increases and can get additional details about the history of increases in the building too.

Pro Tip:
If you're buying a newly-built condo, expect the condo fees to substantially increase in the first 2 years to reflect the actual maintenance costs.

What's Owned, What's Exclusive and What's Assigned

Parking spots and lockers can be owned (so you use them or sell them separately from the condo), exclusive (so you can use them and pass on the rights to the next buyer) or assigned (so you can use them). Your lawyer will help you understand the difference and what it means to you.

Special Assessments

The status certificate will outline any current special assessments. A special assessment is a levy on condo owners when extra funds are required to pay for repairs, budget shortfalls or boosting the emergency reserve fund. Special assessments can be one-time costs (eg. $10,000 per unit) or can be spread over a number of years (eg an extra $200 a month for the next 3 years).

A good lawyer will also look into the history of special assessments in the building, gather more information as required and raise any red flags with you.

Lawsuits

The Status Certificate contains the details of any pending lawsuits, including judgements against the corporation and any pending lawsuits (both against and by the corporation).

Your lawyer will help you assess what is and is not a concern, by looking at what's involved in any pending lawsuits, the parties involved, whose side the corporation is on and the potential liability. They'll also look at the history of lawsuits and identify any red flags.

Not all lawsuits are deal breakers. Lawsuits against the corporation that would be covered by insurance (eg. slip and fall) and frivolous lawsuits aren't usually huge problems. Lawsuits started by the corporation can be problematic if losing would translate into the owners having liability. For example: The condo corporation has started a lawsuit against a plumbing company for a serious issue with a leaky garage; if the plumbing company isn't found liable, the condo corp will have to fund any fixes.

Kitec Plumbing

Many Toronto condos and townhouses built between 1995 and 2005 have experienced issues and flooding with Kitec plumbing, a kind of plumbing now banned in Ontario.

If the presence of Kitec plumbing is disclosed in the status certificate, your lawyer will seek additional information (what is the condo corp doing about it and why)

Bylaws and Rules

Newer buildings tend to have loose bylaws and rely on the rules for the day-to-day management of the building. It's important that you and your lawyer review the rules, so you can understand:

- Pet restrictions
- Visitor rules and visitor parking
- Rules surrounding renting out your unit (for example, most condos now have a minimum term requirement of 6 months if you are renting out your unit)
- Use of the common elements
- Requirements if you want to make alterations or renovations to your unit
- Decor rules – often there are rules restricting the kind or colour of window coverings, what you can store on your balcony, etc.
- Noise and smells
- Parking and locker rules (for example, you can only rent a locker to someone who lives in the building)
- Bike rules
- Balconies and terraces (for example, no BBQ's allowed on balconies)
- Obligations re: repairs

While your real estate agent can help you understand some parts of the status certificate, getting an opinion from a qualified real estate lawyer is essential.

We work with a lot of Toronto condo Buyers, and often get asked: Do I need a condo home inspection? Here's our take.

Condo Inspections on Resale Condominiums

The primary purpose of a home inspection is to identify any issues with a property that might affect your decision to buy it or the price you pay for it. It's your opportunity to find out what's going on behind the scenes before you commit to buying it

While it is possible to have a home inspection for a condominium, there are some notable differences to the home inspection that is performed on a house:

1. Condo inspections don't look at the major systems - With a condominium, most of the building systems (electrical, plumbing, roofing, etc.) are common elements, meaning they are jointly owned with the other condominium owners and are joint expenses. Common elements are covered by the technical audits that are performed by the condo corporation and are NOT inspected during a condominium inspection. Any issues, maintenance or renovation plans for the common elements are outlined in the Status Certificate – the set of documents detailing the financial and legal health of the condominium corporation, which every condo Buyer should have their lawyer review before a purchase.

2. Condo inspections focus on one particular condominium unit and would include an inspection of major appliances and maintenance/service issues for the unit (vs the whole building).

3. In our experience, most condominium buyers opt NOT to have a home inspection and choose to focus on the building's status certificate that identifies any major issues and costs to be borne by the condominium corporation. The status certificate review is a critical part of the condo purchase process and we always recommend that a condo offer be conditional on a real estate lawyer reviewing the documentation. Knowing that the roof needs to be replaced at a cost of $100,000 – and knowing whether or not the condominium corporation has the funds to pay for it (or if you will have to contribute $10,000 via a special assessment) – is important to know before you buy the condo. In fact, it will likely affect your decision to buy and the price you pay in the same way that a home inspection will affect the purchase of a house.

4. Sometimes, it's important to get a condo inspection – We have seen buyers choose to get a condo inspection when ownership of the heating and cooling units is individual vs common element (meaning the furnace and air conditioning is owned by the condo unit, not the building, so that if it breaks, the expense is on the owner, not shared by the condo corporation). In older condominiums, a furnace that is nearing the end of its life is something you'd likely want to know about before you buy the condo, so that you can factor that into your budget or offer price.

Condo Inspections on New Condominiums

Brand new condominiums are subject to different home inspections as part of the closing process. If you bought a condominium from a builder, you will take part in a Pre-delivery Inspection (PDI) – you can read more about the PDI on the Tarion website.

How Much Does a Condo Inspection Cost?

- Condo home inspections in Toronto typically range from $300-$450, depending on the size of the unit and the inspection company you choose to use.
- We love Carson Dunlop for condo home inspections.

So, Should You Get a Condominium Inspection?

I think it depends on what's included in the condo you're looking at purchasing and your ability to tolerate risk. If you absolutely 100% can't afford for the refrigerator to break down, then you might want to get a condo inspection (then again, the inspection will likely cost you more than fixing a fridge, and you really should have emergency $$ set aside if you're looking to buy anyway...but I digress). If you're looking to purchase in an older building where some of the mechanics are owned by the unit or a previous owner has made major changes to the unit, it's probably a good idea to get a condo inspection.

However, the short answer is that the vast majority of condo purchasers choose not to do inspections, instead relying on the status certificate for the added legal, financial and emotional comfort a house buyer might get with a home inspection.

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