

Guide to Buying Property in Canada

Disclaimer: This Canadian Buyers Guide is an overview. It is not an authoritative statement and it should not be construed as legal or tax advice.



Why Buy Property in Canada?

The Canadian property market is in a growth period after the recession. It is a popular investment area for British buyers, with its safe and secure economy, and outdoor healthy lifestyle.

At ski Invest, we are concentrating our efforts in the premier ski resort in Canada, Whistler.

Since the last quarter of 2009, property prices are back at their strongest.

A recent report published by Landcor data Corporation, which has covered the past 10 years of property sales in the Whistler housing market, identified a 123% increase in the valuations of homes since 2000. The report also states that three years ago, owners came from 13 countries – and now this number has increased to 40 countries world- wide. This has been attributed mainly to the 2010 Winter Olympics and increases in the number of property purchases and the value of those properties are set to increase over the years following the Olympics.

Canada is the second largest country in the world and has around 33 million inhabitants.

This guide relates to Buying properties in Whistler.

Property Types and Zoning - Whistler, British Columbia, Canada

The Resort Municipality of Whistler offers a diverse selection of property types with zoning or covenants in place to permit "specific uses". The following is offered as a summary and Buyers are advised to confirm the zoning and permitted uses on properties they are interested in purchasing.

Residential Zones

Throughout most of Whistler the residential neighbourhoods are zoned for "residential-use" only. Permitted uses include primary residence, residential rentals - (typically one month or longer) and personal recreational-use. Commercial activities including tourist short-term rentals are not permitted. In these areas you will find Chalets (Houses), Townhouses, Apartment style condominiums and Luxury Chalets.



Tourist Accommodation Zones

The majority of these properties are located in the Village area, Blackcomb Benchlands and Whistler Creek. Outside of these areas there are pockets within a few select residential areas that permit tourist rentals. Within the Village, Benchlands and Creekside areas you typically will find townhouses, apartment-style condos and hotel units with Tourist Accommodation Zoning. They usually range in size from studios to 3 and 4 bedroom luxury properties. Within the Tourist Accommodation Zoning areas there are two types of covenants on title commonly referred to as Phase I and Phase II. By placing the restrictive covenants (Phase I and Phase II) on properties the Resort Municipality of Whistler guarantees a minimum percentage of units available for tourist accommodation year round.

Phase I

The properties that have this designation offer unrestricted owners' use meaning the owner can determine when and how often they want to use it and when and how often they wish to offer it for rent. In most cases they can also choose how to rent it, either short term tourist rentals or as a longer term residential tenancy rental. In addition they usually can choose what company they want as a property manager.

Phase II

These properties are typically the hotel properties within the Village, Benchlands and Creekside areas. They offer restricted use for owners in both the winter and summer seasons. Typically owners are allowed to use their property for a maximum of 28 days in summer and 28 days in winter. Most of the management companies are specific as to when and how owners are allowed to use their units and these units are generally incorporated into an ongoing "hotel" operation. Benefits to owners include "pooled revenues" as well as the standard hotel services (daily maid and room service). These types of units are best suited for the occasional visitor to Whistler or for an investor interested in revenue. Some examples would be The Westin, The Four Season, Delta Village Suites and Pan Pacific Lodge as well as numerous smaller lodges in the Village.

Quarter Share

This is a new ownership concept. Units have 4 owners on the title and each is allowed 1 week per month.

If the property is not used it is rented out through the front desk. It is an opportunity to own a larger unit but with less cost and if you are not interested in unlimited access.



The Buying Process

Buying property or real estate in Canada is a simple process.

Once you have found a realtor (equivalent to our Estate Agents), found your property, obtained a mortgage, made an offer, which is accepted, a deposit is payable.

An offer for a property in Canada must be made in writing to ensure that all elements of the purchase transaction are clearly defined within the offer.

This offer document becomes legally binding once signed by you, the Buyer.

If you withdraw at this stage, you will lose your deposit and may also be sued.

When making the offer you will need to make certain that all items offered with the property, stay with the property for the purchase, i.e. appliances, carpets, fixtures and fittings, which are described as 'chattels included'.

Your realtor should also include two statements to the effect that the offer will proceed only if the property is subject to a building inspection and that you, as the Buyer, are able to comply with the financial requirements.

Once your offer is finalized, it will be passed to the seller and negotiations instigated.

Negotiations may include the price, the chattels and the completion date.

Resulting agreed changes will be initialed by the seller and the offer document will be returned to you, the buyer for your initials.

From the Offer document, an Agreement of Purchase and Sale will state the agreed purchase price and deposit required.

When the offer has been accepted by both the seller and the buyer, the deposit will be placed in a trust account and will be credited towards the purchase price. The transaction is then complete.



Realtors

Realtors, who are generally self - employed, work on a negotiable, rather than a fixed commission basis and are paid by the sellers.

There can be two realtors active in the sale of a property; the seller's and the buyer's. The commission on the sale is shared between the two agents.

Realtors can act as the Seller's agent and the buyer's agent. When this is the situation, the Realtor must declare this to the Buyer and Seller.

All realtors operating in Whistler have a multiple listing system and as such any agent can sell any other agents listing regardless of what office they work in.

As a buyer, you should choose just one agent to work with as they all have the same listed properties to sell – (as long as you feel comfortable with the agent you are talking to it is best to have that person work for you).

Help is at Hand

To help all purchasers through the unknowns and uncertainties of property purchase transactions we work closely with an outstanding team of specialists in Whistler to provide a smooth and easy purchasing process.

Our Canadian Partner's Services

In Whistler our realtor partners have their own exclusive property listing system and they also have the information on every property offered for sale, by every agency in Whistler. Their extensive experience helping International Purchasers understand the Whistler real estate market and purchase property there will be a valuable asset in assisting you.

Accounting and Tax Services

Chartered Accountants provide clients with information and services relating to the tax implications of non-resident Canadian property ownership. They provide outstanding service and advice in an easy to understand format.

Mortgage Information

Many international property purchasers have good working relationships with their banks at home; however, foreign banks cannot register a mortgage on property in Canada.

One fact to keep in mind is that non-resident Canadian investors are required to have an equity position of 25% - 30% depending on the type of property you are purchasing.

The mortgage qualification process is similar to the UK: interview by phone, the gathering of personal and financial information, including employment and income, assets and liabilities. Each application is considered individually, on a case by case basis.

Following submission of the Mortgage Application, approval may take up to 24 - 48hours.

Documented evidence typically required will be:

Income verification, tax returns, letter from your bank stating that all accounts are in good order, confirmation of deposit payment by a Bank Statement. Plus two items of ID.

If you need to arrange financing for your purchase or want detailed information on how the mortgage process works in Canada, our Canadian partners' mortgage specialists are available to help you with your mortgage needs, providing a fast, efficient service.



Transferring Funds to Canada

Transferring funds overseas is often seen as a task to be undertaken by your bank - a mere formality. However, using your bank can cost you thousands of pounds compared to our specialist international funds transfer company. Please get in touch with us and our financial partners will hand-hold you through the process – and save you money every step of the way!

Legal Services

For all property purchase transactions in British Columbia a buyer is required to retain the services of a lawyer or notary public to perform the purchase conveyance and recording of title transfer.

Our partners' lawyers provide outstanding service and advice to clients and transact business all around the world everyday.

Taxes

If you receive income from your new property, you will be liable for tax.

Canada has a tax treaty with the UK, which is designed to avoid double taxation for people who would otherwise be liable to pay tax on the same income in the two countries.

Buyers Fees

Appraisal Fee

The lender may require you to have a property appraisal (at your expense) currently around \$450.

Survey Fee

If an up to date survey has not been effected by the seller, the lender will require a survey to be carried out. This will cost approx. \$150 - \$350.

Lawyer's Fees

Prices vary depending on the complexity of the sale and the type of property but is approx \$500 - \$800.

Transfer Tax

1% on the 1st \$200,000 and 2% on the balance of the purchase price

Property Insurance

Covers the cost of replacement value of the property.

Condominium Fees

This is a monthly charge covering building insurance and maintenance. For a condo valued at \$250,000, the monthly cost will be in the region of \$200

