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# *Offer Savvy for Buyers*

Your Realtor will write up the clauses to insert into the Contract of Purchase and Sale according to your wishes. Usually a standard contract from the Real Estate Board is used although this is not true when you are purchasing from a builder. They usually have their own. Like any contract, once it has been accepted by the seller and the “subject clauses” removed in writing, it becomes firm and binding. Opting out of a “non-subject” contract is not a choice unless you have a great desire to become involved in a legal suit.

Although your sales representative will be guiding you through the process, you may want to be prepared in advance for questions that will arise such as:



## **Deposits**

Keep in mind that your deposit is considered to be part of your down payment on the home and if you are unable to fulfill all the conditions of your offer, then you are entitled to receive the full amount back. Usually, the deposit is 5 to 10% of the purchase price but this can vary depending on what city or town you reside in. Your deposit amount is a good indicator of your seriousness and can be quite important in a multi-offer situation. The funds are usually, but not always, placed in your realtor’s company bank account and held “in trust.”

## **Subject Clauses**

These are some of the most common, but by no means is this a complete list.

- Subject to financing.
- Subject to house inspection.
- Subject to the sale of the buyer’s own home and property.
- Subject to the review and approval of the title search.
- Subject to vacant possession if property is tenant occupied and you want the tenants to leave.

## **If a condominium or townhouse;**

- Subject to receipt and approval of all documentation regarding by-laws, financial statements, minutes of strata council meetings, Form B, etc.

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## If a new home;

- Subject to receiving professional advice concerning GST liability and rebate entitlements.

Keep in mind that the fewer subject clauses inserted into an offer, the better. It makes an offer “stronger” and more desirable when it is written cleanly. This is especially important when you are in competition with other offers. If there are multiple offers on the same property all offering the same purchase price, then the deciding factor will usually depend on how many subject clauses there are, what they entail and/or the completion and possession dates.

Writing in a “subject to the sale of your home” is considered to be a “weak” offer by the seller and his real estate representative. There is always the possibility that you will experience great difficulty when marketing your property. If you choose to overprice your own home, then the chances are you won’t be buying another any time soon. It is not uncommon for sellers to opt not to accept any offer with this condition in it.

Usually, subjects are removed within seven working days of the offer being accepted. However, two to five days is more the norm.

All subject clauses, once the conditions have been met, will be removed in writing on an “addendum” to the Contract of Purchase and Sale drawn up by your realtor. Your realtor will ensure that this form is in the possession of the seller’s sales person before the expiration of the subject removal date(s).

## Fixtures/Chattels

Asking for too many items can sometimes alienate the seller and he may retaliate by countering your offer at a higher price than he originally would have accepted. So be prudent with your inclusions and ask your realtor’s advice as to what would be considered sensible under the circumstances.

## Completion, Adjustment and Possession Dates

All monies are disbursed on the completion day and the property is registered in your name(s) at the local Land Registry Office. The completion date is usually written in to occur just a few days before possession.

The adjustment date is usually the same as the possession day. The lawyers have “adjusted” the property taxes, water rates, etc. to reflect the portion of the year that you are responsible for.

Possession day is the day when you are given the keys to the house and are permitted to occupy the land and premises.

The usual time period from “offer acceptance” to “moving in” is two months. Of course, every situation is different and it could happen that you have an early closing of three weeks or less or a later closing of four months or more.

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Dates sometimes require a great deal of juggling especially when your seller has bought another house and that seller bought, etc. Sometimes there are three or four homes being purchased at relatively the same time so be prepared to be as flexible as you can.

### Tenant Occupied Properties

In B.C., renters must be given two months notice to vacate. Such notice to vacate must be given on or before the end of a rental payment period to take effect at 1 p.m. on the last day of a subsequent rental payment period. For example, if rent is paid on the 1<sup>st</sup> of the month, a notice received on February 28<sup>th</sup> takes effect on April 30<sup>th</sup>. This could mean that you would not be able to occupy the premises for almost three months. Using these same dates, if you have an accepted offer on February 3<sup>rd</sup>, you would not be able to give notice until February 28<sup>th</sup> and take possession until April 30<sup>th</sup> at 1:00 p.m.

### Pricing

Buying wholesale is what everyone wants but the truth is, very few sellers are desperate.

In days gone by, homes that were being foreclosed on or people that were in divorce proceedings may have sometimes sold below market value but today's sellers are more astute and are more willing to wait for their price.

Buyers often take the advice of well-meaning parents, friends and/or relatives. Why? Some parents haven't bought a home in thirty years and are, not surprisingly, shocked as to what market values are. Disbelief then outrage sets in. If you have pneumonia you wouldn't be making an appointment with your mechanic to

be cured. Hopefully, you would seek out your doctor and obtain professional advice. It is no different when you are buying a home. Listen to the advice your realtor has to offer. He/she can be a wealth of knowledge. After all, it is the realtors that are out in the real estate marketplace every day, not your Mom and Dad.

Some buyers think that the only way to barter to a fair price is to start very low. Most sellers have toiled countless hours on their homes and are gravely insulted that you think so little of it that you would dare to present to them a "low-ball." Your reward will be a high counter offer or in the worst-case scenario, no counter at all.

If the property you are bidding on is obviously overpriced, perhaps you should look elsewhere and spare yourself the disappointment or wait until the owner reduces his price to reflect market value.

**It is not unheard of to offer more than the asking price.** In a multi-offer situation, this can be quite common. Of course, the highest priced offer with the least conditions will normally prevail.

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## Closing

Once your home purchase is “non-subject,” the Contract of Purchase and Sale will be faxed from your realtor’s office to the lawyer or notary that you have chosen to represent you. Your lender will already have asked you who you wish your lawyer to be and will forward the mortgage document to him/her. You will have to arrange for fire insurance as soon as possible and it should be effective on the completion day.

Your lawyer will order a survey of the house and property should you need one. This is a requirement of all lenders except on condominium or townhouse purchases.

All necessary documents will be drawn up by your lawyer regarding the transfer of title and the “Buyer’s Statement of Adjustments.” This statement is a breakdown of credits and debits and is a convenient method of providing the parties with detailed information relating to the balance due from one (the buyer) and the balance due to the other (the seller).

Your legal council will call you in to execute the documents usually two to seven days before the completion date and will ask you to bring with you a certified cheque equal to the amount of your down payment (less deposit). This will then be applied towards the purchase price. Provincial taxes such as the Property Transfer Tax will be paid at this time as well as any other expenses or adjustments. You should touch base with your lawyer as he/she will want to go over such details as to whose names the property should be registered in and do you want to be registered as joint tenants or tenants-in-common, etc.



## Keys

The keys will be obtained from either the seller or his realtor on possession day and will usually be turned over to you by your own real estate representative.