Provision

- The information contained herein is provided to assist transferred/released CF members, RCMP members and Public Service employees. The information in this manual is based on reliable sources however BGRS assumes no liability for errors and/or omissions.

- BGRS provides relocation advice and services. BGRS employees are not financial, tax, accounting or legal advisors. BGRS requests that transferees seek the independent advice of professional advisors with respect to these issues.

- It is your responsibility to confirm your benefits/entitlements under the Integrated Relocation Program. In the event of conflicting or contradictory information, in all cases, the IRP policy document shall take precedence.

Legal Disclaimer

- Information provided in this publication is intended to provide general information. The user accepts full responsibility for the use of any information provided in this manual.

- The information is believed to be accurate, complete and current when written however BGRS cannot guarantee that it will remain accurate or complete or that it will remain current. The information in this publication does not constitute accounting, consulting, investment, legal, tax or any other type of professional advice, and should be used only in conjunction with the services of a BGRS advisor and any other appropriate professional advisors who have full knowledge of the user’s situation.

- Certain links referred to in this manual are maintained by third parties over whom BGRS has no control. BGRS makes no assurances as to the accuracy or any other aspect of the information provided or indicated on such Websites.

- BGRS is not responsible for direct, indirect, special or consequential damages, regardless of the cause, arising from the use of the information contained in this manual. The information contained in this manual may not be used or copied for commercial use. Personal and non-commercial use of the information contained in this document is accepted.
Your move is always at your fingertips with 24/7 access to BGRS’ websites. Designed specifically for the IRP, the BGRS Websites are a one-stop shop for your relocation needs.

Public Website – www.irp-pri.com

Our public website is designed to help you get started and provide a portal to our secure website. On this site, you’ll find:

- Your employer’s relocation policy – read up on your benefits before or during your move
- The General Briefing Session PowerPoint presentation – An overview of the IRP, general information on relocating as well as information on the current benefits applicable to you
- Links to helpful websites and IRP-related links
- Pre-registration

Pre-registration

In order to access our secure website, you must first pre-register on our public site. Follow the following steps:

1. Go to www.irp-pri.com
2. At the top of the first screen, you will see a link to BGRS Pre-Registration
3. Click on the link associated with your employer
4. Complete the form and press submit.

BGRS will submit your pre-registration and match it to an existing authorization for your relocation. Once this match has been made, BGRS will send you your username and password for the secure website in two separate e-mails.

I submitted my Pre-Registration but did not receive my username and password. What’s wrong?

Most likely, your employer has not yet submitted your authorization for your relocation. We recommend waiting five days before contacting your employer. Once your employer submits the authorization, our system will match it to your existing pre-registration so you don’t need to pre-register more than once per relocation.

It could also be that the information you entered does not match our records. Our system matches your records by last name, service or employee number and COS or transfer date. Please input the service number or employee number without spaces and the date in mm/dd/yyyy format.
Once you have received your username and password, log in to our secure website to conclude your registration by completing your personal profile. Now you’re ready to get started with the relocation process.

On the following pages, you’ll find some tips and tricks for our secure website:

Relocation Steps - What are they?

**Step 1: Orientation**

The Orientation page is a general overview and introduction to your relocation process including the Third Party Service Provider Directory, the It’s Your Move Manual and the BGRS Satisfaction Survey.

**Step 2: Dispose of Residence**

The second Step includes self-service options, required forms and documents, expectations & responsibilities as well as helpful Frequently Asked Questions (FAQ) all related to the dispossession of your origin home whether rented or owned.

**Step 3: Acquire a Residence**

Once again, this Step includes self service options for acquiring your destination home, additional documents required for reimbursement of benefits, expectations & responsibilities and helpful FAQs.

**Step 4: Moving**

You’re getting there. The Moving Step follows the same layout as the previous steps including important documents to be completed and forwarded to your BGRS Advisor for reimbursements of applicable benefits, helpful hints, expectations and responsibilities when moving your Household Goods and Effects (HG&E).

**Step 5: Final Steps**

Congratulations, you’ve arrived! The Final Steps page includes information relating to your final expense claim and the Satisfaction Survey to be completed and submitted to your BGRS Advisor. This isn’t the end, if your home has not yet sold, your BGRS Advisor will continue to assist you up to the time limits set by your employer’s relocation policy.

Where is it?

When you first log in to the secure website, you will arrive at Relocation Steps. Each step is customized to where you are in the relocation process, and your “Home Step” will be based on where you are in the relocation process. You can access Relocation Steps at any time by clicking on the top banner and clicking on any of the steps in the timeline.
How do I access the BGRS Third Party Service Provider Directory (for more information on Third Party Service Providers, please see the chapter entitled, “Third Party Service Providers”)?

Click on the tab ‘Home’ at the top of the page and click on ‘Directory of Third Party Service Providers’ on the left hand column.

GRIP – What is it?

A GRIP is a General Relocation Information Package containing your Policy document found on your Home Page, left side navigation bar. Helpful documents included in the GRIP are the “It’s Your Move” (IYM) manual (What you’re reading right now!); a Buy/Rent Decision Model and Destination Guides to assist you throughout your relocation. The IYM manual contains useful information such as House Hunting Trip tips, ideas on how to properly prepare your home for sale, moving with extended family members, rental and mortgage information, taxation information and much more. If your decision has not been made as to whether to rent or buy a home at destination, the Buy/Rent Decision Model may assist you with this important financial decision. The Destination Guide included in your GRIP will provide you with social, economical and local information about your new city/town.

Where is it?

You can access the GRIP by clicking on Home on the top banner and clicking on GRIP from the left hand column.

Dashboard/Overview - What is it?

It is an overview of your relocation activities to date including expense claims, advances, personal information, suppliers you have chosen etc. Dashboard/Overview is located on your Home Page, last tab on your left navigation tool bar.

Where is it?

You can access the Dashboard/Overview by clicking on Home on the top banner and clicking on Dashboard/Overview from the left hand column. You can also access the Destination Guides, Articles on relocation and the General Briefing Session PowerPoint from the Getting Started tab on the top banner.

Document Management – What is it?

The Document Management tab located on the left navigation bar of your Home Page is a simple and easy way to forward required documents to your BGRS Advisor. Such documents include: Acknowledge and Consent form; your listing and sale agreement (if applicable); your purchase agreement/lease agreement; real estate documents; Policy Waiver etc… Once uploaded, your documents are safely stored and viewable at any time. Should you require assistance with the Document Management module, please refer to the Document Management User Manual. Please be aware that the maximum document size cannot exceed 10 megabytes and only documents in any of the following formats can be uploaded: .doc, .pdf, .jpg, .gif, .png, .tiff, .ppt, .xls, .txt, .rtf

Where is it?

You can access Document Management by clicking on the Home tab on the top banner and then clicking on the Document Management tab on the left hand column.

Where can I find a list of all the documents I may need?

Throughout your relocation, you will be required to provide several completed documents. For a complete list of all documents, select the tab entitled IRP Forms at the top of any main page.
How do I complete an online expense claim?

Your Secure Website is equipped with an Itinerary for Expense Claim module designed to assist you in claiming your relocation expenses online quickly and efficiently. To find the Itinerary for Expense Claim module, click on the Advance / Expense Claim from the top banner and then click on Itinerary for Expense Claim from within the text. Should you have any difficulty submitting an expense claim, there is an Expense Claim User Guide located on the left side navigation bar on the Advance / Expense Claim landing page.

Where can I find a list of taxable benefits that I have used throughout my relocation?

Taxable benefits that have been applied to your relocation may be found in the Financial Worksheet tab on the left navigation bar under "T4 taxable benefits".

How are my Custom and Personalized Funding Components calculated?

Your Custom and Personalized Funding Components are calculated based on several different factors. You may review the calculation of your Custom and Personalized Funding Components in the Financial Worksheet Funding, under the Financial Worksheet tab.

What amount of my Custom and Personalized funds has been utilized to date?

To review all transactions from the Custom and Personalized Funding Components, review “Detailed Expenses to Date” in the Financial Worksheet tab.

Where can I find my BGRS Advisor’s contact information?

If you forget or misplace your BGRS Advisor’s contact information, it is located in the Contact Us tab. Your relocation file may be sent to a BGRS destination office at the same time you travel to destination. Your BGRS destination Advisor’s contact information will also be located in this same area.

How can I review the advances I have requested and expense I have submitted?

The Itinerary for Expense Claim Tab which is accessible from any Main Page is used to request advances, submit claims and review your claim or advance request status. This Self Service tool will facilitate your advance requests and speed up your claim reimbursements as well as keep you up to date with your requests. You can find a record of your expenses and advances by clicking on the Advance / Expense Claim and clicking on Itinerary for Expense Claim or Claim Status from within the text.

Your Financial Worksheet (FW) may look different than the one you have received from your BGRS Advisor. Your BGRS Advisor has provided you with your complete FW and the Secure Website has divided the FW into easy-to-read sections.

At anytime throughout your relocation, should you wish to update your personal information or contact information such as destination address, telephone numbers or email addresses, you may do so on your home page under “Your Profile”. To find Your Profile, click on Home from the top banner and then Your Profile from the left hand column. For additional FAQs, please review individual relocation steps.
Planning Your Move

BGRS – Who Are We?

BGRS is Canada’s oldest and largest relocation company. Since 1964, we have been administering employee relocation programs for federal and provincial agencies, Crown corporations, and Canadian companies. BGRS has over 48 years of relocation experience available to help you with your move. We are the Canadian industry leader in relocation, implementing new and innovative technologies to help you and your employer manage your move effectively and efficiently.

BGRS’ investment in the continued enhancement of our full-service platform is key to providing you with services that will meet your present and future needs. We will share our knowledge and provide you with the tools and resources needed during the transition to your new community.

Committing to Quality

In 2001, BGRS committed significant human and financial resources to develop a Quality Management System (QMS) to ensure a higher level of service to you. Following months of research and development, BGRS implemented our Quality Management System in all locations serving government transferees. Each location has electronic access to comprehensive work instructions and reference manuals to ensure adherence to the application of the Integrated Relocation Program policies and procedures.

What does this mean to you and how does this impact your move? It means that we have developed consistent work practices that allow us to provide you with the same high-quality relocation services, no matter where you’re located. It means that we are focused on continual improvement, both in the services we provide and within our own operations.

Implementing Quality

A commitment to quality isn’t enough. Someone has to make it happen. At BGRS, that “someone” is actually an entire team of professionals, from the group responsible for project management and administration to the “frontline” staff who work directly with transferees. The frontline staff at each of our locations is ready and able to help you and your family – before, during and after your move. All are focused on making sure that you have all the information necessary to make good decisions. Let us introduce the person you will be working closely with:

Your BGRS Relocation Advisor will be your primary point of contact throughout your move. Your advisor will provide guidance on renting, selling and/or buying a home based on your individual circumstances. They will calculate your personalized expense estimates, as outlined in your “Financial Worksheet”. This worksheet specifically addresses the financial aspects of such things as the disposal of your principal residence, your House Hunting Trip, acquisition costs for your new home and costs for interim lodgings while you are unable to live in your home (if applicable). You will be briefed on any qualifying entitlements/benefits to make your move as smooth and stress-free as possible. Another big contributor to quality service is the BGRS Secure Website accessible through www.irp-pri.com, as it gives you access to a broad range of tools and information, specific to you, to help you throughout your move. The Website has been built to ensure confidentiality and has been thoroughly tested and audited to ensure security. The Website provides access to both information and organizational tools to make your move go more smoothly.
Our Quality Policy

Our quality policy is to achieve and maintain the integrity of the service we provide as prescribed by our clients; to continuously improve all of our business processes to ensure full customer satisfaction; while adhering to the highest ethical standards.

Third Party Service Providers Who Are They?

Most moves require the services of third-party service providers (TPSP), such as an appraiser, Realtor®, lawyer/notary, rental search firm or home inspector. BGRS maintains and continually updates a national Directory, of over 9,000 third party service providers. Inclusion in this BGRS directory is open to all third-party service providers who agree to respect the level of service required by relocating IRP transferees and who agree to abide by its established terms, conditions and fee schedules. What do you need to know about using third party service providers?

Supplier Resources

Choice
Third party service provider selection always remains your decision; you may choose any service provider you wish – through our extensive TPSP Directory or through your own channels, provided the TPSP is at "arms length" from you and your family.

Cost
Participating TPSPs have agreed to respect the fee schedules established for the IRP, so you can be sure of the cost of services. However, if you select a service provider who chooses not to participate in the IRP you will be personally responsible for any expenses incurred in excess of the established rates.

Advice
We encourage you to interview prospective TPSPs, such as Realtors®, to get a clear understanding of what they can do for you. Choose the person you feel will best serve your interests. Friends or family members may be able to recommend third party service providers to you, or you may have past/personal experience with someone whom you’d like to work with again.

Third party service provider assistance
If you ask to be referred, BGRS will provide you with a TPSP Directory. This information can also be accessed via your Secure Website.

Responsibilities
Communication is key to ensuring that the services provided meet your expectations and that payment of invoices is monitored and addressed in a timely manner.

Be sure to communicate your specific housing needs, price range and HHT dates to your Realtor® or Rental Search Firm. If any of these specifications change, it is important for you to keep the professionals working for you apprised of such changes.

When you receive services from a TPSP, you are required to complete the Certification of Services Received form before the TPSP (if chosen from the TPSP Directory) is paid or you are reimbursed your expenses (if not chosen from the TPSP Directory).

In addition, all final transactions regarding a home sale or home purchase should be immediately conveyed to your BGRS team by way of a copy of the completed Agreement/Offer of Purchase or Sale. When you have selected a lawyer/notary, it is critical that your BGRS team be notified of their name and location.
The following illustrates the various “players” and their roles and responsibilities in the IRP Process:

You

**Decision Making & Implementation**
- Get advice from BGRS
- Get authorizations as needed from your Department
- Make decisions that serve your needs
- Choose service providers
- Implement your personal relocation plan
- Ensure adherence to the policy or directive

**3rd Party Suppliers**

**Specialty Services**
- Meets service and fee conditions
- Provides services to transferees

BGRS

**Information, Advice, Administration**
- Explains and administers policy
- Provides timely information, guidance and advice
- Arranges payment for your claims and TPSPs

Your Department

**Policy & Approvals**
- Sets policy or directive
- Sets funding limits
- Provides authorizations

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**How It Fits Together**

- **Your Department**
  - File authorization/ Posting message
  - Complete pre-registration via the public website at [www.irp-pri.com](http://irp-pri.com)
  - System sends username and password for secure website

- **You**
  - Complete online registration at secure website via [www.irp-pri.com](http://irp-pri.com)
  - Advisor gathers information, provides you with GRP and books 1st planning session
  - Advisor provides planning session to discuss benefits and unique requirements
  - Submit travel claim with complete itinerary and original receipts
  - Submit confirmation (lease, agreement to purchase) of secured accommodations with HHT claim
  - Proceed to destination and submit final move claim within 60 days of arrival

- **Brookfield GRS**
  - Advisor arranges payment of lawyer/notary for eligible purchase expenses
  - Discusses & actions alternate plans for securing accommodation
  - Home purchase
  - Rent
  - Reimburses Travel to New Location, provides complete expense management in the most tax efficient manner, reconciles the file and forwards final PW for your review

- **Renters**
  - Assists with HHT requirements, arranges commercial transportation and provides advice for pending travel expenses
  - Home purchase
  - Rent

- **Home Sale**
  - List your home with a Realtor of your choice and forward listing agreement to Brookfield GRS
  - Emergency listing for Brookfield GRS

- **HHT Successful?**
  - Yes
  - No

- **Complete Satisfaction Survey**

---

[Image of diagram showing how it all fits together]
The material in your General Relocation Information Package (GRIP) will give you an overview of the many considerations and steps to be taken during the relocation process. We've provided the following flow chart to give you an “at-a-glance” outline of this process. Your personalized planning session will help you focus on the information relevant to your situation and will clearly identify the key steps you must take.

While there are many things to think about in planning any relocation, of utmost importance will be your “target” moving dates – you are expected to make every reasonable effort to plan a door-to-door move. Door-to-door moves are desirable for everyone, for several reasons:

- **Less stress** — Loading/unloading your household goods takes place just once. You minimize the time you’re separated from your belongings. You can resume a normal schedule more quickly.

- **Back to work sooner** — The sooner you and your family settle into your new home and community, the sooner you will be prepared to meet the operational requirements at your new place of work.

- **Lower costs and lessen damage** — Eliminating Storage in Transit (SIT) for your household goods cuts the cost of your move and also reduces the likelihood of damage to your belongings as your shipment is subjected to less handling.

To achieve a door-to-door move, you’ll need the assistance of your BGRS Advisor and timely approvals from your Departmental Coordinator or Commanding Officer, as required. Your part is to make a realistic plan based on the concept of “date matching”, as explained below, and then to manage that plan, as circumstances allow. The following planning calendar will help you identify the most appropriate moving day at origin and the ideal occupancy date for your new home at destination, which should coincide with your own arrival. Use the following guidelines:

Carefully coordinate the dates for vacating your present home at origin, the pack/load of your household goods and effects, your authorized number of travel days and finally, the occupancy of your new home. Plan the arrival of your household goods to coincide with your own arrival at the new location and the availability of your new accommodation. Be ready to accept delivery of your household goods directly into your new home to eliminate Storage in Transit.

Negotiate a possession/occupancy date as close as possible to the date you are required to report for work at your new location.

If you can, try to select an “off peak” moving period. For example, the last two weeks of June are very busy and moving companies may not be able to meet the demand. The Friday before the July 1st long weekend is particularly busy. Avoiding this peak period will increase the reliability of service from your mover, and improve your chances of maintaining your moving schedule.

**NOTE:** BGRS is not responsible for the movement of your household goods; this will be planned through existing Household Goods Removal Service Contracts as discussed in the Moving Process section.
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In both the old and new locations, you will need to notify or make arrangements with the following companies or services, as applicable. It’s a good idea to keep a record of the date and the person you spoke with.

### Remember to Notify

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<td>Electricity</td>
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<td>Water</td>
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<td>Garbage (special pick-up)</td>
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### Garage Sales

One of the best ways to reduce your moving costs is not to move items that you no longer need or use. A garage sale is one of the easiest ways of disposing of excess possessions. Given the emphasis on recycling today, it can even be considered an environmentally responsible way of keeping serviceable items out of the garbage dumps.

Before planning your sale, you should check with your municipal authorities to see if you require any kind of permit to hold a garage sale. You should also inquire about the necessity of collecting taxes. Usually this is not necessary unless the sale is expected to reach a certain dollar figure.

Visit other garage sales to get an idea of the best way to set out the items, pricing, etc. Similarly visit resale shops, antique shops and flea markets to get some idea of the value of certain items.

If you plan to dispose of a number of larger, more expensive furniture items, you may want to consider checking with local re-sale or consignment shops. You may find that even with the commission you pay to them, you will get more for your items than by including them in a garage sale. This may also be true for very high quality clothing items.
Decide when to hold your sale. Traditionally weekends are best except for Holiday weekends when many people are away or involved in other activities. Mid-spring and mid-fall are generally good garage sale periods and they often coincide with preferred moving dates. Even if you are planning to move during the summer months, it is a good idea to hold your sale in the spring. Getting rid of excess items often makes your home more attractive to potential purchasers as it appears more spacious. Real estate agents often recommend garage sales or the storing of items just for this reason.

**Family Matters**

You may have expenses related to the special requirements of family as a result of your move. It is important to know whether these items are reimbursable or at your own expense. Refer to your Policy Document for details. The reference below will provide general information concerning disabilities, seniors and specialized medical assistance at these Websites:

Substitute “ns” in the following sample address for Nova Scotia with the applicable provincial code (BC, AB, SK, MB, ON, NB, NF, PE, YT, NT, and NU).

Sample: www.gov.ns.ca
For Québec, please visit www.gouv.qc.ca

**Relocating with your spouse**

Surveys indicate that when employees do not accept transfers it is often because of dual-career families. Or, when a relocation fails, it is often due to the accompanying spouse being unable to adapt to the new location.

**Get involved**

Many communities have welcome committees. Newcomers are introduced to others in the neighbourhood and group get-togethers, events, etc. are often arranged. Joining clubs or groups that share a similar interest or hobby can also be an effective way to meet new people.

**Relocating with children**

Children are all different. Change may evoke surprising emotional responses. Adventurous ones may suddenly become fearful because they are losing the thing that allowed them the freedom to explore - the security of “home” - and the timid ones may become opposed to the change.

Parents need to do more than simply reassure their children that everything will work out fine. While reassurance is important, it is also necessary to anticipate and acknowledge the child’s fears. Everyone, young and old, experiences some emotional anxiety when being uprooted from familiar surroundings. For children, this anxiety is heightened by the fact that they may lack the social skills to ease their assimilation into a new place.

**Helping your children make the transition**

Children of different ages have different needs when it comes to moving. Very young children usually have no strong roots outside the home and, consequently, have fewer concerns. Let young children pack some of their own possessions, assuring them that they will miraculously reappear, safe and secure in the new location, and let them travel with the toys that make them feel most secure.

**Ideas for older kids**

For children attending school and teenagers, a move is incredibly disruptive. For many, their identity as an individual is tied to their position in their peer group. Anger is a perfectly natural response.

Fortunately, with older children it is often possible to work through this with reasoned, rational communication. Acknowledge the problem and provide help in making the break with as little trauma as possible. Offer children every opportunity to say goodbye to their friends, and arm them with information on the exciting opportunities that await them in their new home.
Once the move is complete, ensure that everyone in the family is actively adjusting. Share your feelings and create your own little family support group. Stick to family habits and rituals that give a sense of time, place and security.

**A few ideas**

- Explain in simple terms why the move is necessary. Make it short and positive, without overselling - children often know when a parent is masking negative feelings.
- As the child becomes used to the idea of moving, tell them about their new home and what they might expect to find there.
- Encourage open communication; let children talk about their feelings, reassuring them that their feelings are natural.
- Attachments are strong, even at a young age, and it may take some time for the child to let go. Work through the problem without blaming either the child or yourself.
- Involve the child in the move. Ask for opinions and suggestions.
- The child’s point of view may provide insight into his/her true feelings.

**Relocating with teens**

- If possible, visit their new school with them before they start so they can get a sense of the school culture.
- Try to get a copy of the school newspaper to read up on what’s going on before you arrive.
- Sign up for activities ahead of time if possible. It’s the best way for your kids to meet people with common interests.
- Include teens in decisions whenever possible. Choosing new décor together or giving them free reign to decorate their new room may be a great help in lifting the mood surrounding the move.
- Be patient with teens. Making new friends and adjusting to new surroundings can take some time.

**Relocating with elderly family members**

Increasingly, family units can include a parent living with the family - or a parent living in separate accommodation who relies on the family. One of the most difficult challenges many transferring families face is deciding how to deal with an elderly parent or dependant adult relative for whom they provide some degree of care.

**Find a home that works for everyone**

A careful assessment of your relative’s needs is integral to a successful move. Health care, mobility, transportation and social needs must be considered. Depending on the cost of living at the destination, the cost of senior care facility may be significantly higher. Also, more time to find and assess appropriate facilities may be required.

Despite the complexities of this type of situation, the needs of seniors differ less than you might expect from the average adult. Active people of all ages can expect to find social outlets for their interests. In fact, as the population ages, resources for seniors abound. Community centers, care facilities, religion affiliated and non-sectarian groups all cater to the needs of today’s senior. Proximity to resources, including health centers and retail shopping, is important relative to the mobility of the senior. Access to public transportation or assisted transport may play an important role, while, for others, easy access by car is paramount.
For more information on services for seniors, consult the Seniors’ Guide to Federal Programs and Services on the Health Canada Web Site:

You can also reach this bilingual call centre to make general inquiries regarding federal government programs and services. For service in English or French: 1-800-O-Canada (1-800-622-6232)

Relocating with Special Needs/Disabilities

There is some provision for allowable renovations under the Income Tax Act for transferees and/or dependants with special needs or disability requirements. Before starting any renovations, get a copy of the Income Tax Interpretation Bulletin IT-519R. Confirm your eligibility for renovations such as ramps, and widening of doorways and driveways. This bulletin lists the criteria and explains how these renovations may be claimed as medical expenses under paragraph 118.2(2) (1.2) of the Income Tax Act.

CRA allows an individual to claim the cost of these renovations if not reimbursed by his/her employer. If authorized use of funds in your IRP Funding Envelope has already been allocated to other relocation expenses, it may be recommended that you pay for the above renovations on your own. You may then claim expenses against income earned at the new location, on your personal income tax return (receipts will be required).

You can obtain a list of publications and forms dealing with tax information concerning people with disabilities from this Internet address: http://www.cra-arc.gc.ca/disability

The Moving Process

Understanding the roles of those involved in the shipment of your household goods and effects will help eliminate any frustration and complications. The Household Goods Removal Service (HGRS) contracts are not administered by BGRS.

You have an important role to play in the success of your move out of your present home and into your new home. You must be sure to obtain your complete briefing on HGRS from your appropriate departmental relocation section.

You will be asked to accompany an estimator during a pre-move inspection of your home. Be as accurate as possible with the information you provide regarding the items you intend to ship, any items you intend to purchase before shipping or belongings you will dispose of. This detailed listing generated by the estimator will become the printed inventory of the goods the driver expects to load.

NOTE: There may be items that the carrier cannot move; you would then have to make alternate arrangements, where feasible, or appropriately dispose of such items.

It will be important for you to be present during the pack/load and unload/unpack. We’ve provided further details about moving day responsibilities later in this chapter.

Your assigned moving professional (HGRS Contractor) will make an appointment to visit your home to conduct a visual survey of all items you intend to move and provide you with the following information:

- The estimated weight of your personal belongings (your household goods and effects) based on your indication of what you intend to move, what you will dispose of prior to moving and what you intend to purchase before the move.
- Details of the services you are entitled to during the packing and loading of your shipment, plus your own responsibilities during this process, according to the HGRS agreement with the carrier.
- Move related information such as insurance coverage, preparation of appliances and electronics, unacceptable items and any additional services or advance preparation required for large, fragile items. If you have a pool table, grand piano, wall unit or grandfather clock, discuss your responsibilities with the moving advisor. Crating services, when deemed necessary, is the responsibility of the HGRS Company contracted to provide the service.
- A confirmation of the packing/loading/shipping dates and subsequent delivery of your shipment.
Non-Admissible Goods

Non-admissible household effects and admissible goods, over the carrier’s weight limitations, will not be loaded on the same moving van as your household effects unless both shipments can be weighted separately. You will be responsible to make separate arrangements to move non-admissible items and will be responsible for any costs incurred.

Services for which you might be charged extra are as follows:

- additional costs for the moving crew to access attic and crawl spaces to pack items
- disconnecting/reconnecting appliances
- dismantling/reassembling certain items
- additional insurance in excess of the authorized coverage
- specialized preparation or crating of antiques, art objects, jewelry, etc. (appraisals are recommended for valuable objects to ensure you are adequately insured)
- charges to access your shipment while in a long term storage facility

Storage in Transit (SIT)

Storage in Transit occurs when the carrier stores your household goods and effects in a warehouse for a limited time. This results in your shipment being handled a minimum of two additional times, often more, which increases the likelihood of damage. If you have arranged a door-to-door move this will be eliminated, as you will be ready to accept delivery directly into your new home.

There will be two separate visits to your home if you are moving overseas: one from the company who will pack, load and ship your belongings to your new overseas location and the second from the carrier who will pack, load and move your remaining items into the Long Term Storage (LTS) facility. The actual pack/load dates will vary depending on the type of accommodation you will be moving into overseas, whether furnished or unfurnished.

Private Motor Vehicles

Shipment of Private Motor Vehicle (PMV)

When you and your family are traveling by commercial transportation and have one or more vehicle(s) to ship, carefully coordinate the shipment dates in order to have your vehicle at destination upon your arrival. This will save you money on car rentals and will allow you to commence with the registration/safety requirements. You may be expected to pick up your vehicle from the carrier’s lot if it is within a 40-kilometre radius of your new home – otherwise it will be delivered. Confirm details with your vehicle shipping company. Examples of potential requirements are:

- A valid registration certificate must be presented to the carrier and placed in your vehicle during transportation.
- Your vehicle must be in good running condition with sufficient gasoline and anti-freeze to protect the vehicle from cold weather.
- You will be required to provide a set of keys.
- The carrier may refuse vehicles more than 16 years old. Contact your moving professional for information.
- Personal belongings, household effects or other miscellaneous items cannot be left in the vehicle.

Leased Vehicles

Leased automobiles can only be moved to another city or province with a letter of permission from the leasing company. Rarely will a leasing company permit an automobile be moved to or from the United States (or other foreign country).
Moving Check Lists

4 Weeks before moving
Tour your house including the attic, garage, storage shed and decide which items should be discarded or donated to charity. Consider a garage sale. Begin to use up frozen food and staples. Buy only what will be used before moving. It is inadvisable to move frozen goods on the van over long distances. Arrange for transfer of records, i.e.: school, medical, etc.

3 Weeks before moving
Arrange for transportation of pets, including kennels, and check with your veterinarian. Start preparing your plants for the move. Return library books, videotapes and other borrowed items. Collect anything lent or out for repairs/layaway. Dispose of flammables - paint, matches, pressure cans, cleaning fluids, etc. Notify post office, mail order accounts, etc. of your pending change of address. Draw up a floor plan of your new home and indicate furniture placement. It makes moving in twice as easy. Arrange a babysitter for the moving day. Plan to discontinue utilities, delivery services, etc.

1 Week before moving
Finish packing all suitcases and basic essentials. Plan to carry with you valuable documents, currency, and jewelry. Drain water from garden hoses and oil/fuel from lawn mower and other machinery. Defrost and wipe dry fridge and freezer. Take down curtain rods, shelves - items permanently attached. Dismantle large power tools such as table saws, grinders, etc. Confirm that you have important papers, keys, medications and plane tickets and appropriate clothing with you for your trip.

Packing Day
Have a clear workspace available for packers; point out (a) fragile valuable items; (b) items you will be taking with you; (c) anything to be left for new owners.

Moving Day (out)
Plan to stay home until the moving van has left. Do final check for overlooked items. Make certain windows and doors are locked, utilities are discontinued or turned off, keys transferred and lights out.
Your moving professionals will again take precautions to protect your personal effects and will place items in rooms specified by you; therefore it’s a good idea to have a floor plan available for the moving crew so they can readily place the furniture and boxes in the proper rooms. This will save you the effort of rearranging after they’ve gone.

Inspect the condition of your household effects. Check each item off the signed household goods description inventory checklist, as it is unloaded. Note any damages. Advise the moving crew of any loss or damages you notice during the unloading of your shipment. Be sure the moving professionals unpack items in order for any insurance coverage to be valid. Record any damages immediately. Sign for receipt of your shipment, even if there is loss or damages, only when all items you want unpacked have been completed. Be sure to record the details of any damage or loss that occurred during the move under the “Exceptions” section on the inventory listing. If this is not done, the carrier could deny any subsequent claim.

**NOTE:** These notations will not constitute a claim; they are merely a record of observations of damage or loss as identified by you and/or the movers.

According to normal practices, a claim for any loss or damage must be filed within 90 days from the date of delivery for moves within Canada and 60 days for overseas moves. Your carrier and the insuring agent, not BGRS, will handle any claims. Only one claim can be made so ensure it is complete. **It is essential that you check current procedures with your moving professional when accepting delivery of your household goods and effects.**
Pets, like any other family member, also feel the stress of relocation. Just as you would prepare children for the changes ahead, it is important to help your pet get ready for the move and to familiarize it with the new location once you arrive. Minimizing your pet’s exposure to extreme changes in routine will go a long way to easing the stress on the animal and on you.

Consult your veterinarian for information specific to your pet. Make sure all vaccinations are current, obtain medical records - and ask for a recommendation for a veterinarian in your new city or town.

**Before the relocation**

Animals are easily spooked by sudden changes in routine. Keep your pet’s daily routines as consistent as possible in the weeks leading up to the relocation. Let your pet go outside or take it for a walk and feed it as you normally would, even if your home is in chaos. If possible, arrange with a friend or a kennel, to take your pet for the day of the move, and possibly for a few days before as well. Pets sometimes become frightened by the disruption and run away on moving day, or alternately, stay too close and are constantly underfoot.

**During the relocation**

Always ensure that there are clear identification tags on your animal and on its carrying case - and be sure that the phone number listed on the tag is current! Have extra food and water on hand in case of emergency. Some veterinarians advise that pets should not be left alone in a vehicle or it could increase the animal’s feeling of abandonment.

**Tips on moving your dogs and cats**

Dogs and cats can ride in your car or be shipped by air. Taking them in the car is fairly simple. Bring their food, water, dishes, etc. and stop at least every two hours. Make sure to walk your dog or cat on a leash. Even the best behaved animals may try to run away when they are in unfamiliar situations. Call ahead to find motels/hotels that allow pets.

If you are flying, your cat or dog can ride in the baggage compartment. Call your airline to find out about vaccination requirements. If the plane trip will be long and your pet is nervous, you may want to talk to a vet about tranquilizing them.

**Small animals**

Hamsters, birds, mice and guinea pigs are best transported in their usual cages. Make sure the animal has enough food, water, etc. It’s best to transport them in your own car but do not park in the sun.

**Fish**

There is no practical way to move fish in their aquarium. It is nearly impossible to move an aquarium safely as each gallon of water weighs 8 pounds. It is best to give the fish away to a good home, move the aquarium dry and then purchase new fish when you get to your new home. If the trip is only an hour or two you may want to try moving your own fish by putting them into a plastic bag with water and air, as if you were bringing them home from the pet store.

**Arrival in your new home**

The sooner you can re-establish old routines, the better. Allow your pet to become familiar with the home. Cats should be kept indoors for a few days before being allowed to roam free. Dogs benefit from frequent familiarization walks around the area. If you are transferred outside of Canada, confirm what are the requirements to relocate your pets with your destination country.
Moving is very stressful for plants. Consider giving them to friends, hospitals, libraries, or selling them. If you decide to move them, these guidelines will help ensure your plants arrive at your new home in the best condition possible.

**Things to keep in mind**

**Do-It-Yourself** — If you’re planning to move houseplants across borders, check federal, provincial and state regulations. Plant quarantines may be in effect in certain areas to restrict movement of plants that may harbour destructive pests.

**Shock** — Some houseplants are susceptible to shock when moving. The distance moved or time in transit doesn’t make the shock greater - it simply will take the plant longer to recover.

**Temperature** — This is the most central factor in moving houseplants. Temperatures below 35F or above 95-100F for over an hour can be fatal. Plants in properly wrapped cartons will withstand quite a temperature variation.

**Water** — Plants should be moist when prepared for transport. Most can survive up to a week or 10 days without being watered and suffer little harm.

**Darkness/light** — When other conditions are favourable, houseplants can tolerate darkness for up to a week. Plants left in darkness too long “etiolate”, or start to put out abnormal growth susceptible to disease. When first exposing plants to light after a lengthy period in darkness, limit sun exposure the first few days.

**On the moving van** — Moving houseplants on the van with your furniture is usually not a good idea. The inside of the trailer is subject to extreme temperatures both in the winter and in the summer. Plants do not fare well in this environment, especially if they are on board for several days.
This chapter provides information on topics ranging from terminating a lease to negotiating with a new landlord. Our goal is to help minimize the stress of finding suitable rental accommodation in your new location.

Do you rent now?
Are you considering renting at your new location?
Have you decided to rent at your new location?

If you answered “yes” to any of these questions, then this chapter has something for you. Something to help you “rent smart”. In this chapter we cover the big issues of renting...

- Leaving your current rental accommodation
- Deciding whether to rent
- Deciding what you want
- Finding what you want
- Managing the legalities

...with plenty of practical advice on the critical details...

- When is the best time to schedule your House Hunting Trip
- How to work with a rental search firm
- Which questions to ask a prospective landlord
- What documentation to have ready for your new landlord
- How to customize a lease to fit your particular situation

If you’re renting now, you’ll need to plan carefully to ensure a door-to-door move. For example, you’ll want to plan your “dispossession date” for your current residence so that it corresponds with your arrival at your new location.
Written notice

When you want to vacate a rental property, you must give your landlord written notice of at least one month – maybe more, depending on the lease you signed and provincial regulations.

**When should I deliver my notice?**

If you have a month-to-month lease and you want to move out at the end of May, deliver your notice no later than April 30th. If you have a yearly lease, check to see what the notice requirements are for the applicable province.

**How should I deliver my notice?**

Deliver it to your landlord in person, or send it by registered mail, to be sure it is received.

**My lease expires in May. Do I still have to give notice in April?**

Yes! Even if you plan to move on the anniversary date of your lease, you still have to give notice to your landlord. Your lease will not expire automatically.

**What if I don’t give notice?**

The landlord can hold you responsible for the rest of the tenancy period. You could end up having to pay the rent for the rest of the lease term.

**If I give notice, am I free and clear of my lease?**

If you’re renting month-to-month, then usually all you need to do is give one month’s notice. If you’re on a yearly lease, then you’re responsible for the rest of the lease period. Most leases allow for a penalty of 2 or 3 months’ rent to be paid to cancel a lease. You need to know what’s in your lease. As a starting point, you can refer to the Summary of Landlord/Tenant Requirements later in this chapter to determine the required Notice of Termination for your province. The Landlord/Tenants Act is a provincial law and differs widely from province to province. In Québec, the Régie du Logement gives landlords the full remaining term of the lease as a penalty if a tenant leaves without giving 3 months of notice. In Québec, leases typically run from July 1st to June 30th, which means that you must give notice by March 30th.

Subletting

If you have to move before the end of the term specified on your lease agreement and your landlord can’t find another tenant, they may hold you responsible for the entire lease period. One option you have is to sublet your rental unit. Subletting means that another person “takes over” your lease, but you remain responsible for all the obligations of the original lease. If the new tenant moves out, doesn’t pay the rent, or causes damage to the property, then legally the landlord can turn to you for payment. In some provinces, landlords must consent to the sublet. If you and the landlord cannot find anyone to take over your lease, you will be responsible for any loss of rent. Again, check your own lease documents for subletting arrangements and refer to the Summary of Landlord/Tenant Requirements for your province. Because subletting leaves you responsible for the rented property, avoid it if possible.
Assigning the Lease

A better option than subletting is to transfer or assign your lease. An assignment is a legal form that transfers all your tenancy rights and obligations to a new tenant, again subject to landlord approval. Note that even if the landlord agrees to the assignment in principle, they still have the right to refuse assignment to a specific person. For example, they would probably refuse to allow a transfer to someone with a poor credit rating or someone who had recently been evicted from another rental unit. Under this agreement, you are not entitled to re-occupy the premises, but more importantly, you cannot be held responsible if the new tenants don’t pay the rent.

- Check with your Provincial Tenancy Board and your landlord before entering an agreement to assign a lease or sublet.

Deciding to Rent

The decision of whether to rent or buy is based on many factors:

- The financial aspects of each option, based on assumptions about increases in rental rates and house prices.
- Your personal financial situation (e.g. income, equity available, other financial obligations).
- The specifics of your family situation (e.g. how many in the family, whether you have pets, whether anyone in the family has special accommodation needs).
- The availability of rental units in the area.
- The local market for resale homes.
- The probable length of your stay in the new location.
- Your preferences in accommodations and lifestyle.

Each situation is unique – only you can decide what is best for you and your family. We provide two tools to help you make informed choices:

For specific help in comparing the monetary costs of renting versus buying a home, BGRS has provided a “Buy vs. Rent Decision Model” on our Secure Website. This electronic financial tool will enable you to make an informed decision based on the financial implications and benefits of renting vs. buying. The model contains pertinent information for both the first-time buyer and the experienced homeowner.

The model generates the “specific values” for renting versus buying based on your specific financial situation and external factors such as length of time involved or projected rate of appreciation for a home. Take time to gather the necessary data to make the scenarios as accurate as possible. Relative cash flow will be factored in for monthly rental versus ownership expenses. In addition, the duration of your transfer, the prevailing interest and inflation rates, the equity in a home, maintenance costs and rate of appreciation will affect the analysis, thus the net result. Please remember that the analysis is only a guide – it should be used in conjunction with advice from your financial advisors.

Vacancy rates and rental rates are useful information, since they give you some indication of how easy it will be to find a rental accommodation, and how much you should expect to pay. More information on current rental rates for various types of housing can be found through your BGRS Secure Website link to the Survey of Canadian House Prices (www.irp-pri.com).

For average apartment rental and vacancy rates, please refer to the CMHC website at www.cmhc-schl.gc.ca.
**Deciding What You Want**

Time spent determining your needs before starting your search for a rental accommodation is time well spent. Establish what you think is best, given your specific requirements. We encourage you to discuss your needs and preferences with other members of your family to help you make decisions on the rental rate, type of neighbourhood and housing style.

**Price**

Price range is often a primary consideration. Decide how much you can afford or want to spend. Remember to factor in parking, heating and other utility costs not included in rent. Consider your usual monthly expenses and payments. Establish your price range at the start; it will focus your rental search to the most suitable units. Ensure your expectations are realistic for the new neighbourhood by comparing your desired price range with the average rental rates in your new community.

**Location**

To choose a neighbourhood suited to your needs, consider the following factors: distance from your workplace and schools, public transportation routes, medical facilities, grocery stores, recreational facilities and libraries. Is the overall safety of the neighbourhood good? Look for street lighting and sidewalks. If you have young children or are concerned about noise levels, look for less frequent and slower traffic. Are bicycle lanes or nature trails close by for your recreational enjoyment?

**Type of Rental Unit**

Consider the size of home your household requires. How many bedrooms do you need? Do you need a rental unit that allows pets? Consider laundry facilities and accessibility. Do you prefer high-rise living or lower density housing, such as a terrace home, townhouse, semi-detached or single family home, where available? What security measures are in place?

Because there are so many options to consider with location and types of rental units, we will go into these two topics in more detail.

**Location, Location, Location**

Your choice of location will be driven by several factors:

- Your work location.
- Your willingness to commute.
- Access to public transportation routes.
- Your family’s needs in terms of schools, medical and recreational facilities.

As you consider your needs, you’ll get a feel for the type of community most suitable for you – urban, suburban or rural.

**Urban** communities offer a greater selection of housing styles and are closer to a wide range of shops, clinics, restaurants, theatres, museums and galleries. You might not have to own a vehicle, as you might be able to walk to most locations. The more compact urban homes are also less expensive to maintain and to heat or cool.
Suburban neighbourhoods usually offer larger properties and are typically good places to raise a family. They are often close to schools, shopping centers, medical clinics, and recreational facilities. Housing styles include single-family homes, semi-detached homes, townhouses and terrace homes. Traffic will likely be slower and the streets well lit.

Rural locations offer more space and easy access to nature. Rural communities are typically quieter with less stress from traffic congestion, although commute times are longer. Rental properties are not as readily available.

Central, Suburban or Rural?

This information sets out some important characteristics of urban, suburban and rural areas. Which of these are important to you? Discuss the key points and try to determine an overall location preference. This will save time and prevent frustration in looking at homes in undesirable areas.

Urban/Central
- Mature homes and neighbourhoods
- Good public transit
- Potential school “busing”
- City atmosphere
- Abundant entertainment/cultural/shopping
- Smaller houses/apartment facilities

Suburban
- Newer homes and neighbourhoods
- Abundant recreational/community facilities
- Potential school “busing”
- “Family” living
- Larger houses/duplexes/townhouses

Rural
- Larger, custom designed homes
- Longer commute times
- Limited entertainment/cultural facilities
- School “busing”
- Availability of single family homes often limited
- Impact of weather

Availability of utilities and services in a rural setting to be considered:
- Water (well or municipal)
- Gas (propane or natural)
- Cable TV/Internet Access
- Garbage (pick-up/disposal site)
- Recycling (pick-up/disposal site)
- Sewer/Septic
There are lots of housing styles available and an ever-increasing range of housing options under development as builders try to meet the demands of contemporary lifestyles. We encourage you to explore the available options and identify the features you value the most. To help you sort out the options, this section gives brief descriptions of the various housing types and lists their advantages and disadvantages.

To ensure your expectations are realistic, we strongly recommend that you compare your requirements against the local rental market at destination. For example, you might prefer hardwood flooring in your home. Through your research, however, you may find out that rental units at your new location typically have carpeting. You may have to show some flexibility to benefit from a greater range of homes. Provide a list of your preferences to any professionals helping you with your rental search. That way, only the most suitable properties will be shown and you will not waste precious House Hunting time looking at inappropriate rental units.

### Apartments - High Density Housing

An apartment is a multi-residential complex with living units ranging from studios or bachelor suites to 3-bedroom units. Some complexes have tennis courts, swimming pools, exercise rooms, and other amenities.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No maintenance responsibilities</td>
<td>• Lack of privacy</td>
</tr>
<tr>
<td>• Appliances may be included</td>
<td>• Potential noise problem</td>
</tr>
<tr>
<td>• Recreational facilities may be available</td>
<td>• Often, no enclosed parking; limited storage</td>
</tr>
<tr>
<td>• Security facilities may be a feature</td>
<td>• Possibility of coin-operated laundry facilities</td>
</tr>
<tr>
<td></td>
<td>• Might not allow pets</td>
</tr>
<tr>
<td></td>
<td>• Likely not permitted to make interior/exterior</td>
</tr>
</tbody>
</table>

### Semi-Detached, Row/Townhouse, Link/Carriage - Medium Density Housing

These homes come in a broad suite of multi-unit styles including executive style townhomes, resembling single-family homes, link or carriage homes, duplexes, triplexes or fourplexes. These units are joined by common walls or foundations and typically have a private yard and space for internal laundry hook-ups.

| Advantages                                                      | Disadvantages                                                      |
|                                                               |                                                                  |
| • Internal laundry capability                                  | • Appliances may be required                                      |
| • More likely to allow pets                                     | • Higher costs than an apartment                                  |
| • Yard space and possibly a garage/carport e                   | • May not be permitted to change outside appearance               |
|                                                               | • Possibility of shared driveway in some cases                    |
Single Family Homes – Low Density Housing

A single-family home is free standing and on its own lot. There is a broad scope of styles and sizes and a wide range in the number of bedrooms and bathrooms.

**Advantages**
- Less noise
- Potentially more storage
- Exclusive use of own facilities
- More likely to accept pets
- Privacy, yard space and garage
- Generally larger; often with more bedrooms

**Disadvantages**
- More expensive
- Availability may be limited
- Major appliances may be required
- Tenant usually responsible for yard maintenance

*Finding What You Want*

Now that you have carefully considered the price range, location and style of home you want, we will look at ways to get the most out of your House Hunting Trip to find the right home for you. We’ll discuss advance preparations you can make and what to do once you arrive on your HHT.

We’ll also consider the option of using a professional rental search firm, where available, versus finding rental accommodation on your own. We offer some advice on the screening and selection process for when you start visiting potential homes.

*Planning for a Great House Hunting Trip (HHT)*

A “great” HHT gets you the accommodation you want and a door-to-door move. As discussed in the “Essential Planning” overview in the first chapter, a door-to-door move will considerably reduce the stress on you and your family compared to having to take interim lodgings. The transition from your current location to your new community will be a more positive experience. In addition, relocation expenses will be minimized, and storage costs and damage to your household goods will be reduced or eliminated. But great HHTs don’t just happen; they are the result of thorough preparation and careful planning. This section gives you some valuable tips on how to make your HHT the best it can be.

*Schedule your trip for best results*

Renters are strongly advised to plan their HHT 30-45 days before their report date to find a rental unit that will be available upon their arrival at the new place of duty. Most properties available for rent are ready for immediate or 30-day occupancy. If you go on your HHT too far in advance of your expected occupancy date, there won’t be many rental properties that will be vacant for the date you require. Planning an HHT too soon may mean you have to pay “rent in advance” to hold the unit until you arrive. It’s better to schedule your HHT within the recommended time frame to avoid this expense. Please refer to your destination guide as each province may have different regulations.
Do as much research as you can

To minimize search time and frustration, try to pinpoint a neighbourhood and the type of home you want before you leave. To get familiar with your new location, research Websites such as www.mapquest.com or maps.google.com (street view is now available for many Canadian locations) for maps that will help you to familiarize yourself with the community, and the location of schools and services important to you. Many communities also have Websites that provide useful information for newcomers.

Make good use of your rental search firm

If you need rental search assistance, let your rental search agent know what you’re looking for in lots of time before your HHT. That way, they’ll be ready for your visit. Inform your rental search agent of your scheduled HHT dates. Confirm where your rental search agent will meet you and at what time. Notify them of any changes to your HHT schedule.

Have your financial information in order

The Summary of Landlord/Tenant Responsibilities in this chapter outlines the financial requirements of renting at your new location. You can verify provincial deposit requirements ahead of time. Also keep these suggestions in mind:

- Take enough cheques so that you can give post-dated monthly rent cheques when you sign your new lease in provinces permitting landlords to request them.
- Save time by taking these things with you: proof of employment; letters of reference; and your previous landlord’s name, address and telephone number for a character and financial reference.
- If you intend to use an ATM (debit card) to pay for the security deposit or first/last month’s rent, confirm your daily withdrawal limit to ensure you won’t exceed it.

Getting Help or Going It Alone

We encourage you to use the expertise of a professional rental search firm, if one is available at your new location. Additional information is provided below on the services these firms offer, and what you can expect from them. If a rental search firm is not available at your new location, please see the Rental Destination Guides (available for most locations and found on your Secure Website/Getting Started/Destination Guides) with specific information on the rental market and community in general. Available resources and contact numbers will also be listed. You can also make use of these other rental search resources:

- Newspapers – Classified section.
- Rental publications (available at corner stores, grocery stores and newspaper stands).
- Yellow pages – look under rental accommodations, property management companies, rental find, property leasing, apartments, condominiums, and relocation.
- Internet – check the classified section of the local paper and specific websites.
- Bulletin boards at community centers, shopping centers and church halls.
- Other transferees, friends, family.
- Check streets in chosen neighbourhood for rental signs.
- Realtors®/brokers may give you a list of properties available on the MLS system or elsewhere.
- Government Services – Co-op housing.
Using a Rental Search Firm

Rental search firms are available in many locations and offer personal, one on one service and may provide help in the following ways:

**Rental information package**
A package will be provided that is specific to the new location to help you become well acquainted with the new community.

**Listings**
Current information will be included regarding available rental properties, rental rates, amenities, etc.

**Orientation tour**
A tour of the new location will help you estimate the distance to the workplace, schools and amenities; as well as public transportation routes and commute times.

**Preliminary research**
A rental agent will research available rental properties, select the most appropriate units and make appointments to view the rental properties most likely to meet your needs. It’s important to understand that the rental agent works exclusively on your behalf. These companies operate as independent advisors and are not paid referral or placement fees from landlords or property management companies.

**Property viewings**
Your rental agent will escort you to the viewings. The number of rental properties shown will vary depending on your particular housing requirements, rental range and the rental vacancy rates in the destination city.

**Lease negotiations**
Assistance will be provided with your final selection and lease negotiations with the landlord.

---

A 5-Day HHT Planner

**Day 1**

- Review maps of the new location to establish distances and probable commute times to work.
- Confirm location of schools and ask about any boundary restrictions that apply with respect to school enrolment. If your child/children have special needs, investigate area schools to find the most suitable one.
- Begin screening classified ads in the local newspaper or rental publications and any listings of properties available through the local real estate board. Set up appointments to view potential rental properties.

**Day 2**

- As you inspect rental properties, stay focused on the most important features for you. When viewing rental properties, we recommend you bring a tape measure (to ensure wall units and other furnishings will fit) and a flashlight. If you want to photograph or videotape a property, obtain permission from the landlord and tenant.
• As you travel, take notes on neighbourhoods, transportation routes, schools, shopping, etc.
• Ask the landlord the “recommended questions”, to get all the necessary details to make a good decision.
• When you find a suitable home, take time to review the lease and the applicable landlord/tenant regulations. If you reach an agreement with the landlord on maintenance or repairs on the property, get it in writing.

**Day 3**

• If you have not yet been successful, continue inspecting rental properties.
• Ensure your expectations are realistic for the local market. Determine which features you can be more flexible about, if local rental units don’t meet your initial expectations. For example, decide whether you can compromise and accept carpeting instead of hardwood flooring.
• Review and sign a lease for the selected rental unit.

**Days 4 and 5**

• If it’s necessary to continue your search, use the remaining days to do so, or use this time to finalize any details.
• Spend time as required to attend to any family related issues, such as obtaining addresses for the transfer of family medical or dental records, meeting with schools, or day care facilities, as required.

**Finding the “Perfect” Place**

While no place will be absolutely perfect, good planning on your part and investing time in researching prospective homes will go a long way to ensuring your eventual satisfaction and enjoyment of your new home.

**Screening Rental Ads**

Take time for some comparison shopping to ensure the rental rate is fair market value, any inclusions or extras are clearly stated, and that the location is suitable. Make sure you understand exactly what is being offered. When calling on newspaper ads, asking specific questions about the property will save time and prevent frustration by eliminating any unsuitable units early.
Confirm the basics:
- Check the address, rental rate, and number of bedrooms listed in the ad.
- Is it in an adult-only building?
- For smokers – Are smokers permitted? It is important to be frank about this issue. Many landlords will only allow non-smokers as tenants.
- For pet owners – If you are a pet owner, availability of rental units will be significantly reduced. Please clarify this issue with the landlord.

Confirm suitability:
- Where is the unit located in the building? Main floor? Upper floors? Basement?
- Are there security monitors? Is it a safe neighborhood? Check with local police about crime in the area.
- Is the property near an airport or on a flight path? Is it near a railway? It is important to visit the unit at different times of the day to hear for yourself.

Confirm affordability:
- What type of heating? Is it included in the rent?
- Are utilities included? If not, what is the average utility bill? Is parking included?
- What is the damage deposit (if permitted by the Province)?

Confirm accessibility:
- Is public transit nearby?
Managing the Legalities

This section looks at the legalities of renting. We’ll walk you through the final steps of the renting process starting with the different types of rental agreements and your rights and obligations under the law. We’ll provide details on how to protect yourself when choosing a unit and signing a lease, and where to find additional reliable information.

Rental Agreements – The Basics

A lease is a legal agreement that sets out both the tenant’s and landlord’s rights and responsibilities. It clearly sets out the rules everyone has agreed upon and reduces the chance of misunderstandings. Many provinces have a standard 1 or 2 page document. Any additional items added to the lease must abide by provincial law. Rental agreements differ in each province and could take one of the following four forms:

Fixed Term Lease

A written and dated contract signed by the tenant and landlord (or representative), stating the length of contract, the rental amount, payment due date, description of the property and conditions binding on both tenant and landlord. The standard lease is for 12 months. At the end of the lease, many leases convert automatically to a month-to-month basis. Fixed term leases do not automatically expire. The tenant retains the right to occupy and the lease is automatically continued until notice to vacate is provided to or by the tenant or landlord.

Month-To-Month Lease

Similar to a fixed term lease, but for a shorter time frame, this sets out a month-to-month agreement between a landlord and tenant. With this type of arrangement, the landlord can change the rent by providing notice within a specific period. The required notice for lease termination on the tenant’s part is less. Notice required on the landlord’s part may also be less. Confirm provincial regulations.

Transfer of Lease

A rental agreement in which the original tenant transfers, or assigns, all responsibilities and rights in the rental agreement. Legally, the new tenant must abide by all conditions agreed upon with the landlord. Before entering this type of arrangement, be sure you read and understand all aspects of the original contract.

Sublet

A rental arrangement in which the original tenant agrees to have another party live in the unit and pay rent for a certain period of time. Before you become involved in a sublet arrangement, check with the landlord or landlord’s agent to ensure that a sublet is permitted. It is important that the landlord is aware of and approves the agreement to sublet. Legally, the landlord cannot charge a fee for subletting the rental unit.

Your rights and obligations

Landlord and tenant rights and responsibilities vary from province to province. Check the applicable provincial regulations so you will be fully informed. Refer to the summary in this section and contact your local tenant office to verify information. The basics you should know about are listed below.
Security Deposit

The landlord may ask for a security deposit in case of damage to the rental unit. Damage is more than normal wear and tear. A certified cheque or money order will be required. Many landlords will not accept out of town/province personal cheques. In some provinces, landlords ask for the first and last month’s rent. The last month’s rent will be the security deposit and interest is usually payable on this portion. In other provinces, the deposit cannot exceed half to three-quarters of the monthly rent. Always obtain a receipt from your landlord. A security deposit is not permitted in Québec.

Rent in advance

You may be required to pay rent in advance of your occupancy date to “hold” your new home until you arrive at the new location.

For example: If you go on a House Hunting Trip in early April, to secure a home for your July 1st arrival date, the landlord may not be able to hold a rental unit until then as other potential renters are waiting. In order to secure accommodation, you may have to start paying rent as of June 1st, one month before your arrival.

Additional items

There may be other miscellaneous requirements:

- To provide post-dated cheques for up to 12 months. The cheque for the first month’s rent should be dated as of the first day of occupancy.
- To submit to a credit check (usually completed within 48 hours).
- To show proof of employment. Your pay statement should be sufficient.
- To provide the name/address/phone number of your previous landlord for a character and credit reference.

Summary of Landlord/Tenant Requirements (by Province)

This summary below shows only the key requirements and may change from time to time. We provide it here for general information only. BGRS strongly recommends that you obtain a copy of the applicable Provincial Landlord and Tenant guide/publication to verify the information.

British Columbia

Ministry of Public Safety and Solicitor General

Residential Tenancy Office
E-mail: HSRT0@gov.bc.ca
http://www.rto.gov.bc.ca/

To speak to an Information Officer:
Victoria: 250-387-1602
Elsewhere in BC: 1-800-665-8779
British Columbia

Security Deposit

- 1/2 month’s rent maximum can also charge full month’s rent for pet damage deposit (max. security/pet charge deposit = 1 month’s rent)
- Returned with interest (see Chart in Act)
- Return deposit within 15 days if not must pay tenant double the amount of the deposit. Tenant must provide forwarding address in writing

Subletting

- With landlord’s written consent
- Landlord cannot charge a fee for granting consent

Rental Increases

- 12 months between rent increases
- 3 months’ notice required
- Size of rental increase is calculated in accordance with the regulations

Notice of Termination

- Tenant to provide 1 month and 1 day written notice
- Landlord to provide 1 - 2 months written notice depends on reason for termination
- Lease agreement ends if the tenant and landlord agree in writing on a specific date; if not, the tenancy automatically becomes a month-to-month after the lease expires
Alberta

Service Alberta
Landlords/Tenants (780) 496-5959
Please call or see website for locations Toll free in Alberta: 1-877-427-4088
http://www.servicealberta.gov.ab.ca/Landlords_Tenants.cfm

Alberta

Security Deposit
- 1 month’s rent maximum
- Must be returned with interest (see Chart in Act)
- Return deposit within 10 days

Subletting
- With landlord’s written consent
- Landlords cannot refuse permission without reasonable grounds
- Landlords must give tenants written notice within 14 days of request as to why the tenant cannot sublet

Rental Increases
- Weekly tenancy at least 12 weeks
- Monthly tenancy at least 3 months
- Any other tenancy at least 90 days notice
- Under a fixed-term tenancy agreement, the same amount is paid throughout the entire term
- Amount not specified

Notice of Termination
- Tenant to give 60 days on a monthly lease
- Tenant to give 2 months on a yearly lease
- Landlord to give 3 months notice on monthly periodic tenancy
Saskatchewan

Office of Residential Tenancies
120-2151 Scarth Street
Regina, SK S4N 3V7
http://www.justice.gov.sk.ca/ORT

Saskatchewan

Security Deposit
- 1 month’s rent maximum, ½ paid upon agreement, second ½ paid two months after agreement
- Returned within 7 days with interest (see Chart in Act)

Subletting
- With landlord’s written consent
- Landlord may charge $10.00 for consent
- Landlord cannot unreasonably withhold consent

Rental Increases
- 6 calendar months written notice
- Subsequent increases can only be levied 6 calendar months after previous increase
- Limit not specified

Notice of Termination
- Notice by tenant:
  - 1 rental period 1 day written notice
- Notice by landlord:
  - Immediate if in excess of 15 days with unpaid rent
  - 1 rental period 1 day written notice with reason
- Other termination notices apply depending on reason for termination. Consult Landlord/Tenant Act for details
Manitoba

Manitoba Consumer & Corporate Affairs
Residential Tenancies Branch (204) 945-2476
302 – 254 Edmonton Street
Winnipeg, MB R3C 3Y4
Toll free in Manitoba: 1-800-782-8403
www.gov.mb.ca/cca/rtb/index.html

Manitoba

Security Deposit

- 1/2 month’s rent maximum
- Returned with interest
- Return deposit with interest within 14 days of lease expiry unless in the event of a claim (see Act)

Subletting

- With landlord’s written consent
- Cannot sublet at a greater rent than that charged by the landlord
- Landlord may charge $40.00 for consent

Rental Increases

- 12 months between increases
- 90 days notice of increase
- The maximum annual increase is set by the government

Notice of Termination

- 90 days notice by landlord
- 30 days notice by tenant
- Other termination notices apply depending on reason for termination. Please consult “Tenant Package – Facts About Residential Tenancy Act” for Manitoba
Ontario

Ontario Rental Housing Tribunal
255 Albert Street, 4th Floor
Ottawa, ON K1P 6A9
1-888-332-3234
www.ltb.gov.on.ca

Ontario

Security Deposit

• 1 month’s rent maximum to be used as last month’s rent when terminating or 1 week’s rent if the terms of the lease is weekly
• Interest to be paid once a year

Subletting

• Tenant must approach landlord and landlord must approve the new tenant. Landlord may charge reasonable expenses for giving consent. Please note: original tenant is still responsible for the lease
• Landlord cannot unreasonably withhold permission
• Assigning a tenant is along the same lines as subletting but the original tenant is not responsible for the lease after the assignment process has concluded

Rental Increases

• The maximum annual increase is set by the government.
• 12 months between increases or if 12 months have passed since the tenant first moved in
• 90 days notice required

Notice of Termination

• For yearly and monthly leases, at least 60 days from tenant, prior to expiration of lease, if vacating, otherwise renewed as a month to month if no other lease arrangements have been made. For daily and weekly leases, 28 days notice required
• From the Landlord the notice varies based on the reason for the termination. Please consult www.ltb.gov.on.ca - Pamphlet “Reasons for Terminating a Tenancy by a Landlord.” Ontario
Québec

Régie du logement

Olympic Village
5199 Sherbrooke East, Suite 2095 and 2161
Montreal, QC  H1T 3X1

1-800-683-2245
www.rdl.gouv.qc.ca

Québec

Security Deposit

- Not allowed in Quebec

Notice of Termination

- Lease is extended of right on same conditions/terms unless otherwise notified by landlord or tenant
- Separate notice required for each tenant when more than one (1) tenant is named on the lease agreement
- 6 months notice by landlord prior to the end of the lease if for landlord’s use
- Other termination notices apply depending on reason for termination. Consult the Régie du Logement
- If you have signed a lease, you are responsible for the full term of the lease unless a written agreement stating otherwise is signed between landlord and tenant
- Any written communication must be in the same language as the lease

Subletting

- Tenant must notify landlord in writing and landlord must respond in 15 days. No response from landlord constitutes agreement
- Landlord may charge for reasonable expenses
- Landlord cannot unreasonably withhold consent
- If a tenant transfers the lease, the tenant is free from financial responsibilities related to the lease.
- If a tenant sublets the lease, the original tenant remains still responsible for all aspects of the lease, including rent if unpaid by the sub-tenant
- Tenant cannot sublet higher than the lowest rent paid during previous 12 months- the sub-tenant has the right to ask the Régie to fix the rent if the rent he is paying is higher than either the lowest rent paid during the 12 months before the sublet or the rent fixed by the Régie

Rental Increases

- Minimum 3 months written notice of increase prior to end of lease
- Tenant has 30 days to accept or object to increase. No reply from tenant constitutes agreement
- If tenant believes that rent increase is too high, he/she may request a ruling from la Régie du logement
New Brunswick

Service New Brunswick

Please see website or call for locations 1-888-762-8600
http://www.snb.ca/irent/ (506) 684-7901

New Brunswick

Security Deposit

- 1 month’s rent maximum
- To be returned to tenant upon termination if no claims have been made against it
- 3 months rent maximum for mobile homes

Subletting

- With landlord’s consent
- Landlord may charge a fee for consent
- Landlord cannot unreasonably withhold permission

Security Deposit

- 1/2 month’s rent maximum
- Returned with interest at a rate prescribed by the Act

Subletting

- With landlord’s written consent
- Landlord cannot unreasonably withhold Permission

Rental Increases

- Once in a 12 month period on the anniversary date
- 4 months notice on a monthly or yearly lease

Notice of Termination

- Monthly lease: 3 full months before the end of the month by landlord, 30 days by tenant
- Yearly lease: 3 full months before the anniversary date by either party
- Other termination notices may apply depending on reason. Consult the Landlord/Tenant Act for details

Nova Scotia

Residential Tenancies - Service Nova Scotia

Please see website or call for locations (902) 424-5200
www.gov.ns.ca/snsmr/consumer/resten/
Toll free within Nova Scotia: 1-800-670-4357

Nova Scotia

Security Deposit

- 1/2 month’s rent maximum
- Returned with interest at a rate prescribed by the Act

Subletting

- With landlord’s written consent
- Landlord cannot unreasonably withhold Permission

Security Deposit

- 1/2 month’s rent maximum
- Returned with interest at a rate prescribed by the Act

Subletting

- With landlord’s written consent
- Landlord cannot unreasonably withhold Permission

Rental Increases

- Once in a 12 month period on the anniversary date
- 4 months notice on a monthly or yearly lease

Notice of Termination

- Monthly lease: 3 full months before the end of the month by landlord, 30 days by tenant
- Yearly lease: 3 full months before the anniversary date by either party
- Other termination notices may apply depending on reason. Consult the Landlord/Tenant Act for details
**Prince Edward Island**

Office of the Director of Residential Rental Property
5th floor, Suite 501
134 Kent Street, P.O. Box 577
Charlottetown, PEI C1A 7L1
(902) 892-3501
Toll free within PEI: 1-800-501-6268
http://www.irac.pe.ca/rental/

**Prince Edward Island**

- **Security Deposit**
  - 1 month’s rent maximum to be held by landlord
  - Interest paid annually

- **Subletting**
  - With landlord’s written consent
  - Has right to sublet if tenancy agreement is for 6+ months upon approval of landlord

- **Rental Increases**
  - Once a year
  - 90 days notice on a prescribed form (Form # 10)
  - The maximum increase is set annually by: The Island Regulatory and Appeals Commission

- **Notice of Termination**
  - Monthly lease: 1 month by either party
  - Yearly lease: notice to vacate at 10 month mark by either party

**Newfoundland & Labrador**

Service Newfoundland – Residential Tenancies
P.O. Box. 8700
St. John’s, NF A1B 4J6
709 729-2610 or 709 729-2608
Toll Free within NL: 1 877 829-2608
www.servicenl.gov.nl.ca/landlord/index.html

**Newfoundland & Labrador**

- **Security Deposit**
  - Monthly lease: 3/4 month’s rent maximum
  - Yearly Lease: 3/4 month’s rent maximum
  - Interest rate varies from year to year (see Website)
  - To be returned within 15 days with interest

- **Subletting**
  - With landlord’s written consent
  - Consent cannot be unreasonably withheld

- **Rental Increases**
  - Not permitted for first 12 months
  - 3 months notice of increase
  - 12 months between increases

- **Notice of Termination**
  - Yearly lease: 3 months by landlord, 2 months by tenant
  - Monthly lease: 3 months by landlord, 1 month by tenant
Protecting yourself from “renter’s remorse” takes some up-front work. This section gives you some pointers on the critical factors, from asking the right questions to reviewing and negotiating a good lease, to protecting your possessions with insurance.

**Make sure the unit is what you want and that you can live with the lease**

You’ve finally found a home that’s right for you! It’s time to sign a lease. Here’s what you need to know, in addition to the basics covered earlier in this chapter.

Always insist on a written lease or rental agreement and read the agreement before signing it. At the end of this section we’ve provided a list of things to check in your lease. Know what you are agreeing to do, and know your landlord’s responsibilities.

Don’t be surprised by a preprinted lease – these are common. In Québec, for example, provincial leases are mandatory. On standard lease/rent forms, a space is provided for the lessee/tenant to indicate what is to be included in the rent. Be very specific. For example, if the landlord has agreed to paint the walls and steam clean the carpeting before you move in; make sure it is written down in the offer to lease/rent. Remember that a lease is a legal agreement. Both the landlord and you must initial changes made to the original lease. At the end of this section we’ve provided some sample lease clauses for standard changes you might want to make to a lease.

If you’re unsure about the terms of the lease, ask a lawyer/notary to review the lease before you sign. Related costs would be at your expense.

Make every effort to negotiate a month-to-month lease or a lease with a provision for converting to a month-to-month tenancy after the first year. To avoid heavy penalties, you should negotiate the most flexible arrangement possible, rather than lock into a long-term agreement. The following clauses are suggested for your protection and should be included; however, in some rental markets, landlords will not agree to such inclusions:

- One month notice of termination;
- Payment of one month’s rent only, if notice of termination cannot be given.

You might suggest to the landlord that a provision be added that these clauses will apply only if you produce written evidence of transfer or of being ordered to occupy government accommodation.

- Keep a copy of the signed lease in a safe place for future reference.
Recommended questions to ask the landlord:

- What is the occupancy date?
- What is the term of the lease? Yearly/monthly?
- How much is the rent and what does it include?
- Electricity / heating costs / hot water / water and sewer charges / cable television? Are high-speed Internet connections available?
- Garbage pickup and recycling?
- What deposits other than rent will be required?
- Are there common facilities (pool, exercise room, etc.)? What are the rules/regulations?
- Are children allowed? Are pets allowed? Are smokers allowed?
- Are units soundproofed? What are the rules governing tenant noise, and how are they enforced?
- Where is the assigned parking, inside or outside? Is there sufficient of tenant and/or guest parking? Who is responsible for snow removal? Is service prompt after a storm?
- How old is the building? Have there been any recent renovations? What changes can tenants make?
- Address and description of the property
- Names of the landlord and the current tenant
- Rental rate and due date
- Prepaid rent
- Amount of damage deposit (if permitted in the province) and interest paid on deposit
- Duration of the lease; notice of termination requirements; inclusion of a clause which limits lease termination penalties if you must terminate the lease in the event of a transfer/posting notice
- Parking – indoor/outdoor? Is there access to "plug-in" for block heaters?
- Items included in the rent or rental unit (i.e. appliances, utilities, laundry and recreational facilities)
- Restrictions on the number of occupants or the right to have pets
- Maintenance responsibilities
- Rights and responsibilities of the tenant and landlord
- Rules and regulations of the landlord and condominium corporation, if applicable

We also recommend that you look for the following items and consider how you might be affected:

- Sublease provision, Do you have the right to sublet and/or assign the lease?
- Owner’s right to sell, Are you protected if there is a change in ownership?
- Owner’s right to reoccupy, Are you protected if the owner wishes to move back?
- Landlord’s right to inspect premises, what are the entry rights?
- Late charges, will you be charged a fee if you are late with the rent?
- Lease renewal, will you be able to renew the lease, and if so, what are the allowable rent increases?
- Escalation clause, is it within local rent control regulation?
- Insurance requirements, are tenants required to obtain tenant’s insurance?
• Usage, are there clauses restricting the use of your unit?

Remember that each province has its own regulations concerning these items. Again, we recommend you contact your local Tenancy Board.

Make sure to document the condition of the unit

The landlord’s responsibility is to keep the building safe and in good repair. Always inspect the rental unit you are considering versus model or similar unit. Examine it closely for problems. Be aware of the overall state of repair, inside and out. Look for indications of poor management by way of the condition of floor coverings, walls, ceilings, and roofing, which might alert you to water leakage causing damage (especially bathtub/shower area), inadequate ventilation or a drafty apartment. Check locks, light switches and electrical outlets; test sink, bathtub and toilet drainage and water pressure. Ensure appliances are in good working order if applicable.

Rental Unit Condition Report

To avoid disputes regarding the condition of your unit at the termination of your lease, you and the landlord (or his agent) should complete and sign a Rental Unit Condition Report before you take possession. Each party should keep a copy of the report for reference at the end of the tenancy. A sample report is attached at the end of this section.

If the landlord will not complete a condition report with you, do it alone and send the report by registered mail to the landlord. If there are major deficiencies, annotate them and take pictures. If the landlord agrees that refurbishing is needed, request a written commitment as part of the lease. Do not rely on verbal assurances.

If a problem arises in the future, you might lose all rights and privileges under relevant provincial Landlord/Tenant legislation if you withhold payment of rent. Contact your local Tenancy Board if you become involved in a dispute with your landlord.

Make sure you have insurance

Arrange for tenant’s insurance on your belongings to take effect a few days before moving into your new home. Like homeowner’s insurance, renter’s insurance will protect your possessions from fire, damage or loss. It also protects you from legal or medical expenses should someone be injured in your rental unit. Your landlord’s insurance covers the building and any personal injury outside the rental unit. If you share your rental unit with a roommate, his or her insurance will not cover your possessions. An option may be for roommates to choose for a single policy, covering all occupants and possessions.

The following questions can be used as a final checklist to ensure your interests are protected. Don’t limit your questions to the landlord. Ask other tenants about areas of concern to you. Make sure the items you request are clearly stated on the lease and to your satisfaction.
Sample Lease Clauses

All terms and conditions agreed to by you and the landlord should be included in the lease before you sign it. The following will provide you with appropriate wording for different situations.

General

In the following suggested lease clauses, the words “landlord” and “tenant” are used. However, if “lessor” and “lessee” are used in your agreement, appropriate changes should be made in the clause that is agreed upon prior to insertion.

Clause A

“Notwithstanding any other provision of this agreement, in the event that the tenant is ordered to reside in government quarters or is transferred to another locality on the order of his employer, the landlord covenants and agrees with the tenant that the tenant may terminate this lease at any time by either

A. giving to the landlord one month’s written notice of his intention to terminate; or
B. paying to the landlord a sum equal to one month’s rent.”

Clause B

“Notwithstanding any other provision of this agreement, the landlord covenants and agrees with the tenant that, in the event the tenant is ordered to reside in government quarters or is transferred to another locality on the order of his employer, the tenant may terminate this lease at any time by giving to the landlord a written notice of intention to terminate on a date to be stated in such notice, provided that when the period between the date on which notice is given and the date of termination fixed by the notice is one month or more, but less than the period as agreed to in the lease, a sum equivalent to one month’s rent shall be payable by the tenant and shall, with effect from the date notice is given, stand in substitution for all rent that would otherwise be payable under the lease after the date of termination as fixed by the notice.”

NOTE: The advantage of this clause is that the tenant may terminate his lease at any time by giving notice. However, where the period of notice is less than the one specified in the lease, the tenant will pay rent liability in lieu of notice.

Clause C

“The landlord covenants and agrees with the tenant that, notwithstanding anything to the contrary herein contained, the tenant shall, on the expiration of the term hereby granted, have the option of renewing this lease for any period not exceeding twelve (12) months commencing on the date of such renewal, on the same terms and conditions, including this option to renew, provided that the tenant delivers to the landlord written notice of his intention to renew at least one month prior to the expiration of the term hereby granted.”

NOTE: The object of this clause is to provide for the situation where you are entering into a lease for a fixed term (e.g., one or two years), on the expectation that the minimum duration of your transfer will be one or two years. If your transfer exceeds one year, or two years, you may renew the lease for any period you deem appropriate under the circumstances existing at the time.
Clause D

“Notwithstanding any other provision of this agreement the landlord covenants and agrees with the tenant that, in the event the tenant is ordered to reside in government quarters or is transferred from the area (as to render impracticable his continued residence in the leased premises), the tenant may terminate this lease by giving to the landlord not less than months written notice of intention to terminate the lease on a date to be stated in the said notice, or one month’s rent in lieu, and the lease shall terminate on that date, and the tenant shall not be liable for the payment of rent beyond that date, nor to any other payment in respect of such termination, and should the landlord, through the instrumentality of the tenant, or otherwise, secure another tenant for the premises after the tenant shall have vacated the same and before the termination date specified in the said notice, the landlord shall inform the tenant of the commencement date of the new tenancy, and the tenant shall be entitled to reimbursement of any sum paid by him to the landlord in respect of such period. The address of the landlord for notice pursuant to this clause is: and that of the tenant is “c/o (Department/Unit address).”

NOTE: The tenant’s address for notice is stated to be the Department or Unit. At the time of signing the lease, he will not know his future address. It will devolve on the Department/Unit to forward any notice from the landlord to the tenant.
**Sample Rental Unit Condition Report**

- Print/Write clearly using the legend
- Copy to Tenant and to Landlord

**Commencement of Tenancy Date:**

**Termination of Tenancy Date:**

**Address of Rented Premises:**

**Tenant(s)'s forwarding Address (after termination of tenancy):**

---

**Landlord or Agent's Signature:**

**Tenant(s) Signature:**

<table>
<thead>
<tr>
<th>Condition at Commencement</th>
<th>Condition at Termination</th>
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<tbody>
<tr>
<td>Exterior</td>
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<tr>
<td>Stucco and/or Siding</td>
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<td>Front and rear entrances</td>
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<td>Garage/</td>
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<td>Garage door opener</td>
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<td>Garbage container(s)</td>
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<td>Glass &amp; Frames</td>
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<td>Screens &amp; Storm Windows</td>
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<td>Ground &amp; Walks</td>
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<td>Keys issued/Keys returned</td>
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</tbody>
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| Living Room & Dining Room |                          |
| Floor                     |                          |
| Ceiling                   |                          |
| Walls & Trim              |                          |
| Closets                   |                          |

| Stairwell & Hall          |                          |
| Treads & Landings         |                          |
| Walls & Trim              |                          |
| Ceilings                  |                          |
| Closets                   |                          |

| Bathroom                  |                          |
| Ceiling                   |                          |
| Floor                     |                          |
| Walls & Trim              |                          |
| Cabinets & Mirror         |                          |
| Tub, Sink & Toilet        |                          |
| Closets                   |                          |

| Bedrooms                  |                          |
| Floor Walls & Trim        |                          |
| Closets, Ceilings         |                          |
| Doors                     |                          |
| Carpeting throughout      |                          |
| Lighting Fixture - throughout |                      |
| General Condition – Cleanliness |                        |

| Basement                  |                          |
| Stairs & Stairwell        |                          |
| Walls & Floor             |                          |
| Furnace, Water Heater & Plumbing |                      |
Sell Smart

In this chapter we focus on selling a home—a complex activity, with many aspects to be considered.

Since the specific activities required and the actual order varies widely from one situation to another, we have organized this chapter around the following several key topics:

Minimizing Penalties — We address the critical issue of mortgages — closing them out, “porting” them, and negotiating better terms.

Finding Good Help — We give you important pointers on how to find a qualified appraiser, Realtor®, and lawyer or notary.

Getting the Best Price and a Quick Sale — We cover how to price and market your home for best results, and briefly look at the option of selling your home privately.

Minimizing Penalties

If you have a mortgage on your home, there are many things to keep in mind so you can minimize your costs or penalties. Before you make any decisions about your mortgage, it’s important that you understand the cost of discharging your mortgage early and the potential savings of other options.

Identifying potential mortgage penalties

Your lender might advise that a three-month interest penalty would apply if your mortgage were discharged before the end of the term specified in the mortgage contract. However, the penalty could change to an interest rate differential (IRD) by closing day, depending on the prevailing interest rates. This change could mean a much higher cost to you, possibly reducing the funds available to use as a down payment on your new home. In most cases, the early prepayment penalty charged by a lender will be the greater of either a three-month interest penalty or the IRD.

For example: $100K @ 6% = $6,000 ÷ 12 months = $500 x 3 months = $1,500 penalty three-month interest penalty is the amount of interest you would pay in the three-month period directly following the date of discharge. The actual formula varies slightly from lender to lender but is typically calculated as follows: Principal amount x interest rate ÷ by 12 months x 3 months.

The IRD penalty would apply if the interest rate on your mortgage were higher than the current posted rate at time of discharge. The difference between the two rates represents a “loss of revenue” to the lender. The IRD would be calculated on the amount of principal remaining, multiplied by the remaining term of your mortgage.

An IRD example:

$100K @ 6% (with two years remaining, a two year rate for example at 4.5%), the early discharge penalty would be based on the 1.5% difference x two years x $100K = $3,000 penalty

Early Pre-Payment Options. It is important to apply any “early” pre-payment options to the outstanding mortgage balance before calculating the discharge penalty.

Your mortgage contract may indicate that your lender will allow an annual prepayment of up to 15% of your original mortgage amount, without a penalty or administration fee. The application of such an option first, using the sale proceeds on closing, would save you the cost to “discharge” that portion.
Porting your mortgage

Most mortgages through major lending institutions are “portable”. This means that you can transfer the existing mortgage, together with all its terms and conditions, to a new home. Porting a mortgage will usually eliminate any mortgage discharge penalty. However, even if you are porting, the lender may charge you administration fees. Also, look closely at your mortgage contract, since portability clauses vary significantly from institution to institution. Some lenders allow mortgages to be ported with a gap of several weeks between the home sale and the home purchase closing dates. Others allow a gap of only a few days.

It is recommended that the option of porting your existing mortgage and blending the interest rates be fully investigated with your financial institution to avoid unnecessary mortgage discharge penalties and fees.

We strongly recommend that you ask your lender for written confirmation that any prepayment penalty initially charged will be refunded when the new mortgage contract is finalized, even if the closing date is delayed beyond the usual time limits of the lender’s internal policy. This is especially important if you are building a new house at destination. With new constructions, there are often unanticipated delays in the possession date. Such delays can increase the gap between the closing dates on your home sale at origin and your home purchase at destination.

Arranging beneficial renewal terms

If your existing mortgage comes up for renewal from six months to a year before an anticipated move date; carefully consider your options when renewing the mortgage to reduce potential costs of mortgage penalties.

If originally you had a $100K mortgage and you could prepay up to $15K each year for the term of the mortgage. Applying the prepayment first, would result in a penalty based only on the remaining balance ($85K, or less) rather than the entire $100K.

Matching mortgage at origin with requirements at destination

If you port your mortgage but need a lower mortgage on your new home, the prepayment penalty charged by the lender would be charged only on the amount not ported. It is highly likely that you will be able to negotiate with your lender to get the penalty waived entirely. If you need a higher mortgage on your new home, we recommend that you port the existing mortgage and blend its interest rate with the current rate available for the additional funds you need.

Lenders have the option to insure any mortgage however, the usual practice is to ensure a mortgage when the mortgage has a loan-to-value ratio of more than 80% (less than 20% down payment), mortgage default insurance (MDI), available through Canada Mortgage and Housing Corporation (CMHC) or Genworth, would apply only on the new portion. The insurance premium varies approximately from 0.65% to 5.65% based on the amount of additional funds required, up to a maximum of 95% of the value of the new property. We discuss MDI in greater detail in the Buy Smart chapter in the Mortgage Primer section.

Letting the buyer assume the mortgage

This option lets the purchaser “take over” your mortgage. Most first mortgages are assumable, subject to the lending institution’s approval of the credit worthiness of the buyer. Ensure you are protected against any potential breaches of contract claims from the lender. Ask for confirmation in writing that you have been removed from the covenant of the mortgage.

Minimizing bridge financing costs

Bridge financing is a temporary financing arrangement that lets you close your new home purchase before you’ve received the money from the sale of your former residence. This interim financing “bridges” the gap between closing dates when your purchase closes before your sale. You can usually arrange bridge financing when you have a “firm” offer on your current home. If you need bridge financing, you should try to negotiate the set-up fees.
Finding Good Help

There are several kinds of professionals you may need in selling your home—an appraiser, a Realtor® or broker, and a lawyer or notary. In this section, we look at how to choose each of these professionals, and how to work effectively with them. As a condition of their participation in BGRS’ Canadian Government Third Party Service Provider (TPSP) Directory, each of these professionals signs a form committing to service standards and fee schedules. Copies of these TPSP Service Level Agreements (TPSP Agreements) are available on your secure website.

Property Appraisers

Why property appraisal is important?
A professional appraisal establishes the current market value of a property.

Choosing an appraiser

There are two key points you should know about choosing an appraiser:

1. Fees for appraisals are limited to pre-negotiated rates. All appraisers listed in the BGRSTPSP Directory have agreed to these rates. If you choose an appraiser not included in the Directory, you will be responsible for any charges above the approved rates.

2. Your appraiser must be at "arm’s length" from you and your family, whether you choose them from the Directory or from another source. The definition of an arm’s length transaction can be found in the Glossary.

How appraisals are done

Once BGRS orders the appraisal, the appraiser will contact you to make an appointment to inspect your property inside and out, including the garage and the grounds surrounding your home. They may measure the exterior of your home to determine the "livable space", excluding rooms below grade level.

How you can help the appraiser

There are several things you can do to get a faster and more accurate appraisal:

- **Show your home as it will be when you list it**
  An appraiser tries to see your property and its environment through the eyes of a potential buyer and will appraise it in "as is" condition. Therefore, if there is work in progress, make every effort to complete the project before the appraiser’s inspection.

- **Make sure your home “shows well”**
  Whatever the basic features of your home, show it to the appraiser in the same condition that you will show it to buyers (e.g. countertops cleared, beds made, laundry and dishes put away).

- **Present your home in its best light**
  During winter months, show the appraiser summer pictures of your home and landscaping. Make a list of any aspects of your property that aren’t readily visible but that might add value.

- **Have financial information available**
  The appraiser will need details of current property taxes, the full legal description of the property, and copies of the deed and survey (if available).
Remember that an appraisal is a professional estimate of probable sale price; it is not the final, absolute selling price or the actual cost to replace a house.

- **Have a list of chattels to be included**
  Prepare a list of “extras” that you intend to include with the property. This could include such items as appliances, gas BBQ or draperies. Built-in appliances, electric door openers, remotes and lighting apparatus are considered “fixtures” and must be included in the sale of the property unless specifically excluded in the listing agreement and the final agreement of purchase and sale.

- **Remove any items you want to exclude from the sale, if possible**
  If any fixtures are to be replaced, do so before the appraisal. Advise the appraiser and your Realtor® if there are other items that you specifically want to exclude from the sale.

- **Identify leased-to-own or rented fixtures**
  Tell the appraiser about any items included in the sale that are on a rental or lease-to-own plan (e.g. hot water heater, water softener, furnace, heat pump, pool and accessories).

- **Have a list of improvements**
  Give the appraiser a detailed list of improvements you have made to the property. Provide a copy of any applicable warranties that will transfer to the buyer (e.g. new roof, furnace, central vacuum system, heat pump).

- **Comparable sales**
  Tell the appraiser about any recent sales of similar homes in your neighbourhood. They will be investigated as potential “comparable properties” for the appraisal.

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**Realtors®**

*Why the choice of a Realtor® is important?*

Selling your home as quickly as possible for the best price possible will help you buy a replacement home at your new location within the set time frame. Unless you plan to sell your home privately, the services of a qualified real estate professional will be a key element in a quick sale. With a home sale being such a big part of a move—both logistically and financially—it’s important that you have confidence in the Realtor® you choose. As a minimum, your Realtor® should understand the level of service required, have a good working knowledge of the local real estate market and have the support and resources of their real estate company. The following list shows the role that your Realtor® will play in the various stages of selling your home—and shows why it’s so important to choose one wisely.

**Analyzing the market**

Real estate markets are variable. Your Realtor® will explain the current market conditions in your area and how they could affect the sale of your home. A buyer’s market means that the supply of homes exceeds demand. In this scenario, homes will generally take longer to sell and prices tend to drop. Conversely, in a seller’s market, the number of buyers exceeds the supply of homes. As there are fewer homes available, homes typically sell more quickly and prices generally increase. A balanced market results when the number of homes available equals the demand. In this balanced market, sellers tend to accept reasonable offers, homes sell within an acceptable time frame and prices are stable.

**NOTE:** Be sure your Realtor® is fully aware of any situation in which home equity loss is anticipated.

**Equity loss** results when your sale price is less than your original purchase price. Another potential scenario could be that costs incurred for capital improvements to your home are not recouped in the sale price. Potential home equity / capital improvements loss will not change the facts of the current market value but it is still important for your Realtor® and BGRS Advisor to be informed. It is critical that you make every effort to minimize, or preferably eliminate altogether, any such loss.
**Doing a comparative market analysis**

Within the context of the market (buyer’s, seller’s or balanced), your Realtor® will do a comparative market analysis of your home based on the following points: the location, size, style and the condition of your home, nearby amenities and buyer supply for your particular type of home. This analysis will compare the market activity of similar homes in your area:

- Recently sold homes indicate what buyers are currently willing to pay.
- Currently listed homes indicate what sellers hope to get.
- Expired listings may indicate overpricing, poorly marketed homes or homes in poor condition.

The single most important decision you make will be the listing price. The information in the comparative market analysis will help you establish the most competitive listing price for your home. If you price your home “right”, it will sell closer to the established market value - faster.

**Making a marketing plan**

Pricing right is necessary, but not sufficient in itself to sell a home. Your Realtor® will also develop a marketing strategy and discuss it with you. The marketing plan will focus on several target groups aside from the general public—Realtors® in their own office, Realtors® in the entire MLS group, and referral networks. You can ask for a written action plan from your Realtor®.

**Monitoring action and reaction**

Your Realtor® should report back to you once a week on market trends, reaction to their promotional efforts and prospective buyers' comments after each showing. Realtors® should also provide you with written monthly activity reports detailing current market conditions to ensure your property remains competitively priced.

**Presenting and analyzing offers**

Normally, your listing Realtor® will present the offer to purchase to you; in some areas it is the local practice for the buyer’s Realtor® to be present as well. Your Realtor® will explain all details of the offer. We will examine the purchase offer process in detail further on in this chapter.

**Following-up to closing**

Once you have an accepted offer, your Realtor® will follow-up to ensure all conditions of the offer are satisfied within the specified time frames and will provide necessary details of the agreement to your selected lawyer/notary.

**Sources of candidates**

We encourage you to choose a Realtor® carefully and early in the process. There are several ways for you to find good candidates:

**Experience**

You may have developed a rapport with the Realtor® you worked with when you purchased your home. If so, you’ll probably want that person to list your home.

**Recommendations**

You could ask friends, relatives, neighbours or coworkers for recommendations. A Realtor® with many sold signs in the neighbourhood may be a great candidate to consider listing with.

**BGRS’ Canadian Government Third Party Service Providers Directory**

In the event that you do not have a Realtor®, BGRS maintains an electronic directory of Realtors® participating in your employer’s relocation program that you may review.

We recommend that you first identify two or three candidates, using these sources. Then, interview each candidate to understand their marketing strategies and opinion of market conditions and values, so you can choose someone who will best serve your needs. If it seems like a lot of work, remember that your home is probably your single biggest investment. It’s worth some effort to get the most out of that investment.
Interview preparation

Before you interview any Realtors®, we recommend some preparation work:

Do your homework

• Refer to the pre-negotiated fee schedules for MLS listings (reference the TPSP Agreement) to understand what fees to expect. Realtor® fees are established at pre-negotiated rates and vary provincially.

• You will be personally responsible for any fees in excess of the pre-negotiated rates. However, under some circumstances, when filing your personal income tax return you may be able to claim these additional costs against income earned in your new location. We recommend that you get professional tax advice about your eligibility for this tax deduction.

Prepare your home

• So that it shows well, using the tips further on in this chapter regarding preparing your home for viewings. Treat your Realtor® like a buyer, giving them the best possible view of your home.

Have documentation ready

• It will speed things up if you have all pertinent documents available that contain information that may be used to market your property or that must be legally disclosed (e.g. survey/certificate of location, property tax receipts, deed/title search, list of home improvements).

Take enough time

• Don’t rush — schedule enough time between Realtor® interviews. Each Realtor® should come prepared with a listing presentation, which includes current and past market information, and a marketing strategy for your property. Take the time to hear what they have to say, and wait until you’ve completed all the interviews before you make your final decision.

The right questions

• You are employing a professional to handle a business transaction on your biggest investment. It’s not only acceptable to ask questions about their experience and background and their plans for selling your home, it’s essential. We have provided the following questions as a starting point for developing an interview guide.
Ready to choose
With the answers to the below questions, you should be ready to choose your Realtor®:

- **Questions about the Realtor’s® experience:**
  - How many years of experience do they have? What level of success have they achieved?
  - Do they work in your area? How familiar are they with your neighbourhood and type of housing (e.g. condominiums vs. single-family homes)?

- **Questions about their plans for your home:**
  - Have they prepared a written advertising/action plan?
  - In what form and how often will they advertise? Will they use “target marketing”?
  - Will they hold an MLS open house? When?
  - Will they hold public open houses? How often?
  - Will they provide any innovative services or marketing strategies not offered by competitors?

- **Questions about whether they will commit to the level of service and communication you expect:**
  - Will they provide a Marketing Strategy Report when listing your property?
  - Will they provide a Monthly Activity Report for the entire length of the listing agreement or until the house has a firm sale in place?
  - How often will they call to discuss marketing progress?

- **Questions about the business arrangements:**
  - What listing term do they expect?
  - Who looks after their listings when they are sick or on vacation?
  - Will they cooperate with other Realtors® in areas where a Multiple Listing Service is not available?

- **Questions about how to prepare your home for sale:**
  - Does your home show well?
  - How can you make your home more attractive to prospective buyers?

Lawyers and Notaries

*The role of the lawyer or notary*

If you are selling your home, you will need the services of a lawyer or, in Québec a notary. In British Columbia you have a choice of lawyer or notary. Given the complexities of legal transactions, their role is very important to you. Your lawyer/notary will arrange for the necessary legal work associated with your home sale and ensure it is done under the established terms and conditions. Your legal representative should be well versed in all aspects of real estate law.

*Choosing a lawyer or notary*

Just as with choosing an appraiser, we recommend that you find candidates from any of the following sources:
Experience
You may have a lawyer or notary who provided you good service on the purchase of your home.

Recommendations
Friends, family or coworkers may be able to recommend a lawyer or notary based on their experience.

BGRSTPSP Directory
BGRS maintains a Third Party Service Provider Directory of lawyers and notaries who abide by the service levels required, the timelines involved, and who have agreed to meet the established fee schedules and conditions identified in the TPSP Agreement (located on your secure website).

It’s best to choose your lawyer/notary early in the process so they are familiar with your situation and your needs, and are ready to provide services as your home sale proceeds. Having to find a lawyer/notary at the last minute adds unnecessary stress to the process.

Making a Quick Sale & Getting the Best Price

Selling “smart” means getting the best price and making a quick sale. While you have control over some of the factors that affect the sale of your home, you don’t have control over all of them. This section takes you through the various decisions you have to make, and gives you useful tips on the factors that are under your control. The first thing to do is to get your home ready for viewings, first by the appraiser (if your timeline makes this possible), then by Realtor® candidates, and finally by prospective buyers.

Preparing for Viewings
Depending on the condition of your home, getting it ready for viewings might be a weekend’s work of final cleaning, tidying and minor repair (e.g. replacing tub caulking); or it might involve some cosmetic improvements. The Sell Smart Checklist on the next page will give you lots of ideas on how to present your home to potential buyers.

“Home Inspection” Condition
It is very likely that the person who buys your home will ask for a home inspection to ensure your house is sound, with no major structural defects or major repairs required. The purchaser would pay the home inspector. There are several things you can do early to prepare your home.

- Firstly, if you know of any serious problems, be proactive and deal with them. Make sure that past renovations have not done any structural damage. Look for damage caused by insects (termites) or the settling of your home. Be on the lookout for loose wires or incorrect installation of receptacles, switches or electrical box. Is there evidence of water damage? Try to locate the source and make any necessary repairs.
- Secondly, tidy things up both indoors and out. Trim foliage, ensure windows and doors slide smoothly, fix leaky taps, be sure grouting and caulking around fixtures is proper, insert clean filters in the furnace, and be current on any servicing of your furnace and cooling system. Put yourself in the shoes of a building inspector and purchaser and walk through your home with a critical eye. Address any outstanding issues.
Legal Obligations

If the situation seems serious or complex, investigate the possibility of a professional building inspection to determine the extent of the problem and to provide a cost estimate for necessary repairs. It might be financially better for you to complete the repairs before listing and offer proof of such repairs to a prospective buyer. Speak with your Realtor® about disclosing repaired deficiencies. Being proactive will eliminate any concerns for a potential buyer and could prevent a sale from falling through due to the buyer receiving an unfavourable home inspection report.

NOTE: Be sure your Realtor® is fully aware of any situation in which home equity loss is anticipated. Equity loss results when your sale price is less than your original purchase price. Another potential scenario could be that costs incurred for capital improvements to your home are not recouped in the sale price. Potential home equity / capital improvements loss will not change the facts of the current market value but it is still important for your Realtor® and BGRS Advisor to be informed. It is critical that you make every effort to minimize, or preferably eliminate altogether, any such loss.

In most provinces, you can’t complete a property sale without completing a Property Condition Disclosure Statement. You are required to disclose deficiencies in your property or potential hindrances to a sale (e.g. a malfunctioning septic system or any type of water infiltration).

Pricing Smart

Whether you sell privately or through a Realtor®, you have to choose a “listing” price. There are four main factors that draw initial buyer interest:

- Affordability – the price
- Style of home
- The location of your home
- The number of bedrooms

You have no control over the location, style and the number of bedrooms; however, you have complete control over the price. Statistics confirm that most activity occurs within the first month of listing a home for sale. A new listing creates immediate interest for both Realtors® and potential buyers. Take advantage of this attention by pricing competitively and having your home in its most marketable condition.
“Sell Smart” Things You Can Do...

Use the checklist below to see your home through the eyes of a prospective buyer. These guidelines will help sell your home for the best price within the least amount of time. Some items may seem trivial but they all contribute to creating a great first impression. This usually translates into a higher sale price.

**Getting your home ready**
- Hold a garage sale to reduce clutter in your home.
- Get rid of firewood, flammable materials, lumber and any items movers cannot transport.

**Is your home in good basic repair?**
- All light switches have covers?
- All light bulbs working?
- Doorknobs firmly attached to the doors?
- Doors and cupboards close properly?
- Drains fast acting?
- Taps and toilets drip-less?
- Ensure doors and windows don’t stick.
- Floors are free from major squeaks.
- Interior wall paint and wallpaper are in good shape — no chips or peeling.
- Basement is presentable. If the basement area is particularly dark, a coat of white paint may improve the appearance.
- Exterior paint is in good condition, including fences and decks.

**Is your home neat, tidy & clean?**
- Keep your lawn mowed and your walk and driveway clear of ice and snow.
- Dispose of any debris on grounds.
- Trim hedges and weed gardens.
- Make sure there’s room for the car(s) in the garage.
- Make sure the doorbell works.
- Closets and other storage areas, especially the basement, should not be overfilled. Store extra clothes or other items off site, if necessary, to create an impression of ample storage.
- Carpets should be clean (deodorized for pet odor if necessary).
- Appliances should shine, inside and out.

**Is your home putting on its best face possible?**
- Open the curtains and let the sunshine in!
- The windows should be clean, inside and out.
- Bathrooms should be sparkling clean. Check the tub caulking.
- The house should smell pleasant. A bowl of oven-warmed vanilla and water smells nice.
- Leave the house during viewing — prospective buyers will be more comfortable.
- Keep pets out of the way.
- Display photos of your yard and gardens.
- Clean your front door. If you have screen doors, ensure they are in good repair. Remember that your front door is the first (and last) thing viewers will see!
- Although no one knows your home’s features as well as you do, DO NOT join a conversation with a potential buyer. You should never conduct a showing of your own property. The Realtor® for either or both sides should be present at all showings.

**A word of caution ...**
- Lock jewelry and valuables safely away.
- Valuable property (such as art, vases, figurines, and mementoes) should be out of reach or stored away.
- Answering machines should be turned down to prevent buyers and Realtors® from over hearing messages while showing your home.
- Do not discuss price, terms, possession or other factors with a potential buyer. Refer them to the Realtor®.
- Do not try and sell furniture and other items to the prospect before an offer has been accepted. It is confusing and proper timing is important.
How to Determine the Best Price

You could have several sources of information to help you choose the right price—the appraiser’s report if one was done, the opinions and information provided by the Realtors® you interviewed, and your own knowledge of recent comparable sales in your area. Together, these will give you current, reliable market information for your location. When reviewing this information pay particular attention to the following points:

Comparable properties currently for sale

- These represent current competition. Take note of the length of time they have been on the market, initial list prices versus current prices, incentives being offered or inclusions. How does your home compare?

Properties recently sold

- This shows what buyers are willing to pay in your neighbourhood. How long did they take to sell? Were they previously listed with another company? What was the initial list price? What was the list price at the time of the sale? What incentives or inclusions were offered? How does your home compare?

Expired listings

- These are properties that did not sell for a variety of reasons, the most common being overpricing for the market. How does your home compare?

With the above information, you can make an informed decision regarding list price.

There are four key benefits of pricing competitively:

1. Realtors® will promote your home more enthusiastically if they are confident it is well priced, because they will anticipate it being easier to sell.
2. You will get a faster sale, often due to greater exposure. If you overprice, buyers looking in a lower price range will move on to more appropriately priced properties.
3. You will have less disruption due to a reduced time on the market. It can be difficult keeping your home constantly clean for potential buyers.
4. You should get higher offers, closer to market value.

Remember: Except in very strong markets, houses sell for less than the asking or list price. Your Realtor® can advise you on the typical “spread” between listing and selling prices. Consider this when choosing your list price.
Most transferees use the services of a Realtor® to sell their home. Some people, however, prefer to sell privately. Carefully consider the current market trends and the feasibility of success. Be aware that the risks of selling privately may far outweigh the benefits:

**Advantage of Selling Privately**

There is one potential advantage to selling your home privately— the savings of the Realtor’s® commission, less your costs for advertising, flyers and signage.

**Disadvantages of a Private Sale**

There are several potential and actual disadvantages to selling your own home:

**Financial**
- Higher legal costs for reviewing the contract and attending to closing details
- Inability to be unbiased in analyzing offers
- Requirement to negotiate directly with the buyer
- Unable to confirm financial ability of purchaser; whereas most Realtors® pre-qualify prospective purchasers
- Purchaser’s expectation that buying a private sale will cost less than purchasing through a Realtor®

**Schedule**
- No MLS exposure, resulting in longer time on the market
- No access to Realtor® referral network
- Possible unqualified buyer defaulting on the contract at the last moment

**Extra work**
- Need to be available at all times to show home
- Have to arrange advertising and host open houses
- Added stress and inconvenience to family
- Will not necessarily have access to industry knowledge of prospective buyers

**Safety issues**
- You may put yourself at risk when allowing unknown people into your home
Listing Smart

If you do decide to list your home with a Realtor®, there are several things you need to know about the listing.

Use the Multiple Listing Service (MLS)
This allows any Realtor® to show and sell your property.
Listing your home on the MLS ensures maximum exposure and usually results in a faster sale. The Realtor® you contract to list your property remains the contact for appointments and negotiations. Direct all inquiries about the sale of your property to your Realtor®.

Limit the term of the listing agreement
BGRS recommends that you not exceed the minimum time required for an MLS listing; this varies from area to area but is usually for 60 days. In any case, we recommend that the listing term not exceed 90 days. If your home is still not sold at that time, you can renew the agreement if you are satisfied with your Realtor’s® efforts or you can choose another Realtor®.

Have the relevant information ready
Your Realtor® will need pertinent information and documents from you. Assembling them in advance will save time and last minute frustration. Much of the information will be the same as what you might have already given to the appraiser. For instance, you’ll need the title/deed on your property, a copy of your tax bill or notice of assessment, survey or location certificate and copies of recent utility bills (water, electricity, heat).

Check the commission
Read your listing contract carefully to be sure that the quoted rate does not exceed the established rates for your employer’s relocation program.

Understand Agency Disclosure
Your Realtor® works for you. However, they and their colleagues also show your home to prospective buyers. It can be confusing, trying to understand who your Realtor® is “really” working for—you or the buyer. In 1994, the Canadian Real Estate Association adopted “article 3” in their Code of Ethics and Standards of Business Practice as follows:
Real estate law is provincially legislated. Customs and practices differ from province to province. Your best approach is to understand the duties, obligations and role of your Realtor® in the transaction. Make sure your Realtor® fully explains and provides written information on Agency Disclosure as it applies to you. If you have any concerns about Agency Disclosure and how it affects you, contact the local Real Estate Board. The following gives a brief summary of the three types of agency relationship.
There are three different forms of “agency relationship”. It is key that you understand who your Realtor® is working for as an agent is legally obligated to look after the best interests of the person for whom they are working. Your Realtor® will provide a brochure to explain each type.

Seller’s Agent
In this case, the listing agreement contract establishes the relationship between the seller of a property and the real estate company. The Realtor® must take appropriate action to do what is in the best interest of the seller. This includes sharing all known information about a buyer, such as a buyer’s willingness to offer more. Confidential information is not shared with buyers or others. A buyer however, can be confident that they will receive fair and honest service and disclosure of pertinent details about the property.

Buyer’s Agent
A “Buyer’s Agency Agreement” is between a prospective buyer for your home and their Realtor®. It results in that Realtor® doing what would be best for the buyer. Confidences shared between the buyer and their Realtor® would remain confidential. Any information given to the buyer’s Realtor® would be shared with the buyer, so be careful not to provide information you do not want passed on, such as the bottom-line price you are prepared to accept.

Dual Agent
It is possible for the real estate Realtor® to represent both the buyer and the seller, with the written consent of both parties. The Realtor® must do what is best for both the buyer and the seller, who have conflicting interests. The agreement clearly states the rights and duties, and any limitations to them, of everyone involved.

“A “REALTOR®” shall fully disclose in writing to, and is advised to seek written acknowledgement of disclosure from all parties to a transaction regarding the role and the nature of service the REALTOR® will be providing to the client versus the customer or other party to the transaction. The REALTOR® shall also disclose his or her role to other REALTORS® involved in the transaction”.

Working With Your REALTOR®
After you sign the listing agreement, your Realtor® will prepare a detailed description of your home and send it to the local real estate board’s Multiple Listing Service. They will hold a “Realtors® open house”, showing your home to other Realtors® in the area to give them first-hand knowledge of the features and condition of your home. Then you can expect showings to prospective buyers. As you go through the selling process, you and your Realtor® both have contributions to make:

Your responsibilities — Keep your home ready and available for showings at all times. If you are going to be away, make sure that your Realtor® knows how to contact you. If an offer is received, negotiations can be completed by phone or fax. If you will be leaving your home vacant, you may choose to arrange for a property management company to oversee your property. Make provisions for home surveillance, vacant insurance, utility payment and exterior maintenance.

Your Realtor’s responsibilities — Your Realtor® should keep you updated on changing market conditions, allowing you to be in control of the home sale process. If your home doesn’t sell quickly, the listing price may require an adjustment, depending on your current competition. Continuous competitive pricing is essential.
Marketing Incentives

When market conditions warrant, or if your home remains unsold after an extensive period, an incentive could make your home more appealing than the competition to facilitate the sale.

A marketing incentive is a monetary benefit or bonus offered to a prospective buyer that is payable on the successful closing of the sale. It is intended to help you attract more buyers and realize a quicker sale. A marketing incentive must be clearly written, with a specific amount, in the listing agreement or an amendment to the listing agreement. It would subsequently be requested by the buyer in the Agreement of Purchase and Sale and then itemized in the lawyer’s/notary’s statement of account as a cost payable on closing.

A marketing incentive must be initiated before you start negotiating an offer and is not utilized as a negotiating tool during the offer process to fix an item of deferred maintenance.

CRA guidelines include as eligible moving expenses selling costs for the sale of the old residence, but do not include expenses for work done to make the property more saleable. For example, the following items would generally not qualify as deductible expenses:

- Items already in the home
- Items normally considered maintenance
- Bonus or incentive to the Realtor

Offering a prepayment of property taxes or condo fees for a set period of time or offering a mortgage interest rate buy-down may serve to attract potential buyers to your home as opposed to the competition, and this type of incentive would likely qualify as a selling cost of the home which would be deductible as an eligible moving expense. Possible marketing incentives should be reviewed on a case-by-case basis with your taxation professional to determine their deductibility status.

Handling Offers

We now take a closer look at the elements included in an “offer to purchase” from an interested buyer. All terms of the offer must be in writing; there can be no verbal understandings not set forth in the offer. The specified price and terms must be legible. Every offer should be taken seriously and every effort should be made to negotiate the offer to the satisfaction of all parties.

Price

The price offered by a prospective buyer depends on local market conditions, but generally will be different from the asking price. You must then decide whether to accept the offered price, reject it or counter-offer with a higher price.

Deposit

A deposit should accompany the offer, payable to the listing broker “in trust”. The amount will vary depending upon local practices. Your Realtor® will advise you on the appropriateness of the deposit. This deposit being offered up-front would be applied against the purchase price when the sale closes. It shows a buyer’s good faith.

Terms

Specific terms in the offer will include financing details; the buyer may be arranging his or her own mortgage or may ask to assume yours if you have an attractive rate. If the buyer wants to assume your existing mortgage, ensure the offer is conditional upon the buyer being approved by your lender, under an assumption agreement. For your protection, ensure you are removed from the covenant of the mortgage.
Conditions

The offer may be conditional upon, or subject to, any of the following items: the buyer obtaining financing, a successful home inspection or specialized test (water/septic system/pyrite) or the sale of the purchaser’s property. If conditions are included, find out how long does the buyer have to remove the conditions? For example, if an offer is conditional to financing; normally 5 business days would be acceptable. You can ask your Realtor® to get a written financial pre-approval from the buyer. This will ensure that the buyer personally qualifies for a mortgage and only the house remains to be approved. In general, the following conditional offers will not be to your benefit: offers conditional upon the sale of the buyer’s property, offers subject to the buyer obtaining financing from other than a recognized lender, or subject to you “taking back” a mortgage.

Inclusions and Exclusions

The buyer may ask that items such as appliances, certain fixtures including window coverings, central vacuum or an above-ground pool be included in the sale price. Will the buyer assume the payments for rented or leased components or are you expected to pay the outstanding balance?

Closing or possession date

This will be the day the property’s title transfers from the seller to the buyer and typically the day the seller receives the funds. Although in some provinces such as Alberta, Manitoba and Québec, funds take up to several weeks to be processed. Ensure the requested closing date corresponds with your planned moving date.

Carefully review all details of the entire offer. Note what is acceptable to you and what is not. You must then decide whether to accept the offer, reject it entirely, or counter-offer with terms that are more acceptable to you. Keep in mind that when you “counter”, you are, in effect, rejecting the buyer’s original offer. They then have the right to accept your counter-offer, to make their own counter-offer, or to walk away.

Following the Offer

Once you have an accepted offer, most of your work is done, but there are still important things to do:

Your lawyer/notary will need a copy of the Agreement of Purchase and Sale as soon as possible. Ensure that your BGRS Advisor has the name and telephone number of your lawyer/notary and that you have provided a final copy of the contract to ensure that BGRS is able to pay Real Estate commission, legal fees and disbursements in a timely manner.

Once you or your Realtor® forwards a copy of the final unconditional offer, your lawyer/notary will need the following items from you:

- Transfer/deed of your property
- Mortgage documents including loan number
- Survey/Location Certificate, if in your possession
- Most recent realty tax assessment/bill
- Recent hydro, gas and water bills
- Details of your tenant’s rental agreement, if applicable
- Keys to your house

If you have a tenant, give the required written “notice to vacate” (if applicable) as soon as possible after the offer is firm.
Make your house presentable for the home inspection, if your offer includes this condition from the buyer. As discussed under the “Preparing for Viewings” section in this chapter, you will already have dealt with any defects you know about. All that remains now is for you to do a final clean-up before the inspector arrives.

There could be other considerations, depending on your particular circumstances:

**Timing of money**
In some provinces, the seller does not receive the proceeds of the sale on the date of closing. This must be taken into consideration when determining your closing date at destination. Check with your lawyer to find out when you will get the sale proceeds. You need either your sale proceeds in hand or bridge financing in place before the closing date of your new home.

**Damage after the offer**
The buyer is entitled to take possession of the property in the same condition it was in on the day the Agreement of Purchase of Sale was signed. If damage occurs, especially during the moving process, you will need to arrange for repairs or proper compensation.

**Insurance**
Your fire/home insurance policy may provide for a refund of prepaid premiums once your property has sold. NEVER cancel your homeowner’s policy until you have received confirmation that the property has legally changed title. If your departure date is before the property changes hands, inform your insurance company of this. Your insurance may become void if the house is vacant. Be prepared for an increase in rates for a vacant property.

**Utilities**
As the seller, it is your responsibility to contact the utility companies directly to have the various services terminated upon completion of the transfer of title. Keep a record of the day you call and the person you speak with at each company for future reference. Be alert to your cut-off dates. In case of a closing delay, promptly notify your utility companies. It could be quite costly to contend with frozen pipes due to power disconnection.

**Access before transfer of title**
We recommend that you DO NOT allow the buyer access to any part of your property until the title has changed hands. Storing goods on the premises, planting flower beds for the spring, even having the carpets cleaned before their moving truck arrives can all lead to problems. Buyers do not own the house until the lawyer/notary has officially completed the transaction and the land titles have been transferred to the new owner. As an example, carpet cleaners who accidentally flood the house have just damaged your house, not the buyer’s house. You will be responsible for cleaning up.

**Attending closing**
If unforeseen circumstances require you to leave for your new location before your home has closed, a power of attorney can facilitate closings in your absence. Legally this person has the same power as you do to sign all papers and documents on your behalf. This can save time and can become very useful when a signature is needed in a hurry. This document can be drafted in two different ways: either a limited or a broad delegation of authority. We recommend that you be specific in explaining what powers you grant as opposed to a broad delegation of your authority. In either case, the document of the delegation of powers should be stored with your lawyer to avoid misuse.
This chapter provides an overview of the home-buying process. To help you with financing issues, we’ve included information on financial institutions, mortgages and recommendations that may reduce or eliminate unnecessary costs. We’ll look at choosing third-party suppliers, including a Realtor®, a home inspector and a lawyer (or notary, if you are in the province of Québec). The House Hunting Trip planning section will assist with preparation and organization to make optimum use of your HHT. The intricacies of the offer-to-purchase process will be explained, with an aim in simplifying the process for you and prepare you for any steps you need to take.

We urge you to gather all available financial information and thoroughly research your new location. Armed with information and knowledge, you will be able to make informed decisions based on your unique situation and specific needs.

As you examine your own financial picture, it’s a good idea to have a look at overall market conditions, mortgage interest rate trends and your personal implications of buying versus renting at your new place of duty. Housing prices can fluctuate and mortgage rates can change quickly. There are many resources available from which to obtain current and reliable information. These resources will be discussed in this chapter. You will also need to consider the length of time you anticipate being at that location. Will it be for a relatively short period or do you expect to be there for a longer time?

**Buy versus Rent**

The “Buy / Rent” Decision Model located in the GRIP on your Secure Website is a good place to start. Use this electronic tool to calculate a few “what-if” scenarios. Your “buy value” is generated through the following factors: equity growth, house price growth and potential investment returns. Do the results reflect a financial benefit for you to buy rather than rent a property? This is just a first step. Further discussion with financial advisors, bankers and other professionals might assist you. Although we’ll discuss several financial aspects of renting versus buying, there are also some emotional considerations that only you can personally evaluate.

**Financial Considerations**

Residential mortgage contracts can intimidate even the most seasoned homeowners and buyers. Consequently, the financial liabilities and obligations are sometimes not fully understood. Before we begin, if there are mortgage terms that you are unfamiliar with, please refer to the definitions provided in the Glossary at the end of this manual. In addition, we have provided a “Mortgage Primer” section later in this chapter to give you general mortgage information and to walk you through the steps a lender would take to qualify you for a mortgage. It’s a good idea to review the information before contacting a financial institution to gain the most from discussions with your mortgage professional, who will then work with you to determine the best choices for you.
Deciding What You Want

Time spent determining your housing needs before starting your home search will be time well spent. Establish what you think is best, given your specific requirements. We encourage you to discuss your needs and preferences with other members of your family to help you make a good decision regarding the affordability level most comfortable for you, type of neighbourhood and most appropriate housing style.

Price

How much you can pay for a home depends on how much you can afford – which is driven by the down payment you have and the size of mortgage you can carry. Both topics will be discussed.

Buying a home involves some initial up-front costs and then some on-going costs. The preliminary costs include your down payment and one-time payment due on closing day. Continuing costs include monthly mortgage payments, property taxes, heating and maintenance costs, insurance premiums and any applicable condominium fees. Your other monthly debts must be part of the equation as well; these include all loan /credit card payments.

Your ability to afford a home will take into consideration all monthly costs against what you can comfortably carry with your household income. What you can afford on paper, however, might not be what you will be comfortable with. Only you can decide what is affordable for you.

The price range of potential homes in your new location will usually be the primary consideration. In the first part of this chapter we discuss how much you qualify for and/or want to spend. Remember to factor in regular maintenance expenses not included in the initial costs. Consider your usual monthly expenses and payments. Establish your price range at the start; it will focus your search to the most suitable homes. Make sure your expectations are realistic for the new neighbourhood by comparing your desired price range with the current housing prices in your new community.

There are several sources for preliminary information on the housing market at your new location. The destination guide in your relocation package contains general community information. Later in this chapter, we’ll be looking at ways your Realtor can assist you.

The Survey of Canadian House Prices is an exclusive, on-line resource available on the links page of your secure website. You can access this on-line survey at any time from the privacy of your home. The Survey of Canadian House Prices is the largest and most comprehensive Canadian study of its kind. It is updated four times a year and provides current and historical market values for over 250 major centers in Canada. The bilingual format contains information based on local data and market knowledge compiled by residential real estate experts across the country.
The Down Payment

Mortgage payments are made up of a principal sum (amount you are borrowing) plus the interest (cost of borrowing the money from the lender). The greater the initial down payment, the less you must borrow. Consequently, your down payment will be a determining factor in your housing affordability. Consider the following points with respect to the amount of mortgage that you will need:

- The source and amount of your down payment.
- Availability of such funds.
- Amount of equity being applied from your current home, if applicable.

How Much Mortgage Can You Afford?

To start the mortgage qualification process, your mortgage professional will use the following guidelines to determine how much you can afford to spend on housing costs:

First, your housing costs shouldn’t be more than 32% of your gross household monthly income. Housing costs include mortgage principal and interest, property taxes and heating costs (condominium fees, as well, where applicable) – P.I.T.H. These costs are calculated as a percentage of your gross (before taxes) monthly income. This is called your Gross Debt Service (GDS) ratio.

To calculate your GDS:

- Add your gross monthly income + your spouse’s income + other monthly income.
- Multiply that total by 32%; you now have the maximum monthly amount you can afford for housing
- For example: \( $3,000 + $3,000 = $6,000 \times 32\% = $1,920 \)
  \( \text{GDS – monthly ceiling for mortgage principal, interest, taxes, heating & 50\% of condo fees} \)

Second, the bigger picture...your entire monthly debt load, including loan, credit card, child support or alimony payments, will be added to your projected housing costs to determine what percentage of your gross monthly income these costs represent. This will be your Total Debt Service (TDS) and it should not exceed 40% of your gross income.

Using the previous example, 40% of the gross monthly income is $2,400 (TDS load you can afford.)

Therefore, $2,400 – $250 (auto payment) – $100 (loan payment) – $75 (credit card payment) = $1,975* – monthly income left for housing expenses.

*If this amount is not enough to cover housing costs, consider the options below:

- Buy a less expensive home than originally planned, which would reduce monthly housing costs for mortgage principal, interest and taxes.
- Lower your monthly debt. You might have to pay off loans / credit card balances, or wait until you no longer have these monthly expenses.
- Plan on using a higher down payment to reduce mortgage principal owed to lender.
These guidelines will help you determine the maximum amount you can afford. However, you might want to stay well below these guidelines to be sure your debt load remains low enough to maintain a balanced lifestyle. If your GDS and TDS are close to the maximum, carefully consider how other living expenses will be met. Housing costs using 30 to 35% of gross income can translate into 40 to 50% of take-home pay. This might not financially allow for other regular or unexpected expenses.

**NOTE:** Some lenders will include the full credit card limit or line of credit you have in place even though it might not be used. This can result in very different GDS/TDS ratios, which will affect your ability to qualify for a mortgage. See the examples given below:

**Lender A** determines your total debts by using the amount that would be payable if you used the maximum available credit under your credit cards and lines of credit because you could potentially borrow these amounts.

**Lender B** uses the minimum required payment, calculated as a percentage of the outstanding credit card balances owed at the time the mortgage is to be funded. This will be contingent upon you providing written confirmation that your account will be reduced to the lower balance before the actual mortgage funding.

### A Quick Rule Of Thumb to Determine What You Can Afford

**When interest rates range from 5.0% to 6.5%:**

Take your gross annual income (before any deductions) x 3 to get the amount of mortgage your salary can support.

**For example:**

$60,000 (Gross income/yr) x 3 = $180,000 mortgage  
+ $9,500 down payment = $189,500 purchase price

Therefore $180,000 plus your down payment will give the house purchase price. Use the same formula in the following box to determine what’s affordable for you.

\[
\frac{\text{Gross annual income}}{3} \times 3 = \text{Mortgage amount} + \text{Down payment} = \text{House purchase price}
\]

**When interest rates range from 6.5% to 8.0%**

Take your gross annual income (before any deductions) x 2.75 to arrive at the amount of mortgage that income can support.

**For example:**

$60,000 (Gross income/yr) x 2.75 = $165,000 mortgage  
+ $9,500 down payment = $174,000 purchase price

Therefore $165,000 plus your down payment will give you your house purchase price. Use the formula below to calculate your affordable price range.

\[
\frac{\text{Gross annual income}}{2.75} \times 2.75 = \text{Mortgage amount} + \text{Down payment} = \text{House purchase price}
\]

All the previous calculations are based on a 25-year amortization period and property taxes being approximately 1.5% of the purchase price and less than 8% of your gross income going towards other payments, such as credit cards or car loan payments.

**Mortgage Payment Table / Cost per $1,000**
The following table indicates how much each $1,000 of mortgage will cost per month.

For example, if:

- Your amount available for monthly principal and interest is $640 per month
- And mortgage rate is 6%
- And your amortization period is 25 years

Then, your cost per $1,000 per month is $6.40

You can (technically) carry $640 ÷ 6.40 x $1,000, which equals $100,000
(Based on monthly tax payment of $150 and heating costs of $50; GDS ratio of 32%)

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<th>Mortgage Interest Rate (%)</th>
<th>Amortization Period</th>
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Approximates 20% of PIT (Principal Interest and Taxes) payment for the monthly property tax charge.

For example: $1,000 (PIT) x 20% – $200 (monthly taxes) = $800 (Mortgage principal & interest)

A PIT monthly payment of $1,000 would include 20% or $200 for property taxes. Therefore; the Principal & Interest portion is $800.

If your property taxes are greater than $200 per month, your “Mortgage Potential” will be reduced and vice versa.
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<th>Your PIT / month at 30% GDS is:*</th>
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<th>5.5%</th>
<th>6.0%</th>
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<td>$45,000</td>
<td>$1,125</td>
<td>$154,700</td>
<td>$147,400</td>
<td>$140,600</td>
<td>$134,300</td>
<td>$128,400</td>
</tr>
<tr>
<td>$50,000</td>
<td>$1,250</td>
<td>$171,900</td>
<td>$163,800</td>
<td>$156,200</td>
<td>$149,200</td>
<td>$142,700</td>
</tr>
<tr>
<td>$55,000</td>
<td>$1,375</td>
<td>$189,100</td>
<td>$180,200</td>
<td>$171,900</td>
<td>$164,200</td>
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</tr>
<tr>
<td>$60,000</td>
<td>$1,500</td>
<td>$206,300</td>
<td>$196,500</td>
<td>$187,500</td>
<td>$179,100</td>
<td>$171,300</td>
</tr>
<tr>
<td>$65,000</td>
<td>$1,625</td>
<td>$223,500</td>
<td>$212,900</td>
<td>$203,100</td>
<td>$194,000</td>
<td>$185,600</td>
</tr>
<tr>
<td>$70,000</td>
<td>$1,750</td>
<td>$240,700</td>
<td>$229,300</td>
<td>$218,800</td>
<td>$208,000</td>
<td>$199,800</td>
</tr>
</tbody>
</table>

**Getting Pre-approved**

A mortgage pre-approval from your lender will establish the price range of homes most suitable for you. Your housing search will now be focused on what you can afford so time will not be wasted during your House Hunting Trip.

A pre-approval is a commitment by the lender to finance the purchase of your home when certain conditions have been met, such as a confirmed sale of your present home, a satisfactory appraisal of the property you are purchasing, and CMHC or Genworth approval for mortgage default insurance, if needed. Some Realtors® are not prepared to work with purchasers unless they have a mortgage pre-approval in hand. It also helps to make sure you have the financial confidence to make an offer on a home at destination and then serves to reduce the time needed to firm up the offer. Bring proof of your down payment and verification of income with you to the pre-approval appointment.

A pre-approval also protects you from interest rate increases for a set period. The guaranteed rate ensures you will not pay a higher rate of interest if the rates increase between pre-approval and closing. If the rate goes down, most lenders will offer the lower rate – confirm this with your lender. Lenders typically guarantee rates anywhere from 30 to 120 days, depending on interest rate volatility. Make sure your rate guarantee is valid until your closing date.
Be sure to shop around, as there are many different rates and options available. There is no obligation to actually accept the mortgage for which you are pre-approved; so, if you decide not to buy, you will not be charged a fee. A mortgage contract is not final until you sign the completed documentation, outlining all the details, with the lender.

Although it is important to shop for the best possible mortgage, every time you apply for a mortgage, a credit check is completed. Many lenders consider it a negative factor if you have many recent inquiries on your credit file. Numerous credit checks lower your credit beacon score, which lenders use as one of their qualifying criteria for approval.

One way to overcome this is to work with a Mortgage Broker. That way only one credit check will be necessary for the broker to shop the available lenders. Mortgage brokers don’t usually lend money but will direct you to lenders who do. Brokers are independent specialists. They will shop the mortgage market for you and find the lender with the best rates and terms available. They will save you time, money and frustration by doing the work for you. In most cases, the lender you choose pays the broker’s fees. Confirm with the mortgage broker that they will not charge you a fee for their services.

**Financing Pointers**

Although there is a general mortgage overview in the Mortgage Primer section toward the end of this chapter, we’ll take a moment now to briefly outline a few considerations when shopping for a mortgage. We’ll then discuss your responsibilities when obtaining a mortgage and things you should know when you have an existing mortgage and are intending to buy at your new location.

Remember that while you might be pre-approved for mortgage financing, the property you are considering must also meet the mortgage lender’s guidelines and be approved. Under no circumstances should you make an offer to purchase that is not conditional upon financing. Before making your written offer to purchase, ask your mortgage professional the recommended time frame you should specify in the offer to allow sufficient time to finalize a financing approval.

Take time to investigate the mortgage market. Some mortgage lenders may transfer a mortgage to their institution, from an existing lender, at no cost, when a mortgage term expires. The mortgage market is continuously coming up with new mortgage products not previously available. Again, a mortgage broker can do the research and shop on your behalf.

**How You Can Prepare...**

There are several steps you can take with an aim to making the mortgage process flow as smoothly as possible. Keep the following points in mind as you go along:

Investigate all mortgage options and pre-qualify for a mortgage before your HHT. If you are presently a homeowner, this should be once your home has sold. Determine your budget and comfort level for mortgage payments / property taxes. Confirm that your mortgage pre-approval is valid at your destination, and for how long.

- Gather all necessary documents before you apply for your mortgage. Your lender will need a lot of information to assess your ability to repay a mortgage loan. This documentation includes: proof of down payment, verification of what your gross family income will be when at your new location, assets, details of all monthly payments and balances owing on credit cards, loans and other financial obligations.
- If using RRSP monies for your down payment make sure that arrangements are made well in advance. Some financial institutions take longer than others for this process. Make sure that your type of RRSP plan is eligible to be used for down payment (without penalty) and confirm repayment deadlines and obligations.
- Be sure you have access to the necessary deposit money before your HHT. Remember your cheque book.
- Be aware of closing costs that must be paid by you and be sure you have sufficient funds set aside for them (e.g. balance of down payment, property tax adjustments, oil tank adjustment, house insurance, PST on mortgage default insurance premium).
Now that we have looked at what you can comfortably afford, let’s look at what comes next, the location of your new home. To help you choose a neighbourhood well suited to your housing needs, consider the factors listed below.

Your choice of location will be driven by several factors
- your work location
- your willingness to commute
- access to public transportation routes
- your family’s needs

Also investigate the overall safety of the neighbourhood. Look for street lighting and sidewalks. If you have young children or are concerned about noise levels, look for less frequent and slower traffic. Do you want bicycle lanes or nature trails close by for your recreational enjoyment? Be aware of any environmental issues. Look for neighbourhoods where homeowners are diligent about keeping their homes in good repair. If you are considering new construction, be aware of city zoning and the different types of land use. If there is open land that doesn’t have a specified use, check with the city, don’t rely on builders and Realtors® for land use information.

As you consider your needs, you’ll get a feel for the type of community most suitable for you – urban, suburban or rural.
- Urban communities offer a greater selection of housing styles and are closer to a wide range of shops, clinics, restaurants, theatres, museums and galleries. You might not have to own a vehicle, as you might be able to walk to most locations. The more compact urban homes are also less expensive to heat and cool.
- Suburban neighbourhoods usually offer larger properties and are typically good places to raise a family. They are often conveniently close to schools, shopping centers, medical clinics, and recreational facilities. Housing styles include single-family homes, semi-detached homes, townhouses and terrace homes. Traffic will likely be slower and streets well lit.
- Rural locations offer more space and have easy access to nature. Rural communities are typically quieter and give less stress from traffic congestion, although commute times are longer.

Central, Suburban or Rural?

Location Characteristics
This information sets out some important characteristics of urban, suburban and rural areas. Which of these are important to you? Discuss the key points and try to determine an overall location preference. This will save you the time and frustration of looking at homes in undesirable areas of your new location.

Central
- Mature homes and neighbourhoods
- Potential school bus availability
- More expensive
- Few new homes available
- Abundant entertainment/cultural/shopping facilities
- Good public transit
- City atmosphere
- Good resale prospects for homeowners
- Smaller houses/apartments
Suburban

- Newer homes and neighbourhoods
- Abundant recreational/community facilities
- Potential school “busing”
- “Family” living
- Higher/moderate prices
- Good/moderate resale properties
- Good availability of new/resale homes
- Larger uses/duplexes/townhouses

Rural

- More custom built homes
- Longer commuting time
- Limited entertainment/cultural facilities
- Rural atmosphere
- School “busing”
- Lower housing prices
- Fair resale prospects
- Availability of houses often limited
- Larger houses and lots
- Impact of weather on commute

Availability of utilities and services in a rural setting to be considered

- Water (well or municipal)
- Gas (propane or natural)
- Cable TV/Internet access
- Garbage (pick-up/disposal site)
- Recycling (pick-up/disposal site)
- Sewer/Septic
Type of Accommodation

There are lots of housing styles available and an ever-increasing range of housing options under development as builders try to meet the demands of contemporary lifestyles. We encourage you to explore the available options and identify the features you value the most. Consider the size of home your household needs. How many bedrooms are required? Do you prefer high-rise condominium living in the downtown core, lower density housing, such as a terrace home, townhouse or semi-detached, or do you want a single family home in the suburbs? Are there other considerations, such as the need for a family room, in-law suite or wheelchair access? The previously mentioned Survey of Canadian Housing Prices contains a glossary of housing types to help you learn more about the various styles of homes.

To help you sort out the options, this section gives brief descriptions of the various housing types and lists their advantages and disadvantages. After careful consideration, you can complete the “Have/Need/Want” list to record your personal preferences. To make sure your expectations are realistic, we strongly recommend that you compare your requirements against the local housing market at destination.

For example, you might prefer a brick exterior. Through your research, however, you find out that homes at your new location typically have vinyl siding. You might have to show some flexibility to benefit from a greater range of homes. The results of your “Have/Need/Want” list should be passed on to your Realtor®. That way, only the most suitable properties will be shown and you will not waste precious House Hunting time looking at inappropriate homes.

Condominiums/Strata’s

A condominium is a multi-residential complex with living units ranging from studios or bachelor suites to 3-bedroom units. Some complexes may have tennis courts, swimming pools, exercise rooms, and other amenities.

**Advantages**
- No maintenance responsibilities
- Appliances may be included
- Recreational facilities may be available
- Security facilities may be a feature
- May not be permitted to make exterior changes

**Disadvantages**
- Lack of privacy
- Potential noise problem
- Often no enclosed parking; limited storage
- Condominiums may not allow pets

Semi-detached, Row/Townhouse, Link/Carriage, Medium Density Housing

These homes come in a broad range of multi-unit styles including executive style townhomes, resembling single-family homes, link or carriage homes, duplexes, triplexes and fourplexes. In some areas, executive models with garages, 2-3 baths and fireplaces may be available. These units are joined by common walls/foundations and typically have a private yard and space for internal laundry hook-ups. There may be additional fees for snow removal and lawn care.

**Advantages**
- Yard-space and possibly a garage/carport
- Internal laundry capability
- More likely to allow pets

**Disadvantages**
- Higher costs (extra fees)
- May not be permitted to change exterior
- Shared driveways in some cases
Single Family Homes

Single-family homes usually range in size from 2 bedrooms and 1 bath up to estate-sized mansions.

**Advantages**
- Generally larger; often with more bedrooms
- Privacy, yard space and garage/carport
- Potentially more storage
- Less noise
- Exclusive use of own facilities

**Disadvantages**
- Responsible for all interior/exterior maintenance
- Most expensive for space per dollar
- Appliances typically needed

Other considerations for homeowners will be the advantages and disadvantages of new construction versus resale properties. Some things to keep in mind will be as follows:

**New Homes**

**Advantages**
- Ability to customize exterior/interior finishes
- Potential provincial incentives
- Current building code standards and energy efficiency will apply
- May be covered by a new home warranty program (unless you build your own)

**Disadvantages**
- Amenities and schools may not be developed
- Little or no landscaping established
- Construction noise, traffic and unpaved roads
- GST/HST applies
- Availability (delivery date may not coincide with move date at origin)

**Resale Homes**

**Advantages**
- Established neighbourhood
- Mature landscaping; fencing installed
- No GST (unless substantial renovations have been done)
- Upgrades completed

**Disadvantages**
- Higher maintenance costs
- Need a professional home inspection to be sure there are no major structural issues
- Potential costs to redecorate or renovate

*The following worksheet will assist you when recording your preferences:*
### Have/Need/Want List

Take a moment to jot down your preferences on the following “Have/Need/Want” worksheet. Compare what you own now with what you need and with what you may want in the new location.

<table>
<thead>
<tr>
<th>Style</th>
<th>Now Have</th>
<th>Need</th>
<th>Might Want</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached or semi-detached</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raised/conventional bungalow</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 1/2, 2, 3 story</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Split level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Townhouse</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High rise / walk-up apartment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condo</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Features</th>
<th>Now Have</th>
<th>Need</th>
<th>Might Want</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of bedrooms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of bathrooms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensuite bathroom</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separate or L-shaped dining room</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen eating area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main floor family room</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Den / library / office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basement recreation room</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garage / carports / # of cars</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fenced yard</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of heating system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall size (sq. ft./meters)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Extras</th>
<th>Now Have</th>
<th>Need</th>
<th>Might Want</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fridge/stove</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washer/dryer (in unit/common area)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dishwasher</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fireplace(s)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air conditioning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pool</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreational facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Setting</th>
<th>Now Have</th>
<th>Need</th>
<th>Might Want</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot size</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mature lot/trees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faces North, East, South, West</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location on street (cul-de-sac, corner lot etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Now that you have carefully considered the price range, location and style of the home you want, we will look at ways to get the most out of your House Hunting Trip and find just the right home for you. We’ll discuss advance preparations you can make and what to do once you arrive on site. And, for when you start short-listing the potential homes, we offer some advice on the screening and selection process. We will then provide useful information with respect to choosing various third party suppliers, such as a Realtor®, lawyer/notary or home inspector.

Planning for a Great HHT

A “successful” HHT gets you the accommodation you want and a “door-to-door” move. As discussed in the first chapter, a “door-to-door” move will considerably reduce the stress on you and your family by minimizing time in interim lodgings. The transition from your current location to your new community will be much smoother. In addition, relocation expenses will be reduced and storage costs and damage to your household goods will be minimized or eliminated. But great HHTs don’t just happen – they are the result of thorough preparation and careful planning. This section provides you some valuable tips on how to make sure that your HHT is the best it can be.

Schedule your trip for best results

The “Planning Calendar” in the first chapter will help you establish the ideal time-frame for your move and the most appropriate timing of your HHT. A good time to go would be 45-60 days before your move date. Homeowners are strongly advised to have a firm offer on their present home and a mortgage pre-approval in hand. If you proceed on your HHT without a firm sale you risk losing a home that you buy “conditionally”. Another purchaser could come along with an unconditional offer and you might not be in a position to firm up your conditional offer. In that case, you could potentially lose your offer and any benefit from your HHT.

Do as much research as you can

To minimize search time and frustration, try to pinpoint a neighbourhood and the type of home you want before you leave. If you’ve worked through the checklists in this chapter, you’re well on your way to knowing what you want. To get familiar with your new location, research Websites such as maps.google.com or www.bing.com/maps/ for maps that will help you to familiarize yourself with the community, and the location of schools and amenities important to you. Many communities also have Websites that give useful information for newcomers.

Work closely with your Realtor®

Review your needs and preferences with your Realtor® before your HHT to make sure your expectations are realistic and that your Realtor® understands what is important to you. You might even fax them a copy of the completed checklist from this section. That way, your Realtor® can do preliminary research and forward copies of listings for you to review. This helps to make sure that your needs are evaluated against the homes available at your new location. If your needs are not being realized, there will be time to modify your expectations before your HHT, to ensure that your Realtor® is ready for your visit.

Inform your Realtor® of your scheduled HHT dates. Confirm where your Realtor® will meet you and at what time. Notify them of any changes to your HHT schedule.
Have your financial information in order

Your Realtor® will guide you with the local deposit requirements for a purchase at your new location. (Refer also to your Destination Guide, if available.)

- Take your cheque-book for the deposit. Make sure the funds will be available at that time and that your deposit cheque can be certified.
- Make sure you have your mortgage pre-approval from your lender, proof of down payment and salary verification.
- Be aware of all expenses to expect when making an offer.
- You might have to pay the home inspector during the HHT if you choose one that is not from the BGRS Directory. Have sufficient funds available. “Participating” suppliers can invoice BGRS directly to avoid an initial out-of-pocket expense for you.
- If you are planning to use existing RRSP funds for a deposit or down payment, confirm when the funds will be available.

The Five-Day HHT for a Home Buyer

Day 1

- Meet with your Realtor® to review the listings you will be seeing today.
- Have your Realtor® arrange inspection appointments for any newly listed houses of interest to you.
- Take notes on neighborhoods, transportation routes, schools, shopping, etc. as you travel. Concentrate on commuting times, schools and so on.
- Study area maps to get a feel for distances.
- Refer to the “Buy Smart” checklist further in this chapter to help you through the process of elimination.
- Recap of listings viewed. Identify most suitable homes. Are your expectations realistic?

Day 2

- Continue researching and inspecting houses of interest in your target neighbourhoods. You should now be getting a feel for what’s right for you.
- Short-list your preferred houses.
- Drive through the area noting such characteristics as parks, schools, shopping and recreational facilities, transportation routes and busy streets.

Day 3

- Re-inspect the houses that are of real interest to you before you make any offers.
- Review your “Buy Smart” checklist; confirm affordability.
- Have your Realtor® prepare the offer (See “Offer to Purchase” info provided further in this chapter.)
- You may wish to review the offer with your lawyer/notary before it’s presented. Any additional legal fees that are charged for this service are not a reimbursable expense by the IRP.
- Have your Realtor® present the offer to begin the negotiation process.
Day 4

- Negotiation may continue. Once the offer is accepted, arrange for a home inspector.
- Attend a home inspection. If that is not possible, make arrangements for your home inspector to immediately notify you of the results of the inspection. Make sure your Realtor® is kept informed of the report in order to initiate the waiver on the “home inspection” condition in the offer, if the inspection is successful.

Day 5

- Finalize any details and send a copy of the Agreement of Purchase and Sale to lawyer/notary and advise your lender/mortgage advisor. Your BGRS Advisor will need a copy of the agreement in order to ensure required funds are in place for closing.

**NOTE:** If it is necessary to continue negotiations after you have returned home, you can do so and finalize details by way of faxes.

If you wish to photograph or videotape a property, obtain written permission from the vendor.
“Buy Smart” Checklist

Your main priority is to find an affordable home that you and your family will enjoy. The investment potential is also important and you should be aware of any underlying problems that might affect your equity and resale value.

The following list sets out factors that might have a negative effect on current and future value. Consider these points carefully before making an offer.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the location convenient? Is it close to work and amenities?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the house in keeping with the general neighbourhood area?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are values rising, or at least constant?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the property represent good resale value? Are tax rates reasonable?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do zoning by-laws protect values and prevent undesirable changes?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is the likelihood that projected improvements will increase taxes?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the exterior of the house in good condition? Check the roof,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>eaves-troughing, exterior finish, deck / patio and landscaping. Does the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>exterior/yard suit your needs?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the house energy efficient? Verify the type of heating and annual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>heating costs. If the heating is oil, speak with your Realtor® about</td>
<td></td>
<td></td>
</tr>
<tr>
<td>underground/aboveground oil tank legislation.</td>
<td></td>
<td></td>
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<tr>
<td>What type of insulation has been used and is it sufficient?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is the air quality? Is there a healthy indoor environment? Will any</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interior finishes pose a health risk for a family member with allergies?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the water pressure good and are the electrical and plumbing systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in good condition?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is there any indication of water seepage or damage in the house?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Look for mould, water stains, leaks or cracks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the floor plan suitable for your needs? Will your furniture and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>appliances fit?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will you have to renovate or add to the house to the point where your</td>
<td></td>
<td></td>
</tr>
<tr>
<td>costs would far exceed market value?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
There are a lot of people involved when you buy a home. These professionals will play a key role in your home purchase. If you decide to buy a home with the assistance of a Realtor®, and we strongly recommend you do, there are steps you can take to make sure you choose the right person for you. You’ll also need a lawyer/notary to represent you for the legal aspects of the transaction. In addition, you should choose a home inspector, as it will be in your best interest to have your offer to purchase conditional upon a satisfactory home inspection (more on that subject further in this chapter).

The following pages will cover the various roles of the above professionals and will provide sound advice for you to keep in mind when determining whom to work with.

**Purchasing Privately**

You might choose to buy privately. When purchasing privately you lose the benefit of having an experienced Realtor® who will make sure that pertinent clauses and conditions have been included in the offer. Your lawyer/notary can help you through the offer process. Have your lawyer/notary review the offer before you sign it. Confirm if there will be additional legal fees for this service as this would not be a reimbursable expense.

**Choose Your Realtor® Carefully**

Choosing a professional Realtor® is an important first step toward finding the right home for you. A good Realtor® will save you time and money and has access to information network sources, such as Multiple Listing Service (MLS), which will provide you with a broader range of choices. Their experience in offer negotiations will work to your benefit. A Realtor® will provide an objective viewpoint that will serve to remove emotions from the offer process.

It is best to work exclusively with one Realtor® who is prepared to give you the high level of service needed by IRP transferees. You are free to choose any Realtor® you wish provided they are at “arms length” from you and your family.

You may ask your Realtor®, friends or co-workers at origin for a recommendation.

**BGRS Third Party Service Providers Directory**

A Directory of Realtors® who have agreed to the terms and conditions of the IRP (as detailed in the Third Party Service Providers chapter) is maintained by BGRS. Participating Realtors® have also agreed to abide by the pre-negotiated commission rates, established by BGRS based on national market surveys for services provided. You can view the Realtor® service agreement at www.irp-pri.com
Questions to Ask

Regardless of whom you are considering as your Realtor®, a preliminary interview will help establish your expectations and make sure you receive a high level of service. Be clear and specific about the type of home and price range you want. To assist you with the interview process, we have provided some suggested questions below:

- How many years’ experience do they have?
- Are they familiar with your chosen market areas?
- Are they prepared to devote the necessary time for you to successfully find and buy a home?
- Will they send an information package including sample listings of homes for sale, schools, transportation etc.?
- Do they have an area of expertise, such as rural properties versus urban condominiums?
- Who is the Realtor® working for? You or the seller? (See Agency Disclosure below)

Working with a Realtor®

Agency Disclosure

Buyers and sellers should always understand the duties, obligations and role of their Realtor® in a transaction. To that end, in 1994, the Canadian Real Estate Association adopted “article 3” in their Code of Ethics and Standards of Business Practice as follows:

A ‘REALTOR®’ shall fully disclose in writing to, and is advised to seek written acknowledgement of disclosure from all parties to a transaction regarding the role and the nature of service the REALTOR® will be providing to the client versus the customer or other party to the transaction. The REALTOR® shall also disclose his or her role to other REALTORS® involved in the transaction”.

The Real Estate law is provincially legislated. Customs and practices differ from province to province. Make sure your Realtor® fully explains and provides written information on Agency Disclosure as it applies to you and your home purchase. If you have any further concerns regarding Agency Disclosure and how it affects you, you can contact the local Real Estate Board at the new location.

The Agency Relationship

There are three different forms of “agency relationship”. It is key that you understand who your Realtor® is working for as an agent is legally obligated to look after the best interests and be loyal to the person for whom they are working. Although your Realtor® will provide a brochure on this subject, we have provided an explanation of each type below.

Seller’s Agent (refer to the Sell Smart chapter)

In this case, the listing agreement contract establishes the relationship between the seller of a property and the real estate company. The Realtor® must take appropriate action to do what is in the best interest of the seller. This includes sharing all known information about a buyer, such as a buyer’s willingness to offer more. Confidential information shared by the seller is not shared with buyers or others. A buyer however, can still be confident that they will receive fair and honest service and disclosure of pertinent details about the property.
Buyer’s Agent

You can decide to work with a Realtor® under “Buyer’s Agency” that would result in the real estate company doing what is best for the buyer. Confidences shared with a buyer’s agent must remain confidential; however, a seller can still expect fair and honest treatment. To establish a “Buyer’s Agency”, a written agreement would be signed between you and your Realtor®. This agreement explains exactly what services the Realtor® will provide, who will pay for those services and what your obligations will be. A typical Buyer’s Agreement commits a buyer to work exclusively with that Realtor® during a specified period.

If you decide to enter a "Buyer Agreement", it is very important that you carefully review and discuss this agreement with your Realtor®. The agreement must clearly state who pays the Realtor’s® commission.

NOTE: Some provinces assume “Buyer’s Agency”. You will still be asked to sign a “Buyer’s Agreement” or contract. Read it carefully and discuss any questions or concerns with your Realtor®.

Dual Agent

Occasionally a real estate company will represent both the buyer and the seller. The buyer and the seller must consent in a written agency agreement. Under this agreement, the Realtor® must do what is best for both the buyer and the seller. As the buyer and seller have conflicting interests, the agreement must clearly state the rights and duties, and any limitations to them, of everyone involved.

Additional Questions for your Realtor®...

After your Realtor® selection, there will be additional questions to ask in order to help you prepare for your HHT. You will want to be fully aware of any financial implications on your part when submitting an offer to purchase.

- What amount of deposit is needed when making an offer?
- Can my deposit be placed in an interest bearing account until closing?
- Are there any “quirks” particular to the area?
- What is the cost of the land transfer tax?
- Are there any grants or incentive programs in the new location?
- Is there a home inspection service available? Is it recommended? What is the cost? Ask your BGRS Advisor to give you a Directory of Participating inspectors in your new location.
- Who is responsible to pay for a current survey/certificate of location on the property, if needed?
Choosing a Home Inspector

It is in your best interest to have a home inspection performed on your “prospective” new home. The inspection report will help determine how well the home is built and alert you to any necessary repairs. Cost estimates and opinions on the priority of items to be addressed will be included. Home inspectors will not actually do the repair work although they may recommend local resources.

BGRS Third Party Service Providers Directory

You are free to choose any Home Inspector you wish. Home inspectors participating in the IRP have also signed an agreement (as detailed in the Third Party Service Providers chapter) with BGRS agreeing to abide by pre-negotiated terms, conditions and rates. The Directory of participating suppliers is available on your Secure Website/Home/Directory of Participating Suppliers.

Do Your Research

Feel free to ask for letters of recommendation from previous clients, if they carry Errors and Omissions Insurance to protect you against a costly repair that was not included in the inspection report and if they are associated with a real estate or construction company. Do they belong to the Canadian Association of Home Inspectors (CAHI) or a member of a provincial home inspectors association or hold a Professional Engineer designation? Beware of companies that offer to repair defects as this would result in a conflict of interest.

What to Expect

You should attend the home inspection, if possible, to see any deficiencies first-hand or to benefit from suggestions or comments made by the inspector during the walk through. The home inspector should subsequently provide you with a full verbal and written report. With older homes or rural properties, the inspector might recommend additional inspections or tests. Such tests will have a specific focus and might include well, septic, pyrite, termites, lead paint or asbestos testing.
Choosing Your Lawyer/Notary

Buyers and Sellers of real estate need the services of a lawyer or, in Québec, a notary. Their role is of the utmost importance and often involves complex legal situations. Your legal representative should be well versed in all aspects of real estate law.

You are free to choose any lawyer/notary you wish provided they are at “arms length” from you and your family. As with Realtors® and home inspectors, lawyers/notaries can also agree to participate in the IRP by way of a written agreement. This agreement with BGRS ensures the lawyer/notary understands the needs of the M/E and has agreed to the prescribed rates, terms and conditions as set out by BGRS and the IRP.

You can view the service agreement at www.irp-pri.com

A Directory of lawyers/notaries is continuously updated and maintained by BGRS National Office. A Directory of lawyers/notaries offering service in your new location is available on your secure website.

In Québec, the buyer’s notary handles all aspects of the sale. Disbursements including those arising from the discharge of a mortgage will be charged to the seller. (See legal fee schedules under the Fee Schedules Tab.)

What Your Lawyer/Notary will do for a Home Purchase?

- Initial interview
- Order Search, Sheriff’s Certificate, utility, tax searches and any other necessary searches
- Prepare: letters of Requisition and review responses, Transfer/Deed, Declaration of Possession and Undertakings, Estoppel Certificate if property is a condominium
- Prepare mortgage and bill of sale
- Prepare or confirm UFFI warranty
- Review tax certificate, zoning, subdivision agreements; review and search Sheriff’s Certificate and result of all other searches
- Review: water analysis certificate if applicable, hydro and municipal work orders, gas/hydro account (if applicable), any easements, covenants and municipal by-laws, septic system certificate (rural)
- Registration of title/deed and mortgage, payment of land transfer tax (where applicable)
- Arrange final interview and time of closing with other lawyer/notary
- Calculate monies on closing – prepare closing memo, cheques
- Confirm insurance
- Attend closing
- Report to client and mortgagee(s), giving opinion as to title and qualifications thereto
Before You Make an Offer

Once you have found the house you wish to buy, consider some key factors in determining if this is a wise purchase. Before you make an offer, take a moment to reflect on the market value for similar homes in the area. Do you feel the price you are offering is fair market value? To prevent overpaying, look again at recent trends between asking prices and selling prices. Remember, if you pay too high a price, or buy in an undesirable area, you risk losing equity when you later sell your home.

Offer to Purchase

It is important to understand the terms and conditions of an Offer to Purchase. Complications arising from incomplete information or missing clauses might result in added costs to you, increased stress, or worse, a void contract. You must have everything in writing to make the document legal and binding. All offers contain certain clauses and specific time frames. Most provinces have standard pre-printed clauses on their forms; make sure your Realtor® fully explains each one. To become familiar with all the elements normally included in an offer, read the following explanations. Have questions ready for your Realtor® if you need further details.

Elements of an Offer to Purchase

Price

The price you offer the seller is one of the most important elements of an offer to purchase. It might not be the same as the asking price. Your understanding of local market conditions and advice from your Realtor® will drive the amount you offer the seller. Offering low might polarize negotiations and cause the seller to reject the offer outright or to be inflexible. This is where your previous research on local market conditions will benefit you.

Deposit

A deposit “to show your good faith” is normally required. The amount will vary according to the region. The deposit is submitted with the offer, payable to the listing Broker. Your cheque will be cashed and held in trust until completion of the sale or termination of the agreement. This deposit will be deducted from the purchase price with the balance to be paid on the closing date. Deposits can be as much as 10% or more of the offer price. Verify the amount of the required deposit with your Realtor®.

Inquire as to if your deposit is reimbursable if you are unable to complete the transaction. In some provinces the deposit is not reimbursed if you can’t or fail to fulfill the terms of the Agreement of Purchase and Sale.

Terms

Terms include the price offered and financing details. As we discussed earlier, you might be arranging your own financing with a lender, or if the seller’s mortgage has a low interest rate, you can assume it with all the terms and conditions of the seller’s mortgage contract.

Always include a financing clause in your offer to purchase, even if you have been pre-approved. Although you personally might qualify, the property also has to qualify for financing before final approval by the lender. This will be accomplished by way of an appraisal that will be conducted by your financial institution, Canada Mortgage and Housing Corporation (CMHC) or Genworth Financial Canada. Your lender might need time to have the property appraised to confirm its value. Talk to your Realtor® about the usual time frame – and be sure to call your lender as soon as your offer is accepted.
Conditions

A conditional offer means that the home is not sold until all the conditions have been met. Such conditions could include the following: “subject to financing”, “subject to a satisfactory home inspection”, and/or “subject to the sale of the buyer’s existing home”. (The latter type of condition is one you should avoid by making sure you have a firm offer before you buy a replacement residence). All conditional clauses in the offer should state that the deposit will be returned in full, without interest or penalty, and that the transaction shall become null and void if the clause(s) cannot be satisfied.

Home inspection

It is highly recommended that you make your offer conditional upon a satisfactory home inspection. This allows you the opportunity to determine the condition of the property and its components, therefore protecting you against unseen major defects.

Your home inspector might recommend a well and/or septic test. If the property is not serviced with municipal water and sewer, the offer must be conditional on testing for a sufficient supply of potable water, that the septic system meets all municipal requirements and that the well/septic system is in good working order. Most lenders will require the test results before approving a mortgage.

Also speak with your home inspector about the presence of any potentially toxic mold growth that might be present in the home. Moulds are commonly found in humid locations, such as kitchens and bathrooms, and may pose a health hazard for you or members of your family. Air sampling and/or swab tests can detect microscopic mold spores, which may not be visible to the eye.

Subject to the Sale of Present Home

If you are making an offer before selling your present home, and you cannot afford to carry two homes, you must make the offer conditional to the sale of your current residence. A conditional offer is not in the best interest of a seller and usually lessens your negotiating power. If you are unable to waive the condition if/when another buyer comes along with a firm offer, you risk losing the property.

Inclusions and Exclusions

These could include appliances and certain fixtures, such as window coverings or decorative mirrors. Ask that any appliances included in the purchase price be in good working order and include in the offer the brand name, colour and if possible, the model and serial numbers.

Irrevocable date

The offer to purchase should have an expiry time in which the seller must accept, reject or counter your offer. This is called the “Irrevocable Date and Time”. Keep this period as short as possible for your convenience. If your offer is not accepted, you’ll need time to look for another home.

Closing Date

This is the day the title of the property is legally transferred and funds normally exchange hands; there are exceptions in some provinces, such as Manitoba and Québec, where it might take up to 10 days or more for the seller to receive funds. This must be taken into consideration when determining your closing date at destination to be sure you will have the proceeds from your sale before the closing date of your new home. Discuss this with your Realtor® and your lawyer/notary to avoid any problems. Interim financing can be arranged although it may be expensive.

Ask for a closing date as close as possible to your moving date, allowing sufficient time for travel. A “door-to-door” move eliminates stress on your family, interim lodging expenses and storage costs. Avoid closing on a Friday as unexpected issues may arise which would delay the closing over the weekend and result in additional charges.

NOTE: In Québec an offer is referred to as a “Promise to Purchase”.

NOTE:
Additional Clauses to Consider:

Survey/Certificate of Location/Real Property Report

Include a clause asking for an existing copy or make the offer conditional upon obtaining a new survey/location certificate – but check with your lawyer/notary to determine whether title insurance would be a better option. The clause should specify whose expense this will be – it varies from province to province.

Leased/Rented Equipment

Confirm if there is any equipment included with the property on a payment schedule, such as the furnace, pool, hot water heater or appliances. State in your offer if you agree to take over payments or if you need all leases to be paid in full by the seller before closing. Do not rely on the listing information.

Fixtures

All fixtures should be included in the Offer to Purchase, whether you think they are attached or not (e.g. built-in bookcases, mirrors, work benches, etc.) Do not assume what might be included with the property – be precise.

Property Condition Disclosure Statement

Ask for time to review and approve its contents. The usual time frame is 24 hours from acceptance of the agreement.

NOTE: Speak with your Realtor® about new regulations concerning underground and above ground fuel oil tanks. For example, in Ontario the regulations under the Technical Standards and Safety Act 2001 were revised as of 1 May 2002. All such tanks must be registered with the Technical Standards and Safety Authority (TSSA). Your Realtor® will advise you on steps to take to ensure that the existence of such tanks has been appropriately recorded, disclosed and dealt with by the vendor.

Warranties

Ask that any available warranties be transferred to you if possible – for instance, New Home Warranty, new roof, new furnace etc.

Debris

You can ask in your offer that the house, garage or yard be cleaned of debris.

Pre-closing Inspection

Ask the right to perform a pre-closing inspection of the property to make sure it is in the same condition as when you originally viewed it. Make sure any appliances remaining in the property are those identified in the offer. Ideally, the inspection should occur the day before closing, or once the house is vacant, and should be coordinated with your arrival or done by someone trusted.

NOTE: Pre-closing inspections might not apply to all areas – check with your Realtor®.

Once you have reviewed all clauses to be included in your “Offer to Purchase” it is suggested you have your lawyer/notary review it. It is much easier to correct a problem before signing your offer, than afterwards. Confirm if there is an additional fee for this. Once you have signed your offer, your Realtor® will present it. Ask them to review the process with you as it varies regionally.
If your offer is accepted “as is” by the seller, it will be dated, signed and a copy will be delivered to you. If your offer is rejected, it will be signed and returned to you.

If it is “countered”, you will receive a “counter offer” or, in some regions, the original offer is simply changed and initiated. (The seller might ask a higher purchase price, a different closing date, or not want to include appliances, etc.) At this time you can accept the counter offer, write a new counter offer or reject it entirely and make an offer on another property. The “counter offer” process may continue back and forth until the offer is acceptable to all parties.

Once you have an accepted offer, consult your lawyer/notary to make arrangements for signing any necessary documentation and make an appointment with your lender to arrange for your financing. You will need to give copies of your Agreement of Purchase and Sale to your lawyer/notary, lender and BGRS Advisor. Additionally, the following items/actions will be important for your protection and to make sure preparations for closing day are set in motion:

**Closing costs**

Confirm with your lawyer/notary the funds that will be needed to close your transaction. A bank draft or certified cheque will be needed. Some closing costs can be reimbursed under the IRP and others will be out-of-pocket. We’ll discuss this in greater detail further in this chapter.

**Access to your new home**

Generally, you are not entitled to receive the keys to your new home until the lawyers/notaries have closed the transaction. Your lawyer/notary is not in total control, as he/she will depend on the seller’s lawyer/notary, the mortgage lender and the land title/registry office to meet certain requirements.

**Changing the closing date**

You might wish to have your Realtor® determine when the seller intends to move out. If the intention is to vacate the home early, it might be possible for you to close sooner than stated in your offer if it will help you co-ordinate your move more effectively. Inform all parties, including your mortgage advisor/lender, lawyer/notary and BGRS Advisor, of any such change in the closing date. It is especially important to advise the party responsible for the movement of your HG&E.

**Home insurance**

Arrange for home/fire insurance effective on the closing/possession date. Most lenders insist on the purchaser having sufficient home insurance before releasing mortgage funds. This ensures that both you and the lender are protected if there is damage or loss to the property. If you change the closing date, don’t forget to inform your home insurance company of the revised date. If you buy new construction, confirm that the builder will maintain liability and fire insurance until closing.

**Contact utility companies**

Make arrangements to have utility accounts transferred in your name on closing/possession date. There is a checklist provided for your convenience in the Planning Your Move chapter.
The following guidelines are provided to help ensure that all purchase conditions are understood and met and that all necessary papers are signed and delivered to the appropriate parties:

Balance of down payment and any adjustments must be paid by certified cheque on or before the day of closing and might be required up to 10 days before closing.

**Home Insurance**

Before the closing date you will need to give your lawyer/notary proof that the property is insured.

**Survey/Certificate of Location/Real Property Report**

In most provinces the purchaser is responsible for the cost of a new survey, if needed to provide clear title. In Québec or Alberta, it is normally the seller’s responsibility to provide the survey.

**Title Insurance**

We suggest that you discuss this option with your lawyer/notary. Title Insurance is covered in detail further in this section. It is generally not transferable to the new owner if you sell the property.

**Prepaid taxes**

You will be responsible for reimbursing the seller any prepayment of municipal and school taxes as of the closing date. This represents property taxes incurred after your possession date.

**Interest adjustment**

In some provinces, standard Offer to Purchase agreements contains the following clause:

“If part two of the purchase price is to be paid from the proceeds of a new mortgage, payment of that amount might be delayed by the time it takes to register the mortgage with the Land Titles Office and report to the mortgagee. If so, that amount shall bear interest payable to the Seller at the same rate as the new mortgage until paid.”

If this were the case, you would need to pay interest to the current owner equal to the interest that you would have paid to the mortgage lender until registration of the mortgage is completed and the funds advanced. Since you will not be paying interest to your lender during this period, there is no double charge of interest. This represents interest that would have been payable to the lender.

**Heating oil/water adjustment**

You will be responsible for reimbursing the seller the cost of any heating oil in the tank and any prepaid water bills, if applicable. These are utility expenses that you incur regularly as a homeowner.

**Land Transfer Tax**

In some areas the land transfer tax is paid by the lawyer/notary, on your behalf, and added to your final Statement of Adjustments. In other areas, you might receive a bill from the municipality up to several months after closing.

Review the above list with your lawyer/notary; they will be able to advise you of any additional costs.
Additional Expenses to Expect
Be prepared for the additional costs involved when making an offer. The following represents some of the more important expenses:

Opening of a Mortgage file
Many lenders will waive this fee when asked, especially if you have other business with them. Discuss this with your lender/mortgage advisor.

Mortgage Appraisal Fee
This would apply only if the lender needs an appraisal before mortgage approval.

Mortgage Default Insurance (high ratio mortgage insurance)
See the Mortgage Primer section at the end of this chapter.
Review this list with your Realtor® and lender. They will be able to advise you of any other possible costs.

Title Insurance
“Title” is the legal term for ownership of property. Buyers want “good and marketable” title to a property. That is why searches are done before closing: to determine the previous ownership of the property and any issues relating to it. Title Insurance, often recommended by lawyers/notaries to ensure their client’s clear title on the property, protects the purchaser from loss or damage arising from approximately 30 covered title risks. It provides broad no-fault protection against hidden or undisclosed risks or other known title or survey defects/irregularities that could result in a problem on closing. In addition, title insurance eliminates many of the searches a lawyer/notary would otherwise need to conduct. It saves costs and streamlines the closing of real estate transactions; many previous disbursements are no longer required, such as zoning and work orders, Sheriff’s certificate, public utility searches, corporate owner profile reports, subdivision and development agreement compliance, unregistered easements and septic problems. The premium is paid once and at time of closing.
Title insurance is available across Canada and most major financial institutions now accept title insurance in lieu of an up-to-date survey, which is a much less costly option. Ask your lender and lawyer/notary if title insurance would be appropriate for you.

The following are the general areas of protection under a title insurance policy:

- Survey related problems such as defects that a new survey would have revealed, and issues relating to encroachments, access to the property and non-compliance with zoning and by-law regulations.
- Municipal issues that come to light when a submission is made for compliance review, such as a deficiency notice and a lack of permit or final inspection for a deck or addition.
- Liens, encumbrances and public utility account, including mechanics’ liens, special tax assessments or arrears of public utility accounts. Typically, the insurer pays the outstanding account and then pursues the vendor for recovery.
- Title and legal description defects, which could result in someone claiming an interest in the property. It also protects the owner in the event that access to a right of way is subsequently denied.
- Fraud and forgery such as when a mortgage is fraudulently created or discharged, resulting in loss or damage to the homeowner or when title is acquired under a forged / fraudulent power of attorney.
- Title insurance is in effect as long as the new owner owns the property. The insurance policy provides for coverage up to the purchase amount with provision for property market value increases up to double the initial purchase price.
Certification of Clear Title

Your lawyer/notary must be able to certify clear title to you and your mortgage company. Usually they are able to convey clear title without incurring extra expenses. However, problems might arise which require additional legal work. These might include the following:

- renegotiation of the Agreement of Purchase and Sale with the Seller and his lawyer/notary
- obtaining and registering statutory declarations sworn by individuals with personal knowledge of the property’s title, (e.g. neighbours or relatives of previous owners)
- obtaining and registering releases of outstanding interests in the property
- application to the Supreme Court, under provincial legislation, for an Order of the Court to determine the validity of an objection.

Costs You Will be Personally Responsible for

- Payments on closing such as adjustments for utilities, municipal taxes, or any other costs not essential to the establishment of clear title are not reimbursable.
- The Goods and Services Tax on newly built homes is not reimbursable, as it replaces taxes that were formerly included in the purchase price (e.g. it is considered part of the purchase price.)
- New Home Warranty costs

Closing the Transaction

Closing day is the day you become the official owner of your home. However, the closing process usually takes a few days.

Typically, you visit your lawyer’s office to review and sign any documents relating to the mortgage, the property and its ownership and conditions of the purchase. You will need a certified cheque to cover closing costs that you are personally responsible for. Once the mortgage and the deed are recorded, you become the official owner and will be given the keys to your home.

Attending Closing

Although it will be necessary from time to time to sign a document in a hard copy format, electronic mail and faxes provide a great alternative. They facilitate communication between the parties but should not be relied upon exclusively. Some municipalities have been going through a transitional period during which both paper and electronic land title documents have been accepted for registration. In some locations, paper documents are no longer accepted at the land registry office. This system allows documents such as deeds, mortgages and discharges to be prepared on your lawyer’s office computer and then in turn be stored on a shared server.

Lawyers/notaries for both parties can amend and then approve the documents electronically. In addition, couriers may also be used to exchange documents and funds. This system will allow closings to be performed in a much more efficient manner that in turn will benefit you.

If unforeseen circumstances prevent you from being available, a power of attorney can facilitate the closing. Legally this person has the same power as you do to sign all papers and documents on your behalf. This can save time and can become very useful when a signature is needed in a hurry. This document can be drafted in two different ways. We recommend that you are specific in explaining what powers your attorney has versus a broad delegation of your authority. In either case, the document of the delegation of powers should be stored with your lawyer/notary to avoid misuse.
Buying New Construction

The location of a property and the resale potential are important considerations for any home. When purchasing a home under construction there are several additional questions and points to keep in mind before making a final decision, such as:

Additional costs

Allow for the additional costs involved in new construction, such as landscaping, fencing and paving. In addition, all applicable sales taxes (GST, PST and HST) will be paid by you. They become part of the purchase price. State in your offer who will provide the forms for any tax rebates and who receives the rebate if applicable. Investigate what the municipal taxes will be after the local improvements have been completed. Be clear on who will deal with public authorities for obtaining permits and arranging various inspections.

Obtain written confirmation of what is included in the purchase price, as well as exact costs for any pre-selected upgrades, extras or substitutions. Specify materials and finishes. Make sure that any changes are submitted in writing and agreed upon by both parties. Pre-determine acceptable terms for substitution of materials. Beware of builders that offer incentives. These might add hidden costs to the purchase price but no real value to the property.

New Home Warranty

Confirm that a provincial or private program that offers a new home warranty covers the home you plan to buy (check the written contract between you and the builder). Again, any fees associated with such a warranty might be your personal responsibility. Your agreement should stipulate that all warranty forms be signed and delivered before closing. Confirm what is and is not covered under the warranty and make sure it will be transferable to a buyer if you sell the property during the term of the warranty.

Financing

Are you obligated to deal with the builder’s financial institution? Make sure rates and terms are competitive and clearly spelled out. Some builders will offer a low interest rate for a short period of time to attract buyers. Can you afford the increased monthly payments if the rate is higher when it is time to refinance? Is the mortgage portable if you are transferred? What is the penalty to discharge the mortgage before the specified term?

You might have a “turn-key” arrangement with your builder in which the balance of the purchase price, less the initial deposit, is due only on closing. You would not be responsible for the home until construction is complete. On closing day, you receive the keys and the house is yours.

A second option would be to hire a contractor or builder to construct your home. You may agree upon a predetermined, fixed price or on a cost-plus contract. In the latter, you pay the labour and material costs plus an agreed upon “commission” charge, that would be either fixed or a percentage of the total cost of the home. Make sure that financing arrangements are clearly indicated in a written contract.

At what intervals will mortgage draws be required? Typically, an initial 10% deposit is required at the time of purchase. Then additional payments are made in scheduled installments, depending on the progress of construction. The final payment would be made after all the work has been completed, inspected and approved by a building inspector.

Deposit

Will the deposit be held “in trust” and if so, by whom? What is the amount? Are you protected? If the deposit is a large amount, will it earn interest to your credit? Ask your lawyer/notary.
Deal with a Reputable Builder

Research the builder, ask for references and confirm their reputation with the Better Business Bureau. Ask the builder’s representative to give you the name, address, telephone and fax number of the person(s) responsible for “after-sales” service. Do some fieldwork. Make sure the builder is registered with the provincial new home warranty program and that the property is enrolled. Verify whether you or the builder will be responsible for the registration fee associated with the new home warranty program.

Buyer Beware

Most builders’ agreements are primarily to the benefit of the builder. You might wish to negotiate changes to the contract to protect your interest. Laws and practices vary from province to province. Have your lawyer/notary review the builder’s contract before you sign it. Confirm if there will be additional legal fees for this service.

NOTE: Some builders might include legal fees in the purchase price as an attraction to potential buyers. BGRS strongly recommends that you seek independent legal counsel.

Bankruptcy

Before committing to an agreement, confirm with your lawyer/notary what will happen if the builder declares bankruptcy. In some provinces deposits are insured up to a certain limit, any amount over this limit is at risk. Try to negotiate a Turn Key Clause, as discussed earlier. In this situation, your deposit is held in trust until the date of closing. If the builder goes bankrupt during construction the maximum amount lost would be the deposit.

On-going development

What is the master plan for development of the given area? If you are transferred in a few years, will you be in competition with the builder or several builders? Have you considered the inconvenience of buying in a development still under construction? Obtain a copy of the builder’s plan for the development to get an idea of the extent of future residential and commercial construction in your area.

Occupancy date

When buying new construction or contracting to have a home built, keep in mind that the completion/occupancy date should result in a “door-to-door” move as covered in the “Planning Your Move” chapter. There might be financial implications to you if you were unable to immediately port an existing mortgage to your new home. Speak with your lender about the maximum gap between closing dates to be sure you don’t exceed the allowable time to port your mortgage.

Confirm in the offer what will happen if the house is not ready to be occupied on the closing date. Are you prepared to absorb any costs resulting from a delay in closing? Will the builder pay for alternate accommodation and expenses? A penalty clause can stipulate that the house price be reduced by an agreed sum for each day late and/or give you the option to cancel the contract and have your deposit refunded including accrued interest. It is very important to seek legal counsel on this issue. Local "supply and demand" will affect your ability to negotiate penalty clauses.

Survey/Certificate of Location/Real Property Report

Confirm who will pay for the survey, certificate of location (Québec) or real property report (in Alberta). Make sure the survey will be in your name and not in the builder’s. In most provinces, if the survey reflects the property “under construction” you might need a new survey when you have to sell the property. You can stipulate in your agreement that the survey stakes are to be in the ground and visible upon closing.

Do not hesitate to inquire about the seemingly obvious. If you have any concerns, ask for clarification and include it in the agreement.
Holdbacks

It is common practice in some provinces to hold back a percentage (usually 10% – 15%) of the purchase price, or a percentage of each payment to the builder, for a specified period (approx 45 days) to make sure all subcontractors have been paid and that no liens have been registered against the property. The agreement must specify the percentage of the holdback, which party will hold the funds, under what conditions the funds will be released, and who will collect the interest on the holdback. Check for details of any such provincial legislation with your lawyer or notary.

Permits

The builder must give proof that the lot is an approved building lot. Specify in your agreement that the builder is responsible to obtain and pay for all necessary permits, licenses and inspections. If you are contracting the building of your own house these costs are considered part of the construction costs.

Building Code

Your agreement should specify that the builder will construct the house in accordance with all applicable building codes, subdivision requirements, restrictive covenants and all applicable Federal, Provincial and Municipal by-laws and regulations. Ask that your legal representative ensures that all necessary municipal sign-off and/or financial inspections have been completed (electrical, plumbing inspection, etc.) before closing.

Deficiencies

You will be required to do a “walk through” with the builder before closing. While most builders have their own deficiency report, you should take your own notes. You will be asked to sign the deficiency report itemizing any incomplete work. Projected dates of completion will be included. Pre-determine in the agreement whether or not a sum of money will be held back until unfinished work is completed to your satisfaction. This might not be legal in all provinces so we urge you to speak with your lawyer/notary. Confirm in writing what the cost/credit arrangement will be for any deficiencies and what arrangements will be made for work to be done after possession.

Documentation

There are several possible scenarios when building a new home. The simplest is for you to negotiate a “turn-key” agreement with your builder. Another option, although not necessarily the best for you, would be to subcontract the installation/completion of interior finishes after the builder has constructed the “shell”; or you may choose to complete the work yourself. If you opt for one of the latter options, it will be critical for you to keep all original receipts to document and verify expenses incurred to complete the construction of your home. You may need to substantiate the cost of your home at a future date.

Condominiums/Strata’s

Purchasing a condominium property means owning not only the unit that you will occupy but also a percentage of common elements belonging to the condominium corporation such as lobbies, hallways, elevators, and parking garages etc.

Condo Fees/Strata Fees/Contingency Fund

A major benefit to condominium ownership is the freedom from yard work and other maintenance responsibilities. Condominium owners pay a monthly maintenance (or condo) fee, in addition to their mortgage and property taxes. This fee is used to cover the cost of maintaining and insuring the common areas and to build the Reserve (or Contingency) Fund to cover large repairs and emergencies.
Developers of new condominiums try to keep maintenance fees low during the initial selling period so buyers will qualify for financing. But since a new project will not have accumulated a healthy reserve fund, it is common for the maintenance fees to rise dramatically once all sales are complete, usually in the second year. Be prepared and budget accordingly.

A healthy reserve/contingency fund is a key indicator as to the financial stability of a condo complex. However, there can be extenuating circumstances to the contrary, such as recent or planned major improvements, which will deplete the fund and result in increased condominium fees. You may choose to have the condo documents reviewed by a professional before removing conditions on an offer to purchase. There are companies that can fully review the condo documents for a fee, although it would be at your own expense. They will look for problems or by-laws that you may not be fully aware of. Speak with your lawyer/notary about this matter.

**Property Management**

The condominium owners jointly decide how the complex will be managed. The first option is “self-managed”, where an elected board of owners takes all the decisions, including hiring maintenance personnel. The second is when the owners decide to hire a property manager to assume this responsibility. This will be an additional expense that will be reflected in the condominium fees.

**Condominium/Strata By-laws**

Owners must adhere to the rules, regulations, and by-laws of the condominium/strata corporation. Common by-laws cover such items as whether pets are allowed, or the percentage of units in the complex rented out by their owners. Fines are usually levied for breaches of by-laws.

**CMHC / Genworth Approval**

Make your offer conditional on the approval of the condo by the CMHC/Genworth. If the condo does not meet CMHC/Genworth criteria, you will need to arrange a conventional mortgage and provide a 20% down payment or arrange for a second mortgage.

NOTE: Include a clause in your offer that applies to the receipt and approval of an estoppels certificate. In Quebec, you would be entitled to ask for a statement of common expenses. There may be a charge to provide the estoppels certificate, however, the information it provides is key and will be needed by your lawyer/notary as well. You will learn about the development’s finances, insurance and other essential information about the condominium corporation.

You will be allowed a specific time frame to review all the information. If your findings are not acceptable, you may withdraw your offer to purchase by a certain date. Ensure you speak with your Realtor® and lawyer/notary to be clear on your rights.

**Rental with Option to Purchase**

The option “rent with an option to purchase” is an agreement in which you rent a property with the option of purchasing it at a predetermined price and under a fixed set of conditions, at a later date. After the rental period you can exercise the option. In a rising market, if the property value is higher than the price set in the option to purchase, you will likely choose to buy. In a declining market, if the value of the property falls below the price set in the option to purchase, you would likely decide not to buy the home. Again these types of agreements are extremely rare, as they do not offer any advantage to the Seller.

**Purchase from a Third Party Seller**

The major concern with a property offered for sale by a corporation, bank or estate is that the seller usually inserts a clause stating they will not be responsible for any latent defects. There are several ways of protecting yourself. Discuss all possibilities and negative effects with your Realtor® and lawyer/notary before submitting an offer. Making the offer conditional to a satisfactory home inspection can eliminate some concerns. If the property is vacant and winterized, ask that the property be de-winterized, at the seller’s expense before the inspection, and then re-winterized until closing.
Sale of Property for Unpaid Property Taxes

These opportunities are rare and do not present themselves without risk. Discuss any “tax sale” opportunities with your Realtor® and lawyer/notary before proceeding. Provincial laws will govern all sales of property for unpaid taxes. In certain provinces there is a redemption period. For example, in the province of Québec the past owner can reclaim the property by paying the back taxes and penalties within one year of the sale.

“Power of Sale” and “Foreclosure”

Default of mortgage payments, allows the lender the right to advertise and sell the mortgaged property, to satisfy its debt from the net proceeds. The lender is entitled to convey ownership by deed to the Buyer. In this situation, the previous owners do not have the right to reclaim the property. If you buy such a house, be aware that you are normally doing so at your own risk and peril without guarantees as to the condition of the house.
The Down Payment

As previously discussed, mortgage payments are made up of a principal sum plus the interest. The greater the initial down payment, the less you must borrow. Consequently, your down payment will be a critical factor in determining your housing affordability. Consider the source and amount of your down payment, availability of these funds and the amount of equity being applied from your current home, if applicable.

Home Buyer’s Plan

The Canada Mortgage and Housing Corporation (CMHC) and Genworth Financial Canada, in co-operation with CRA, have established this plan to allow buyers to withdraw up to $20,000 ($40,000 for a couple) from an RRSP for buying a first home. Contact your mortgage professional for details as soon as possible as time restrictions apply. Confirm all repayment time lines and obligations with your financial institution.

Types of Mortgages

Conventional Mortgages

A conventional mortgage equals no more than 80% of the appraised value or purchase price of the property, whichever is less. Federal legislation prohibits banks and other financial institutions from lending more than 80% of the lesser of either the appraised value or the purchase price of the property without mortgage default insurance.

Note: in some rural/northern areas, financial institutions are demanding that buyers purchase default insurance even though the buyer might have 50% of the purchase price to apply. The financial institutions are within their rights to do so, but this should not be necessary in most cases.

High-ratio Mortgages

High-ratio mortgages are offered to buyers who have less than 20% down payment. These mortgages need mortgage default insurance (MDI) through either CMHC or Genworth. (This is not to be confused with the “life” or “disability” insurance option your lender will offer.) Your lender will undertake this insurance as part of the approval process as it protects them if you cannot pay your mortgage. The cost of the insurance will range from 0.5% to 3.25%, depending on the amount borrowed. Programs offered by some lenders now allow 100% financing. For example, Genworth offers this option with an insurance premium of 3.4% and posted rates. This cost will be payable by you, the borrower. These costs can either be included in your mortgage (which increases your debt and causes increased interest payments over the term of the loan) or paid up-front to the lender in one lump sum on closing. Talk to your mortgage professional to determine which option is best for you based on your financial situation.

As of spring 1998, all buyers became eligible to buy a home under the minimum 5% down payment program. MDI premiums for 5% cash down mortgages are now 2.75% of the purchase price, applicable to single family, owner occupied dwellings only. The house price restrictions previously in place under this program have been lifted. If you buy a property with rental units, the required down payment will differ depending on the number of units. Ask your mortgage professional for more details.

First time buyers will get a break on mortgage insurance thanks to a 15% reduction in premiums by Canada Mortgage and Housing Corporation (CMHC). This is the second premium reduction CMHC has made in the past two years bringing the total decrease to 30%. For a homebuyer with a $120,000 mortgage and 5% cash
down, 15% off means he will save $600. But combine that 15% with the 15% premium reduction from two years ago and he now saves $1,200 on the same transaction.

**How it works:** Homebuyers may benefit from the premium reduction, provided they are purchasing a home with less than 10% of the purchase price down and have a CMHC insured mortgage.

To find out more about CMHC’s mortgage insurance products, call 1-800-668-2642 or visit www.cmhc.ca

Example of mortgage default insurance

A single family home, purchased for $100,000 and a down payment of $9,000, would require Mortgage Default Insurance in the amount $2,502.50.

**NOTE:** Refer to the Tax Smart chapter for CRA’s views on the taxation implications of any high ratio mortgage default insurance, paid by an employer.

CMHC / GENWORTH premiums are now portable. Once a borrower has paid the insurance premium on a given mortgage amount, the borrower won’t have to pay the premium again on that portion of the mortgage if ported to another property, subject to the following:

- the same amortization is maintained
- the loan to value does not increase
- there is a minimum of 10% down payment
- the borrower is allowed to switch lenders without any premium being added as long as the borrower follows the first three conditions
- any increase of the mortgage will have a MDI premium added to that portion only. Premiums on the new portion will range from 1-5% (double the normal rates), such as:
  - 90% loan to value – 2%
  - 85% – 1.75%
  - 80% – 1%

Ask your mortgage professional for more details.

**Mortgage Options**

A mortgage is usually granted for a term of six months to 25 years with the payments amortized over a period of 25 years or less. Mortgage interest rates are either fixed or variable and offered on an open or closed basis.

**Interest Rates**

Interest rates vary substantially between mortgage lenders and should be compared accordingly. Be aware that most lenders will offer rates to qualifying borrowers below their advertised rates, depending on your financial qualifications. It is important for you to obtain a written rate commitment to guarantee your negotiated interest rate until the expected closing date of your home purchase. This will protect you against the possibility of rising interest rates. Confirm with your lender/mortgage advisor that if interest rates go down before closing day, you will get the lower rate.

To give you some historical information on mortgage rate trends, for the period of 1967-1997, the rate for a 5-year term mortgage in Canada, as reported by CMHC, averaged at 11.12%. The rate for a 5-year closed term in 1990 averaged 13.24%. By contrast, in 2003 the average 5-year closed term was below 6%.

**Fixed rate**

With a fixed rate option, the mortgage interest rate is locked and remains the same for the term of the mortgage.
Variable, Floating or Adjustable Rates

The interest rate charged will fluctuate as the prevailing market rates change. A fixed mortgage payment is paid each month, and when interest rates fall, you pay less interest and more principal. Conversely, if rates increase, the reverse holds true. A significant increase in rates could mean that your original payments are not sufficient to cover interest costs and might result in an increase in your monthly payments. Some lenders place a ceiling on the interest rate paid; so, if rates increase beyond that point, you are protected. Some variable-rate mortgages can be converted to fixed rate mortgages to allow you to lock-in at a specific rate if rates rise.

NOTE: As per CRA regulations, variable rate mortgages are not eligible for subsidized interest rate buy-downs.

Mortgage rates expire at a future date (term expiry) and the mortgage balance still owing will need to be renewed at the prevailing interest rate for the new term.

Mortgage Terms

Mortgage terms available today, depend on specific lender policies and include terms typically ranging from 3 months to 10 years for fixed rates. Variable rates are adjusted on a regular basis.

Try to co-ordinate the term of your mortgage with the expected duration of your transfer. Because the duration of your transfer could be shorter than expected, it is also wise to ensure your mortgage has a clause allowing it to be ported to a home in another location to avoid any discharge penalties. Make certain that your mortgage contains a penalty clause allowing for early prepayment in full. This would be key if you were transferred and had to sell your home before the mortgage term expired, and you could not port the mortgage if you intended to rent at the next location.

If your mortgage must be renewed during the duration of your transfer, about three to four months before the term is up, take time to look at what is going on in the mortgage market. Research what mortgage packages the various lenders are offering.

Open Mortgage

Offered at a higher rate of interest than a closed mortgage, open mortgages are usually only available for six-month to five-year terms. The flexibility of an open mortgage allows you to pay off any amount of the principal at any time without penalty. This option might be of benefit if your renewal date falls short of your moving date, once you have been notified of a transfer.

Convertible Mortgage

If you are unsure of interest rate forecasts, you might want to investigate this option. A convertible mortgage allows you to obtain a low initial rate yet “convert” or renew into a new mortgage at any time, with the same lender. Convertible mortgages are available for terms of 3 months to 5 years. Convertible mortgages may not be an option for interest rate buy-downs.

Closed Mortgage

A closed mortgage agreement does not provide for payout before maturity. A lender may permit a payout under certain conditions but will levy a penalty charge for doing so. This type of mortgage offers a variety of terms and conditions. Interest rates are usually lower than for an open mortgage. If you discharge your mortgage early the prepayment options and the penalties can vary substantially.

Choose a mortgage that allows you the most flexibility for your next transfer. Keep the following in mind:

- Make sure your mortgage is portable to any location within Canada.
- Be sure the mortgage is assumable by a future buyer, subject to your lender’s approval.
- Negotiate with your lender so that any discharge penalties will not exceed the IRP reimbursable mount, should a discharge of the mortgage be necessary before maturity.
Amortization Period & Interest Costs

The amortization period you choose will have a large impact on how much interest you will pay over the life of the loan, and how soon you will pay it off. You will see that while the monthly payment is higher with the shorter amortization period, the total interest costs are lower.

<table>
<thead>
<tr>
<th>Amortization</th>
<th>Monthly Payment</th>
<th>Total Repaid</th>
<th>Total Interest Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-year</td>
<td>$839.88</td>
<td>$151,179.21</td>
<td>$51,179.21</td>
</tr>
<tr>
<td>20-year</td>
<td>$712.19</td>
<td>$170,924.89</td>
<td>$70,924.89</td>
</tr>
<tr>
<td>25-year</td>
<td>$639.81</td>
<td>$191,940.69</td>
<td>$91,940.69</td>
</tr>
</tbody>
</table>

Payment Schedule

Selecting mortgage payments on a weekly, bi-weekly, or semi-monthly basis will result in savings, through larger principal being paid down, thereby reducing the amortization of the mortgage.

On a $100,000 mortgage at 6% for 25 years, you will pay $7,677.72 in payments the first year, which will result in a reduction of the principal by only $1,799.74. However, in the tenth year, you still pay $7,677.72 but you reduce the principal by $3,063.93 in that year.

The following table demonstrates how to increase your equity and decrease the amount of interest you pay. The difference in payments between a weekly and accelerated weekly schedule is $12.58/week or $1.79/day. Yet this very small amount translates into a 4-year faster repayment and $16,845 less interest paid to the bank over the life of the mortgage.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Amortization</th>
<th>Total Interest Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly*</td>
<td>$147.37</td>
<td>25 years</td>
</tr>
<tr>
<td>Accelerated weekly**</td>
<td>$159.95</td>
<td>21 years</td>
</tr>
<tr>
<td>Bi-weekly</td>
<td>$294.90</td>
<td>25 years</td>
</tr>
<tr>
<td>Accelerated bi-weekly</td>
<td>$319.90</td>
<td>21 years</td>
</tr>
<tr>
<td>Semi-monthly</td>
<td>$319.51</td>
<td>25 years</td>
</tr>
<tr>
<td>Monthly payment</td>
<td>$639.81</td>
<td>25 years</td>
</tr>
</tbody>
</table>

* $639.81 5 12/52
** $639.81 5 12/48 (results in an extra month’s payment each year)
During the early years of your mortgage, most of your payment will go towards repayment of interest rather than principal. It is very important that you attempt to prepay additional sums toward your mortgage as early as possible. Even if the amount of the prepayment is as little as several hundred dollars, you are still in a position to save thousands of dollars over the life of your mortgage.

**Prepayment Options**

Some of the most important features in a mortgage will be pre-payment privileges, such as an option to apply lump sum payments against your principal. Carefully examine the following table to see how annual prepayments of $1,200 would reduce your debt and save you thousands of dollars in interest. Even increasing the amount of your regular mortgage payment as your income rises or as you reduce other debts, would repay your mortgage substantially sooner.

Ask your lender what prepayment privileges are available. These options vary from one lender to another. They might include: doubling up on scheduled payments, paying more than the scheduled payment without penalty, or the ability to make an annual lump sum payment without penalty. The allowable percentage for lump sum payments usually ranges from 10% to 20% annually.

A mortgage that allows multiple pre-payments per year is more advantageous than only one lump sum per year. It is generally easier to set aside smaller amounts on a regular basis than to save a larger amount for a lump sum payment.

The following table is based on a $100,000 mortgage with an interest rate of 6% amortized over 25 years with a five-year term. The first regular payment was made on June 1, 2002.

<table>
<thead>
<tr>
<th></th>
<th>No Prepayments</th>
<th>Annual Prepayment of $1,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance owing at end of five year term</td>
<td>$89,836.47</td>
<td>$83,059.79</td>
</tr>
<tr>
<td>Interest paid to end of five year term</td>
<td>$28,225.07</td>
<td>$27,448.39</td>
</tr>
<tr>
<td>Date repaid in full</td>
<td>May 1, 2027</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Total interest paid to end of mortgage</td>
<td>$91,940.69</td>
<td>$66,481.31</td>
</tr>
<tr>
<td>Total interest saved</td>
<td></td>
<td>$25,459.38</td>
</tr>
<tr>
<td>Time saved</td>
<td></td>
<td>74 months</td>
</tr>
</tbody>
</table>

**Points to Ponder:**

- The earlier you reduce the principal, the greater the reduction in total interest payments.
- Any prepayment of principal, no matter how small, will help.
- The sooner you pay off your mortgage, the sooner you can use those dollars elsewhere.

There is detailed information pertaining to prepayment penalties in the Sell Smart chapter of this manual. It is strongly recommended that you read that information to be sure you are aware of issues you might face when you are transferred again and must sell your home. By being pro-active now, before you sign a mortgage contract, you might prevent or reduce future costs.

By clearly establishing what penalties your lender would apply, if your mortgage were discharged early, you prevent future unpleasant “surprises”. Discharging your mortgage before the maturity date will usually result in one of two types of penalties: an interest penalty of normally three months interest or an Interest Rate Differential penalty (IRD). Most lenders will charge whichever penalty is greater. Your mortgage contract will contain all details.
A three-month interest penalty

Your lender has a formula for calculating the three-month penalty. This formula differs slightly from lender to lender. To determine what the approximate penalty would be, multiply the monthly interest costs by three.

For example:

\[
\text{\$100,000 @ 6\%} = \frac{\$6,000}{12 \text{ months}} = \$500 \times 3 \text{ months} = \$1,500 \text{ penalty}
\]

Interest Rate Differential Penalty (IRD)

This penalty applies only if your interest rate is higher than the current rate at the time of discharge. The difference between the two rates is calculated on the remaining months/years left of the term. Refer to the section on Mortgage Brokers to see how they can help you avoid an IRD.

For example:

\[
\text{$100,000 @ 6\% \text{ with 2 years remaining}} = 1.5\% \text{ difference of interest rate} \times 2 \text{ years} \times \$100,000 = \$3,000 \text{ penalty}
\]

Porting a Mortgage from Your Present Home

If you are selling your present home, contact your lender or broker to ask that the mortgage be ported, or transferred, to the new location. Review your mortgage contract to verify what you have previously agreed upon with your lender. Most financial institutions will allow mortgages to be ported and will usually waive any penalties that would have applied to a discharge.

Any amount of mortgaged monies not needed for the new property would still be subject to a discharge penalty, which should be negotiated with the lender. Administration fees will be charged to remove the old mortgage from title and to register the mortgage on the new property.

If you need a larger mortgage at your new location, you can still save discharge penalties by porting the total amount of the existing mortgage and blending the interest rate with the current rate available on any additional funds now required. If your mortgage is still over an 80% loan-to-value ratio, then default insurance charges (Genworth or CMHC) will apply on the new portion. Refer to previous section High-Ratio mortgages for relevant information on mortgage default insurance under these circumstances.

Costs

Mortgage Application/Appraisal Fees

When asked, many lenders will waive the mortgage application administration fee, particularly if you have other financing services with the institution. If the lender is not prepared to waive the fee, we suggest that you consider financing elsewhere. Our mortgage professional alliances have negotiated with lenders to waive the application fee.

While most lenders will waive the application fee, only a few lenders will waive the appraisal fee – it is always good to ask, but generally, the lenders that offer better rates tend not to offer a free appraisal also. It is in your best interest to take the lower interest rate versus a waiver of a small up-front fee.

Bridge Financing

Bridge financing is a temporary financing arrangement that allows a buyer to close the home purchase before sufficient funds have been received from the sale proceeds of a former residence. This interim financing “bridges” the gap between the closing dates of the two properties.

If you need bridge financing, you should try to reduce or avoid bridge financing set-up fees.
Lenders often charge a higher interest rate on bridge financing loans. Try to negotiate this rate, especially if you are a long-standing client with your lender and have other accounts or investments with them. You should also consider establishing a personal line of credit to use for bridge financing rather than a loan. Lenders usually do not charge a set up fee for a line of credit and normally offer preferred rates.

Choosing a Lender

When shopping for your mortgage, asking the lender the questions provided below will ensure you have a solid understanding of the various mortgage options available to you. Most of these points are discussed in greater detail on the following pages.

Documents you will need to negotiate a mortgage:

- A confirmation of employment, including salary, position and length of service
- A complete statement of assets and liabilities, including all debts
- Photocopies to confirm the assets you intend to use as down payment
- If part of your down payment is borrowed, the payment on this portion of the debt must fit within vendor guidelines of Total Debt Servicing (TDS) and documentation provided as to the payment amount.
- If part of your down payment is a gift, give a letter indicating its origin. All or part of the minimum down payment can be provided by way of a financial gift, providing the following conditions are met:
  - the donor is an immediate relative of the borrower
  - the lender has verified that the money is a genuine gift
  - the lender has verified that the funds will be in the borrower’s possession 15 days before closing

A specific “Gift Letter” form must be completed. The lender will verify the authenticity of the gift by obtaining a written confirmation signed by the borrower and donor stating that the gift does not have to be repaid and that any party providing the gift does not have an interest in the sale of the property.
Mortgage Brokers

Mortgage Broker Professionals have also developed unique mortgage services for IRP transferees. The services simplify the mortgage shopping process and offer the best selection of services and products available today. Mortgage Broker Professionals will shop the mortgage market on your behalf. They will work for you, not the lender and give independent, expert advice to assist in choosing the right mortgage for you, at no cost or obligation.

A unique aspect of the services provided is the “blind bid” approach to mortgage shopping. Lenders bid on your mortgage requirements by way of an electronically filed mortgage application. Individual lenders do not know what the others are bidding. This ensures the lenders offer their best rates, terms and conditions to attract your acceptance. Many lenders have designed special mortgage products available exclusively to IRP transferees.

Services Provided by Select Mortgage Broker Professionals

The following points summarize the benefits of using the services of a Mortgage Broker committed to providing exceptional service to IRP transferees:

- One-stop shopping and one-call access to all mortgage products and services available in Canada
- Availability of toll free faxes and telephone numbers and e-mail access
- No mortgage application fee (unless there is a history of poor credit)
- Quick responses from lender – within 24 hours of receipt of your application
- A mortgage specialist working strictly for you, not the lender, and at no cost or obligation to you
- Comprehensive information on rates, terms/conditions comparison and amortization schedules
- Only one credit inquiry – shop the market without reducing your credit rating
- Pre-approved mortgage with select lenders will be provided before your HHT
- Blending of first mortgages if you need additional funding
- Interest rates guaranteed for up to 120 days with some financial institutions
- Second mortgages provided at the first mortgage posted 5-year rates
- Bridge financing arrangements

NOTE: If you choose a Mortgage Broker without the assistance of your BGRS Relocation Advisor, you should always confirm that you are not charged a fee for this service.
**Mortgage Interest Buy-downs**

Under certain conditions, it is possible for transferees to subsidize their mortgage interest rates. This is commonly referred to as a Mortgage Interest Rate Buy-Down (MIB). Effectively, you are paying a sum to your lender to “buy down” the interest rate you have negotiated with your mortgage professional. However, the amount of interest that you can buy down cannot lower the interest rate below the prescribed rate as set by CRA.

The amount of money you assign can be fully tax-free providing your net interest rate (actual mortgage rate minus the mortgage interest rate subsidy) stays at or above the Prescribed Rate, as set by CRA.

On all subsidized mortgages, you must qualify for the full mortgage amount at the prevailing interest rates before any subsidies are applied.

- The dwelling must be your principal residence.
- The property must be within Canada.
- May be subject to other limitations and restrictions.
- MIB is not applicable on variable rate mortgages.
- The term of a mortgage where a MIB is applied can exceed a 5-year term. However, the buy down rate must be re-calculated after the five-year mark to ensure the new rate does not exceed the prescribed rate in effect at that time.

**Subsidized Mortgages**

BGRS can put you in touch with mortgage professionals to provide unique mortgage solutions: you can benefit from a subsidized mortgage that may be used alone or combined with a mortgage interest rate buy-down (MIB).

**Mortgage Subsidies – An Overview**

Mortgage Interest Subsidies (MIS) allow for tax effective usage of an applicable portion of your funding envelope. A MIS is a tax-effective interest rate buy-down – to 0%, on a mortgage amount not to exceed $25,000 (for a maximum term of 5 years), in accordance with Canada Revenue Agency (CRA) guidelines.

A mortgage interest subsidy results in a lower mortgage payment and lower carrying costs for you. Your mortgage professional will help with any administrative work to be done on your part.

- The subsidy must be used to buy a residence that is at least 40 km closer to the new work location.
- Not portable on subsequent relocations.
- Not applicable when relocating locally after initial transfer.
- The dwelling must be your principal residence.
- The property must be within Canada.
- May be subject to other limitations and restrictions.
- Not applicable on variable rate mortgages.
- The term of a mortgage where a MIS is applied can exceed a 5-year term. However, the MIS benefit cannot be applied for longer than 5 years of that mortgage.
- When determining whether you should take advantage of a mortgage subsidy, your mortgage professional will assist with determining your eligibility and application of the above subsidies.
Choosing a Service Provider

During your relocation, you may need the services of an appraiser, home inspector, lawyer, notary, real estate agent or rental search assistant. Each of these professionals is a Service Provider (TPSP), and must be at arm’s length from the Transferee in order for the services provided to be eligible for reimbursement.

Each service provider has a maximum reimbursable rate. It is important to familiarize yourself with these rates to ensure that you do not incur unnecessary costs in out-of-pocket expenses. Any expense in excess of the maximum reimbursable rate is the responsibility of the Transferee.

While you can choose any service provider you wish, BGRS keeps a TPSP Directory of service providers who have agreed to charge fees at or below the maximum reimbursable rate. Each of these service providers has signed an agreement with BGRS complying with the fee schedules and service delivery standards. You will find copies of each of the agreements in this chapter. Service providers chosen from the TPSP Directory will be reimbursed directly by BGRS. Any service provider who is not a member of the BGRS TPSP Directory must be paid by the Transferee and then reimbursed (up to the maximum reimbursable rate) through an expense claim.

The Transferee must attest to the services provided by signing the Certification of Services Received form, even if the service provider is not a member of the TPSP directory. The Certification of Services Received must be submitted to the team in order for the service provider to be paid. If you did not choose a service provider from the TPSP Directory, submit your Certification of Services Received with your receipts for the Service Provider on your expense claim.

Should you pick a service provider that is not yet on our TPSP Directory that wishes to join, he or she may register online at http://www.irpsupplier-fournisseurpri.com or follow the directions in the agreement included in this chapter. Joining is free of charge, and BGRS does not collect any referral fees. Please note that registration is done by individual service provider, not company, and as such, each individual employee of a company must register to become a member.

The TPSP Directory is available on our secure website and is searchable by province and community.
Canadian Tax Implications of Relocation Expenses

- Taxes are as much a part of relocation as they are of any other activity in which money changes hands between employer and employee. In some cases, there may be "taxable benefits" on which you have to pay taxes. In other cases, there may be expenses that you pay and may be eligible to deduct for income tax purposes.
- Either way, objectives are the same – minimize the taxes that you have to pay and maximize the after-tax benefits that you are eligible for.
- We recommend that you consult an independent and professional financial planner to help with your relocation strategy and your financial planning.
- Tax laws and regulations can and do change. Please note that this manual is intended only as a guide. What you can and cannot claim will depend upon your particular circumstances. What was accurate when we wrote this guide may be out of date when you actually have to use it. For most people, it comes as a bit of a surprise that taxes are even a consideration in relocation.

In some cases, you may incur expenses during your relocation that are not paid or reimbursed by your employer. For tax purposes, the question to be addressed is whether or not these expenses are "eligible moving expenses". If so, they can be deducted from your employment income (you will need to use Form T1-M with your tax return).

In general, according to Canada Revenue Agency (CRA), you must relocate to a residence that is located at least 40 kilometers (km) closer to your new work location than your old residence to be eligible for moving expense deduction. However, in some situations, if it is determined that the employer is the primary beneficiary of the relocation, whether the individual moves 40 kms or less, the amount of moving expense reimbursement would not be considered taxable. Where an employer reimburses reasonable expenses that match the definition of "moving expenses" as per ITA 62(3) in respect of a move, if the employer is determined to be the primary beneficiary of the relocation then the 40 km criteria need not be met. It is the responsibility of the employer to determine whether the primary beneficiary of the move is the employer or the employee. If the benefit is determined to be with the employer, the reimbursement of the relocation expenses are not considered to be taxable to the employee [Reference: Technical Interpretation 2016-0629351E5(E) "Reimbursement of moving expenses"].

Generally, only moves within Canada are eligible. However, there is an exception for individuals making foreign moves if they are still considered to be Canadian residents.
Do I Really Benefit From Benefits?

A taxable benefit is treated as if the value that you receive is additional income. The tax that you pay will depend on your taxable income and the incremental tax rate of the province in which you are living as of December 31st.

Here is an example:

Bob and his family are relocating from Ottawa to North Bay. Bob earns $65,000 a year and has a net income of $45,000.

If Bob receives a taxable benefit of $1,000 then his annual income increases to $66,000. Since he lives in Ontario, his incremental tax rate will be 22% for federal taxes and 9.15% for provincial taxes. He will then have to pay an additional $311.50 in taxes to cover the taxable benefit.

Bob and his family are ready to move. Their household goods are packed and on the van but since they aren’t scheduled to leave for another week, they need to move into a hotel. The cost for meals and lodging for Bob, his wife and their two children for the week add up to $1,900. These costs are reimbursed under the Integrated Relocation Program. This is a non-taxable benefit. There are no taxes to pay with respect to this benefit.

It is, however, a hectic time. The children are underfoot. Bob, in desperation, puts the children in day-care. The cost is $400. The expense is reimbursed but is considered a taxable benefit. When Bob gets his T4, he will see an additional $400 listed as a taxable benefit. It is treated as if it is income and Bob will have to pay an additional $124.60 in taxes.

Bob could see this as an unwarranted cost. On the other hand, he could argue that it only cost him $124.60 to look after his children for a week – a savings of $275.40 and well worth it.

Which is the best option? There are no simple answers. It depends on your income and the marginal tax rate of the province in which you live at the end of the year.

Non-taxable benefits

For the most part, the money that you receive to cover your relocation expenses is a reimbursement and therefore is not generally taxable. If you spend $1,000, you are reimbursed $1,000. There are no taxes. Those items are identified as a “non-taxable benefit” in this guide.

Taxable Benefits

According to CRA, taxpayers are generally taxed on the value of all benefits they receive by virtue of their employment, other than certain items that are specifically excluded from taxation.

If you receive $1,000 in taxable benefits, then you will have to pay taxes on this just as if it were part of your pay cheque. If your incremental tax rate is, say, 40%, you would have to pay $400 in taxes. Nobody likes paying taxes but the optimist would say that you receive $1,000 of value and it only cost you $400 – an absolute bargain.

Taxable benefits are shown on your T4 slip and must be reported on your income tax return. CRA has published an interpretation bulletin (IT-178R3) that outlines its views on eligible moving expenses. You can find this publication on the Web at: www.cra-arc.gc.ca

In some cases, employees gain what are considered taxable benefits from a relocation (childcare while moving for example or taking your mother-in-law on a House Hunting Trip).
Example – Home Equity Assistance

Example 1:
Sheila and her family are relocating from Moncton to Kingston. Even though Sheila has just had an addition built on her house in Moncton, the housing market is poor and she must sell the house for a loss.

The loss on the sale of the home would be calculated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net proceeds on home</td>
<td>$160,000</td>
</tr>
<tr>
<td>Original cost of home</td>
<td>$170,000</td>
</tr>
<tr>
<td>Loss on sale of home</td>
<td>($10,000)</td>
</tr>
</tbody>
</table>

In addition to her loss on the sale, Sheila had also made capital improvements on the house at a cost of $10,000, which she did not recover. Sheila would receive the following reimbursements:

**Home Equity Assistance (to a maximum of $15,000)**

- 80% of $10,000: $8,000

**Under the non-core funding, she would receive:**

- Home Equity Assistance ($10,000 - $8,000): $2,000
- Capital improvements: $10,000

**Her taxable benefit would be:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total reimbursements</td>
<td>$20,000</td>
</tr>
<tr>
<td>Maximum allowable non-taxable reimbursement</td>
<td>$15,000</td>
</tr>
<tr>
<td>Net amount</td>
<td>$5,000</td>
</tr>
<tr>
<td>Taxable amount (50% of the net)</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

Note that if Sheila chose not to take the $20,000 reimbursement, she would not be able to deduct the loss on the sale of her home on her income tax return.

Example 2:
Pierre and his family are relocating from Val d’Or to Gatineau. Pierre has just completed renovating his home and he too must sell the house at a loss.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net proceeds on the sale of the home</td>
<td>$175,000</td>
</tr>
<tr>
<td>Original cost of home</td>
<td>$170,000</td>
</tr>
<tr>
<td>Gain on sale of home</td>
<td>$5,000</td>
</tr>
<tr>
<td>Cost of improvements</td>
<td>$10,000</td>
</tr>
<tr>
<td>Loss on sale of home due to capital improvements</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

**Pierre would receive the following reimbursements under the core component:**

- Home Equity Assistance: $0

**He would receive the following reimbursements under the non-core funding:**

- Capital improvements: $5,000

Since his reimbursement does not exceed the allowable non-taxable reimbursement limit of $15,000 he does not have a taxable benefit on his T4.
### Tax implications according to CRA regulations

<table>
<thead>
<tr>
<th>Description</th>
<th>Reimbursed</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Taxable</td>
<td>Non</td>
<td>Deductible</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Taxable</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ADMINISTRATIVES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change of address</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Courier Service</td>
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<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Non-accountable Incidentals – maximum $650 Note 1</td>
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<td></td>
<td>✓</td>
</tr>
<tr>
<td>Personalized Cash Payout</td>
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<td></td>
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<tr>
<td>Post office mail hold</td>
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<td></td>
</tr>
<tr>
<td>Retroactive Posting Allowance</td>
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<td></td>
</tr>
<tr>
<td>RRSP Contribution</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Separated Dependants Allowance</td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

*Note 1 Expenses related to this benefit may be reimbursed without receipts; however, if they are not reimbursed, they could be deductible as long as they qualify as ‘eligible moving expenses’ as per CRA guidelines and are supported by receipts. You can find more information on what qualifies as ‘eligible moving expenses’ at www.cra-arc.gc.ca or by contacting a tax professional.*

<table>
<thead>
<tr>
<th><strong>DESTINATION INSPECTION TRIP</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DIT/DHIT – Car Rental</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Dependant care</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Destination Marketing Fund (DMF) Lodging</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Destination Marketing Fund Lodging</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Dependants</td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Excess baggage</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Ferries</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Gas Expenses</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Incidental allowance</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Local Commercial Transportation</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>DIT/DHIT – Lodging Commercial</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
### DIT/DHIT – Lodging dependants
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

### DIT/DHIT – Lodging Private
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

### DIT/DHIT – Lodging RV
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

### DIT/DHIT – Meal allowance dependants
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

### DIT/DHIT – Meal allowance
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

### DIT/DHIT – Mileage to Commercial Transportation Note 2
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

### DIT/DHIT – Parking
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

### DIT/DHIT – Pet boarding
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

### DIT/DHIT – Phone/Fax/Internet
- Reimbursed
- Not reimbursed
- Taxable
- Non Taxable
- Deductible
- Not Deductible

---

**Note 2** Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.

---

**DESTINATION RENTAL**

<table>
<thead>
<tr>
<th>Description</th>
<th>Reimbursed</th>
<th>Not reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning at Destination – Renter</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Credit verification</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Rent in advance</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Rent in advance – Parking &amp; utilities</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Rental Search Assistance Fee – Inside Canada</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

---

**DISPOSAL OF RENTAL UNIT**

<table>
<thead>
<tr>
<th>Description</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cleaning at Origin – Renter</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Lease liability Note 3</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Note 3** Termination penalty does not include any rental payments for a period during which the taxpayer occupied the residence. [Reference: ITA SS 62(3), IT-178R3]
<table>
<thead>
<tr>
<th>Description</th>
<th>Reimbursed</th>
<th>Not reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taxable</td>
<td>Non Taxable</td>
</tr>
<tr>
<td><strong>FOREIGN COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency Exchange Fee</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Driver’s Driving Record</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Driver’s License</td>
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<td>✓</td>
</tr>
<tr>
<td>Letter of Compliance</td>
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<td></td>
</tr>
<tr>
<td>Loss on Exchange</td>
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<td></td>
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<tr>
<td>Medical Exams/Inoculations</td>
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<td></td>
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<tr>
<td>Passport</td>
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<tr>
<td>Passport photo</td>
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<td></td>
</tr>
<tr>
<td>USA Federal Immigration Document</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Visa</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HOME PURCHASE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attending/Power of Attorney – Purchase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bridge Financing / Short Term Loan Interest</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Cleaning at Destination</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Home Inspection Fee – Purchase</td>
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<td></td>
</tr>
<tr>
<td>Interest on Home Relocation Loan Note 4</td>
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<td></td>
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<tr>
<td>Labour for Altering Locks</td>
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<tr>
<td>Land Transfer Tax/Welcome Tax Note 17</td>
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</tr>
<tr>
<td>Legal Disbursements – Purchase</td>
<td>✓</td>
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</tr>
<tr>
<td>Legal Fee – Purchase Note 17</td>
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<tr>
<td>Mortgage appraisal fee</td>
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<tr>
<td>Mortgage Default Insurance – Application Fee</td>
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<tr>
<td>Mortgage Default Insurance – Premium</td>
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<tr>
<td>Mortgage Interest Buy down Note 5</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Mortgage Interest Rate Differential – Purchase Note 6</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
### Municipal Land Transfer Tax Note 17

Where an interest-free home relocation loan is received, interest calculated at prescribed rates at the time the loan was received is included as a benefit. For the first five years of the loan, the taxpayer can take a deduction for the benefit calculated up to the amount of interest that would have been incurred if the loan had been for $25,000. [Reference. ITA SS. 80.4(4), T4130]. Taxable amount reflected on box 36 over the amortization period of the loan and the deductible amount in box 37.

### Note 5

Taxable if no employer involvement in negotiating loan. Non-taxable if employer assists in negotiating loan and the mortgage rate will never fall below the prescribed interest rate [ITA SS. 6(23), ITA SS 80.4(1), IT-4211R2].

### Note 6

Taxable if no employer involvement in negotiating loan, where an employee incurs a higher interest rate on a mortgage as a result of an employer-requested relocation, the mortgage interest rate differential payments for the remaining term of the mortgage are not taxable. Non-taxable if employer assists in negotiating loan and the mortgage rate will never fall below the prescribed interest rate. [ITA SS. 6(23), ITA SS 80.4(1), IT-421R2. Case law – Splane vs. M.N.R. ([90] 2 C.T.C. 199, and 92 DTC 6021, [1991] 1 C.T.C. 406)]

For an employer-requested relocation, where an employee incurs a higher interest rate on a mortgage, the differential payments for the remaining term of the mortgage are not taxable. If the relocation is not employer-requested, it is taxable if there is no employer involvement in negotiating the loan and non-taxable if the employer assists in negotiating the loan and the mortgage rate will never fall below the prescribed amount. [TN 6, Payment of Mortgage Interest Subsidy by Employer]

### Note 7

Mortgage interest on the old residence is taxable as it is considered a financing charge. Where the interest has been included in income or paid by the taxpayer, it is deductible only to a maximum of $5,000, for the old residence during the period that reasonable efforts are being made to sell it, and it is neither rented out nor occupied by the taxpayer or a member of the taxpayer’s household. The sum of all of these types of expenses is subject to a combined $5,000 deduction limit. [ITA SS. 6(23), ITA SS.62(3), IT-178R3]

### Note 17

Legal fees, land transfer taxes and registration of title fees of the new residence will not be allowed as a moving expense deduction until the old residence is sold. The deduction will be allowed in the year the old residence is sold.

### Description

<table>
<thead>
<tr>
<th>Description</th>
<th>Reimbursed</th>
<th>Not reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taxable</td>
<td>Non Taxable</td>
</tr>
<tr>
<td>Municipal Land Transfer Tax Note 17</td>
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<td>✔️</td>
</tr>
<tr>
<td>New Home Warranty</td>
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<td>✔️</td>
</tr>
<tr>
<td>Second Mortgage Unsold Residence – Administration/Legal</td>
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<td>✔️</td>
</tr>
<tr>
<td>Second Mortgage Unsold Residence – Interest Note 7</td>
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</tr>
<tr>
<td>Short Term Loan Interest</td>
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<td>✔️</td>
</tr>
<tr>
<td>Survey/Certification of Location – Purchase</td>
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<td>✔️</td>
</tr>
<tr>
<td>Taxable Interest on Home Relocation Load Note 4</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Title Insurance</td>
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</table>

### HOME SALE

<table>
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</tr>
</thead>
<tbody>
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<td>Non Taxable</td>
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<tr>
<td>Appraisal Fee</td>
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<td>✔️</td>
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<tr>
<td>Attending/Power of Attorney – Sale</td>
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<td>✔️</td>
</tr>
<tr>
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**Note 8** Deductible only if the expenses were necessary to effect the sale of the home.

**Note 9** A taxpayer is required to include in income as a taxable benefit all amounts paid in respect of an eligible housing loss, to the extent of the amount, if any, by which one-half of the amounts so paid in the year or a prior year exceed total $15,000, minus any amounts for this taxable benefit that have been included in the taxpayer’s income for preceding years. The taxpayer who is not reimbursed, or is only partly reimbursed, for the removal expenses may be able to claim certain of the expenses incurred as a deduction from income. This to say that certain removal expenses that may affect the calculation of the Home Equity Assistance may be otherwise deductible as a moving expense, for example legal fees on sale. These otherwise deductible moving expenses are addressed separately in the policy. [References: ITA SS 6(19)-(22), 62, IT-479R]

**Note 10** May be deductible if does not relate to “work done to make the property more saleable”.
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**Note 2** Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.

### INTERIM LODGINGS, MEALS AND MISCELLANEOUS EXPENSES (ILM&M)

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**Note 11** Where an employee moves for work purposes, but there is a long transition period during which an employee is waiting to occupy a new permanent home at the new work location, and also maintains their old residence, generally the reimbursement of reasonable living and travel expenses incurred would be considered taxable. However, where an employee is making a personal choice to either delay the sale of their former residence or postpone the purchase or closing of their new permanent home, the reimbursement of those expenses would be considered taxable. [Reference: Technical interpretation 2016-0639401E5 “Temporary living expenses and travel costs”]

### RETURN TRIP TO FINALIZE SALE

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**Note 2** Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.

**Note 17** Travelling costs incurred in the course of moving the taxpayer and members of the household are deductible. Does not appear to be limited to the trip from the old destination to the new destinations, so a return trip should be permitted as long as it relates to travel for the move and is for a reasonable amount. [ITA SS.63 (2)(a), IT-178R3]

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**Note 2** Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.

**Note 17** Travelling costs incurred in the course of moving the taxpayer and members of the household are deductible. Does not appear to be limited to the trip from the old destination to the new destinations, so a return trip should be permitted as long as it relates to travel for the move and is for a reasonable amount. [ITA SS.63 (2)(a), IT-178R3]

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* Applicable to Canadian Armed Forces only

Note 2: Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.

### SUNDRY – SPECIALIZED

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<td>Water test – purchase</td>
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<tr>
<td>Water/Water Potability Test</td>
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</tbody>
</table>

**Note 8** Deductible only if the expenses were necessary to effect the sale of the home.

**Note 12** This expense is not deducted as moving expenses, however, may qualify for non-refundable tax credit as medical expenses.

**TEMPORARY DUAL RESIDENCE ASSISTANCE (TDRA)**

<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td>TDRA – Destination Marketing Fee (DMF)** Note 11</td>
<td>✓</td>
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<td>TDRA – Incidental allowance**</td>
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<td>TDRA – Laundry**</td>
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<tr>
<td>TDRA – Lodging Commercial ** Note 11</td>
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<td>TDRA – Lodging Private ** Note 11</td>
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<td>TDRA – Lodging RV** Note 11</td>
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<td>TDRA – Maintenance Note 15</td>
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<td>TDRA – Meal allowance** Note 11</td>
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<td>TDRA – Mortgage Interest Note 13</td>
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<td>TDRA – Parking**</td>
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<td>TDRA – Property Insurance Note 14</td>
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<td>TDRA – Property Tax Note 14</td>
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<td>TDRA – Utilities Note 14</td>
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**Applicable only to RCMP and NJC**

**Note 11** Where an employee moves for work purposes, but there is a long transition period during which an employee is waiting to occupy a new permanent home at the new work location, and also maintains their old residence, generally the reimbursement of reasonable living and travel expenses incurred would be considered taxable. However, where an employee is making a personal choice to either delay the sale of their former residence or postpone the purchase or closing of their new permanent home, the reimbursement of those expenses would be considered taxable. [Reference: Technical interpretation 2016-0639401E5 “Temporary living expenses and travel costs”]

**Note 13** Mortgage interest on the old residence is taxable as it is considered a financing charge. Where the interest has been included in income or paid by the taxpayer, it is deductible only to maximum of $5,000, for the old residence during the period that reasonable efforts are being made to sell it, and it is neither rented out nor occupied by the taxpayer or a member of the taxpayer’s household. The sum of all of these types of expenses (including Note 14) is subject to a combined $5,000 deduction limit. [ITA SS. 6(23), ITA SS.62(3), IT-178R3]

**Note 14** Deductible only to a maximum of $5,000, for the old residence during the period that reasonable efforts are being made to sell it, and it is neither rented out nor occupied by the taxpayer or a member of the taxpayer’s household. The sum of all of these types of expenses is subject to a combined $5,000 deduction limit. [ITA SS.62(3), IT-178R3]

**Note 15** Any maintenance other than ground maintenance is taxable. [Reference: T4130]

**TRANSPORTATION TO LONG TERM STORAGE (LTS)**

<table>
<thead>
<tr>
<th>Description</th>
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**Note 2** Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.

**TRAVEL TO NEW LOCATION**

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
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<td>TNL – Car Rental</td>
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<td>TNL – Excess baggage</td>
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</tr>
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<td>TNL – Ferry</td>
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<td>✔</td>
</tr>
<tr>
<td>TNL – Lodging Commercial Note 11</td>
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<td></td>
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</tr>
<tr>
<td>TNL – Lodging Private Note 11</td>
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</tr>
<tr>
<td>TNL – Lodging RV Note 11</td>
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<td>TNL – Meal allowance Note 11</td>
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<td>TNL – Pet boarding</td>
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<td>TNL – Road Tolls</td>
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<td>TNL – Shipment of Pets</td>
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<tr>
<td>TNL – Transportation Bus</td>
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</tr>
</tbody>
</table>

**Note 2** Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.

**Note 11** Where an employee moves for work purposes, but there is a long transition period during which an employee is waiting to occupy a new permanent home at the new work location, and also maintains their old residence, generally the reimbursement of reasonable living and travel expenses incurred would be considered taxable. However, where an employee is making a personal choice to either delay the sale of their former residence or postpone the purchase or closing of their new permanent home, the reimbursement of those expenses would be considered taxable. [Reference: Technical interpretation 2016-0639401E5 “Temporary living expenses and travel costs”]

### UNACCOMPANIED TRAVEL

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<th>Description</th>
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<td>Unaccompanied travel – Commercial Transportation</td>
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<td>Unaccompanied travel – Interim Lodgings Note 11</td>
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<tr>
<td>Unaccompanied travel – Interim Meals Note 11</td>
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<td>Unaccompanied travel – Interim Miscellaneous allowance</td>
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<td>Unaccompanied travel – Mileage to commercial carrier Note 2</td>
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<td>Unaccompanied travel – Parking</td>
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<td>Unaccompanied travel – Tolls</td>
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<td>Unaccompanied travel – Travel Meals Note 11</td>
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<td>Unaccompanied travel – Travel Mileage Note 2</td>
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<tr>
<td>Note 2 Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.</td>
<td></td>
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<tr>
<td>Note 11 Where an employee moves for work purposes, but there is a long transition period during which an employee is waiting to occupy a new permanent home at the new work location, and also maintains their old residence, generally the reimbursement of reasonable living and travel expenses incurred would be considered taxable. However, where an employee is making a personal choice to either delay the sale of their former residence or postpone the purchase or closing of their new permanent home, the reimbursement of those expenses would be considered taxable. [Reference: Technical interpretation 2016-0639401E5 “Temporary living expenses and travel costs”]</td>
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### UTILITIES

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<td>Appliance connect</td>
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<td>Cable/Satellite – Connect/Disconnect</td>
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<tr>
<td>Cell phone – Connect/Disconnect</td>
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<tr>
<td>Electrical – Connect/Disconnect</td>
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<td>Electrical Conversions Services</td>
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<td>Hot Tub – Connect/Disconnect</td>
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<tr>
<td>Hydro – Connect/Disconnect</td>
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<tr>
<td>Internet – Connect/Disconnect</td>
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<td>✔️</td>
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<tr>
<td>Natural gas – Connect/Disconnect</td>
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<td>Water – Connect/Disconnect</td>
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### VEHICLES

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<td>Shipment Recreational Vehicle</td>
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<tr>
<td>Travel to PMV Depot Note 2</td>
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<tr>
<td>Weekend Travel Home</td>
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<td>Weekend travel – Car Rental** Note 16</td>
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<td>Weekend travel – Ferry** Note 16</td>
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<td>Weekend travel – Local Commercial Transport** Note 16</td>
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**Applicable to RCMP and NJC only

Note 2 Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA Mileage rates may differ from those reimbursed under the IRP Program.

Note 16 Board and lodging at a special work site, and transportation between the principal place of residence and special work site, are generally not taxable. A special work site is a location at which the duties performed by the taxpayer were of a temporary nature, if the taxpayer maintained at another location a self-contained domestic establishment as the taxpayer's principal place of residence that was available for occupancy and not rented out and to which, by reason of distance, the taxpayer could not reasonably be expected to have returned daily from the special work site. As a general rule, duties will be considered to be of a temporary nature if it can be reasonable expected that they will not provide continuous employment beyond a period of two years. It should be noted that the two year limitation is not part of the legislation; it is a CRA guideline. There have been cases when duties were performed at a location for more than two years and the nature of the duties was considered temporary. [ITA SS.6(6), IT-91R4]

Technical References

Interim Lodging, Meals and Incidentals (Misc. Expenses/Allowance)
- 2016-0629351E5(E) “Reimbursement of moving expenses”
- T4130(E) “Employers’ Guide Taxable Benefits” Chapter 3, Board and lodging
- IT-470R “Employees’ Fringe Benefits” paragraph 35
- Income Tax Act, paragraphs 62(3)(a), (c)
- Technical Interpretation 9918007 “Moving expenses”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” sections 6.1, 6.2, 6.8, 8.10

Traveling to Your New Location
- 2016-0629351E5(E) “Reimbursement of moving expenses”
- T4130(E) “Employers’ Guide Taxable Benefits” Chapter 3, Moving expenses and relocation benefits
- IT-470R “Employees’ Fringe Benefits” paragraphs 35-36
- IT-178R3 “Moving expenses”, paragraphs 12-22
- Income Tax Act, paragraph 62(3)(a)
- Revenu Quebec Guide IN-253-V “Taxable Benefits” sections 8.10
- New Court Decision Case Law: Hauser v The Queen 2014TCC328

Rental Accommodation
- T4130(E) “Employers’ Guide Taxable Benefits”, Chapter 3, Housing – Rent-free and low rent
Travelling back to Old Location

- Income Tax Act, subsection 6(23) “Employer-provided housing subsidies”
- Income Tax Act, paragraph 6(6)
- Technical Interpretation 9821655 “Relocation expenses employee”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” sections 6.1, 6.8, 8.10
- New CRA ruling: Income Tax Rulings 2014-0527271E5 “Moving Expenses” – relating to lease cancellation fees

Technical References
- T4130
- IT-470R
- IT-178R3
- Income Tax Act, paragraph 62(3)(d) “Moving expenses”
- Income Tax Act, paragraph 62(3)(e) “Moving expenses”
- Technical Interpretation 9821655 “Relocation expenses”
- Technical Interpretation 9921675 “Reimbursement of interest on Old home”
- Technical Interpretation 9913025 “Payment of relocation costs by employer”
- Queen vs. Merton A. Collin 86 DTC 1477, DTC 6369 (FCTD) – Mortgage Interest Buy Down
- G. Pollard vs. MNR 88 DTC 1110 (TCC) – Interest paid as Mortgage Penalty
- Revenu Quebec Guide IN-253-V “Taxable Benefits” Section 8.10
- IT-421R2, “Benefits To individuals, corporations, and shareholders from loans or debts”, paragraph 4
- Income Tax Act, subsection 80.4(1)
- IT Ruling 2011-0398301E5 (E) – Moving Expenses

Selling Your Home

- Income Tax Act, subsection 6(23) “Employer-provided housing subsidies”
- Income Tax Act, paragraph 62(3)(d) “Moving expenses”
- Technical Interpretation 9821655 “Relocation expenses employee”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” sections 6.1, 6.8, 8.10
- New CRA ruling: Income Tax Rulings 2014-0527271E5 “Moving Expenses” – relating to lease cancellation fees

Technical References
- T4130(E) “Employers’ Guide Taxable Benefits”, Chapter 3, Moving expenses and relocation benefits
- IT-470R “Employee’s Fringe Benefits”, paragraphs 35-38
- IT-178R3 “Moving expenses”, paragraphs 12(e) & 16
- IT-120R6 Principal Residence
- IC 72-17R5 “Procedures concerning the disposition of taxable Canadian property by Non-residents of Canada”
- Income Tax Act, paragraph 62(3)(e) “Moving expenses”
- Income Tax Act, subsection 62(3)
- Technical Interpretation 9913025 “Payment of relocation costs by employer”
- Technical Interpretation 9913795 “Moving expense (mortgage penalty)”
- Queen vs. Merton A. Collin 86 DTC 1477, DTC 6369 (FCTD) – Mortgage Interest Buy Down
- G. Pollard vs. MNR 88 DTC 1110 (TCC) – Interest paid as Mortgage Penalty
- Revenu Quebec Guide IN-253-V “Taxable Benefits” Section 8.10
- IT-421R2, “Benefits To individuals, corporations, and shareholders from loans or debts”, paragraph 4
- Income Tax Act, subsection 80.4(1)
- IT Ruling 2011-0398301E5 (E) – Moving Expenses

Temporary Dual Residence Assistance (TDRA)

- Income Tax Act, subsection 6(23) “Employer-provided housing subsidies”
- Income Tax Act, paragraph 62(3)(d) “Moving expenses”
- Technical Interpretation 9821655 “Relocation expenses employee”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” sections 6.1, 6.8, 8.10
- New CRA ruling: Income Tax Rulings 2014-0527271E5 “Moving Expenses” – relating to lease cancellation fees

Technical References
- 2016-0639401E5 “Temporary living expenses and travel costs”
- T4130(E) “Employers’ Guide Taxable Benefits”, Chapter 3, Moving expenses and relocation benefits
- IT-178R3 “Moving expenses”, paragraph 12(g)
- Income Tax Act, subsection 6(23) “Employer-provided housing subsidies”
- Income Tax Act, paragraph 62(3)(g)
- Technical Interpretation 9821655 “Relocation expenses employee”
- Technical Interpretation 9921675 “Reimbursement of interest on Old home”
- Technical Interpretation 9913025 “Payment of relocation costs by employer”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” section 8.10

Loss on Equity

- Income Tax Act, subsection 6(23) “Employer-provided housing subsidies”
- Income Tax Act, paragraph 62(3)(d) “Moving expenses”
- Technical Interpretation 9821655 “Relocation expenses employee”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” sections 6.1, 6.8, 8.10
- New CRA ruling: Income Tax Rulings 2014-0527271E5 “Moving Expenses” – relating to lease cancellation fees

Technical References
- T4130(E) “Employers’ Guide Taxable Benefits”, Chapter 3, Moving expenses and relocation benefits
- IT-178R3 “Moving expenses”, paragraph 12(f)
- Income Tax Act, subsection 6(23) “Employer-provided housing subsidies”
- Income Tax Act, subsection 62(3)
- Technical Interpretation 9918007 “Moving expenses”
- Technical Interpretation 9918007 “Moving expenses”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” section 8.10

Buying Your New Home

- Income Tax Act, subsection 6(23) “Employer-provided housing subsidies”
- Income Tax Act, paragraph 62(3)(d) “Moving expenses”
- Technical Interpretation 9821655 “Relocation expenses employee”
- Revenu Quebec Guide IN-253-V “Taxable benefits” section 8.10

Technical References
- T4130(E) “Employers’ Guide Taxable Benefits”, Chapter 3, Moving expenses and relocation benefits
- IT-178R3 “Moving expenses”, paragraph 12(f)
- Income Tax Act, subsection 6 (23) “Employer-provided housing subsidies”
- Technical Interpretation 9918007 “Moving Expenses”
- Revenu Quebec Guide IN-253-V “Taxable benefits” section 8.10
**$25,000 Home Relocation Loan**

- T4130(E) “Employers’ Guide Taxable Benefits”, Chapter 3, Interest-free and low-interest loans
- Income Tax Act, subsection 6(9) “Amount in respect of interest on employee debt”
- Income Tax Act, paragraph 62(3)(e) “Moving expenses”
- Technical Interpretation 9918007 “Moving expenses”
- Technical Interpretation 9907486 “Moving expenses”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” sections 8.9, 8.10
- IT-421R2, “Benefits to individuals, corporations, and shareholders from loans or debts”, paragraphs 20, 21, 22

**Shipping Your Household Goods and Effects**

- T4130(E) “Employers’ Guide Taxable Benefits”, Chapter 3, Moving expenses and relocation benefits
- IT-470R, “Employees’ Fringe Benefits”, paragraph 37
- Income Tax Act, subsections 6(20),(21) “Benefit re eligible housing loss”
- Technical Interpretation 9913025 – “Payment of relocation costs by employer”
- Revenu Quebec Guide IN-253-V “Taxable Benefits” section 8.10

**Spousal Job Search Assistance**

- Income Tax Act, paragraph 6(1)(a)
- Income Tax Ruling 9425775 “Taxable Benefits”
Each year, your T4 form arrives signaling that once again it’s tax time.

Having just been through a relocation only complicates the issue. Fortunately, you have been working with BGRS under the IRP and keeping careful track of expenses. Just what is considered to be a taxable benefit is already worked out. You just need to know where to find it.

Remember that BGRS needs to have valid contact information for your file. If you move, let your Relocation Advisor know immediately, including your mailing address and email address.

### Taxable Benefits on Your Financial Worksheet

<table>
<thead>
<tr>
<th>Box on Tax Slip</th>
<th>Line on Tax Return</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>T4</strong></td>
<td><strong>R1</strong></td>
<td><strong>T1</strong></td>
</tr>
<tr>
<td>14</td>
<td>A</td>
<td>101</td>
</tr>
<tr>
<td>16</td>
<td>N/A</td>
<td>308</td>
</tr>
<tr>
<td>17</td>
<td>B</td>
<td>308</td>
</tr>
<tr>
<td>18</td>
<td>C</td>
<td>312</td>
</tr>
<tr>
<td>22</td>
<td>E</td>
<td>437</td>
</tr>
<tr>
<td>36</td>
<td>Note</td>
<td>N/A</td>
</tr>
<tr>
<td>37</td>
<td>Note</td>
<td>248</td>
</tr>
</tbody>
</table>
As a rule, the salaries and wages that must be entered on the RL-1 slip are those paid:

- To an employee who reports for work at an establishment of the employer in Quebec;
- To an employee who, though not required to report for work at an establishment of the employer (in Quebec or elsewhere), is remunerated by an establishment of the employer in Quebec.

For example purposes, the following scenario is provided with the calculations and resulting tax slips.

Mr. Smith moves from one location in Quebec to another location in Quebec and during the tax year he received a base allowance of $650 plus a cash payment of $5,608.08, a benefit related to home inspection purchase in the amount of $375.00 and an interest subsidy in the amount of $192.65. Since Mr. Smith is moving within Quebec, a RL-1 must be produced in addition to a T4.

Mr. Smith was earning $2,535.89 of salary every two weeks.

The illustration below summarizes the method of calculating the amounts that are included on both the T4 and the RL-1 with an example of each tax slip following.
### Deduction Calculations

<table>
<thead>
<tr>
<th>Description</th>
<th>T4 Amount</th>
<th>T4 Box</th>
<th>RL-1 Amount</th>
<th>RL-1 Box</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Tax ($5,608.08 x 33%)</td>
<td>$ 1,850.67</td>
<td>22</td>
<td>$ 958.46</td>
<td>E</td>
</tr>
<tr>
<td>Provincial Tax ($3,722.19 x 25.75%)</td>
<td>N/A</td>
<td>16</td>
<td>$ 198.21</td>
<td>B</td>
</tr>
<tr>
<td>Canada Pension Plan ($5,608.08 x 4.95%)</td>
<td>$ 198.21</td>
<td>17</td>
<td>$ 198.21</td>
<td>B</td>
</tr>
<tr>
<td>Quebec Pension Plan ($3,722.19 x 5.325%)</td>
<td>$ 85.24</td>
<td>18</td>
<td>$ 85.24</td>
<td>C</td>
</tr>
<tr>
<td>Employment Insurance ($5,608.08 x 1.52%)</td>
<td>$ 22.45</td>
<td>55</td>
<td>$ 22.45</td>
<td>H</td>
</tr>
<tr>
<td>Quebec Parental Insurance Plan ($4,097.19 x 0.548%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Calculation of taxable portion of the personalized cash payout for RL-1

2 Week Deduction Calculation for RL-1

- Monthly Salary: $5,494.42
- $5,494.42 x 12 = Yearly Salary: $65,933.04
- $65,933.04 / 52 = Weekly Salary: $1,267.94
- $1,267.94 x 2 = 2 Week Deduction: $2,535.89

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personalized Cash Payout</td>
<td>$5,608.08</td>
</tr>
<tr>
<td>Non-accountable cash allowance</td>
<td>$650.00</td>
</tr>
<tr>
<td>Non-accountable allowance deduction</td>
<td>$(2,535.89)</td>
</tr>
</tbody>
</table>
Example of a T4 Slip

Example of a R1 Slip
When will I receive my 2016 T4/RL-1 for Taxable Benefits reimbursed in 2016?

BGRS will issue your 2016 T4/RL-1 for your Relocation Taxable Benefits in 2016. In February 2017, your T4/RL-1 will be available on your Secure Website, accessible through www.irp-pri.com. Simply select the “Secure Website Login” link, enter your User ID and Password, and select the T4 tab. The electronic tax slip is a PDF version that you may print for your records.

What do I do if I notice an error on my T4 received from BGRS?

If you believe that your T4 is incorrect you should contact your BGRS Advisor. They will discuss the issue with you and if there is a requirement to correct the T4 an AMENDED T4 will be issued within 2-3 weeks after notification. BGRS will also send a copy of the amended T4 to CRA explaining the problem. This way the incorrect T4 will be discarded and not used for calculation purposes.

Why have I received two T4s and an RL-1?

If you have received two cash payments in two different provinces, one of which is Quebec, separate T4s have to be issued indicating the payment and deductions for each location. Also you will receive a RL-1 for the cash payment made in Quebec. Please note that the amount reported on the RL-1 in box A is less than the amount reported on box 14 of the T4 issued for Quebec as you are allowed to take a deduction of 2 weeks’ salary.

Why have I received a T4 several years after my last move?

If you have used non-core funds to reduce the interest in your mortgage through the “Home Relocation Loan” you have received a taxable benefit. The low interest loan earned in the previous calendar year calculated by Group Mortgage Plan will be reported in box 36. This amount is included in box 14 and is used for reporting purposes only. Although this amount is effectively not taxable because you are provided with an offsetting deduction in box 37, the CRA rules state that this amount must still be reported as income.

When you complete your Tax return; enter on line 248 the total of the amount shown in box 37 of your T4. Please note that this amount is not captured in the system. It was provided by Group Mortgages Plan.

What are the federal and provincial tax rates and how do I use them?

Since each province has a different tax rate, moving from one province to another can have a significant impact on your after tax income. The following amounts/rates are for the 2016 taxation year.

Federal tax is calculated, on Schedule 1 of your tax return, by applying a basic rate of 15% on the first $45,282 of taxable income. The next $45,281 of taxable income is subject to a rate of 20.5% and the next $49,825 of taxable income is subject to a rate of 26, and the next $59,612 of taxable income is subject to a rate of 29%. The maximum rate of 33% is applied to any excess over $200,000 of taxable income. The Basic federal tax is then calculated by subtracting non-refundable tax credits and, if applicable, certain other credits or adjustments.

Under the current tax on income method, provincial tax for all provinces (except Quebec) and territories is calculated in the same way as federal tax. Some provincial or territorial surtaxes and reductions might also apply.

For purposes of calculating the amount to withhold when a Transferee is paid cash allowance, the table on the next page shall be used. The amount withheld is based on a flat rate and will not exactly correspond with your individual tax rate. In the event that too much tax is withheld, you will receive a refund or a reduction of taxes otherwise payable when you file your annual tax return.
**Note:** For Quebec there is another deduction for Parental Insurance Plan of 0.548%. The Quebec EI contribution rate is reduced to compensate for this.

<table>
<thead>
<tr>
<th>Province</th>
<th>Federal Tax</th>
<th>Provincial Tax</th>
<th>EI</th>
<th>CPP/QPP</th>
<th>Total Tax</th>
<th>Highest Marginal Tax Rates for 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note 1</td>
<td>Note 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NL *</td>
<td>26%</td>
<td>14.55%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>47.38%</td>
<td>33.00%</td>
</tr>
<tr>
<td>NS</td>
<td>26%</td>
<td>21.00%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>53.83%</td>
<td>33.00%</td>
</tr>
<tr>
<td>NB</td>
<td>26%</td>
<td>17.84%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>50.67%</td>
<td>33.00%</td>
</tr>
<tr>
<td>PE</td>
<td>26%</td>
<td>16.70%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>49.53%</td>
<td>33.00%</td>
</tr>
<tr>
<td>QC</td>
<td>26%</td>
<td>25.75%</td>
<td>1.52%</td>
<td>5.325%</td>
<td>58.60%</td>
<td>33.00%</td>
</tr>
<tr>
<td>ON</td>
<td>26%</td>
<td>13.16%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>45.99%</td>
<td>33.00%</td>
</tr>
<tr>
<td>MB</td>
<td>26%</td>
<td>17.40%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>50.23%</td>
<td>33.00%</td>
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<tr>
<td>SK</td>
<td>26%</td>
<td>15.00%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>47.83%</td>
<td>33.00%</td>
</tr>
<tr>
<td>AB</td>
<td>26%</td>
<td>10.00%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>42.83%</td>
<td>33.00%</td>
</tr>
<tr>
<td>BC *</td>
<td>26%</td>
<td>14.70%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>47.53%</td>
<td>33.00%</td>
</tr>
<tr>
<td>YT *</td>
<td>26%</td>
<td>12.80%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>45.63%</td>
<td>33.00%</td>
</tr>
<tr>
<td>NT</td>
<td>26%</td>
<td>14.05%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>46.88%</td>
<td>33.00%</td>
</tr>
<tr>
<td>NU</td>
<td>26%</td>
<td>11.50%</td>
<td>1.88%</td>
<td>4.95%</td>
<td>44.33%</td>
<td>33.00%</td>
</tr>
</tbody>
</table>

**Note 1:** The highest federal tax rate has increased from 29% to 33%, however, the federal tax rate of 26% will apply to a similar income range as in 2015 - therefore we did not update the federal tax rate to represent the second highest federal tax rate. See below for the applicable tax brackets subject to 26% tax federally:

- 2015: >$89,401 - $138,586
- 2016: >$90,563 - $140,388

**Note 2:** The federal and provincial rates here are the rates used for 2016 unless otherwise indicated (*) - please note the highest marginal tax rates for 2016 are indicated above in the last 2 columns.
The BGRS Glossary is aimed at helping you understand the terms and phrases that may arise during the relocation process. It is intended for general guideline purposes only. Please refer to the Definition explained in your current policy document.

**Abstract of Title** (résumé des titres): A condensed history of the title, consisting of a summary of previous owners, along with a statement of all liens, charges, or encumbrances.

**Actual and reasonable expenses** (frais réels et raisonnables):
   a) the actual expenses incurred, supported by proof of payment, e.g. receipts and vouchers; and

   b) the reasonable amount the employer judges to be both appropriate and justifiable based on experience of what such costs should be in the circumstances, and within the parameters set out in your Policy Document;

**Adjustment Date** (date de readjustments): Date agreed to by both parties to a real property transaction for the adjustment of property taxes, rent, interest, and other items. The adjustment date is also the closing date on the Purchase and Sales Agreement.

**Agency** (relation d’agence): That relationship between principal and agent which arises out of a contract, either expressed or implied, written or oral, wherein an agent is employed and authorized by a principal to carry out certain acts on his behalf in dealing with a third party.

**Agreement of Purchase and Sale** (convention ou contrat d’achat et de vente): A legal document setting out the terms and conditions under which a seller is prepared to sell and a buyer is prepared to buy a property. Generally speaking, if you buy a resale property through a Realtor®, a standard Agreement of Purchase and Sale form will be used. If, however, you buy a new house from a builder, you will be expected to sign a form prepared by that builder. We recommend that all resale offers be reviewed at least verbally with your lawyer/notary and in the case of builders’ offers, physically show the offer to your lawyer/notary before signing.

**Agreement to Lease** (bail ou convention à des fins de bail): A contract by which one party agrees to rent real estate to another party for a fee or other compensation.

**Amenities** (commodités): The benefits, other than monetary, one receives through the ownership or possession of real property. The satisfactions of possession and use arising from architectural excellence, scenic beauty, and social environment.

**Amortization Period – Mortgage** (période d’amortissement hypothécaire): The actual number of years it will take to repay a mortgage loan in full. This may go beyond the term of the loan, such as a mortgage with a five-year term but a 25-year amortization period. The longer the amortization period, the lower the monthly mortgage payment of principal and interest but the greater the total interest paid.

**Application Fee** (droit ou frais de demande hypothécaire): A fee charged by a lender for accepting a loan application. It usually covers only the non-refundable charges (such as appraisals, credit reports, etc.) a lender incurs when deciding whether a loan can be granted. The fee also serves to discourage multiple applications from non-serious applicants. If you ask, some banks will waive this fee if you get your mortgage with them.

**Appointee** (personne nommée): A person recruited from outside the Public Service and appointed on assignment to a department or agency listed in Schedule I of the Public Services Staff Relations Act. On relocation to the first place of employment, a person is deemed not to be an employee for the purposes of this chapter. Members of the Canadian Armed Forces on initial appointment to the Public Service are considered to have the status of appointees.

**Appraisal** (évaluation): An estimate of market value, for a certain purpose and as of a certain date.
Appraised Value (valeur estimative ou d’évaluation): For mortgage purposes, the estimated value of the property offered as security for a mortgage loan. This could be less than the purchase price of the home. Appraised values can also be calculated to establish the current market value of the home based on the typical turnover period for a home in a given area.

Arm’s length transaction (sans lien de dépendance): An arm’s length transaction is one that is consummated between two or more non related parties. Conversely, a non-arm’s length transaction is a transaction consummated between two or more related parties.

- Related individuals include direct-line descendants, as well as spouse or common law partners, brothers, sisters, and in-laws and;
- Related individuals include non-immediate family members such as cousins, aunts, uncles, nephews and nieces.

Assessed Value (valeur fiscale ou évaluation municipale): A value placed on the property by a tax assessor for tax purposes only.

Assessment (frais d’infrastructure): A charge to defray the cost of a public improvement which benefits the property it serves and remains as a lien on the property until it is paid in full (such as paving of streets and/or sidewalks, installation of water and/or sewer lines, etc.).

Bachelor Apartment (appartement-studio ou garçonnière): A small apartment containing one main room.

Balance Due on Closing (solde de clôture): The amount of money that is due to the seller from the buyer after adjustments to the purchase price have been made for items such as deposit, mortgage interest, taxes, fuel oil, etc.

Breach of Contract (violation du contrat): Failure without legal excuse to perform any promise, which forms the whole part of agreed terms of the contract.

Bridge/Interim Financing (prêt-relais): Temporary financing arranged to allow the buyer to close the new home purchase before sufficient funds have been received either from the mortgagee or from the sale proceeds of the former residence. Confirm entitlements with BGRS.

Builders’ Lien (privilège du constructeur): A claim registered against the title to the property by a contractor, supplier of materials or workman with respect to work done or materials supplied to improve the property.

Certificate of Location (certificat de localisation): [See Survey]

Chattels (biens meubles): Chattels are items commonly sold with a property, which are actually the personal property of the seller because they are not attached to the “real property”. Drapery tracks, for example which are fastened to the ceiling are considered to be permanent fixtures and remain with the property; the curtains hung from the drapery tracks are considered to be chattels. Prior to signing the Agreement of Purchase and Sale, ensure that all chattels to be included in the purchase price are listed in the Agreement. In fact, it is also advisable to include some items, which are fixtures but could be disputed on closing (e.g.: drapery tracks).

Clear title (titre incontestable): Unconditional title to a property as determined by the transferee’s solicitor / notary.

Closed Mortgage (prêt hypothécaire fermé): A mortgage agreement that does not provide for payout before maturity (the end of the term). A lender may permit a payout under certain circumstances but with a penalty charge. Many closed mortgages these days allow for specific annual prepayment options, without penalty. All mortgages are closed unless otherwise specified in the mortgage agreement.

Closing Date (date de signature ou de conclusion): The day agreed to by the seller and buyer on which the seller delivers a Deed or Transfer of Title to the buyer and the buyer pays the seller the agreed purchase price. The Deed or Transfer is then registered. While this date normally coincides with the date the buyer is given possession of the property, this may not always be the case.

CMHC (SCHL): Canada Mortgage and Housing Corporation – a Crown Corporation established to administer the National Housing Act (NHA) and provides insurance to lenders.

Commitment (engagement hypothécaire): The written offer from a mortgage lender to provide a specified loan amount at a certain rate for a definite term. Normally, the lender will not commit to an interest rate until 60 to 75 days prior to the closing date of the purchase. For this to be a binding agreement, the borrower must accept the offer.
Condominium (copropriété): A form of property ownership providing for individual ownership of a specific apartment or housing unit, not necessarily on the ground level, and a share of the common elements, such as elevators, hallways and the land.

Consideration (contrepartie): An act of forbearance, or the promise thereof, which is offered by one party to an agreement and accepted by the other as an inducement for that other’s act or performance.

Contract (contrat): An agreement between two or more parties upon lawful consideration, to do or refrain from doing some act (if affecting real estate, it must be in writing).

Conventional Mortgage (prêt hypothécaire ordinaire): A mortgage loan that does not exceed 80% of the lesser of the appraised value or the purchase price of the property. A mortgage that exceeds that limit must be insured.

Conveyance (cession ou transfert): The process of transferring an interest in land from one person to another by way of a transfer document.

Counter Offer (contre-proposition): A statement by the recipient of the offer, which has the legal effect of rejecting the offer and of proposing a new offer to the offerer (who then becomes the recipient of the "new" offer).

Damage Deposit (dépôt en cas de dommages): Tenant’s money held by landlord/owner “in trust” until end of lease; earns interest at prescribed rate; is released to tenant after inspection of property on tenant vacating, less any documented repair expense(s).

Damages (dommages-intérêts): The compensation recoverable by a person who has sustained an injury, either in his person, property or relative rights, through the act or default of another.

Deed (titre): Written legal document of ownership by which title to real property is transferred from one owner to another.

Default (défaut): Failure to fulfill a duty or promise or to discharge an obligation; an omission or failure to perform any act.

Deposit (acompte): A sum of money paid by a buyer to a seller to show good intentions to complete a sales transaction. The deposit is part of the down payment.

Description (description légale): A legal identification of land or premises.

Down Payment (mise de fonds ou versement initial): The amount of money put forward by the purchaser. It represents the difference between the purchase price and the mortgage loan. Typically, the buyer must put up 5% to 25% of the purchase price of a house, in cash, before a lender will offer a mortgage for the rest.

Duplex (duplex ou propriété à deux logements): A two-family dwelling or house.

Dwelling (logement): Self-contained living quarters that have the normal amenities necessary for continuous year-round occupancy, and that have one or more private entrances from outside the building or from a common hall, lobby, vestibule or stairway inside the building. The term includes houses, condominiums, apartments, mobile homes and those portions of a multiple unit residential building that are owned and occupied by the transferee.

Easement (servitude): When someone other than the owner of a property has the right to use a specific part of the property, an easement exists. For example, an easement would allow a non-owner to walk or drive across a part of the property, have access to a well, hang overhead electrical wires, etc. Public utility easements are common; however, any other easements should be taken into consideration when evaluating the property and should be reviewed with your lawyer/notary prior to signing an offer to purchase.

Encroachment (empiètement): An encroachment exists when a building, fence or other improvement is situated on a lot in such a way that a portion of the building, etc. extends onto the neighbouring land. One of the primary reasons for obtaining an up-to-date survey is to determine if there are any such encroachments.

Encumbrance (charge): A term, which refers to any type of lien, mortgage, charge, etc., registered against the title of a property. Your lawyer/notary will examine all encumbrances registered on title before closing and will require the seller to remove any that are inappropriate.

Equity (valeur acquise): The homeowner’s equity is the value of the property less any debts (mortgages, liens, encumbrances, etc.) registered on title.

Estoppels certificate (certificat irréfragable ou de
préclusion): A written certification from an appropriate officer from a condominium corporation setting forth the current state of affairs regarding the common element fees, unit trust accounts, and other monetary matters pertaining to the condominium unit being sold or being purchased. Key items included in the certificate are common expenses, monthly condominium fees and total amount of reserved funds (also known as status certificate).

**Exclusive Listing (contrat de courtage exclusif):** A contract to sell, lease or rent property as an agent, according to the terms of which the agent is given the exclusive right to sell, lease or rent the property or is made the exclusive agent for its sale, lease or rental.

**First and Second Mortgages (prêt hypothécaire de premier et de second rang):** The initial mortgage to be registered on title under the registry system is known as the “first mortgage.” In the event of default, this mortgagee has first claim against the proceeds from the sale of the property. A second mortgage is the next mortgage to be registered on title and so on.

**Fixed Rate Mortgage (prêt hypothécaire à taux fixe):** As the name implies, a fixed rate mortgage features a specific rate of interest over a specific period of time. During the term, which may range from six months to seven or more years, the monthly principal and interest payments remain the same. [See Variable Rate Mortgage]

**Fixtures (biens fixes):** Items, which are considered, attached to the property and are not to be removed on closing unless specifically allowed for in the offer to purchase (e.g., built-in dishwasher, drapery tracks, etc.) [See Chattels]

**Genworth (Formerly G.E. Capital Mortgage Insurance Company of Canada):** A private mortgage insurer.

**Good Faith (bonne foi):** Honesty of intention, abstention from taking unconscionable advantage of another and freedom of knowledge of circumstances which ought to cause a reasonable man to investigate.

**Grantee (cessionnaire):** Person named in a Deed as the buyer.

**Grantor (cédant):** Person named in a Deed as the seller.

**Gross Debt Service Ratio (GDSR) (ratio d’endettement brut ou taux d’effort partiel):** The percentage of gross annual income required to cover payments associated with housing (mortgage principal and interest, secondary financing, heating, and 50% of condominium fees, if any). This should not exceed 32% of your gross annual income. [See also Total Debt Service]

**Guarantor (garant):** Giver of guaranty or security. Give or serve as guarantee for - provide with guarantee. A guarantor is a financially secure person with a good credit rating who can sign a lease assuming responsibility of payment of rent. This situation arises when a prospective tenant who can otherwise afford the rent required but has a poor credit rating cannot be accepted as a tenant. A guarantor must fill out all relevant documents and be prepared for a credit check, just as if he/she were to be the actual tenants of the unit.

**Guaranty (garantie):** Undertaking, usually written, to answer for payment of debt or performance of obligation by the person primarily liable.

**High Ratio Mortgage: (prêt hypothécaire à quotité majorée) A mortgage loan that exceeds 80% of the lesser of the appraised value or purchase price of the property. This mortgage must be insured and borrowers must pay an application fee and the insurance premium (which may be added to the mortgage) to the insurer. [Refer to the Mortgage Primer section under the Buy Smart tab]

**Home Equity Loan (prêt sur la valeur acquise):** A loan, which is given to a homeowner that is based on the value of the property, less any debts (mortgages, liens, encumbrances) registered on title.

**Interest Adjustment Date (date définitive de calcul des intérêts):** A date, usually one month before the monthly mortgage payments begin, when interest on funds advanced before that date is calculated and must be paid by the borrower.

**Interest Rate (taux d’intérêt):** The percentage, which is charged for the use of borrowed money.

**Irrevocable (irrévocable):** Incapable of being recalled or revoked; unchangeable, unalterable.

**Landlord (propriétaire bailleur):** The owner of houses, condominiums or apartments, who rents or leases to tenants.

**Last Month’s Rent (loyer du dernier mois):** Tenant’s money held by landlord/owner “in trust” until end of lease; earns interest at prescribed rate;
can only be used for payment of last rental period (month) - may not be used for repairs/damages.

**Lease (bail):** Contract between landlord (lessor) for the occupation or use of the landlord’s property by the tenant for a specified time and for a specified consideration (rental).

**Lessee (locataire ou preneur à bail):** Tenant under a lease.

**Lessor (bailleur):** A person who grants use of property under lease to a tenant.

**Lien (privilège):** A lien is an encumbrance as previously defined. A common kind of claim is a mechanic’s lien, which can be registered against title by a company, or individual who provides services, materials or labour that are incorporated into the property but for which he/she has not been paid. It is your lawyer’s/notary’s responsibility to discover these on searches of title and requisition appropriate discharges prior to closing.

**Listing (contrat de courtage):** A written agreement between a property owner and an agent authorizing the agent to offer for sale or lease real property.

**Listing Price (prix demandé):** The value at which a property is advertised for sale.

**Loan Origination Fee (commission ou frais de montage):** A fee charged by a lender for processing a mortgage.

**Loan-to-Value Ratio (quotité de financement):** The ratio, or percentage, of the mortgage loan to the lesser of the appraised value or purchase price of the property.

**Market Value (valeur marchande):** Means in respect of a residence, the value at the time of sale.

  - The highest price estimated in terms of money which the property would bring if exposed for sale or for lease on the open market by a willing seller allowing a reasonable time to find a willing buyer or tenant, neither buyer or tenant acting under compulsion, both having full knowledge of the uses and purposes to which the property is adapted and for which it is capable of being used, and both exercising intelligent judgment.

**Maturity Date (échéance):** The last day of the term of a mortgage agreement. The mortgage agreement must be renewed or the mortgage balance paid in full.

**M/E (M/E):** Member or Employee

**Mortgage (hypothèque):** The money borrowed to purchase property and is registered as a claim against the property. The property then becomes the security for the lender until the debt is fully repaid.

**Mortgage Broker (courtier en prêts hypothécaires):** An independent, licensed mortgage specialist retained by the client to shop the mortgage market (including banks, trust companies and other financial institutions). The mortgage broker will provide independent advice in choosing a mortgage commitment to fit their particular needs. It is a similar service as that of an insurance broker or travel agent in that a professional mortgage broker is a highly trained specialist within a very complex industry. They can often obtain mortgage commitments with better terms, options and interest rates than the client can obtain on their own, thereby saving them considerable time and effort, as well as potentially thousands of dollars over the term of a mortgage. The mortgage broker is typically paid a fee by the lender upon the successful funding of a mortgage. The transferee must confirm if the mortgage broker will charge a fee, as this cost would be the personal responsibility of the transferee.

**Mortgage Discharge (quittance hypothécaire):** When the mortgage has been paid off in full, the lender provides the borrower with a "discharge" document, which is registered on title. Unless the discharge is registered, the mortgage continues to be an encumbrance on title. [See also Prepayment/Discharge Penalty]

**Mortgage Interest (intérêt hypothécaire):** The cost of borrowing mortgage money. Mortgage interest rates vary with the term and type of loan required. An open mortgage, for example, will come with a higher interest rate than will a closed mortgage.

**Mortgage Interest Differential (MID) (différenciel d’intérêt):** Difference between the new mortgage rate and the existing (old) mortgage rate, multiplied by the time remaining on the existing mortgage term.

**Mortgagee (prêteur ou créancier hypothécaire):** The company or individual, the lender, who lends money to the homebuyer on the security of the mortgage.

**Mortgagor (Emprunteur hypothécaire):** The borrower of money used to purchase property, giving back a mortgage as security to a lender.
Mortgage Life Insurance (assurance vie hypothécaire): Most mortgage lenders offer life insurance to borrowers so that the loan is automatically paid off in the event of death of one of the borrowers. This should not be confused with high ratio mortgage insurance, which is designed to repay the loan in the event of a default.

Mortgage Loan (prêt hypothécaire): A loan for which the security is the real estate owned by the borrower.

Offer to Purchase (promesse d’achat): A formal, legal agreement that offers a certain price for a specific real property. The offer may be firm (no conditions attached) or conditional (certain conditions must be fulfilled).

Offer and Acceptance (promesse d’achat et acceptation): The basic requisite of any contract is a proposal by one party (called the offeror) to another party (called the offeree) to accept the basic terms of the Agreement. If the offeree indicates his assent to the proposal, there is an acceptance and the contract will bind both parties to its terms.

Open Mortgage (prêt hypothécaire ouvert): An open mortgage permits for prepayment/repayment at any time, without penalty. Read your mortgage contract carefully, before signing, to ensure you understand all terms and conditions.

Option (option d’achat ou de location): A right given by the owner of property to another (for a value consideration) to buy or lease a certain property within a limited time at an agreed price.

Personal Property (biens ou effets personnels): All property, except land, and the improvements thereon. Generally moveable items not permanently affixed or a part of real estate.

PIT (Principal/Interest/Taxes) (C.I.T. - Capital, intérêts et taxes): The monthly cost to service the mortgage and keep the property taxes up to date. Some mortgage institutions, wishing to pay the taxes themselves, will ask that the monthly installments include the tax portions.

Portable Mortgage (prêt hypothécaire transférable ou portable): A type of mortgage, now the norm, which allows the homeowner to port, or transfer, an existing mortgage, together with all its terms and conditions, to a “replacement” residence, thereby eliminating penalty charges. This option is particularly desirable when the interest rate on the remaining term is more favourable than the current rate.

Caution: portability varies significantly from lender to lender. Some lenders will allow mortgages to be ported with a specific “gap” between the closing dates of the two homes, whereas others will allow only a few days. It is therefore important to verify the conditions relating to portability when entering into a mortgage contract.

Power of Attorney (procuration): Delegated written authority to a person to legally act on behalf of another.

Prepayment (remboursement anticipé): The early prepayment/repayment of part, or all, of the principal of a mortgage loan, over and above the regular, blended, monthly mortgage payments. Typically, annual prepayment privileges of 10% or more are written into the mortgage contract. Be sure this clause is included in your contract, even if you will not have the money to prepay the mortgage. If you have to discharge your mortgage early, the prepayment option can be applied before the mortgage discharge penalty is calculated on the remaining balance.

Prepayment Privilege (privilège de remboursement anticipé): Typically, a percentage of the mortgage balance that can be paid every year, in addition to regular payments, without penalty. The prepayment clause contained in a mortgage document could save thousands of dollars over the term of a mortgage. This should be considered as important as obtaining the best possible interest rate when comparing mortgages.

Prepayment Penalty Clause (clause prévoyant l’indemnité de remboursement anticipé ou de quittance anticipée du prêt): A clause in your mortgage agreement that defines the amount that you must pay as a penalty for breaking the mortgage contract and paying the mortgage off early. The standard prepayment penalty clause is the greater of either 3 months’ interest or an interest rate differential (IRD), which represents a loss of revenue to the lender.

Prepayment Penality/Discharge Penalty (indemnité de remboursement anticipé): Any costs charged by the mortgage lender to discharge a mortgage prior to the end of its term. Before committing yourself to a lending institution when buying your new home, check carefully to see what mortgage penalties will apply.

Prescribed Rate (taux d’intérêt prescrit): The interest rate set by the Canada Revenue Agency
Employers can offer this rate to relocating employees to “buy down” their negotiated mortgage interest rate. This would be non-taxable providing the mortgage interest rate buy down (MIB) does not go below the prescribed rate. Should an employer “buy- down” the mortgage interest rate below the prescribed rate, the employee would be taxed on the difference.

**Principal** *(capital)*: Initially, the total amount borrowed and subsequently, the balance of the loan remaining unpaid at any given point during the term of the mortgage.

**Purchase Price** *(prix d’achat)*: Means in respect of a principal residence, the actual amount paid for the residence including applicable federal or provincial sales tax.

**Pro-Rate** *(prorata)*: To apportion between seller and buyer their proportionate share of an obligation paid or due (such as pro-ration of taxes, condominium fees, etc.), usually fixed by varying local customs.

**Rate Commitment** *(garantie de taux)*: How long a lender is willing to guarantee the prevailing interest rate? The rate at time of “pre-approval” would be fixed for the commitment term (usually 30-90 days, but may be as long as 120 days). If interest rates go down, however, your lender may automatically reduce the rate. If rates go up, you are protected. Note: If your lender is not willing to match the lowest prevailing rate one to two weeks prior to your closing date, you may move to another lender. Transferees should try to negotiate a rate commitment for 120 days, to give maximum flexibility.

**Real Property Report** *(rapport sur les biens fonciers)*: A Real Property Report is a legal document that clearly illustrates the location of all pertinent visible public and private improvements relative to property boundaries. [See also Survey/Certificate of Location]

**Realtor ®** *(courtier)*: A registered word, which may only be used by an active member of a real estate board affiliated with the Canadian Real Estate Association.

**Renew** *(renouvellement)*: To extend a mortgage agreement with the same lender for another term. The length of the term and the conditions, such as interest rate, may be changed.

**Rent** *(loyer)*: The compensation paid for the temporary use and/or occupation of real estate.

**Rental Deposits** *(dépôts de location)*: See Summary of Provincial Landlord / Tenant Legislation, under the Rent Smart tab, for specifics.

**Right of Way** *(droit de passage)*: A right to cross over someone else’s land by an individual, utility, railroad, etc., to whom the right of way is given. It may restrict your use of the property. If you do not have good access to your property, you may need to obtain a right of way from someone else to get to your property.

**Sale Price** *(prix de vente)*: Means in respect of a principal residence, the final selling price.

**Security Deposit** *(dépôt de garantie)*: Tenant’s money held by landlord/owner “in trust” until end of lease; earns interest at prescribed rate; is released to tenant after inspection of property on tenant vacating - less any documented repair expense(s); in certain cases, can also be used at end of lease to replace lost rent.

**Seller Take Back Mortgage** *(prêt accordé par le vendeur)*: Sometimes, the person selling the house will have sufficient capital to provide the buyer with mortgage funds to buy the house. This is known as having the seller “take back” the mortgage. In many cases, the seller is willing to accept a lower rate of interest on the mortgage than a financial institution might. Speak with your Realtor ® for further details.

**Single-family dwelling** *(logement unifamilial)*: Living quarters, containing the normal amenities, typically occupied by one family unit.

**Statement of Adjustments** *(état des répartitions ou des rajustements)*: A reconciliation prepared by lawyers/notaries on closing to allocate the adjustable items between the seller and buyer. Most commonly, adjustments are made for taxes, fuel oil, mortgage interest, insurance premiums, rents, etc.

**Strata Council** *(conseil de gestion ou d’administration de copropriété)*: The governing body of a condo complex made up of unit owners elected by the other owners. The council handles the day-to-day operation of the complex either directly or through the use of a property management company. The council receives its direction from the other owners at regular scheduled meetings.

**Studio Apartment** *(appartement-studio ou garçonnière)*: A small apartment containing one main room.
Sublease/Sublet (sous-location): An agreement conveying the right of use and occupancy of a property in which the lessor is the lessee in a prior lease.

Survey (certificat de localisation): A map or plot made by a licensed surveyor showing the results of measuring the land. Often required by the lender to assure that a building is actually located on the land according to its legal description.

Tenant (locataire): One who occupies land or tenement under a landlord.

Term (durée): The period of time over which the lender is willing to lend money at the prevailing interest rate. Typically, terms range from one to seven years. At the maturity date, the outstanding balance is due and payable. Normally, the mortgage is renewed for a new term, at the then current interest rate. “Term” is often confused with amortization. [See Amortization Period]

Time is of the Essence (les délais sont de rigueur): Requires punctual performance of a contract on closing date and is indicated by so stating, as in an Offer to Lease or Purchase and Interim Agreement.

Title (titre): A document that indicates rights of ownership and possession of a particular property. However, title in the real estate context means the sum of the benefits from deeds, wills, easements, and other conveyances. It is not normally a document by itself, but is the result of getting a correct, legally enforceable deed with adequate protection from defects in the history of the title.

Title Insurance (assurance des titres): Title Insurance is essentially an insurance policy issued by an insurance company to provide compensation in the event that there are defects in title on your home.

Title Search (recherche ou examen des titres): A process conducted by your lawyer/notary whereby official title documents are examined prior to closing your purchase. The lawyer/notary obtains an “abstract of title” from the local registry office, which is a chronological history of all instruments and events affecting title. This process enables the lawyer/notary to determine whether or not the title to your new property is free and clear of any inappropriate mortgages, liens, rights-of-way, encroachments, by-law infractions or other encumbrances.

Total Debt Service Ratio (TDSR) (ratio d’endettement total ou taux d’effort total): The percentage of gross annual income required to cover payments associated with housing (mortgage principal and interest, taxes, heating and 50% of condominium fees, if any) and all other debts and financial obligations, such as payments on a car loan or credit card. Typically, the maximum TDSR allowed by mortgage lenders is 40% of gross income. [See also Gross Debt Service]

Transfer (Excise) Tax (droit de mutation immobilière) [Also known as Land Transfer Tax]: Tax charged by some provinces when title passes from one person to another. Local law or custom usually defines who is charged for this tax.

Trust Account (compte en fiducie ou fidéicommis): An account separate and apart from one’s personal monies, as required by law in the case of an agent.

Variable (Floating) Rate Mortgage (prêt hypothécaire à taux variable, fluctuant ou référentiel): A mortgage where the interest rate changes from time to time as money market conditions change, usually not more than once a month. Normally, the monthly payment remains constant. If interest rates go down, more of the monthly payment is applied against the principal. Conversely, if rates go up, more of the monthly payment is applied against the interest. If rates rise too high, the lender is usually entitled to increase the monthly payment. Some variable rates are capped at a maximum rate to protect you if rates rise above a certain amount.

Witness (témoin): To subscribe one’s name to a deed, will or other document for the purpose of attesting its authenticity and proving its execution by testifying, if required.

Zoning (zonage): The means by which a municipality controls the use of land. These controls are contained in municipal by-laws. Check the zoning restrictions carefully if you are contemplating any changes to the house you wish to buy or if you are buying a house adjacent or close to vacant land. Ask your lawyer/notary to determine if the location of the house you wish to buy complies with existing municipal by-laws.
### Acronyms/Acronymes

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<td>CFHA</td>
<td>ALFC</td>
<td>Agence de logement des Forces canadiennes</td>
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<td>Canadian Forces Integrated Relocation Program</td>
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<td>Programme de réinstallation intégré des Forces canadiennes</td>
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<td>Capital Improvements</td>
<td>CI</td>
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<td>Amélioration des immobilisations</td>
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<td>Group Mortgage Plan</td>
<td>GMP</td>
<td>RCPH</td>
<td>Régime collectif de prêts hypothécaires</td>
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<td>Canada Mortgage &amp; Housing Corporation</td>
<td>CMHC</td>
<td>SCHL</td>
<td>La Société canadienne d’hypothèques et de logement</td>
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<td>Central Materiel Transport Terminal</td>
<td>CMTT</td>
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<td>Changement de date d’entrée en fonction</td>
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<td>Change of Strength</td>
<td>COS</td>
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<td>Canada Revenue Agency</td>
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<td>Compulsory Retirement Age</td>
<td>CRA</td>
<td>ARO</td>
<td>Âge de la retraite obligatoire</td>
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<td>Service central de déménagement</td>
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<td>DAE</td>
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<td>Indemnité pour personne à charge</td>
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<td>AM et EP</td>
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<td>DIT</td>
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<td>Voyage d’inspection à destination</td>
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<td>Electronic Funds Transfer</td>
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<td>ETA</td>
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<td>Ligne de crédit de capitaux propres à la maison utilisée</td>
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<td>Household Goods and Effects</td>
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<td>RTDRA</td>
<td>IOTDR</td>
<td>Inverse de l’indemnité pour l’occupation temporaire de deux résidences</td>
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<tr>
<td>Recreational Vehicle</td>
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<td>Véhicule de plaisance</td>
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<td>Service Couple</td>
<td>SC</td>
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<td>Special Commuting Assistance</td>
<td>SCA</td>
<td>ASTQ</td>
<td>Aide spéciale au transport quotidien</td>
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<td>NAS</td>
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<td>SIT</td>
<td>ECD</td>
<td>Entreposage en cours de déménagement</td>
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<td>Single Quarters</td>
<td>SQ</td>
<td>LC</td>
<td>Logement pour célibataire</td>
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<td>STSI</td>
<td>ISVP</td>
<td>Initiative des services de voyages</td>
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<td>Numéro d’autorisation de voyage</td>
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<td>TBS</td>
<td>SCT</td>
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### Acronyms/Acronymes

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<tr>
<th>English</th>
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<th>French Acronym</th>
<th>French</th>
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<tr>
<td>Travel to New Location</td>
<td>TNL</td>
<td>VNLT</td>
<td>Voyage jusqu’au nouveau lieu de travail</td>
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<td>Third Party Service Provider</td>
<td>TPSP</td>
<td>TFS</td>
<td>Tiers fournisseur de services</td>
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<td>UAB</td>
<td>BNA</td>
<td>Bagages non accompagnés</td>
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<td>YOS</td>
<td>AS</td>
<td>Années de service</td>
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<td>AM</td>
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