

A large, white, serif capital letter 'R' is positioned on the left side of the top section. It is set against a dark blue background that features a faint, light-colored image of classical architectural columns.

# RESEARCH REPORT

THE NEWCOMER'S GUIDE  
TO CANADIAN HOUSING

**HOUSING  
AFFORDABILITY  
AND FINANCE  
SERIES**



HOME TO CANADIANS  
Canada

# ***The Newcomer's Guide to Canadian Housing***

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# INTRODUCTION

You've arrived in Canada. One of the most important tasks ahead of you is finding a place to live.

Canada Mortgage and Housing Corporation (CMHC) has prepared this book to help you find a comfortable place to live in a friendly neighbourhood.

Canada offers many different types of housing and a wide range of prices. Finding the right place for you and your family to live will take some effort.

*The Newcomer's Guide to Canadian Housing* answers your questions about renting or buying a house. It gives you the right questions to ask landlords, building superintendents, real estate sales representatives, property managers and lenders.

Giving a complete picture of Canadian housing is difficult, because housing in each of the 10 provinces and three territories is different. There are differences in housing types, largely because of different climate conditions. Prices are different. They depend on local economic and employment conditions and the number of houses and apartments available.

You will have to be flexible. For example, you may find the house you want in a neighbourhood that you like. The house may cost too much, or the neighbourhood may be too far away from shopping or your job. You may have to accept a smaller place until you can afford what you really want.

You may find Canadian housing customs and practices different. For instance, Canadians consider a family with three or four children quite large. That means that there are not many four bedroom apartments.

## What is CMHC?

In everything that Canada Mortgage and Housing Corporation (CMHC) does, we are helping Canadians live in safe, secure homes. We are home to Canadians.

- CMHC exists to help house Canadians. We are the Government of Canada's national housing agency.
- We work with public, private and not-for-profit partners to improve the quality, accessibility and affordability of housing in communities across the country.
- We provide mortgage loan insurance that helps Canadians realize their dreams of owning a home.
- We provide housing assistance for low-income and older Canadians, people with disabilities and Aboriginals so they can live in decent, affordable homes.
- We pursue leading-edge research to improve the quality and affordability of housing and ensure that what we learn reaches consumers and the housing industry to help them make informed business and purchasing decisions.
- We create jobs for Canadians by providing products and services to help the housing industry export its knowledge and skills abroad.

Most Canadian parents want each child to have his or her own bedroom, particularly when the children become teenagers. Teenage boys and girls usually do not share a bedroom.

There is no Canada-wide law about housing. Every province has its own laws about renting and buying.

If you are a tenant—that is, if you rent—you have rights and responsibilities. This Guide tells you what they are.

For example, it is against the law to refuse to rent to you because of your

- race
- creed
- religion
- colour
- family status
- age

In most provinces it is against the law to refuse to rent to you because you have children.

You are responsible for damage to your apartment or rented house that is more than normal wear and tear.

Leases are an important, legally binding part of any rental agreement. Mortgages are a legally binding part of buying a home. The Guide explains leases and mortgages in detail.

*The Newcomer's Guide to Canadian Housing* starts with 'Housing in Canada'—information about housing in Canada. It tells you what you will find when you start looking for a place to live—and what you should look for.

'Housing in Canada' is followed by 'Renting', where you will find the information you need about renting an apartment or a house.

The final section is about buying. This section explains mortgages, interest and takes you through the steps in buying a house.

# HOUSING IN CANADA

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This chapter is about Canadian cities and towns, neighbourhoods, types of Canadian housing and housing customs and practices.

## Canadian cities and towns

Usually, towns and cities set aside or “zone” specific areas for highrise apartment buildings. You will see clusters of highrises in the downtown core. Some are apartment buildings. Some are office buildings and stores. You will also find highrise apartment buildings on the outskirts—suburban areas or suburbs—of towns and cities.

Land costs in big cities are high. For that reason, there are usually many apartment buildings in big cities.

Apartments can be ideal for people who cannot afford to buy a house. Young adults and newcomers often live in apartments in the centre of a city, where services and public transportation are close by.

Suburbs are typical features of Canadian cities. People build homes on the cheaper land outside the downtown core. Suburbs can spread far beyond the downtown city core. Over time suburbs develop their own characteristics. Some are almost entirely residential communities. Others have factories and office buildings. Many of Canada’s older suburbs have developed into cities with a range of cultural activities, shopping and recreation.

The advantage of suburbs is larger apartments for less rent. The disadvantage is that you may need a car for transportation.

## Location of housing

### Neighbourhoods

Canada is a country of great ethnic diversity—in some cities more than 40 per cent of the population is recent immigrants. They come from many

countries and from many different cultures. It is the different cultures that create neighbourhoods.

It is possible to live in an area where many people from your culture live. The advantages are great. Your neighbours speak your language. You will probably be near familiar shops, restaurants and places of worship. If apartments are available, it is likely that landlords will be familiar with your culture. You will probably find that people from other cultures shop in your neighbourhood for the variety of products offered.

In urban centres, residents are not only of mixed cultural backgrounds, but of varied socio-economic backgrounds. Universities are usually in the city centre, so there is often a large student population. This adds to the exciting diversity.

## Choosing a neighbourhood

There are many non-governmental agencies that help immigrants make the adjustment to Canada. The agencies are familiar with your culture and the city. They can help you find the right neighbourhood for you.

Here are some things to keep in mind when you choose a neighbourhood:

Doctor, dentist  
Are you close to medical and dental care?

Fire department  
Are firefighters nearby? Is it easy to find addresses in the neighbourhood?

Place of worship  
Is there a place of worship for your faith in the neighbourhood?

Public transportation  
Is the neighbourhood close to public transportation?  
Will the public transportation system take you where you need to go and do it quickly?



#### Recreation

Are there public parks, playgrounds, playing fields, arenas, community centres and other recreational areas and centres in the neighbourhood?

#### Schools

Are schools within walking distance? Do schools have language instruction to help your children do well? Do you feel comfortable with the students and the student mix?

#### Shopping

If you do not have a car, can you walk to stores? Are stores on the public transit route? Do the stores sell the foods you want?

#### Work

If you don't have a job, are there businesses in the area where you might find a job?

# TYPES OF HOUSING

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There are many different types of housing in Canada. Housing types are similar across the country. Often, different words describe the same type of housing in different parts of the country.

In Canada, each level of a house or a building is a **storey**. A storey is one level. The ground level or ground floor is the first storey, the second floor is the second storey. A basement is not a storey.

Canadian houses almost always have **finished** or **unfinished basements**. A basement is not the same as a cellar. To Canadians, a cellar is an unheated storage space below ground. Basements are heated and usually only partly below ground level. In the part above ground level there are small windows.

Basements usually have a utility or laundry space or room for a clothes washer and dryer. The furnace is usually in another part of the basement.

Homeowners store bulky items, such as bicycles, tools, trunks, and sports equipment in unfinished basements. Some homeowners keep winter clothing in the basement in the summer.

A finished basement is insulated and finished, usually to the same level as the rest of the house. Homeowners use finished basements as family rooms, TV rooms or additional bedrooms.

## **Basement apartment**

A basement apartment is a basement converted to an apartment. It may have a separate entrance. The apartment may have its own bathroom, kitchen, laundry room and heating system, or share with the rest of the house.

## **Detached**

A detached house is not attached to any other house and is usually one or two storeys high. A detached house is also called single-detached

or a single family dwelling. A one-storey is called a bungalow. There are many styles of bungalows. A ranch-style bungalow is a large, spread out bungalow.

## **Highrise apartment**

A highrise apartment is an apartment in a building that can be from six to 30—or more—storeys high. Highrise apartment towers have elevators and security systems to monitor entry and exit. Because they are newer buildings they often have laundry facilities, sports and recreation facilities, and so on. Highrise buildings are well built and have efficient electrical, heating, sewage and plumbing systems.

## **Rooming House**

A rooming house rents rooms by the week or month. Often there is a refrigerator—usually called a fridge—in the room to store food. Usually, roomers share the kitchen and bathroom. A single person is more likely to use a rooming house.

## **Semi-detached or duplex**

A semi-detached house (or “semi”) is attached to another, similar house. The common wall is thick enough to prevent sound passing between the units. Semis can be either one or two storeys and usually have yards in the back. In some cities, such as Montréal, semis are called duplexes. In other parts of Canada, a duplex is a two storey house with separate dwelling units on each storey. If there is a yard, it is usually for first floor residents only.

## **Single-room occupancy (SRO)**

Similar to a rooming house, but with kitchen and bathroom in each unit

**Townhouse or row house**

Townhouses—sometimes called row houses—are several houses with common walls between each house. They are usually two storeys. A stacked townhouse is one townhouse sitting on top of another. Each townhouse is two storeys.

**Walk-up or lowrise apartment**

A walk-up or lowrise is an apartment building that does not have an elevator. Generally, monthly rent for a walk-up is less than monthly rent for a highrise apartment. Walk-ups are usually older buildings less than five storeys high. They usually have fewer conveniences, such as laundry rooms or storage lockers.

# HOUSING CUSTOMS

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Canadians take care of their houses and gardens. They expect their neighbours to take care of their houses and gardens.

In most cities and towns, municipal bylaws require homeowners to keep their property neat and tidy. Some cities require owners to shovel the sidewalk in front of their house in winter. If you rent an apartment, this is the landlord's responsibility.

Most Canadians want to eventually buy a home. When Canadians grow older, they often sell their houses and use the money from the sale to buy a condominium or rent an apartment.

Many Canadians keep their distance from their neighbours. Children are not as reserved as adults. If you have children, they will probably get to know other children—and their parents—in the neighbourhood very quickly.

Most Canadians do not expect people to visit without an invitation.

In an emergency, however, neighbours usually offer help quickly.

If you have problems with a neighbour, your landlord or superintendent, try to solve the

problem before going to any authorities.

Canadians generally like to work things out in person. Settling disputes through the legal system is generally a last resort.

## **Pace of life**

A fact of life in Canada, especially in the large urban centres, is time pressure.

Many Canadian cities occupy large geographic areas. People commute to and from work by car or public transit.

Commuting takes time. Most Canadians don't have as much time as they would like for friends, families, and neighbours.

This has affected the way of life, so that for some immigrants, Canadians appear to be less willing to take time for leisure activities. Many newcomers to Canada find this very different, especially if they are from cultures which place an emphasis on personal and social interaction, where they tend to walk rather than drive, and where they tend to visit friends without calling first. This time pressure is a big consideration when looking for the right location.

# TYPES OF OWNERSHIP

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**Tenure** is the word in Canadian law that means the legal rights you have over your house.

The three most common types of tenure in Canada are **freehold ownership, condominium ownership** and **rental**.

## Ownership

Ownership means you can sell your house any time you want.

Detached and semi-detached homes, duplexes and townhouses are usually owned **freehold**.

Freehold means that one person (or two, such as joint ownership by spouses) owns the land and house outright. There is no space co-owned or co-managed with owners of other units.

Freehold owners can do what they want with their property—up to a point. They must obey municipal bylaws, subdivision agreements, building codes and federal and provincial laws, such as those protecting the environment.

## Condominium ownership

Condominium ownership is ownership of a unit, usually in a highrise. Condominiums can also be townhouses or lowrises.

Condominium ownership means you own the unit you live in and share ownership rights for the common space of the building. Common space includes areas such as corridors, the grounds around the building, and facilities such as a swimming pool and recreation rooms.

Condominium owners together control the common areas through an owners' association. The association makes decisions about using and maintaining the common space.

## Rental

Rental gives you the right to live in—but not sell—an apartment or a house.

It is possible to rent any type of housing, but most rental units are apartments.

When you rent, you are a tenant.

The person or the company you rent from is the landlord.

Every province has laws setting out the rights and responsibilities of tenants and landlords.

The chances are that the first place you live in Canada will be rented. You can rent a place to live on a month-to-month basis, or rent for one or two years. There are many different types of living places for rent.

The following are the different types of rental accommodation you will find in most Canadian cities and many towns.

## **Co-operative or co-op housing**

Co-op housing is a type of subsidized housing. Rent for about half the units is geared-to-income—the rent is what the tenant can afford to pay. Rent for the other units is market or near-market rate.

All the tenants of a co-op take part in managing and running the building. Your local library may have a list of co-ops. Each co-op keeps its own waiting list. You have to apply to a specific co-op to be put on its waiting list.

## **Non-profit housing**

This is rental housing built by a community group, a religious group or a non-profit organization. The purpose of non-profit housing is to provide affordable housing, not to make a profit.

Because governments do not run non-profit housing, there is no central list of what is available. Your local library may have a list of non-profit housing organizations.

## **Privately owned rental housing**

This is the most common type of rental accommodation in Canada. You pay rent to an individual or a company. Market forces—supply and demand—determine your rent. There is no financial assistance from municipal, provincial or federal governments.

## **Public housing**

Public housing usually refers to houses or apartments the provincial government built and manages through a local housing authority. Most often apartments, they are for people who are most in need. Public housing sets rent on what the tenant can afford—rent geared-to-income.

To get public housing you must be at least 16 years old and a Canadian citizen or landed immigrant.

## **Shared housing**

Shared housing can be an apartment or house that you share with another person, or another family.

In a rooming house, a shared house or apartment, there are private bedrooms. You share the kitchen, bathroom and other living space with other people.

## **Special needs housing**

Special needs housing is a type of shared housing. It is designed and built for people with special medical, physical, or psychiatric needs.

## **Subsidized housing**

You pay less rent for subsidized housing than you do for privately owned rental housing.

The people who run subsidized housing don't have to charge as much rent as owners of private rental housing. Subsidized housing is usually intended for people who don't have a lot of money. A municipal government or charitable organization pays part of the operating cost.

Subsidized housing can include public housing, non-profit housing and co-operative (co-op) housing.

The demand is high for subsidized housing because it costs less. There is often a waiting period—in some cities as long as four or five years. On page 25 there is a list of housing

authorities. They can tell you about the qualifications for a subsidized house or apartment, how to apply—and how long you have to wait.

# WHO'S WHO IN RENTING

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## **Landlord**

The landlord is the person or company who owns the building in which you live. If the building is small, the landlord may be the only person involved in performing all of the tasks associated with renting. You make the lease agreement with the landlord. The landlord is ultimately responsible for repairs.

## **Property Manager**

A property manager acts on behalf of the landlord, and takes on all responsibility for the operation of the building. The property manager may hire a **superintendent** (often called the “**super**”) to manage the physical operation of the building. It is the super you ask for repairs, give your rent cheque to, and generally have the most contact with.



# FINDING A PLACE TO RENT

There are many ways to find an apartment or a house to rent.

The immigrant aid agency that greeted you when you arrived in Canada may have workers who will help you find a place to live. The workers know the housing situation in your town or city.

Every large community has a Welcome House. Workers at the Welcome House can help you find a place to stay until you can find an apartment or house.

You can ask for help from relatives or friends.

But to find the apartment or house that is right for you, you have to do your own search.

Be positive and not too choosy. Sometimes apartments are much nicer on the inside than on the outside—and sometimes not. If you are having difficulty finding a permanent place to live, consider a room that rents by the week or month.

If you use a rental locator, check the company's reputation with the Better Business Bureau or a settlement worker. Ask about fees. Rental locators usually charge between \$50 and \$100. If the rental locator guarantees a result, get the guarantee in writing. Never sign anything you do not fully understand; take time to check things out and never sign under pressure.

Real estate sales people can rent apartments only from their listings. A landlord asks a real estate sales person to “list” his or her property. The landlord—not you—pays the real estate salesperson a fee for every apartment he or she rents.

## Extended family

If you have an “extended family”—your children, parents and elderly relatives—you may find it difficult to find an apartment or house large enough for your family.

## Quick tips for finding rental housing

- ask friends or family already living in the community
- search the classified ads in ethnic newspapers, community newspapers, and daily and weekly newspapers
- make sure to buy a newspaper first thing in the morning; apartments are often rented by 9 a.m. on the first day of advertising;
- check bulletin boards in grocery stores, laundromats, health clinics, thrift stores, community centres and service clubs
- ask for help from the immigrant aid agency or cultural association that welcomed you to Canada
- put up your own notice asking for an apartment or house to rent in an area you like
- go from building to building and ask building superintendents if there are apartments to rent now or soon; fill out an application to go on the waiting list
- ask about apartments and houses to rent at the local library and at the local school—especially if they offer language classes
- call a local church, mosque or synagogue or other place of worship—they often have programs to help newcomers
- find out from the public library or community agencies if there is a registry of rooms and apartments for rent—check the registry often
- check the phone book Yellow Pages™ for housing help agencies and central referral agencies—they may be listed as Housing Sharing Services
- universities and community colleges list rooms and apartments for rent for students and there may be inexpensive apartments available in summer while students are away

Generally, Canadian families are “nuclear families”—a couple and one or two children. Grandparents usually do not live with their adult children and grandchildren. Apartments are designed for the small Canadian family. They have two bedrooms. Few apartments have three bedrooms. Four or five bedroom apartments are rare.

Consider buying bunk beds (two—or more—beds, one above the other, forming a unit) if you want to put two children in one bedroom. With a bunk bed, each child has his or her own bed and there is still a lot of floor space. A more expensive solution is to rent two apartments on the same floor.

Often, landlords limit the number of people who can live in an apartment. There is a limit because building systems—plumbing, elevators, electricity, parking—are designed for a specific number of people. Anything more strains the building's systems.

If you have an extended family, consider renting a house. They are harder to find and more expensive than an apartment.

If your household includes older relatives it is important to live in a neighbourhood that has activities for older people. Chances are that you and your spouse will both find jobs. Your children will go to school and will quickly learn English and make friends with other children. Many community centres have day programs for older people, which include cooking classes, language classes, exercise programs and so on.

## Special needs

Canadian law and practice make it easier for people with physical disabilities to get in and out of buildings and to move around in buildings. Shopping centre and grocery store parking lots have spaces reserved for people with physical disabilities. Most apartment buildings and public buildings have ramps and wide elevators to make it easier for people in wheelchairs.

## 'For Rent' ad language

An ad for an apartment makes it sound as nice as possible. The ads use many of the following terms and abbreviations.

**A/C**—air conditioning, probably central, meaning it comes through the heat vents; otherwise, it could mean air conditioning units that fit in the windows.

**apartment**—is a self-contained unit with its own private entrance in either a house, a lowrise or a highrise building.

**appl**—appliances. All apartments must have a refrigerator—fridge—and stove. Some also have a dishwasher, clothes washer and clothes dryer.

**bachelor**—an apartment consisting of one room serving as bedroom and living room, with a separate bathroom.

**bachelorette**—a very small bachelor apartment.

**basement**—apartment in the basement of a house. Because it is below ground, it doesn't usually have as much light as a first-floor apartment, but is cheaper. It is usually cooler in summer. Beware of damp or moldy basements, especially if you have asthma or other breathing problems.

**BR** or **bdrm**—bedroom, an enclosed room for sleeping. The number of bedrooms helps determine the rent charged. In some provinces “1/2” means that there is a bathroom in the apartment, not a bathroom you share with other tenants. For example, in Quebec, a ‘2 1/2 BR’ or ‘2 1/2 bdrm’ is a two-bedroom apartment with a bathroom. In other provinces a two-bedroom apartment with a bathroom is a ‘2BR’ or 2 bdrm.’

**cable**—cable TV—usually called “cable”—is television service by wire instead of antenna. Cable TV offers more channels than TV received by antenna. Cable reception is better. Some apartments offer “free” cable. That means the rent includes the monthly cable fee.

**family room**—separate from the living room, and usually used for casual entertaining. Larger homes have family rooms; a family room can be used as an additional bedroom.

**flat**—in most parts of Canada, a flat is an apartment in a house. You share the front entrance with other tenants. You can lock the door to your flat.

**furn**—means a furnished apartment. A furnished apartment should include: bed(s), table(s), chairs, lamps, curtains, fridge, stove, and basic kitchen utensils. Furnished apartments may be more expensive than unfurnished apartments. Ask the landlord to clean the furniture and carpets before you move in.

**hrdwd**—hardwood floors. They are better for people with allergies.

**junior one bedroom**—larger than a bachelor but smaller than a regular one-bedroom. The bedroom is separate from the cooking and living areas.

**NS** or **non-smkr**—some landlords will not rent to people who smoke, especially in shared apartments.

**sq. ft.**—square feet. A 400 sq. ft. apartment is small: 2000 sq. ft. is very large. One square metre is equal to between nine and 10 square feet. To convert square feet to square metres, multiply by 0.09. For instance, a 2,000 square foot apartment is  $2,000 \times 0.09 = 180$  square metres.

**studio**—same as bachelor.

**U/G**—underground parking.

**util**—utilities. These include electricity for lights, stoves, microwaves; gas, oil or electricity (hydro) for heat; cable TV; telephone and water. You pay for utilities yourself, or through your rent. Most highrise apartments include electricity, water and heat in the rent. You pay extra for phone and cable TV. In a house converted to two or three apartments utilities are often in addition to rent. If the ad gives the rent followed by a plus sign (\$695+), it means you pay utilities. Ask what utilities are included in the rent and what you must pay for.

**1 prkg**—one parking spot with the apartment (2 prkg would mean two spots, and so on.) Highrise apartments often have underground parking. Each apartment has an assigned parking space. The rent may or may not include the cost of the parking space.

**w/o**—a walk-out door to a deck or balcony, usually off the kitchen.

There are services and housing available for people with physical and mental disabilities. Ask your local housing assistance service or community organization about them.

## Reading the advertisements

Daily and weekly newspapers publish advertisements—ads—for apartments and houses to rent in their classified advertising sections.

Not all apartments are alike, but each has standard basics:

- sleeping area
- a place to prepare food and eat

- a bathroom, which includes a sink with hot and cold running water, a flush toilet, and bathtub or shower stall
- a living room, where you can read the paper, watch television and entertain friends

## 'For Rent' ad examples

*What the ad says...*

2 BR furn w/o, f/p, 5 appl, util incl.

*...What the ad means*

Two-bedroom furnished apartment with a walk-out glass door from the kitchen to a deck; the apartment has a fireplace, five appliances; utilities are included in the rent.

*What the ad says...*

Lge. 2 bdrm. bsmt., sep entrance, lndry, frplc., prkg, transit, \$1200+, no dogs

*...What the ad means*

Large two-bedroom apartment in a basement with a separate entrance, laundry facilities, a fireplace, parking and close to transit. Rent is \$1,200 a month and you pay extra for utilities. The owner wants no dogs.

## Location and price

Rule Number One: A good location demands high rent, though prestige is usually a factor as well. But there are also many "good" areas—safe, with many good shops and schools—that are not expensive.

Location is important. The time needed for travel is one of the biggest drawbacks to city life. You probably won't find an apartment or house within comfortable walking distance of work or shopping. Make it as easy on yourself as possible. In For Rent ads look for things like "on bus routes," "near subway" or "near shopping."

Walk around the area you like with a map. You may see a sign in a window advertising an apartment for rent. Circle shops, bus stops, stores and apartments on the map to get a sense of how close things are.

### Ask friends if it's a safe area.

You may have to be very flexible about your living conditions. Housing is expensive in Canada and scarce in some areas. Be resourceful about where you look and how you spend. Be willing to take an apartment in an area or a building that is not your first—or even second—choice.

Your situation will change the longer you stay in Canada, as you become more settled, and as you get employment and greater financial resources.

**Canada Mortgage and Housing Corporation's Market Analysis Service** can provide you with invaluable information about the rental market in your community. See CMHC's Market Analysis Service, page 29.

## Rental costs

Comparison shopping—shopping around and comparing—is the only way you will know if the rent for the apartment you are looking at is fair. In good areas rents will be higher, even if the apartment is not in good shape.

What your rent includes differs from province to province. For example, in Nova Scotia electricity (hydro) and heat—which is expensive if it is electric heat—aren't usually included in rent. In Ontario most highrises include everything except parking, telephone and cable.

Sometimes you have to consider other things that may end up costing extra.

When you calculate how much an apartment will cost make sure it is the total cost. For example, an \$800-a-month apartment might include all utilities, cable and parking. A similar \$600-a-month apartment does not. Depending on the cost of

utilities, cable and parking, the apartment with the higher rent may be a better value.

Apartments include at least a fridge and stove. Most landlords allow you to have a microwave oven. Few landlords allow you to have a dishwasher, a clothes washer, a clothes dryer or air conditioner. Highrise apartment buildings are usually air conditioned and have coin-operated laundry machines.

When you rent a house you usually have to provide your own appliances. You will also have to cut the lawn, weed the garden and shovel the snow. The landlord is generally responsible for providing you with a lawnmower and other tools.

Some landlords offer specials. Make sure you understand exactly what is being offered. For example, the special may only apply to the first year's rent. The landlord may raise your rent substantially the following year. Even in provinces with rent controls this is legal.

A landlord offers a special for a reason. Usually the reason is that apartments are not renting very quickly. Make sure that the special is really a special. Check out other apartments in the area and find out why this one is renting cheaply before you make a decision. Ask questions about specials when you rent.

## **Contacting the landlord**

Before you start to look at apartments, decide how much rent you can afford, how many rooms you need, and where you'd prefer to live.

Once you have circled all the ads that interest you, start calling around. If you feel uncomfortable using the telephone because of a language barrier, ask for help from a friend, a settlement worker or a community agency interpreter.

Since children learn a new language very quickly, you might ask an older son or daughter to interpret.

Often when you call a landlord or superintendent, you will get the answering machine. Speak clearly and slowly and say you are calling about the ad or looking for an apartment. Give your telephone number. If you do not have a permanent place to live, ask your immigrant aid agency if there is a message service you can use.

Once you contact the person renting the apartment, be sure to ask:

- the address
- how many bedrooms the apartment has
- how many people the apartment is suitable for
- what the rent is
- what utilities the rent includes
- if the rent does not include utilities, how much utilities cost a month
- if the rent includes parking
- whether the landlord wants you to pay the first and last month's rent when you agree to rent
- if the apartment has a security monitor at the front door
- if the apartment is a walk-up
- what floor the apartment is on
- when you can see the apartment

## **Meeting the landlord and looking at the apartment**

The phone calls will eliminate apartments that aren't suitable for you. Ask the landlord to show you the apartment. If it is occupied and you are not able to get in, ask to see a similar unit.

It is very important to see the apartments that are suitable before you decide to rent. If you have a friend who speaks English well and knows about renting an apartment, take him or her with you.

If you are married, take your spouse with you. If you have children, take one or two of the oldest with you. Young children, who can be unpredictably active, will probably be happier with friends or other family. Don't overwhelm the superintendent with several people coming at once to see the apartment.

In most provinces it is against the law to refuse to rent to families with children. But if you have several children it is wise to minimize the effect.

A landlord's main concern is that tenants are responsible people who pay their bills. You have to convince the landlord that you are such a person. If possible, give the name of a community aid worker you have been working with. A landlord who believes you are connected to a stable organization may feel assured that you are a responsible person.

Canadians expect people to be on time for school, work and appointments. When you make an appointment to see an apartment, be on time. If you are going to be late, call to explain and say when you expect to be there.

Personal appearance and hygiene are important to Canadians and influence their judgment about other people.

Looking for a place to rent is frustrating. Be friendly and courteous, even if you are frustrated. It goes a long way. If the landlord doesn't have anything suitable for you, he or she might be able to recommend someone who does. Ask if he or she knows of other landlords who might have apartments suitable for you.

## **Checking out the apartment**

When you look at an apartment

- check if the front door locks properly
- make sure the kitchen has a sink, counter, shelves or cupboards, refrigerator, stove, and lights
- turn on the stove burners and oven and open the refrigerator and freezer to make sure they work properly
- turn on the tap to make sure there is hot water

- flush the toilets to check that they operate
- make sure there is a shower or bathtub for bathing
- make sure there is enough closet space for your clothes
- ask how the heat works, and whether it will be enough for winter. Sometimes, especially in basement apartments where the heating ducts have not been properly converted, you will need space heaters. Space heaters are expensive and can cost you a lot of money.
- ask about repairs and utility costs. For example, if you pay for heat, ask how much you can expect to pay for heat in the winter.

Apartment layout in Canada may be quite different from what you are used to. Canadians place less importance on open communal living space, and more importance on individual, private space. You may find that Canadian apartments have more rooms, but the rooms are smaller. This gives each person private space or a separate bedroom.

In an apartment building there may be several common areas—areas shared with others—such as a laundry room or swimming pool. Some apartment buildings have a room that can be reserved by tenants for parties. Other common areas—corridors and lobbies—are not for extended use.

Take a notebook with you so you can write down important points. This will help you compare apartments.

Remember—don't feel rushed into taking an apartment immediately. Look at several apartments. Finding an apartment takes a lot of time and energy. Get the place that's right for you and your family from the start so you don't have to move until you really want to.

# LANDLORD-TENANT RELATIONS

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Every province has different laws about renting and landlord and tenant rights and responsibilities. These are general guidelines that apply in most provinces. Contact your local tenant office to get the exact rules. See *Getting advice about landlord-tenant issues*, page 25.

- the landlord will ask for a security deposit in case you damage the apartment. Damage is more than normal wear and tear—the landlord is responsible for repairing normal wear and tear.
  - in some provinces, landlords can ask for the first and last months' rent, before you move in. The last month's rent is the security deposit.
  - in other provinces, the security deposit cannot be more than one half of one month's rent.
- make a list of repairs needed before you move in and go over the list with the landlord and ask for a written promise that the repairs will be done before you move in
- always get a receipt when you pay the landlord
- if you are asked to sign something and you aren't sure what it is, don't sign. Always be sure that you understand what you are signing.
- get everything in writing
- the landlord can ask for letters of reference
- the landlord has the right to do a credit check to determine if you are able to pay the rent
- landlords cannot refuse to rent to you if you receive social assistance—as long as the amount you receive is enough to pay the rent.
- landlords are not allowed to ask personal questions, such as how long you have been in Canada, whether relatives will be visiting or whether you plan to have (more) children. In most provinces a landlord cannot refuse to rent to you because you have children living with you.
- it is legal for the landlord of a building for senior citizens to refuse to rent to you if you have children living with you.
- the landlord cannot charge “key money”—money other than the first and last months' rent.

- you cannot be charged for extras, such as
  - paying for a new paint job
  - buying the fridge and stove (if they really don't come with the apartment, you might be better buying your own new ones, so you can take them with you)
  - paying to clean the carpets
  - paying a fee for getting the apartment when there's a waiting list (this is also called key money)

## Signing a lease

You've finally found the right apartment for you and your family.

There's still one more thing to do—sign a lease.

A lease is a legal agreement between you and the landlord. It sets out your rights and responsibilities and the landlord's rights and responsibilities. It also sets out the rules you and the landlord have agreed on.

A lease reduces the chance of misunderstandings and disagreements. If there are any, a lease makes it easier to resolve them.

Many provinces have a standard lease form. It is a one-or-two-page printed document. There is space to add items—but anything that is added can't violate provincial landlord and tenant law.

A lease protects both you and the landlord. Be sure the lease protects your rights. Your local tenant office can tell you what a landlord can legally put in a lease. Look for parts of the lease that may be unlawful, such as a restriction on visitors to your apartment.

**Don't sign until you are absolutely sure of what it says.**

Read **every** word carefully, especially if anything has been added to or taken out of the lease. If the

landlord verbally agrees to changes in the lease, ask that the changes be put in writing in the lease. If your landlord agrees to make repairs, ask the landlord to list the repairs in the lease.

Take your time, even if you are worried that the landlord will get impatient and decide not to rent to you. A lease is legally binding. If you rush into a lease now, you may regret it later. If there is anything that you do not understand, take it to someone who will explain it to you.

The standard lease is for 12 months. You are not forced to sign a lease for a longer period. Sometimes, when apartments are hard to find, a landlord may ask you to sign a lease for a period longer than 12 months. This is not illegal. But make sure you understand what the lease says and are sure how long the lease lasts. Sign only if the apartment and the lease are satisfactory and you are sure you can keep your part of the agreement.

At the end of the lease, you do not have to sign another lease. You can continue to rent on a month-to-month basis. Many people do this. The former lease is still binding. But instead of not being able to move until the lease period ends, you can give two month's notice and move.

The lease will say what the rent is, what is included in the rent (utilities, parking, cable TV, and so on) and if the rent will increase—and when there will be an increase.

In Ontario, for example, there is an anniversary date for apartments. On the anniversary date the landlord can increase the rent whether you have lived in the apartment for one month or 11 months. The landlord must give you 90 days warning that the rent will increase.

In British Columbia a landlord cannot increase the rent during the 12-month period. When the lease ends the landlord can raise the rent. The landlord must tell you the rent will go up three months in advance.

Find out what the guidelines are for your province by phoning your local tenancy hot line. The hot lines are listed on page 25.

Keep your lease in a safe place.

## **Finding a guarantor or cosigner**

In some provinces, particularly Ontario, if you do not have a job you will need a guarantor or cosigner for your lease. By cosigning the lease, the guarantor says that he or she will be responsible for the rent and the lease if you decide to leave the city or the country.

This causes problems for newcomers. When you first arrive chances are that you don't have a job. You may not know anyone who could sign.

Even if you arrive in Canada with a large sum of money you may have problems. If you have a lot of money you may want to show a landlord your bank statement. Remember, though, that it is not lawful to ask for more than the first and last months' rent. Some landlords will try asking for a full year's rent.

Many newcomers turn to a community agency. If they are lucky, someone at the agency will cosign a lease. Often, though, people are reluctant to be a guarantor.

Because it is unlawful to discriminate against someone on social assistance, you could show the landlord a copy of your family benefits statement. That will prove that you are receiving money each month. You continue to receive benefits as long as you qualify. This may be enough to prove to the landlord that you can pay the rent. Case workers are not allowed to co-sign for you.

## **Sharing an apartment**

Two—or even three—single people often share an apartment. They decide among themselves how they will divide the living space and share the kitchen and bath.



Each person is legally responsible for the whole rent. That means if one person moves out before the lease ends, the person who remains must pay the entire rent. If you share, arrange that if one of you moves out, he or she must continue to pay the rent or find another tenant to share.

## Subletting

Sometimes situations change, especially for someone new to a country. You may find a job in another city or a relative may buy a house and ask you to share it.

If you are in the first 12 months of your lease, you must find someone to take over your lease. This is known as *subletting*.

It is legal to sublet an apartment. The landlord must approve the person you sublet to, but cannot unreasonably withhold permission to sublet. It is not lawful for the landlord to charge you a fee for subletting the apartment.

If the landlord finds a new tenant and lets you break the lease you may have to pay to advertise the apartment. The landlord must also allow you to find someone to rent the apartment. If you and the landlord cannot find anyone you are responsible for any loss of rent.

You can *assign* the apartment if you don't want to be responsible for the tenant you sublet to. An assignment is a legal form. It signs over your rights and the responsibilities to the new tenant. You must have the landlord's permission to assign your apartment.

## Moving day

On moving day, check the apartment. Make a note of any damage, such as holes in carpets or doors, or water stains. Check to make sure there are covers on all the electrical outlets and light switches. Taking a picture of damage is a good idea.

Ask your superintendent or landlord to show you how the appliances work. Many stoves have complicated timers. Ask for instruction manuals.

Repairs to fridges and stoves that don't work properly is the landlord's responsibility.

Go over the rules of the apartment building with the superintendent. In a co-op, you are expected to help with maintenance. The co-op superintendent can tell you what your jobs and responsibilities are.

Get the rules and instructions for mail, intercom, garbage, recycling, laundry, and tenant and visitor parking.

## Paying the rent

Rent is usually payable on the first day of each month. Some landlords may ask for postdated cheques. A postdated cheque is a cheque given to someone at an earlier date than is shown on it. A postdated cheque cannot be cashed until the date shown on it. It is not uncommon to give a landlord cheques dated the first of every month in the life of the lease.

If you pay your rent in cash, make sure you get a receipt for the full amount.

You can also pay your rent by certified cheque. A certified cheque is a cheque that a bank guarantees it will cash. The bank can make the guarantee because it removes the money from your bank account when it certifies the cheque. Many landlords expect a certified cheque for the first and last months' rent. Banks charge a service fee for certified cheques.

## Paying utilities

Utility bills arrive by mail. The bill gives a date by which you must make payment.

If you don't pay a bill by the due date you will be charged interest. If you miss several payments the utility may stop service.

Some people automatically pay their utility bills through their chequing account at their bank. Automatic payment is easy to arrange with your bank and the utility.

## NOW YOU'RE HOME...

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You've signed the lease. You've paid the first and last month's rent. You've given the landlord postdated cheques for the rent during the lease period. You've made arrangements with your bank and utilities for automatic payment of the bills. You've moved in.

Now, the apartment or house is Home—a place of your own.

A home has to be kept running properly. There are many appliances and gadgets to help maintain the home

- **air conditioners**—summers in most parts of Canada can be hot and humid. Air conditioners make the indoor temperature more comfortable. They use a lot of electricity, so use them only when necessary and at low or medium settings. When the air conditioner is on, keep the windows closed—otherwise you are cooling off the outdoors at your expense.
  - **bathroom fans**—remove moisture caused by steam from hot showers; usually controlled by a button or knob near the light switch.
  - **coin operated washers and dryers**—clothes washers and dryers do not have standardized markings so you will have to read the dials carefully. Generally, there are two dials, one to set the wash and rinse cycle temperatures (hot, warm, cold) and the other to set the spin cycle speed (gentle, fast). Dryers also have settings; clothes dry faster when lint is removed from the dryer.
  - **dehumidifiers and humidifiers**—in summer, a dehumidifier can remove moisture from the air. This is especially important in a basement. In winter, a humidifier can put moisture back into the air. You can do the same thing by putting out open containers of water. In an airtight building it isn't a good idea to hang wet laundry in the house, unless
- you open a window. If you don't there is a danger of mold. It's best to use the dryer at the building or in a nearby laundromat.
- **fireplaces**—don't use a fireplace until you understand how to operate it.
  - **garbage**—large apartment buildings have garbage disposal chutes on each floor. You simply put your garbage in a bag and drop it down the chute. In smaller apartment buildings and houses divided into apartments, you will probably have to take your garbage bags to a central garbage collection spot.
  - **intercom**—a security device that visitors use to call your apartment so you can unlock the door electronically. There are different systems: some are connected to the phone. The landlord will tell you how yours works when you move in.
  - **keys**—on moving day, you will be given a set of keys, which you are responsible for. Don't give copies to anyone who doesn't live with you. If you have a friend look after your place when you are away, lend him or her the keys, but get them back. You might make extra keys and keep them in a safe place for emergencies.
  - **mailboxes**—in large buildings, there are rows of mailboxes near the lobby so you can pick up your mail on your way in. The boxes are numbered so the mail carrier knows where the mail goes. The landlord will give you a key for your mail box.
  - **if you get mail that doesn't belong to you**—if you live in a large building, tell the superintendent. If your building is small, tell your local Canada Post office. The mail is probably for the previous tenant, who has not asked Canada Post to redirect mail to his or her new address.

- **recycling programs**—many cities and towns recycle some types of garbage. You are given a plastic recycling box—often called a Blue Box—and instructions for what goes in it. Usually, the box is for empty plastic and glass containers. Newspapers and cardboard are bundled separately. Ask the landlord or superintendent to tell you what goes in the recycling box and where you should put it for pick up.
- **shower curtains**—hung inside the bathtub during a shower, they prevent water from getting on the floor and causing leaks.
- **smoke detectors**—make a loud beeping sound when they detect smoke. They are usually placed at the highest point in a house or apartment, near the kitchen and in stairwells. They will alert you to a potential fire; sometimes cooking smoke or steam from the bathroom will set off a smoke detector. Most smoke detectors use batteries; a warning beep lets you know when to replace the batteries.
- **space heaters**— some apartments have space heaters, which are electrical units that you plug into the wall outlet. They use a lot of electricity and are very expensive to operate. Sometimes, space heaters use hot water, which can be dangerous if pipes freeze because windows are left open. Space heaters can be dangerous around children who are unsupervised. Learn how to operate your space heater from the superintendent.
- **stove exhaust fan**—found above the stove, it removes cooking fumes and smells through its filters or venting outdoors.
- **stoves**—stoves in Canada usually come with four burners. Some of the burners can operate at higher temperatures than the others. Stove timers start food cooking when you are not home to turn on the elements. If the time is set incorrectly it won't turn on, or will turn on when you don't want it to. Make sure you understand the timer operation before attempting to use it.

If you cook at high temperatures with a wok you may damage the stove's enamel. Your landlord may hold you responsible for damage. The alternative is an electric wok, which allows higher temperatures without damaging the stove.

- **thermostats**—a control to adjust the inside air temperature. Thermostats keep heat and air-conditioning at a constant temperature. There is usually a thermostat in your apartment. If your apartment is too hot in the winter, turn the thermostat down rather than open the windows, which wastes energy. If the temperature is centrally controlled you must call the superintendent to change the temperature in your apartment.
- **water faucets**—the cold water tap is usually on the right and the hot is on the left. Some taps are marked C for cold (in French, F for froid) and H for hot (in French, C for chaud) . Other taps are colour-coded (red for hot; blue for cold).

## Making repairs

The landlord's responsibility is to keep the building safe and livable. This includes heating, plumbing, electricity, locks, walls, floors, ceilings, fire doors and escapes, intercoms and elevators. Your landlord is also responsible for anything that comes with the apartment and is included in your rent, such as the fridge and stove, laundry facilities, furniture (if it's a furnished apartment), storage sheds and garages.

Ask the landlord for repairs **in writing**. **Keep a copy of the letter**. If you have to ask again, write another letter and keep a copy. If the landlord still does not make the repair, send a letter demanding that he fix the problem. You cannot refuse to pay your rent unless you have the permission of an arbitrator. Check with your local tenant office to find out about *arbitrators*.

If the landlord repeatedly ignores your letters of demand, call the building inspector in the works or building department of your city or town. The

building inspector is an employee of the city or town where you live. The inspector will respond to calls of unsafe living conditions. If you have asked a landlord to repair certain things, and have had no success, you may wish to call the building inspector.

Keep copies of all correspondence with your landlord. You may need the copies when you move out and want your security deposit back (depending on the practice of the province).

## Moving out

If you want to move out, you must give the landlord written notice at least one month in advance (two months in some provinces). You must deliver the notice before the first day of the month you want to move out. Deliver the notice in person to the landlord so you are sure that he or she receives the notice.

If you do not give proper notice, or if you break your lease and the landlord cannot find another tenant, you are responsible for the rent for the rest of the tenancy period. This is why you should read your lease carefully before signing to make sure it is not for an unreasonably long time.

Discuss moving out with the landlord or superintendent if there is time left on your lease. The landlord may help you find another tenant. Otherwise, you must sublet—find another tenant yourself (see page 20 for more about subletting). When subletting, you must get the landlord's approval—otherwise, you could be held responsible for non-payment of rent if the new tenant doesn't pay.

Occasionally, a landlord does not make repairs and the condition of the apartment forces tenants to move. Even if the landlord has not made needed repairs, it is best to give notice. If an arbitrator disagrees with your reasons for leaving it can cost you an extra month's rent.

When you move out, you must clean the apartment and repair any damage. Make a written note of

the apartment's condition when you leave. Even better, photograph the apartment. The landlord should return your full security deposit unless you owe rent or have damaged the apartment.

If your landlord won't return your security deposit, you can do something about it. Keep a copy of your lease, the receipt for the security deposit, the notice you gave your landlord, and any other correspondence about the security deposit. This is important if you have to prove your case. Contact your local tenant office. (See *Getting advice about landlord-tenant issues*, page 25.)

## Your rights and responsibilities

Tenants have legal rights. They protect tenants from unfair treatment. One way to enforce your rights is to join a tenants' association. A tenants' association has regular meetings. At the meetings, tenants discuss problems and ways to improve community life in the apartment building.

There is strength in numbers and a tenants association usually has more influence than individual tenants.

Look up the number of your community tenants' or renters' hot line in the phone book if you have questions.

## Evictions

If your landlord demands that you move out, this is an eviction.

A landlord can evict you if:

- you have not paid the rent, or are always late paying the rent.
- if there are complaints about your behaviour, especially if it causes harm or disturbance to the building or to other tenants. In this case, you have ten days to appeal, or one month to move out.
- if the landlord intends to use the property himself; the landlord must give you proper notice and it can be appealed.

A landlord cannot evict you for

- refusing to renew your lease
- having a pet (unless it causes problems for other tenants)
- having visitors

Do not ignore an eviction notice—even if you plan to fight it.

It is legal and binding—legally enforceable. If you want to appeal, do it right away. It is not legal for a landlord to put your belongings on the street or to change the locks and refuse you entry.

## Rental words and terms

**assign**—transfer legal obligation to someone else, such as transferring responsibility for a lease to someone else

**arbitrator**— a person chosen by both sides in a dispute who hears details of the dispute and gives a decision on settling the dispute

**condominium**— joint ownership of a building with several dwelling units. Each owner has exclusive use of an individual unit. Common elements, such as the lobby, the grounds, or a swimming pool, are owned by the residents in common. No single resident has exclusive rights to the common elements.

**eviction**— getting someone to leave quarters he or she has been occupying. Authorized by a court of law.

**freehold**— ownership of land or ownership of

land and a building or house.

**highrise**— an apartment or condominium building that is six or more storeys high.

**key money**— money requested to get your name on a waiting list for an apartment

**lease**— **as a noun**, a contract or agreement between a landlord and a tenant. **As a verb**, to rent an apartment or a house for a specific period of time.

**legally binding**— an agreement that is enforceable in a court of law

**normal wear and tear**— damage to an apartment or house resulting from normal use

**rent**— **as a verb**, to pay for the temporary use of an apartment or house. **As a noun**, money paid for the temporary use of an apartment or house.

**rent geared-to-income**— rent determined by the income of the person paying the rent. Common in subsidized housing.

**sublet**—to rent property—most often an apartment—you lease to another person

**tenant**— a person who leases or rents an apartment, room or house

**tenure**— the condition, right or title under which property is held.

## Getting advice about landlord-tenant issues

### **Alberta**

Landlord and Tenant Advisory Board  
(403) 427-5210

### **British Columbia**

Residential Tenancy, Vancouver  
(604) 660-3456

### **Manitoba**

Residential Tenancy  
(204) 945-2476

### **New Brunswick**

Consumer Affairs, Fredericton  
(506) 453-2682

### **Newfoundland**

Residential Tenancy  
(709) 729-2608

### **Northwest Territories**

Housing Corporation  
Scotia Centre, PO Box 2100  
Yellowknife NT X1A 2P6  
(403) 873-7795

### **Nova Scotia**

Residential Tenancy  
(902) 424-7020

### **Ontario**

Rental Housing Tribunal  
1 888 332-3234

### **Prince Edward Island**

Consumer Services  
(902) 368-4580

### **Quebec**

Régie du logement  
(514) 873-6575

### **Saskatchewan**

Office of the Rentalsman  
(306) 787-2699

### **Yukon**

Consumer Services  
(867) 667-5257

# BUYING A HOUSE

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## Location, Location, location

Where you live depends on where you work, whether you want to commute and the way you and your family live.

Do you want to live near recreation facilities, such as a golf course or skating rink? Is being close to schools important? Do you rely on public transportation?

When you consider location you should also consider property values in the neighbourhood. You don't want to buy a house in a neighbourhood where house prices have been steadily falling.

Nor do you want to buy in a neighbourhood where future plans will affect house prices and property taxes. Your dream home won't be much of a dream if there are plans to put a highrise next door. Contact the municipal office and ask about **planning regulations** and **zoning bylaws** in the area.

Once you are ready to buy a home, chances are you will know exactly where you want to live. Buying a home is more than just buying a place to live. It is probably the biggest investment you are likely to ever make.

If you are considering moving to an unfamiliar neighbourhood, take the time to look at it carefully. Drive or walk around the neighbourhood both during the day and at night. Look carefully at the schools. Find out how much time it takes to commute to your job, either by car or public transit.

A useful supplement to the material below is the CMHC publication *Homebuying Step by Step—A consumer guide and workbook* (available by calling 1 800 668-2642).

## Who's who in buying a house

### Appraisers

You can have an independent appraisal of a house before you make an offer to purchase. If the appraiser values the house at less than the asking price you may be able to negotiate a new price.

The appraisal should include an unbiased assessment of the house and property, an analysis of recent, similar sales and an assessment of local market conditions affecting the property.

### Builders and contractors

If you decide to buy a new home in a new development, find out the builder's reputation for quality workmanship and completing work on time. Ask for references, visit the builder's other developments and call the new home warranty program and builders' association in your province. (Telephone numbers for home warranty programs and builders' associations are listed on Page 46.)

You can also call your local Better Business Bureau to find out how long the builder has been in business, how many complaints there have been and how they were resolved.

### Home Inspector

It is always a good idea to have a home inspected.

An inspector should give you a detailed written report, telling you how well-built the house is and whether it needs repairs—and if it does, which repairs you should make first, and an estimated cost for repairs.

You can find a home inspector through a local professional association or your real estate representative.

Ask about the inspector's credentials and experience and get references. Make sure the inspector has errors and omissions insurance. If you buy a home that needs expensive repairs the inspector did not report, then the inspector can be held financially liable for the repair cost.

Ask for a termite inspection, especially if your home is in an area with a termite problem. If you are looking at an older house, ask the inspector to check for termites, lead paint, asbestos or other problems.

Inspection fees range from \$150 to \$300 for a home that costs \$300,000 or less. The fee usually includes a written report.

### **Insurance broker**

An insurance broker can handle all your insurance, from auto and property to life. Lenders insist on property insurance because your property is the security for your loan.

Property insurance covers the replacement cost of your home. The amount of the insurance fee—or premium—depends on how much your home is worth.

Your lender may also suggest that you buy mortgage life insurance. Often, this is available from the lender, who adds the premium to your regular mortgage payments. The insurance pays off your mortgage in full if you or your spouse dies.

### **Lawyer/notary**

Your lawyer—in Quebec, a notary—will protect your interests when you are buying a home. This includes searching the title to see if there are any liens or outstanding work orders, and checking the offer to purchase. The lawyer or notary is also responsible for closing arrangements, such as ensuring that all costs are paid for (for example, the prepaid utilities). To find a lawyer or a notary, ask friends for recommendations. You can also call the local bar or lawyers' association, listed

under 'associations' in the Yellow Pages™, for a lawyer or notary who specializes in real estate law. Ask about fees and don't be afraid to shop around.

### **Lenders**

Once you decide to make an offer to purchase, you have to find someone to lend you the money to buy the home. There are several possibilities: banks, trust companies, credit unions, pension funds, finance companies, insurance companies and caisses populaires.

Find out how large a mortgage you can get by talking to lenders or brokers before looking for a house.

New homebuilders sometimes offer lower interest rates to attract buyers and sell homes. The builder prepays a lump sum to your lender. This "interest rate buy-down" lowers the amount of the lender's mortgage and, as a result, the mortgage rate.

### **Mortgage broker**

Mortgage brokers don't usually lend money. They find people who are willing to lend you money. Brokers are generally independent, and their job is to find the right lender for you.

A mortgage broker may charge you a fee, particularly if you have a poor credit history, of between one and two per cent of the value of the mortgage. Usually, though, a mortgage broker receives a fee from the lender.

### **Real estate representatives**

Real estate sales people must have a provincial licence. They must pass an examination to obtain a licence, and they have legal obligations and agree to ethical standards. A REALTOR™ is a real estate sales person, agent or broker who is a member of the Canadian Real Estate Association (CREA).

A good real estate sales person will help you through the confusion of purchasing a home.



He or she will guide you through real estate listings, take you to see houses that are in your price range, and generally help you make the best choice.

Tell the real estate sales person exactly what you want and what you need.

Include your preferred locations, the number of bedrooms you need, how many people will be living in the home, how close you want to be to certain schools, shopping, a medical centre, community centre or other facilities. Knowing these things helps the real estate agent do what is best for you.

The sales person does not charge you for this help. Real estate agents charge a fee—called a commission—to the vendor—the person selling the home. The sales person can also help you make an offer to purchase and with the back-and-forth of negotiating the final purchase.

You may want to consult with your lawyer before making an offer to purchase. Once you make an offer to purchase, it is legally binding on you if it is accepted by the vendor.

To find a sales person, ask friends for recommendations. Look at real estate signs in the neighbourhood, and get names of sales persons from the signs. It means they know the area. Go to open houses. Open houses are a good way to find out what is available to buy, and at what price, and to meet real estate sales people. Pick one you feel comfortable with.

Be aware that real estate sales people are usually paid by commission on sales, so don't let a real estate salesperson pressure you into making an offer before you are ready, or for more than you think it is wise to pay.

## **Market costs**

Before looking for a home, learn more about the housing market.

You should know the price trends in your community and the neighbourhood that interests you. If prices are dropping, you might want to wait a few months before buying and see if they drop any further. The disadvantage of this strategy is that when prices drop, fewer homeowners put their homes on the market; the result is less choice.

Supply and demand determines the housing market. If there are many houses on the market, but no one is buying, it is a buyer's market and prices tend to drop a bit. If there are not very many homes on the market, but a lot of buyers, then it is a seller's market, and prices tend to rise.

Keep interest rates in mind. Interest is what a financial institution charges for lending you money through a mortgage (see *Mortgages* on page 33). Interest rates can move up and down from year to year. Sometimes there are steep rises and falls. At other times there are gradual up-and-down movements.

The basic interest rate is set nationally. The state of Canada's economy and the world economy determine the interest rate. Different financial institutions and different types of mortgages have different interest rates.

You should also ask lenders how large a mortgage you qualify for (see "Lenders", page 34).

## **What type of home do you want?**

Once you have decided on location, you have to decide what type of home you can afford. A single family detached house is usually the most expensive choice. Semi-detached, duplex, townhouse (or row house) and apartment condominiums are usually less expensive.

You may also have a choice between new homes in new subdivisions and resale homes in older neighbourhoods. There are advantages and disadvantages to both.

Maintenance costs are low for new homes for the first few years and a new home is backed by a new home warranty. A new home will need work as things wear out and break down. And new home or older home—there is always maintenance to be done.

New homes usually have the latest design and building materials and are more energy efficient. They also tend to be larger than older homes.

An older resale home is usually in a more-established neighbourhood with landscaping and plentiful public green space.

A resale home is generally less-expensive than a new home. There are no federal or provincial sales taxes to pay.

Older homes need more maintenance, especially if previous owners have not replaced or upgraded electrical, plumbing and heating systems. If the house needs renovation you may be able to do it yourself.

Renovation increases your equity and investment and is a good idea if the home is in a good neighbourhood. Buying an older home and fixing and changing it will eventually get you the home you really want.

## **Look...look...and look again**

If you are buying an older home, it is wise to have a home inspection. These cost anywhere from \$150 to \$300, and you should receive a written report on the condition of the home you are buying.

You may have to do some renovations. If you do, get a cost estimate and add it to your budget.

## **CMHC's Market Analysis Service**

The easiest way to find out about the resale, new construction and rental housing markets in your community is from Canada Mortgage and Housing Corporation (CMHC). CMHC's Market Analysis Service is available from any of the CMHC offices across Canada. (There's a list of CMHC offices on page 42.)

The Market Analysis Service will give you a clear picture of the current housing market. CMHC offices publish local market analysis reports regularly. Your local CMHC market analyst can tell you if it is a buyer's, seller's or balanced market. *Canadian Housing Markets* is a CMHC report that gives detailed analysis of market trends and price forecasts for 27 major housing markets. *Canadian Housing Markets* includes CMHC's unique local affordability indicators. The indicators tell you the prices of typical starter homes, heating costs and property taxes in Canada's major metropolitan areas.

Market analysis reports and data are available through the Market Analysis Electronic Marketplace Web site at [www.cmhc-schl.gc.ca/mktInfo](http://www.cmhc-schl.gc.ca/mktInfo) or by calling 1 800 668-2642.

Taking a thorough look at the house you want before you buy is never a waste of time. Look... look...and look again. Here are some of the things you should look at to make sure you are not buying a lot of problems.

### **Brickwork and chimney pointing**

Examine the brickwork on the outside. Is it chipping, crumbling, powdering or is the mortar starting to disintegrate? Tuck-pointing brickwork or a chimney is quite expensive.

### **Decks and porches**

Look for signs of rotting wood, even under the paint. Soft spots or splintered wood may be a sign of a few rotten boards—or more widespread damage.

### **Electrical**

Is the electrical panel an upgrade? If the service is 200 amp (for amperage), it is an upgrade. A 60 or 100 amp panel is not an upgrade—and not sufficient for electricity demand in today's homes. An upgrade is expensive. If the basement is unfinished, check the state of the wiring.

### **Floors**

What shape are the floors in? Most homes, especially in urban areas, have hardwood. Sanding and refinishing is not overly expensive, but you should do it before you move in when the rooms are empty.

### **Heating**

Find out how old the furnace is. Natural gas is generally the least expensive heating fuel, but it is not available everywhere. Oil and electric heat are more expensive. Electric heat can be very expensive in a house with baseboard heaters.

### **Insulation**

If plaster interior walls are old there is a very good chance that the house has little or no insulation. Insulation keeps heat inside in winter and cool air

inside in summer. If you have to replace walls, that's a good time to insulate. If you are not replacing walls an insulation contractor can blow insulating foam behind the walls. Insulation is expensive, but the savings on heating bills pays in the long run.

### **R Value**

R value is a measurement telling you how well the home is insulated. The higher the R value, the better insulated the house. Many gas and electric companies will check your house and tell you how much heat is lost, and where it is lost.

### **Interior walls**

If the home is old press on the walls to see how solid they are. This is particularly important in a house with wallpaper. If the walls feel spongy, you will probably have to replace them. If they are relatively firm, they should be fine.

### **Parking**

Where can you park your car or van? Many older houses in large cities, such as Montréal and Toronto, do not have driveways. If the house does not have a driveway, can you get a parking permit from the city? If not, what can you do about parking? Can you park on the street? Do municipal regulations allow you to build a driveway or parking pad?

### **Plumbing**

Plumbing should be copper pipes with copper soldering, or PVC piping. Lead pipes mean an old system and will need an upgrade.

### **Roof**

Is the roof in good condition? A roof is usually good for 20 to 25 years, but can show signs of wear earlier. Sometimes all that is needed is a patching job, though this can be almost as expensive as a whole new roof. Telltale signs of a possible problem are leaking or water stains near chimneys, and on second floor ceilings.

## Sewage and drains

You have to do more than look at drains to determine their condition. A qualified home inspector should assess them. Try to determine if the service from the street has been upgraded. Upgrading can be costly.

## Termites

It is hard to tell from looking if a house has termites. If you are looking at a home in a neighbourhood that has a termite problem, make sure your home inspection includes termites. Termites can invade the wood inside a house. They drill holes and eat away at the structure of the house. Eliminating termites is quite costly.

## Windows

The best windows are triple-glazed, Low-E argon filled. They do the best job of keeping heat inside in winter and cool air inside in summer. Double-glazed windows are also very good. Many older homes have just single panes of glass in the windows.

## Homebuying Costs

When you buy a home, you are not only paying for the building and the property, but you must also pay other costs, such as property taxes, mortgage costs—such as interest—and potential renovation costs.

You must pay some of these costs when you buy the house. You must pay other costs during the time you own the home, and sometimes on a regular basis.

The cost of the mortgage depends on the size of your down payment. If you can immediately pay 25 per cent of the purchase price of a house—a 25 per cent down payment—you qualify for a **conventional mortgage**.

## If you are a first-time buyer...

### RRSP for down payment

If you have an RRSP (Registered Retirement Savings Plan) you can take up to \$20,000 from it for a down payment on a house. If you pay the amount you took out back by a certain time, you don't pay income tax on your withdrawal. The company that sold you your RRSP can tell you more.

If you can only afford a down payment of less than 25 per cent of the purchase price, you qualify for a **high-ratio mortgage**. A high-ratio mortgage requires mortgage loan insurance. CMHC mortgage loan insurance allows qualified buyers to purchase a home with as little as five per cent down. In 1998, almost 128,000 Canadian households bought a home with a five per cent down payment. (See CMHC's Mortgage Loan Insurance, page 33.)

The real estate listing tells you what municipal property taxes will cost. Property taxes pay for services such as sewers, sidewalks, fire, police and roads. In some provinces they also help pay for schools. They vary from municipality to municipality.

There are also legal fees. When you buy a house you must hire a lawyer. The lawyer, or notary in Quebec, searches the title to determine if there are any outstanding liens (debts), or any problems with the survey of the property. Your lawyer will also pay the land transfer tax, which is anywhere from one per cent to four per cent of the purchase price of your home.

To find a good lawyer, ask friends for recommendations. You can also call the local bar association for lawyers who specialize in real estate law.

Ask the lawyer ahead of time how much the service to be provided will cost, and don't be afraid to shop around.

You may have to pay for a property appraisal, which helps your mortgage lender determine how much it is willing to lend against the appraised value.

Many mortgage lenders offer mortgage life insurance. This insurance pays off your mortgage in full if you or your spouse dies.

You should get property insurance to insure your home and its contents against fire, theft, and vandalism. Lenders insist on insurance because your home and land are the security for their mortgage loan.

If the home you buy relies on well water (usually if your house is on the outskirts of a town or in a rural area), you will need a water quantity and quality certificate. The cost is usually between \$50 and \$100.

You will have to reimburse the person who sells you the house for utilities and property taxes prepaid beyond the closing date.

## **Condominiums**

Condominium is a type of ownership, not a type of housing.

A condominium can be a townhouse, a highrise building or a lowrise building.

Condominiums are attractive to first-time home buyers because they are usually less-expensive than a single detached house.

When you buy a condominium you're investing in something you own and eliminating maintenance work. Usually, condominiums offer extras you would not get in a detached house, such as recreation facilities and security systems. In some provinces "condominium" may be called "strata title" or "co-proprietorship".

The owners of the units in the condominium join together as a corporation. The corporation elects a board of directors to manage the condominium.

Besides paying their own mortgages, taxes and utilities, condominium owners pay a monthly fee. The monthly fee goes to the condominium's reserve fund and to operating costs. The reserve fund is money set aside for future, major repairs. The maintenance fee pays the collective cost of property taxes, property maintenance, ordinary repairs, replacements and insurance.

When you consider buying a condominium unit find out how much money is in the project's reserve fund. The reserve fund is money reserved—set aside—to pay for major repairs.

You or your lawyer should get what is called in most provinces an "estoppel certificate" from the condominium corporation. An estoppel certificate gives the common fees for your unit. It also tells you if the seller's payments are up-to-date. An estoppel certificate also has important financial and legal information about the unit and the project. The condominium corporation may charge about \$50 for this certificate.

### CMHC's Mortgage Loan Insurance

Mortgage loan insurance protects the lender if you default on your mortgage. The mortgage loan insurance—CMHC and a private insurer offer it—pays back the lender. With the risk of losing their money removed, lenders have the confidence to make mortgage loans of up to 95 per cent of the purchase price of your home.

Mortgage loan insurance is required by law if your mortgage is more than 75 per cent of the purchase price of your home. The lender makes all of the arrangements.

The premium for mortgage loan insurance is anywhere from 0.5 per cent to 4.25 per cent of the total value of the loan. The premium for mortgage loan insurance may be paid in cash when the loan is advanced, or the borrower may choose to add the premium to the mortgage loan principal amount and pay it off over the life of the mortgage. Most borrowers pay the premium off over the life of the mortgage.

The following table shows the mortgage loan insurance premium, as of June, 1999, for the size of the loan (loan-to-value ratio—the loan as a percentage of the total purchase price) and the premium for a single advance and for more than one advance.

Loan-to-value ratio, up to and including (%)	Premium Payable (per cent of loan amount)	
	Single advance	Multiple advances
65	0.50	1.0
75	0.75	1.25
80	1.25	1.75
85	2.0	2.50
90	2.5	3.0
95	3.75	4.25

For example, if you have a contractor build your home and must pay installments at each stage of construction, your premium on a

95 per cent loan is 4.25 per cent of the loan amount rather than 3.75 per cent. If you buy your home from a builder with one payment after the home is completed you pay a 3.75 per cent premium.

There is also an application (or underwriting) fee.

### Mortgages

For most people, buying a home means taking out a mortgage. That means you borrow money to buy a home, using that home as collateral for the loan.

Financial institutions—banks, trust companies, insurance companies, credit unions, caisses populaires, finance companies and pension funds—lend money for mortgages.

Private individuals also lend money for mortgages. Private lenders often advertise in the classified advertising section of newspapers.

Mortgage brokers usually do not lend money. They find a lender for you. They may charge a fee, but usually the fee is paid by the lender.

Mortgage payments are *blended payments*. This means that the payment includes the principal—the amount borrowed—plus the interest—the charge for borrowing the money.

You repay the mortgage in regular payments. You can make payments once a month, once every two weeks, or once a week. Most people make monthly payments. The payments are usually level—the same every month.

The payments may also include the property taxes, which the company collecting the payments forwards to the municipality on your behalf.

A *conventional mortgage* is for an amount that does not exceed 75 per cent of the appraised value of the property or the purchase price, whichever is lower. Your down payment is a minimum of 25 per cent of the purchase price.

With a *high-ratio mortgage* you pay less than 25 per cent of the cost of the home as a down payment. You can pay as little as five per cent of the cost of the home as a down payment.

The lender needs *mortgage loan insurance* with a high-ratio mortgage. It protects the lender and, by law, most Canadian lending institutions are required to have it. They will usually pass their costs on to you by adding them to your mortgage principal amount.

Having mortgage loan insurance means that if you, the borrower, default on your mortgage the lender is paid back by the insurer. With the risk of losing their money removed, lenders have the confidence to make mortgage loans of up to 95 per cent of the purchase price of your home.

For more about mortgage loan insurance, see *CMHC's Mortgage Loan Insurance* on page 33.

Mortgage loan insurance is not the same as *mortgage life insurance*. Mortgage loan insurance assures the lender of repayment if you default. Without mortgage loan insurance the lender would not make a high ratio loan. Mortgage life insurance pays off your mortgage in full if you or your spouse dies.

You might take over the seller's mortgage—called *assuming an existing mortgage*—as part of the price you pay for the house.

Assuming an existing mortgage saves you money on the usual mortgage arrangement costs, such as appraisal and lawyer fees. You don't have to arrange financing from another lender and the interest rate on an existing mortgage may be lower than the prevailing market rate.

A *vendor take back (VTB) mortgage* means that the person who sells you the house lends you the money to buy the house. The seller may offer the VTB at less than bank rates. Some sellers will sell the mortgage to a third party rather than holding it.

## A mortgage lender will ask for...

Lenders want a lot of financial information from you. The information helps the lender decide if you have the ability to repay the loan.

A lender will ask you for

- personal information, such as age, marital status, dependents
- details about your job, including proof of income (T-4 slips, personal income tax return, letter from your employer)
- other sources of income, such as a pension or rental income
- current bank information
- verification that you have made a down payment
- consent to do a credit check
- your assets, such as vehicles, other property
- your liabilities, such as credit card balances—the total amount you owe and total monthly payments
- fees for an appraisal of the house you want to buy
- mortgage loan insurance fees if you are asking for a high-ratio mortgage
- a copy of the real estate listing for the house you want to buy
- condominium financial statements if you are buying a condominium
- any other certificates or legal documents for the house you want to buy, such as a certificate for well and septic

A *second mortgage* is a mortgage loan for money in addition to the money owed under a first mortgage. A second mortgage has a higher interest rate than a first mortgage. It also has shorter amortization—the period over which a loan is repaid. Homeowners often use a second mortgage to pay for renovations.

Once you have looked at all the options and chosen a lender, the paperwork starts.

Although it usually only takes a few days to get approval for a mortgage, give yourself plenty of time. When you put in your offer to purchase, this is almost always on the condition of getting mortgage approval.

Some first-time buyers get pre-approval. They submit their financial paperwork to a potential lender and receive approval for a pre-determined mortgage amount. The pre-approval agreement may also guarantee an interest rate for a mortgage taken out during the 60- to 90-day pre-approval term.

Mortgage approval paperwork satisfies the lender that you are able to pay back the mortgage without defaulting.

The lender wants to know such things as your marital status, number of dependents, age, current employment, salary, how long you have worked there, and whether you have any other sources of income. Lenders also do a credit check to find out if you pay your bills on time.

The lender will ask for a list of your assets (such as vehicles) and liabilities (such as credit card balances and car loans).

### **What is interest?**

Interest is the cost of borrowing money.

The interest rate may depend on the *term* of the mortgage, whether the mortgage is *open* or

*closed*, whether the rate is *fixed* for the term of the mortgage or *variable*, and on other conditions.

An *open mortgage* is a mortgage you can repay in part or in full at any time without penalty. Generally, interest rates are higher with this type of mortgage, but it makes sense if you plan to sell your home soon. An open mortgage can also be good for a short period of time when interest rates are high, giving you the option to lock into a longer term when the rates fall, or if rates start rising even higher. To take advantage of an open mortgage you have to be able to make payments from time to time additional to your regular mortgage payments.

A *closed mortgage* usually offers the lowest interest rate available but is not flexible. A closed mortgage does not allow prepayments or lump sum payments, or allows them only upon payment of penalties. Some closed mortgages allow limited additional repayments of principal, for example, once a year. Make sure you understand exactly what is allowed and at what additional cost, and how much, if any, notice must be given for each such prepayment.

A *split or multi-rate mortgage* allows you to arrange part of your mortgage at one rate and term and another part at a different rate and term. The advantage is that you are getting at least one portion at a fixed rate, if you don't qualify for the whole amount at that rate. It also means you can pay off the mortgage in chunks.

In Canada, mortgage interest rates can be *fixed*, *variable* or *protected (or capped) variable*.

A *fixed rate* does not change during the life of the mortgage.

A *variable rate* changes as the prevailing market rate changes. Usually, your monthly payment to the lender stays the same. But the amount that goes to the principal and the amount that goes to interest change as the interest rate changes.



The *protected* (or *capped*) *variable rate* sets a limit on how high your interest rate will rise. Lenders usually charge a premium for a capped variable rate.

The term of a mortgage is the length of time for which certain factors, such as the interest rate you pay, are set when you negotiate a mortgage.

Terms usually last anywhere from six months to 25 years. At the end of the term, you either pay off your mortgage or renew it. If you renew, you can negotiate terms and conditions again.

Generally, the longer the term of the mortgage, the higher the interest rate.

The term of a mortgage is not the *amortization period*.

The amortization period is the time period over which the entire debt will be repaid. Most mortgages are amortized over 15-, 20- or 25-year periods. The longer the amortization the lower your scheduled mortgage payments. But you pay more interest over a longer amortization.

For example, for a \$100,000 mortgage at 10 per cent interest with a 25-year amortization period and a monthly payment of \$895, you will pay \$168,500 interest. If you amortize over 10 years for the same amount at the same interest you pay only about \$57,000 interest. But your monthly payment is much higher—about \$1,311.

## Less interest is better

You want to pay the least-possible amount of interest on a mortgage. Here are some ways to reduce the amount of interest you pay:

- make a larger down payment .
- make lump sum principal payments, or prepayments (paying principal before it would be paid under the regular payment) from time to time in addition to the regular principal and interest payments.

## Doing the math

Mortgage interest rates are usually expressed as nominal annual rates, but are compounded semi-annually.

To calculate the interest being charged, convert the rate to an effective rate for the payment period. For example, for a mortgage with a monthly payment and an annual nominal rate of  $i$  compounded semi-annually, the effective monthly interest rate,  $j$ , is that rate which satisfies the equation:

$$(1 + j)^{12} = (1 + 1/2 i)^2.$$

Your financial adviser can do the calculation for you, and give you an amortization table which shows each payment, how much of each payment is principal and how much is interest and the remaining principal after each payment.

Closed mortgages usually have a penalty for prepayments. Open and variable rate mortgages allow prepayments. If you are negotiating a mortgage take-back from the vendor, negotiate for prepayments without notice or bonus.

The faster you pay off your mortgage, the less interest you will pay, and the sooner you will enjoy the security of a mortgage-free home.

- arrange a mortgage with a shorter amortization period—higher regular level payments so that the mortgage is paid off sooner.
- arrange a mortgage with more frequent regular payments, such as every two weeks or weekly, instead of monthly.

Some other options to consider:

- **assumability**  
this allows someone who buys your home from you to take over (or assume) your remaining mortgage. Assumability is attractive if interest

rates are higher when you sell than when you bought because an assumable mortgage then increases the value of your home.

- **portability**  
this means you can carry your mortgage with you to the next home you buy.
- **expandability**  
this lets you increase the amount of the mortgage (for whatever reason) at the same interest rate, which is probably lower than the rate for a second mortgage.

## You're ready to buy...

You've been to open houses every weekend for the past two months. Your real estate salesperson has shown you several homes. You talked to a mortgage lender and have a good idea of what you can get in your price range.

You've finally seen the home that is right for you.

Now what do you do?

### How much house can I afford?

AffordAbility is a Windows-based program that lets you examine an endless number of home financing scenarios—from buying a home to renewing a mortgage or calculating a renovation loan—and all the variables involved. This powerful program is easy to use. For a demonstration, visit CMHC's Web site at [www.cmhc-schl.gc.ca/afford](http://www.cmhc-schl.gc.ca/afford)

For more information or to order visit CMHC's Electronic Market Place at [www.cmhc-schl.gc.ca/Mktinfo/store](http://www.cmhc-schl.gc.ca/Mktinfo/store) or call 1 800 668-2642.

## Putting in an offer

Before that home can be yours, though, you have to go through the process of putting in an offer. This means that you make a formal, legal offer to purchase.

You will need to include a cheque as a deposit to show that you are a serious buyer, and, if your offer is accepted, to ensure that the home will be held for you to buy and not sold to someone else. The offer is legally binding, just like a lease when renting, and if for some reason you back out of the deal without having covered yourself, your deposit may not be refundable.

An offer to purchase can be made conditionally. That means, for example, the sale will be final if you can get financing and there is a satisfactory professional home inspection. You may want to talk with your lawyer before making an offer to purchase. Once you have made an offer to purchase, it is binding on you if it is accepted by the vendor.

What's included in an offer to purchase

- your name, the name of the person selling the home and the legal and street addresses of the property
- the price you are offering, which may be lower than the price the seller wants
- chattel, the legal term for items in the home included in the purchase price, such as drapes, carpets, appliances or certain light fixtures
- financial details, including the amount of deposit, any interest to be paid on it, details of mortgage financing and whether the offer is conditional on financing;
- the closing date, and the date you take possession of the home—usually from 30 to 90 days from the date of the agreement, depending on the circumstances. For new

homes, it is often more, to give the builder a chance to finish last-minute details.

- request to the seller of the home for a current land survey
- the date the offer ends—the *expiry date*—usually 48 to 72 hours from the time the offer is made
- conditional terms, such as the house passing a home inspection, or you—the buyer—obtaining mortgage financing.

After you have finished filling in all the details of the offer, have your lawyer (in Quebec, your notary) and real estate salesperson look at it before you sign.

Your real estate salesperson takes the offer to purchase to the vendor.

The vendor can accept your offer, reject it, or make a counter-offer. A counter-offer may suggest a different price or change the closing date or chattel.

Before making an offer to purchase decide what your upper price limit is. Keep this figure to yourself.

## Closing the deal

On closing day money and deeds change hands, and you get the keys to your new home.

The legal and financial transactions take place among you, your lawyer, your financial institution, the vendor (or the vendor's lawyer) and the real estate representatives.

Your lender gives your lawyer or notary all the money from your mortgage. You forward any money remaining for your down payment (after the deposit you made when you placed the offer to purchase) by cheque (which will probably have to be certified ) to your lawyer.

The lawyer or notary pays all disbursements—the money owing the vendor for the balance of the cost after subtracting the deposit. Disbursements also include any money owing on prepaid utility or tax bills.

Your new home is registered in your name by your lawyer or notary, who then gives you the deed and keys.

## Moving in

Meanwhile, you've been busy packing your belongings and arranging for the move. The first of every month in summer is the most popular time to move. July 1 in Montréal is almost an official moving day: a large proportion of Montréal moves on July 1.

Don't forget to notify utilities—telephone, natural gas, electric, water, and cable TV — that you are moving. They will cut off service in your former location and hook you up at your new home. Make sure to tell friends and relatives that you have moved. Canada Post, for a small fee, will forward your mail to your new address from your old address for a limited time.

Make arrangements well in advance for a moving van. You can hire a moving company to pack and load your belongings. You can save some money by packing yourself and hiring a moving van and movers. Or, you can pack yourself and hire a truck or van, get help from your friends, and do the job yourself. Whatever you choose to do get organized ahead of time.

If you hire movers, before you pay the bill make sure your goods are not damaged and that there is no damage to your home or property. It is a good idea to get insurance against loss or breakage when you make arrangements with the moving company.

Don't underestimate the time it takes to prepare for a move.

You really don't know how many belongings you have until you start packing them. Many real estate companies suggest holding a garage sale a few weeks before you move to clear out things you really don't want—or need. Or, you could donate what you don't need to an organization that helps recent immigrants.

### **New Home Warranty Program**

If you buy a new home, you are eligible for insurance against delays, defects or damage that are the direct fault of the builder. The protection is for anywhere from one to seven years, depending on the type of damage and the province. For example, you are protected against major structural defects for seven years. (See New Home Warranty Programs, page 45.)

### **Conclusion**

Finding a home, whether for rent or purchase, can be a confusing and difficult challenge for anyone, and can be even more difficult for someone who is new to Canada.

Looking for a home requires patient, deliberate work and some thoughtful planning, but the effort is clearly worth it, when you consider how much time you will be spending in your home, and how much money you spend to rent or buy a home.

We are confident that if you approach this task in the ways suggested in this guide, you will not only have an easier time of finding a home, but your satisfaction with the home you find will also be that much greater.

**Good luck!**

# HOMEBUYING WORDS AND TERMS

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**amortization**— the period of time, most often 10, 15, or 25 years, needed to reduce a debt to zero when payments are made regularly

**appraisal**—an estimate—by a trained appraiser—of the market value of a property

**approved lender**— a lending institution authorized by the Government of Canada through CMHC to make loans under the *National Housing Act*. Only Approved Lenders can negotiate mortgages which require mortgage loan insurance.

**assumption agreement**— a legal document signed by a homebuyer requiring the buyer to assume responsibility for a mortgage by the builder or original owner

**blended payment**— a mortgage payment that includes principal and interest. The regular payments stay the same during the life of the mortgage, but the principal being paid off increases as the interest portion decreases.

**building permit**— a certificate issued by a municipality giving permission to build or repair a building

**closing costs**— costs additional to the purchase cost of a home, such as legal fees and transfer fees. Closing costs usually range from 1.5 per cent to four per cent of a home's selling price.

**closing date**— the date on which the sale becomes final and the new owner takes possession

**commitment letter-mortgage approval**— written notice from the mortgage lender to the borrower that approves the advancement of a specified amount of mortgage funds under specified conditions

**conditional offer-conditions of sale**— an Offer to Purchase that has conditions, such as the sale being conditional on arranging a mortgage

**conventional mortgage loan**— a mortgage loan up to a maximum of 75 per cent of the lending value of the property. A conventional mortgage does not require mortgage loan insurance.

**deed**— a legal document signed by the seller and the buyer transferring ownership of the house. The deed is registered as evidence of ownership.

**default**— failure to live up to the terms of a mortgage. Not making mortgage payments may force the mortgage holder to take legal action to take the property—foreclose

**deposit**— money placed in trust by the buyer when an offer to purchase is made. The money is held until the sale closes, when it is paid to the seller.

**discharge of mortgage**— a document signed by the lender and given to the borrower when a mortgage loan has been repaid in full

**down payment**— the portion of a house price the buyer must pay before getting a mortgage. A down payment usually ranges from five per cent to 25 per cent of the purchase price.

**easement**— a right acquired for access to, over, or to use another person's land for a specific purpose, such as a driveway, a pathway or public utilities

**foreclosure**— a legal procedure in which the lender gets ownership of the property if the borrower defaults on the mortgage loan

**holdback**— an amount of money held back by the lender during construction of a house to ensure that construction is satisfactory at every stage. Usually, the holdback is 10 per cent of the total cost of construction.

**lien (mechanic's)**— a claim against property for money owing. A supplier or subcontractor who has not been paid can file a lien, which may

oblige the homeowner to pay the amount claimed by the lienholder.

**maturity date**— the last day of the time period of the mortgage, and the date on which the mortgage loan must either be paid in full or renewed

**option agreement**— an agreement saying that in exchange for a deposit you have the first chance to buy the property within a specified period of time: if you do not buy within the specified period, you lose your deposit

**planning regulations**— municipal regulations, under zoning bylaws, about types of buildings and use of land

**principal**— the amount of money actually owed

**refinance**— to pay off a mortgage and arrange for a new mortgage

**survey**— a document that shows property boundaries and measurements, specifies the location of buildings on the property, and shows easements or encroachments

**title**— a freehold title gives the holder full and exclusive ownership of land and building for an indefinite period. A leasehold title gives the holder a right to use and occupy land and buildings for a defined period.

**zoning bylaws**— municipal or regional bylaws that specify or restrict land use

# OTHER USEFUL HOUSING INFORMATION

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CMHC has a world of information for you, with publications about:

- Home Basics
- Home Renovation
- Home Repair
- Home Maintenance and Security
- Indoor Air Quality and Moisture
- Healthy Housing
- Barrier-free Housing

To speak with our home experts, to receive a CMHC catalogue or to order publications, call 1 800 668-2642

Or visit our Web site at [www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)

*Affordable Housing Directory, A Service Directory of Non-profit, Co-op and Special Needs Housing in the City of Toronto*, published by the Housing Registry Program, Information and Advisory Services Section, City of Toronto Housing Department

*Homebuying Step by Step—A consumer guide and workbook*, CMHC (available by calling 1 800 668-2642)

Freedman, Jeffrey, *The Ontario Guide to Tenants' Rights*, Harper Collins Publishing Ltd., 1991

Goldenberg, David M., *Mortgages and Foreclosures; Know Your Rights, Self Counsel Press*, Vancouver, B.C. 1993

McInness, Ron, *Landlord/Tenant Rights in Ontario*, Self-Counsel Press, Canada, 1994

## Contact list

Housing-Related Resources and Information

CMHC's Canadian Housing Information Centre

Telephone 800 668-2642

TTY 800 309-3388

[chic@cmhc-schl.gc.ca](mailto:chic@cmhc-schl.gc.ca)

## CMHC offices across Canada

### National office

Telephone (613) 748-2000

Automated Attendant (613) 748-2300

TTY (613) 748-2447

Fax (613) 748-2098

Address 700 Montreal Road

Ottawa ON

K1A 0P7

### Atlantic business centre

Telephone (902) 426-3530

TTY (902) 426-1271

Fax (902) 426-9991

Address 7001 Mumford Road

Halifax Shopping Centre

Suite 300 Tower 1

Halifax NS B3L 2H8

PO Box 9315 Station A

B3K 5W9

### Charlottetown branch office

Telephone (902) 566-7336

TTY (902) 566-7079

Fax (902) 566-7350

Address 119 Kent St.

Royal Trust Building

Suite 300 3rd Floor

Charlottetown PE

C1A 1N3

### Fredericton branch office

Telephone (506) 452-3050

TTY (902) 452-3250

Fax (506) 451-6066

Address 440 Kings Street

Kings Place

Suite 370

Fredericton NB

E3B 5R2

PO Box 158

E3B 5R2

**St. John's branch office**

Telephone (709) 772-4400  
TTY (709) 772-3748  
Fax (709) 726-1166  
Address 120 Torbay Rd  
St John's NF  
A1A 2G8  
  
PO Box 9400  
Stn. A  
A1A 3V6

PO Box 1500  
Vimont Postal Station  
Vimont  
Laval QC  
H7M 3Z2

**Quebec business centre**

Telephone (514) 283-4464  
TTY 888 841-4975  
Fax (514) 283-7595  
Address Place du Canada  
11th Floor  
Montreal QC  
H3B 2N2

**Montréal branch office**

Telephone (514) 283-2222  
TTY 888 841-4975  
Fax (514) 283-5033  
Address 111 St. Urbain St.  
Suite 201 2nd Floor  
Montréal QC  
H2Z 1Y6

**Chicoutimi branch office**

Telephone (418) 698-5511  
TTY (418) 698-5605  
Fax (418) 698-5519  
Address 1180 Talbot Blvd  
1st floor Suite 102  
Chicoutimi QC  
G7H 4B6  
  
PO Box 34  
G7H 5B5

**Québec branch office**

Telephone (418) 649-8080  
TTY (418) 648-3087  
Fax (418) 649-8099  
Address 2600 Laurier Blvd  
Tour Belle Cour  
Suite 2800 8th floor  
Sainte-Foy QC  
G1V 4M6  
  
PO Box 70  
G1V 4C8

**Hull branch office**

Telephone (819) 770-1550  
TTY (819) 770-1550  
Fax (819) 770-5278  
Address 259 St. Joseph Blvd  
Suite 206  
Hull QC  
J8Y 6T1

**Sherbrooke office**

Telephone (819) 564-4220  
TTY (819) 564-7178  
Fax (819) 564-4281  
Address 2355 King St. W  
Suite 201  
Sherbrooke QC  
J1J 2G6

**Laval branch office**

Telephone (450) 967-3700  
TTY (450) 967-3752  
Fax (450) 967-3741  
Address 2 Place Laval  
Suite 400  
Laval QC  
H7N 5C9

**Ontario business centre**

Telephone (416) 221-2642  
TTY 888 841-4975  
Fax (416) 218-3310  
Address 100 Sheppard Ave. E  
Suite 500  
North York ON  
M2N 6Z1



**Hamilton branch office**

Telephone (905) 527-2642  
Automated Attendant (905) 572-7100  
TTY (905) 572-4641  
Fax (905) 572-2413  
Address 350 King St. E  
Suite 202  
Hamilton ON  
L8N 3R5

**London branch office**

Telephone (519) 438-1731  
Automated Attendant (519) 438-1737  
TTY (519) 438-4254  
Fax (519) 438-5266  
Address 150 Dufferin Ave.  
Suite 600  
London ON  
N6A 5N6  
  
PO Box 2845  
N6A 4H4

**Oshawa office**

Telephone (905) 571-3200  
TTY (905) 571-7442  
Fax (905) 571-1523  
Address 419 King St. W  
Office Galleria  
Suite 100  
Oshawa ON  
L1J 2K5  
  
PO Box 30620  
L1J 8L8

**Ottawa branch office**

Telephone (613) 748-2000  
TTY 800 309-3388  
Fax (613) 748-5130  
Address 700 Montreal Rd  
Suite B0-100  
Ottawa ON  
K1A 0P7  
  
PO Box 9606  
Stn. T  
K1G 6B5

**Sudbury branch office**

Telephone (705) 523-2900  
Automated Attendant (705) 523-2901  
TTY (705) 523-2943  
Fax (705) 522-5700  
Address 2037 Long Lake Road  
Unit A-15  
Sudbury ON  
P3E 6J9

**Thunder Bay branch office**

Telephone (807) 343-2010  
TTY (807) 346-9854  
Fax (807) 345-0696  
Address Royal Insurance Bldg  
28 N Cumberland St.  
Suite 200  
Thunder Bay ON  
P7A 4K9  
  
PO Box 2026  
Stn. P  
P7B 5E7

**Prairie and Northwest Territories  
business centre**

Telephone (403) 515-3000  
TTY 888 841-4975  
Fax (403) 515-2930  
Address 708 11th Avenue SW  
Suite 500  
Calgary AB  
T2R 0E4  
  
PO Box 2560  
T2P 2N9

**Edmonton branch office**

Telephone (780) 423-8700  
TTY 888 841-4975  
Fax (780) 423-8702  
Address 10405 Jasper Ave.  
Suite 210  
Edmonton AB  
T5J 3N4  
  
PO Box 1273  
T5J 2MB

**Regina branch office**

Telephone (306) 780-5880  
Automated Attendant 888 841 4975  
TTY (306) 780-8317  
Fax (306) 780-6645  
Address Saskatchewan Place  
1870 Alberta St.  
Suite 120  
Regina SK  
  
PO Box 1186  
S4P 3B6

**Saskatoon branch office**

Telephone (306) 975-4900  
TTY 888 841-4975  
Fax (306) 975-6066  
Address 119 4th Ave. S  
Suite 200  
Saskatoon SK  
S7K 5X2  
  
PO Box 1107  
S7K 3N2

**Winnipeg branch office**

Telephone (204) 983-5600  
TTY (204) 983-5804  
Fax (204) 983-8046  
Address 10 Fort St.  
Fourth Floor  
Winnipeg MB  
R3C 1C4  
  
PO Box 964  
R3C 2V2

**Yellowknife branch office**

Telephone (867) 873-2637  
TTY (867) 873-2188  
Fax (867) 873-3922  
Address Northwest Tower  
Suite 806  
5201-50th Avenue  
Yellowknife NT  
X1A 3S9  
  
PO Box 2460  
X1A 2P8

**British Columbia and Yukon regional office**

Telephone (604) 731-5733  
TTY (604) 737-4129  
Fax (604) 737-4139  
Address 2600 Granville Street  
Suite 400  
Vancouver BC  
V6H 3V7

**Granville Island office**

Telephone (604) 666-6655  
TTY 888 841-4975  
Fax (604) 666-7376  
Address 1661 Duranleau St.  
2nd Floor  
Vancouver BC  
V6H 3S3

**Kelowna branch office**

Telephone (250) 712-4333  
TTY 888 841-4975  
Fax (250) 712-4322  
Address Landmark Square II  
Suite 103  
1708 Dolphine Avenue  
Kelowna BC  
V1Y 9S4

**Prince George branch office**

Telephone (250) 561-5433  
TTY 888 841-4975  
Fax (250) 561-5444  
Address The Canada Trust Tower  
299 Victoria St.  
Suite 300  
Prince George BC  
V2L 5B8

**Victoria branch office**

Telephone (250) 995-3400  
TTY 888 841-4975  
Fax (250) 995-2640  
Address 415 Gorge Road East  
Victoria BC  
V8T 2W1

**Whitehorse branch office**

Telephone (867) 633-7530  
TTY 888 841-4975  
Fax (867) 633-7542  
Address Elijah Smith Building  
300 Main Street  
Suite 103  
Whitehorse YT  
Y1A 2B5

**New Home Warranty Programs**

**Provincial programs**

**British Columbia**

New Home Warranty Program of British  
Columbia and Yukon  
1441 Creekside Drive  
Suite 760  
Vancouver BC  
V6J 4S7  
Tel: (604) 736-9231

**Alberta**

New Home Warranty Program  
of Alberta  
208-57th Avenue, S.W.  
Suite 201  
Calgary AB  
T2W 2K5  
Tel: (403) 253-3636

**Saskatchewan**

New Home Warranty Program  
of Saskatchewan  
4-3012 Louise St. E.  
Saskatoon SK  
S7J 3L8  
Tel: (306) 373-7833

**Manitoba**

New Home Warranty Program  
of Manitoba  
Room 220,  
1120 Grant Ave.  
Winnipeg MB  
K3M 2A6  
Tel: (204) 477-1877

**Ontario**

Ontario New Home Warranty Program  
5160 Yonge St.  
North East Tower, 6th Floor  
North York City Centre  
North York ON  
M2N 6L9  
Tel: (416) 229-9200

**Quebec**

Programme de certification des maisons  
neuves de l'APCHQ  
5930, boul. Louis-H. Lafontaine  
Anjou (Québec)  
H1M 1S7  
Tel: (514) 353-1120

Plan de garantie des maisons neuves de  
l'Association de la construction du Québec  
4970, Place de la Savanne  
Bureau 300  
Montréal (Québec)  
H4P 1Z6  
Tel: (514) 739-8565  
or 1 800-361-7701

**New Brunswick**

Atlantic New Home Warranty Corporation  
P.O. Box 1212  
Moncton NB  
K1C 8P9  
Tel: (506) 853-0111

**Nova Scotia**

Atlantic New Home Warranty Corporation  
1405 Bedford Highway  
Bedford NS  
B4A 3CS  
Tel: (902) 835-9880

**Prince Edward Island**

Atlantic New Home Warranty Corporation  
P.O. Box 728  
Charlottetown PE  
C1A 7L3  
Tel: (902) 368-3477

**Newfoundland**

Atlantic New Home Warranty Corporation  
516 Topsail Road, Suite 203  
St. John's NF  
A1E 2C5  
Tel: (709) 747-0195

**Private Home warranty plans**

**National Home Warranty Programs**

**Head office**

Suite 1001, 10405 Jasper Avenue,  
Edmonton AB  
T5J 3N4  
Tel: (403) 425-2981  
Toll-free: 1 800-472-9784

**Manitoba**

Suite 200, 5 Donald Street,  
Winnipeg MB  
R3L 2T4  
Tel: (204) 284-0293

**Alberta**

Suite 3117,  
380 Canyon Meadows Dr. S.E.,  
Calgary AB  
T2J 7C3  
Tel: (403) 278-5665

**British Columbia**

Suite 600,  
890 West Pender Street,  
Vancouver BC  
V6C 1J9  
Tel: (604) 608-6678

**Residential Warranty Company  
of Canada Inc.**

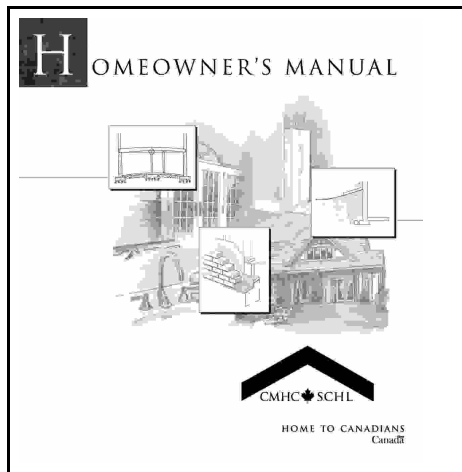
**Manitoba, Saskatchewan, Alberta, British  
Columbia, Yukon, Northwest Territories**

10446, 122 Street  
Suite 102  
Edmonton AB  
T5N 1M3  
Tel: (403) 488-6040  
Fax: (403) 488-6027

**Newfoundland, Nova Scotia, Prince Edward  
Island, New Brunswick**

345 Gould Street  
Dieppe NB  
E1A 1V2  
Tel: (506) 854-4432  
Fax: (506) 854-6330

**PE0355**



## Ask for your **HOMEOWNER'S MANUAL**

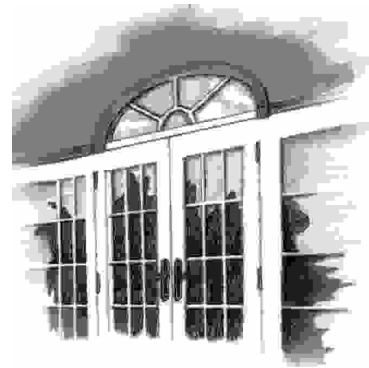
**Expect an owner's manual when buying your new home.**

Published by Canada Mortgage and Housing Corporation (CMHC), your **Homeowner's Manual** includes comprehensive and customized information that will help you understand and maintain your investment. Filled with practical tips, easy to follow instructions and lots of clear illustrations -- the **Homeowner's Manual** is your permanent reference tool.

### Protect your investment

The **Homeowner's Manual** is a complete education in the upkeep of every aspect of the home, from the foundation to the roof. In it, you will find valuable advice about looking after the basement, outside walls and exterior features, doors, windows and interior finishes. In addition, all the home's systems - heating, electrical, ventilation and air conditioning, and plumbing and hot water - are described in plain language.

You will also find a warranty reminder and a maintenance calendar that tells you what to do on a seasonal basis to look after your home and references to other valuable information from CMHC. All the information is packaged in a durable binder with a plastic sleeve in the back to hold your new-home warranty and other important documents. You'll refer to it time and again as your permanent home maintenance guide.



### Ask your builder

Because it is customized to your new home, you need to ask your builder for your copy. He knows best what went into making your house and can fill the form with which it can be customized.

Builders can order the **Homeowner's Manual** by sending an order form to CMHC. Order forms are available from local CMHC offices and the web site ([www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)). Once a faxed or e-mailed form is received, CMHC sends a **Homeowner's Manual** customized to your home. For more information, you and your builder can phone the Canadian Housing Information Centre (CHIC) at 1-800-668-2642.



You and your builder go to a lot of trouble to ensure the finished house is one you will be happy in. With your **Homeowner's Manual**, you can enjoy your home with the knowledge that you have all the information you need to live comfortably in your home for many years to come.