



# PRESALE Guide

# *Handbook*

A guide to buying **PRESALES**

NANCY GHUMAN REAL ESTATE  
[www.nancyghuman.com](http://www.nancyghuman.com)



## **HOMEBUYERS DO NOT PAY ANY COMMISSION TO THEIR REALTOR**

One of the biggest misconceptions in real estate is that buyers have to pay their agent's commission. In reality, the developers typically covers the commission for the buyer's agent

However, just because our commission comes from the developer doesn't mean we work for them! As your buyer's agent, our sole responsibility is to represent YOUR best interests—from negotiating the best price and terms to guiding you through inspections and closing. Our job is to advocate for you every step of the way, ensuring you make a well-informed decision on your home purchase.



# BUYING A PRESALE

## *Understanding the Basics: Deposit Vs Down Payment and Closing Costs during final Completion*



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### **Deposit (During Offer/Booking)**

- Paid Upfront or in installments after offer acceptance ( 1 week -18 months).
- Usually 5–25% of purchase price, paid in smaller installments.
- Held in a trust account by developer's lawyer/notary.
- Secures your unit and shows commitment.

### **Down Payment (During Completion)**

- At completion/closing (when home is ready – usually 1–5 years later).
- Typically 5–20% of purchase price.
- Deposit you already paid is credited toward the down payment.

### **Example with 20% Down Payment ( Could be less for First Time Home Buyer - Consult your Mortgage Broker for best advice )**

Home Price = \$600,000

- Required Down Payment (20%) = \$120,000
- Deposit Paid During Presale to be adjusted towards down payment = \$60,000
- Remaining Due at Completion = \$60,000

### **Closing Costs ( During Completion)**

- Bank Fees: \$75–\$200 for appraisal (often waived upon request)
  - Home Inspection: \$500–\$1,200 (varies by home size)
  - Legal Fees: \$700–\$2,500 for lawyer/notary services
  - GST 5% (New Homes Only): Ask us about applicable taxes and available rebates
  - Home Insurance: Required for mortgages; cost depends on the property
  - Property Transfer Tax (PTT): The general property transfer tax applies for all taxable transactions. The general property transfer tax rate is:
    - 1% of the fair market value up to and including \$200,000
    - 2% of the fair market value greater than \$200,000 and up to and including \$2,000,000
    - 3% of the fair market value greater than \$2,000,000
- Check if you qualify for any rebates or exemptions.

You'll need to cover property taxes, strata fees, utilities, and hydro for the remaining portion of the year. These adjustments are typically calculated and settled by your conveyancer before closing.

# PRESALES

## *Due Diligence & Protection*



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### **RESCISSION PERIOD?**

- Buyers get a 7-day rescission (cooling-off) period.
- This gives you time to review documents, arrange financing, and seek legal advice. Legally mandated in BC (since Jan 2023). Starts once the contract is signed & disclosure statement is received. Buyer can cancel for any reason within 7 days. If canceled, deposit is refunded .

### **DISCLOSURE STATEMENT :**

(Very Important!)

- Provided by the developer before or at contract signing.
- Outlines: Project details (number of units, amenities, completion timeline) Strata budget & estimated fees
- Parking, storage, common areas ,Developer's history & warranties Must be carefully reviewed before rescission period ends.
- It is highly recommended to get disclosure statement reviewed by a lawyer before rescission period ends and know your rights as a buyer under the contract.

### **CHOOSING THE RIGHT UNIT- KEY CONSIDERATIONS**

#### 1. Floor Plans

- Review layout and room sizes carefully.
- Check functionality for your lifestyle: bedroom placement, storage, kitchen flow.
- Open layouts often feel larger, but consider privacy and furniture placement.

#### 2. Price per Square Foot

- Compare price per sq. ft across similar units.
- Helps identify overpriced or better value units within the same project.

#### 3. Floor Levels & Views

- Higher floors often have better views and more privacy.
- Consider elevator wait times, wind exposure, or sun direction.
- Corner units may have more windows but higher cost.

#### 4. Location of the Project

- Check proximity to transit, schools, shopping, and amenities.
- Consider future developments or construction nearby that may affect value or views.
- Assess neighbourhood livability and long-term growth potential.

# PRESALE ASSIGNMENTS



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## WHAT IS AN ASSIGNMENT ?

- An assignment happens when a presale buyer sells their contract to another buyer before the property is completed.
- Instead of selling the finished home, you are selling your right to buy it from the developer.
- The new buyer takes over your contract and pays the developer at completion.
- Assignments are common with presales, especially in hot markets where property values may increase before completion.

## EXAMPLE :

- You buy a presale condo for \$600,000. Before it's finished, market conditions increase the value to \$650,000. You can assign your contract to another buyer for \$650,000. Your profit = \$50,000 (minus assignment fees and taxes). Market conditions can also decrease the value .

## ASSIGNMENT RISKS:

- Market Risk: Property values may not rise as expected and in rare cases can decline during the time of completion.
- Many developers advertise assignments as available upfront, but when it comes to executing the assignment, they may restrict, delay, or deny it contractually or prohibit assignments, or charge high fees.
- Financial Risk: Deposit and fees may be lost if assignment fails.
- Tax Liability: Any profit from assignment is taxable.
- Timing Pressure: Must coordinate buyer, lawyer, and developer within tight deadlines.

## ASSIGNMENT RECOMENDATIONS

- Only buy presales for assignment if you can qualify for a mortgage.
- Do not rely solely on assignment profit — treat it as a potential bonus, not guaranteed income.
- Back up plan in place to be prepared for extra downpayment requirement if property value falls below contract value. **VERY IMPORTANT**
- Always consult a lawyer or notary before entering into an assignment.

# PREPARE FOR CLOSING

## *How to save money for Downpayment utilizing RRSP /HBP OR FHSA accounts*



- 3-Year First-Time Homebuyer Plan – Example with \$70,000 Income assumption
- Income: \$70,000/year
- Maximum RRSP contribution: 18% of income = \$12,600/year -No lifetime max limit
- FHSA contribution: \$8,000/year (annual max) and lifetime max \$40,000
- Total contribution per year: \$12,600 + \$8,000 = \$20,600
- Approx. annual federal & provincial tax savings: ~\$5,056
- Net out-of-pocket contribution = Total contribution - Tax savings  
**\$15,544** = \$20,600 - \$5,056

### Yearly Breakdown Table

Year	Max RRSP Contribution	FHSA Contribution	Total Contribution	Tax Savings	Net Out-of-Pocket Contribution	Funds Available for Home (Contributions + Growth)
1	\$12,600	\$8,000	\$20,600	\$5,056	\$15,544 (=20,600-5,056)	\$20,600 + growth
2	\$12,600	\$8,000	\$20,600	\$5,056	\$15,544 (=20,600-5,056)	\$20,600 + growth
3	\$12,600	\$8,000	\$20,600	\$5,056	\$15,544 (=20,600-5,056)	\$20,600 + growth

### Key Points

1. Net out-of-pocket contribution = money you actually paid after tax savings.
2. Funds available for home = total contributions (gross) + investment growth (FHSA tax-free, RRSP/HBP tax-deferred).
3. FHSA withdrawals are permanent and tax-free with max lifetime contribution limit \$40,000
4. HBP withdrawals from RRSP are tax-free for home purchase, but repayment over 15 years is required and no lifetime limit
5. Reinvesting tax refunds can boost your down payment significantly.

**ABOVE EXAMPLE IS FOR REFERENCE PURPOSE ONLY . CONSULT FINANCIAL PLANNER FOR ADVICE or check out govt website for most updated information**

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/registered-retirement-savings-plan-rrsp.html>

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account.html>

Have any questions? Reach out at [homes@nancyghuman.com](mailto:homes@nancyghuman.com)

# PREPARE FOR CLOSING

## *First Time Home Buyer's Tax Credit- BREAKDOWN*



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### **First Time Home Buyer's Tax Credit- Applied after completion**

This credit allows first-time buyers in Canada the opportunity to recover some of the costs associated with their purchase. It helps offset legal fees, inspections, and other similar closing costs. **The First-time Home Buyer's Tax Credit is a non-refundable credit of \$10,000, which equates to a maximum tax rebate of \$1500 as of 2023 (\$750 until the 2022 budget was approved).**

### **Step 1: Confirm Eligibility**

You qualify if:

You (or your spouse/partner) are first-time homebuyers;

You purchased a qualifying home to be your principal residence;

The home purchase closed in the current tax year (or the previous year if filing late).

A "first-time homebuyer" generally means you did not own a home anywhere in the world in the current or previous 4 calendar years.

### **Step 2: Gather Supporting Documents**

You'll need:

Statement of Adjustments / closing documents from your lawyer/notary

Proof of purchase date and principal residence

This supports your claim in case CRA requests verification.

### **Step 3: Claim the Tax Credit on Your Income Tax Return**

Use Line 31270 (Canada Revenue Agency – T1 form) for the HBTC.

You enter the \$10,000 qualifying amount, which gives a \$1,500 tax credit (15% of \$10,000).

This is non-refundable, meaning it reduces the tax you owe, but does not create a refund if your taxes are already zero.

### **Step 4: File Your Tax Return ( Consult Your Accountant)**

Include the claim when you file your federal income tax return for the year you purchased the home.

If you forgot last year, you can amend your previous year's tax return to claim it retroactively.

Visit following website for most updated information  
<https://www.canada.ca/en/revenue-agency/services/about-canada-revenue-agency-cra/federal-government-budgets/budget-2022-plan-grow-economy-make-life-more-affordable/first-time-home-buyers-tax-credit.html>

Have any questions? Reach out at [homes@nancyghuman.com](mailto:homes@nancyghuman.com)

# PREPARE FOR CLOSING



## *Property Transfer Tax Exemption on New Construction (Not limited to First time buyers)*

### **Newly Built Home Property Transfer Tax (PTT) Exemption – BC**

Who qualifies?

- Anyone (not limited to first-time buyers) as long as:
  - The home is a newly built principal residence, and
  - The buyer is a Canadian citizen or permanent resident.

Key Conditions:

- Must be the first registration of the property with a completed home.
- Located in BC.
- Home must be 0.5 hectares (1.24 acres) or smaller.
- Buyer must live in the home as their principal residence.

Exemption Amounts (effective April 1, 2024)

- Full exemption if fair market value (FMV)  $\leq$  \$1,100,000
- Partial exemption if FMV between \$1,100,000 and \$1,150,000
- No exemption if FMV  $\geq$  \$1,150,000

(Before April 1, 2024, thresholds were \$750K full / \$800K phase-out.)

Example Scenarios

- \$1,000,000 brand-new home, principal residence → Full exemption (no PTT).
- \$1,100,000 home → Still full exemption.
- \$1,120,000 home → Partial exemption (some PTT payable).
- \$1,150,000 home → No exemption, full PTT applies.

### **Filing Requirement**

- Even if you qualify, your lawyer/notary must file a PTT return with the Land Title Office.
- If you don't meet all conditions, or it's not principal residence, full PTT is due

### **Summary:**

- Resale homes → only first-time buyers can save (FTHB Program, up to \$835K full).
- Brand-new homes → anyone can save (Newly Built Exemption, up to \$1.1M full).

Please check following website for more accurate information AND consult your Accountant Or lawyer

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions/newly-built-home-exemption#qualify>

# PREPARE FOR CLOSING

## *GST/HST new housing rebate On New Construction ( First Time Buyers only)*



### **Current GST/HST New Housing Rebate (still in effect)**

You may qualify if:

- You buy a brand-new or substantially renovated home from a builder, OR you build/renovate your own home,
- It's intended as your primary place of residence,
- You (or a close relation) will be the first occupant,
- And the home value is within the current thresholds (full rebate up to \$350K, partial up to \$450K, none above that – under the old rules).

This rebate is not limited to first-time buyers.

### **Proposed First-Time Home Buyers' (FTHB) GST/HST Rebate (June 2025 legislation) Not implemented yet!**

If passed, this would apply in addition to the existing rebate:

- **Who qualifies?**
  - Must be a first-time home buyer (neither you nor your spouse/partner owned a home in the current or past 4 years).
  - Home must be your primary residence.
  - Applies to newly built homes or substantially renovated homes.
- **What's the benefit?**
  - 100% rebate of the GST (5%) or federal portion of HST on new homes up to \$1,000,000.
  - Partial rebate for homes valued between \$1,000,000 and \$1,500,000, phasing out completely at \$1.5M.
- **Timing:**
  - Only applies to purchase agreements entered into on or after May 27, 2025 (or for owner-built homes where construction starts after that date)

### **GST on New Homes – Filing / Claiming Rebate Requirements**

Proposed First-Time Home Buyers' GST/HST Rebate (June 2025 legislation)

- If enacted, filing will depend on the builder:
  - Option A: Builder applies the rebate directly at closing (buyer pays net of GST).
  - Option B: Buyer pays full GST, then files with CRA to claim back.
- Filing with CRA would require:
  - Form GST190 (or a revised version for FTHB rebate),
  - Copy of purchase agreement and statement of adjustments,
  - Proof of occupancy as principal residence,
  - Proof of first-time buyer status (likely an affidavit or statutory declaration).
- Deadline: CRA requires filing within 2 years after the home's closing or completion date.

Please check following website for more accurate information AND consult your Accountant Or lawyer

[https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/gst-hst-rebates/new-housing-rebate.html?utm\\_source=chatgpt.com](https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/gst-hst-rebates/new-housing-rebate.html?utm_source=chatgpt.com)



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