

Real Estate Brokerage

# Buyer

## Practical Guide

Revised edition



Association des courtiers  
et agents immobiliers du Québec



## What you should know about buying a home

The Association des courtiers et agents immobiliers du Québec has prepared this brochure to help you in the selection and purchase of your new property. In it you will find the main steps you need to follow before, during and after the purchase of your home as well as many useful tips to help you complete your real estate transaction in a satisfactory manner.

### ACAIQ Mission

Created under the *Real Estate Brokerage Act*, the Association des courtiers et agents immobiliers du Québec's primary role is to protect the public by overseeing the activities of all real estate brokerage professionals. It ensures that real estate brokers and agents pursue their activities in accordance with the Act and its regulations. Among the ACAIQ bodies contributing to the protection of the public is the Professional Inspection Committee, whose role is to oversee broker and agent activities, including by auditing their records, books, accounts and registers.



Association des courtiers  
et agents immobiliers  
du Québec



# Table of Contents

<b>Your protection in real estate brokerage</b> .....	6
• Role of the real estate broker and agent .....	7
- Distinction between real estate broker and agent .....	7
- Compulsory certificate .....	8
- Duties and obligations of real estate brokers and agents .....	8
- Loyalty to the customer .....	8
- Obligation to disclose .....	8
- Advising and informing objectively and accurately .....	8
• Consumer protection mechanisms .....	9
- Professional development .....	9
- Entrance examination .....	9
- Info ACAIQ .....	10
- Assistance ACAIQ .....	10
- Professional Inspection Committee .....	10
- Syndic .....	10
- Discipline Committee .....	11
- Illegal Practice .....	11
- Professional liability insurance .....	11
- Fonds d'indemnisation du courtage immobilier .....	11
<b>Knowing how much you can afford before selecting a home</b> .....	12
• How much can I afford to invest in a home? .....	13
- Analyzing your financial capacity .....	13
- Estimating your maximum mortgage loan .....	13
- GDS ratio .....	13
- TDS ratio .....	14
- Calculating your monthly housing budget .....	14
• How much financing do I need? .....	16
- Cash expenses .....	16
- Deposit .....	16
- Downpayment .....	16
- Indirect costs .....	17
- Summary of calculations .....	18
- Home Buyers' Plan .....	18
- Eligibility .....	19
- Qualifying homes .....	19
<b>Acquisition procedures</b> .....	20
• Choosing your home .....	21
- Defining your needs .....	21
- Type of property .....	21
- Neighbourhood .....	21
- Proximity of services .....	21
- Indoor aspect .....	21
- Outdoor aspect .....	22
- Need for renovations .....	22
- Organizing your search .....	22
- Choosing the area .....	22



- Choosing well .....	22
- Facts sheet .....	23
- Elements to verify .....	23
- Setting the fair market value of a property .....	23
• The Exclusive Brokerage Contract – Purchase of an immovable .....	26
• The promise to purchase .....	27
- Content of the promise to purchase .....	27
- Identification of the parties .....	27
- Object of the contract .....	27
- Description of immovable .....	27
- Price and deposit .....	28
- Declarations and obligations of the buyer .....	28
- Declarations and obligations of the seller .....	28
- Delivery of the immovable .....	29
- Costs relating to repayment and cancellation .....	29
- Ownership documents .....	29
- Defect or irregularity .....	30
- Intervention of spouse .....	30
- Common declarations and obligations of the parties .....	30
- Reference to annexes .....	30
- Conditions of acceptance .....	30
- Signatures .....	30
• The counter-proposal .....	32
- Amendments .....	32
- Conditions of acceptance .....	32
• Using specialized services .....	33
- Main services used when purchasing an immovable .....	33
- Building inspector .....	33
- Land surveyor .....	33
- Mortgage broker .....	33
- Notary .....	33
• The mortgage loan .....	34
- Types of loans .....	34
• The property transfer .....	35
- Title examination .....	35
- Act of sale .....	35
- Registration of rights of ownership .....	35
<b>Are you satisfied?</b> .....	36
• Don't be afraid to ask any questions you may have to your real estate broker or agent .....	37
- Info ACAIQ .....	37
- Assistance ACAIQ .....	37
<b>Useful links • Glossary • Index</b> .....	38
• Useful links .....	39
• Glossary .....	40
• Index .....	45



# 1

## Your protection in real estate brokerage

# Role of the real estate broker and agent

Buying an immovable requires extensive technical knowledge. This is why we recommend that you use the services of a real estate brokerage professional in order to make sure that all the operations involved in buying an immovable are completed in accordance with standard practice.

A chartered real estate broker may employ or authorize to act on his behalf a chartered or affiliated real estate agent. On the other hand an agent is only authorized to act on behalf of a broker. Under the law, the broker bears full responsibility for the professional actions of the agents representing him. ▶

The main function of the real estate broker or agent is to act as intermediary in the purchase, sale or rental of an immovable. He plays a prospecting role by finding an immovable for the buyer and a client for the seller; he plays a negotiating role by facilitating communications between the parties involved and, mainly, he plays an advisory role and helps the parties define their needs and complete their real estate transaction in a satisfactory manner.

### **Distinction between real estate broker and agent**

The differences between a real estate broker and agent have to do with their respective levels of responsibility.



**Compulsory certificate**

All real estate brokers and agents in Québec must hold a certificate of practice issued by the Association des courtiers et agents immobiliers du Québec. A consumer who engages in a real estate transaction through someone who does not hold such a certificate cannot benefit from the protection mechanisms provided under the *Real Estate Brokerage Act*, as these only apply to the professional actions of real estate brokers and agents who are authorized to practice. Therefore, before you do anything, check with the ACAIQ, including by consulting the membership register on the ACAIQ website at [acaiq.com](http://acaiq.com), to make sure your broker or agent holds a valid certificate of practice. If not, this should be reported to the ACAIQ.

**Duties and obligations of real estate brokers and agents**

Real estate brokerage is an activity which is regulated and controlled in order to protect the public in real estate transaction. The *Real Estate Brokerage Act*, the *By-Law of the ACAIQ* and the *Rules of professional ethics of the ACAIQ* define how the profession should be practiced, so that consumers may be served fairly and competently.

**Loyalty to the customer**

Real estate brokers and agents are bound by a strict obligation of loyalty to their clients, whose rights they are bound to promote and protect. They must act equitably toward each party to a real estate transaction.

**Obligation to disclose**

If your real estate broker or agent has a personal relationship with you or the other party or if he is acting on his own behalf, he must inform you in writing prior to the signing of the promise to purchase.

Similarly, if your real estate broker or agent is to receive compensation from a financial institution or a professional recommended by him, he must also inform you in writing.

**Advising and informing objectively and accurately**

The real estate broker and agent must advise and inform the parties to a transaction objectively and must provide them with all the explanations they need to fully understand and appreciate the services they are providing. They must also inform the parties of any factor which could negatively impact the object of the transaction.

The real estate broker and agent must also be able to demonstrate the accuracy of the information they are providing using relevant documentation. This information verification principle must be upheld throughout the sales process, as the broker and agent are responsible for the information they are disseminating.

# Consumer protection mechanisms

**Professional development**

To obtain a certificate of practice from the ACAIQ, candidates must take a series of specialized real estate brokerage courses. This compulsory training leads to an attestation of collegial studies and is a prerequisite to take the profession's entrance examination.

**Entrance examination**

The profession's entrance examination is a mechanism that ensures the consumers that a real estate broker or agent has the knowledge and competence required to provide adequate service. ▶



**Info ACAIQ**

Info ACAIQ is the information centre of the Association des courtiers et agents immobiliers du Québec. It provides information to consumers and to members of the profession on the *Real Estate Brokerage Act* and its regulations, the brokerage contract, the promise to purchase and all other real estate brokerage forms produced by the Association, as well as any question related to the ACAIQ activities, products and services.

**Assistance ACAIQ**

Our Assistance Department (Assistance ACAIQ) is the door to soliciting help from the Association and reporting violations. Whether submitted by a consumer or a member of the Association, requests for assistance in resolving a dispute are handled by an Assistance

Department analyst, who can provide information regarding the recourses available and intervene with the broker or agent involved to help find a solution to the problem.

**Professional Inspection Committee**

The role of the Professional Inspection Committee is to ensure that the work methods of real estate brokers and agents are in accordance with the rules of the profession. The Committee carries out inspections of its members and makes appropriate recommendations.

**Syndic**

The role of the Syndic is to carry out an investigation if he has a reason to believe that real estate brokers or agents are engaging in acts against the *Real Estate Brokerage Act*. If such is the case, he files a complaint with the Discipline Committee.



**Discipline Committee**

The Discipline Committee has the authority to impose fines, to suspend or cancel a violator's right to practice. It cannot, however, compensate or indemnify the injured parties.

**Illegal Practice**

Requests involving an individual who does not hold a certificate and, consequently, is not a member of the Association, are handled by our Legal Affairs Department. Where an inquiry reveals that this individual has violated the provisions of the *Real Estate Brokerage Act* or its Regulations, the Association could initiate proceedings before the Court of Québec, Criminal and Penal Division. In such a case, the person requesting assistance could be subpoenaed to appear as a witness.

**Professional liability insurance**

Real estate brokers must take out professional liability insurance to provide consumers with additional financial protection in case of fault, error, negligence or omission.

**Fonds d'indemnisation du courtage immobilier**

The Fonds d'indemnisation du courtage immobilier has the authority to compensate consumers who are victims of fraud, dishonest transaction or misappropriation of funds which must be deposited in a trust account.





# How much can I afford to invest in a home?

## 2

Knowing how much you can afford before selecting a home

### Analyzing your financial capacity

Before you even start looking for a new home, you must conduct an analysis of your needs and an accurate evaluation of your financial capacity. You must establish a realistic budget taking into account your lifestyle and your goals. The role of this exercise is to set a reasonable purchase price. This way, you can narrow down your search and avoid being tempted by an immovable that is above your means.

The key element in this exercise is accuracy. Remember that a budget is only useful if it takes into account your overall needs and personal or family situation.

### Estimating your maximum mortgage loan

Most mortgage lenders use two ratios to calculate the maximum loan that can be granted to an owner-occupant, i.e. GDS and TDS

#### GDS ratio

The GDS (gross debt service) ratio sets the maximum amount that can be loaned at 32% of the borrower's gross income.  $GDS \text{ ratio} = (\text{capital} + \text{interest} + \text{taxes} + \text{heating} + 50\% \text{ of condo fees}) \div \text{gross annual income}$ . ▶





**TDS ratio**

The TDS (total debt service) ratio sets the maximum amount that can be loaned at 40% of the borrower’s gross income because it also takes into account personal debt. TDS ratio = (capital + interest + taxes + heating + 50% of condo fees + personal debt repayment) ÷ gross annual income.

**Calculating your monthly housing budget**

Your monthly housing budget is the amount you have to live in, finance and heat your future home, once you have fulfilled all your other obligations. To do this, you can use current data which will not change when you are a new homeowner: your net household income, your debts (student loan, car loan, etc.) and your current expenses (food, clothing, insurance, miscellaneous expenses, etc.). (See Table 1.)

The difference between your net household income and your total monthly expenses is your monthly housing budget. This amount must cover your mortgage payment (principal plus interest), taxes, heating costs and 50% of co-ownership expenses, if applicable.

Remember that a budget is only useful if it reflects reality. Your budget, more than the methods used to calculate your monthly payments, will help you determine your maximum mortgage loan.



TABLE 1

**CALCULATING YOUR MONTHLY HOUSING BUDGET**

Groceries and outside meals (including beer and wine)	
Clothing and personal expenses	\$
Public transit	\$
Car loan	\$
Car expenses	
- gas, oil	\$
- maintenance and repairs	\$
- insurance and licenses	\$
Electricity	\$
Water	\$
Maintenance and repairs	\$
Telephone	\$
Internet line	\$
Cable	\$
Leisure (outings, movies, theatre, sports, etc.)	\$
Books, newspapers and magazines	\$
Cassettes and CDs	\$
Furniture and other consumer goods	\$
Savings (RRSP, etc.)	\$
Credit card charges	\$
Home insurance	\$
Life insurance	\$
Other	\$
Total monthly household expenses	\$
<b>SOMMARIO</b>	
Net household income	\$
-	
Monthly household expenses (above)	\$
=	
Monthly housing budget *	\$

\* We recommend that you take the time to prepare a detailed budget.





# How much financing do I need?

One of the main concerns of real estate buyers is mortgage financing. To determine the amount you will need to borrow, you have to know the purchase price of the immovable and the total expenses you will need to pay cash. The summary of these calculations will enable you to determine the amount of financing you will need to purchase your home (see Table 3)

## Cash expenses

You have to plan on several cash expenses when buying a home. These costs must be estimated to determine the amount you will need to borrow to finance the purchase of your new home.

## Deposit

When presenting a promise to purchase, you will probably make a deposit on the price of the house you are considering in order to prove your legitimacy as a buyer. For that you have to plan on a cash outlay. This deposit will form an integral part of the downpayment.

## Downpayment

The downpayment is without a doubt your main expense when buying a home. A higher downpayment means lower monthly mortgage payments. If your downpayment is less than 25% of the purchase price, your mortgage loan will have to be insured by the Canadian Mortgage and Housing Corporation (CMHC) or by GE Capital Mortgage Insurance Canada. You have to plan on an insurance premium based on a percentage of the loan, which will be added to the amount of the loan, and 9% provincial sales tax on the premium, payable at the time of signing at the notary's.



## Indirect costs

Several indirect costs must be taken into consideration when buying a home, i.e. building inspection, property evaluation, loan application, notary, taxes, insurance, etc. (see Table 2). The borrower must be able to prove that he has an amount equal to 1.5% of the purchase price to cover indirect costs. ▶

TABLE 2	
CALCULATING INDIRECT COSTS	
Building inspection	\$
Legal and notary fees	\$
GST/QST (new construction)	\$
Transfer tax	\$
Adjustments and tax distribution	\$
Co-ownership fees (if applicable)	\$
Water quality and quantity certificate (artesian well)	\$
Tax on the mortgage loan insurance premium	\$
Moving expenses	\$
Renovations and repairs	\$
Furniture, appliances, window coverings, carpets, paint, etc.	\$
Utility hookup (new house)	\$
Home insurance	\$
Other	\$
Total	\$



Purchase price of the immovable	\$
+ Indirect costs	\$
= Acquisition costs	\$
– Deposit	\$
– Downpayment (including net value of previous immovable)	\$
= Financing required	\$

### Summary of calculations

Now that you have an overview of the expenses involved in buying a home, you need to make your final calculations (see Table 3). First, indicate the purchase price of the immovable. Add the total amount of related expenses that you calculated in Table 2. You will get the acquisition cost of your new home.

From this amount subtract the deposit, downpayment and the proceeds from the sale of your current immovable if you already own one. The total will determine the amount of financing you will need to acquire your new home.

You are now in a position to verify if the loan you need to purchase your home fits your budget. Do not hesitate to make any necessary adjustment and to redefine your goals if necessary.

### Home Buyers' Plan

The Home Buyers' Plan (HBP) may offer an interesting avenue when you want to use the funds contained in your Registered Retirement Savings Plan (RRSP) to purchase a home. Each buyer may withdraw up to \$20,000 from his RRSP without having to pay taxes at the time of withdrawal. The funds must be in the RRSP for at least 90 days prior to the withdrawal.

The amount withdrawn must be repaid into the RRSP over fifteen years at a rate of 1/15 of the amount each year. For example, if you take \$15,000 out of your RRSP, you will have to repay \$1,000 into it each year (one fifteenth of \$15,000) for 15 consecutive years. If the program user is unable to fulfill this condition, the unpaid amount will be added to his/her gross annual income.



RATE	COST / \$1,000	RATE	COST / \$1,000	RATE	COST / \$1,000
4.0%	\$5.26	6.5%	\$6.70	9.0%	\$8.28
4.5%	\$5.54	7.0%	\$7.01	9.5%	\$8.62
5.0%	\$5.82	7.5%	\$7.32	10.0%	\$8.95
5.5%	\$6.11	8.0%	\$7.64	10.5%	\$9.29
6.0%	\$6.40	8.5%	\$7.95	11.0%	\$9.63

\* Based on a 25-year amortization period

### Eligibility

The buyer cannot have owned a principal residence in the last five years or reside with a spouse who owns a principal residence. In addition, the buyer must have paid back any funds withdrawn from his RRSP under the HBP prior to this period.

### Qualifying homes

All types of homes, new or existing, qualify. The home must be located in Canada, and neither you nor your spouse can own the qualifying home more than 30 days before the withdrawal. You must occupy the home as your principal residence no later than one year after buying or building it.

To use the above table, you must multiply the number of thousand dollar blocks in your mortgage loan by the cost per \$1,000 borrowed. The result should not exceed the amount of your housing budget (see Table 1 on page 15).

For instance, if your interest rate is 6.5% and the amount of your mortgage loan is \$100,000, it would cost you \$670 each month to pay back your mortgage (100 blocks of \$1,000 borrowed X \$6.70 = \$670).

Note: The shorter the amortization period, the lower the total interest payable (supposing the interest rate remains constant throughout the amortization period). It is a good idea therefore to go for the shortest amortization period possible.



# Choosing your home



Acquisition procedures

## Defining your needs

Once you have an accurate picture of your financial capacity and have established your budget, the next step is to define your needs. This exercise will allow you to reflect on your priorities, which will help you in your search and will guide your real estate broker or agent. Following are the main elements to consider when defining your expectations.

### Type of property

Are you looking for a single-family dwelling, a duplex or a townhouse? Do you prefer a new or older house? Do you want to own the house and the land or would you prefer a condominium in which only one unit is yours?

### Neighbourhood

Are you looking for a home downtown or in the suburbs? Do you prefer a new area? What is your tolerance to noise and pollution? Are you looking to avoid high-traffic areas? Is the state of development of the area where you will be living important to you? Do zoning regulations allow room for change?

### Proximity of services

What are your needs in terms of public transit and public or commercial services? Is being close to work or to schools, etc. important to you? Will you feel safer living close to a hospital or a police or fire station?

### Indoor aspect

What are your needs in terms of space? How many bedrooms and bathrooms are necessary? Do you want air conditioning? How much storage room do you need? Do you need a laundry room and a workshop? ▶





### Outdoor aspect

What are your needs in terms of parking? Do you like gardening? If so, what are the sunlight requirements? Do you want a terrace, a patio, a balcony, a pool?

### Need for renovations

Are you looking for a house that needs no improvements? If you are thinking of doing the work yourself, do you have the necessary skills? If not, have you evaluated the cost of repairs?

### Organizing your search

Organizing the search for your home is not a simple step, it is the most important and often the longest. It is recommended to take all the time you need before buying a home.

The key to choosing the right home is to really know your needs. Talk to your broker or agent about your priorities and try to identify the features you are looking for but that could be subject to compromises. This way, you will avoid wasting time viewing houses that are too expensive, too big or that are simply not what you are looking for.

### Choosing the area

Visit the areas that seem to fit your needs. Your real estate broker or agent can help you make a list of houses that meet your expectations. They have access to detailed information on the properties being offered for sale in the areas that are attractive to you, and can save you valuable time.

### Choosing well

When you have found the home you are looking for, make sure you see it at least twice, once during the day and once at night both during the week and on the weekend. This way, you can see for yourself the activity level in the neighbourhood at those hours when you will likely be at home. You can also appreciate the amount of traffic, ambient noise, street lighting, etc. Check everything: carpets, drapes, light fixtures, etc.

On the next page you will find a sample Facts sheet that you can use to take notes. Remember that the Description sheet provided by the seller's broker can also help you evaluate a property in which you are interested. This document contains a detailed description of the property in its current state and allows you to learn all the details which can help you form an enlightened opinion before you make a decision. The same goes for the form entitled "Declarations by the Seller", in which the seller reports on the condition of the immovable to the best of his knowledge.

Review your list of priorities and take time to think without rushing. Buying a house that is not suited to your needs or which has a major flaw can have serious consequences.



### Facts sheet

If you are looking for a home, you may be viewing several immovables the same day. When taking stock of your visits, you will usually need to compare features of various prospective homes that caught your attention. Then you start wondering if the first house had the proper exposure, if the second was the one with the fireplace, if the one with the dormer windows had air conditioning or if the small white one had a heat pump...

The Facts sheet was designed to allow you to note the features of a property or any other comment. It can be used as a reminder as well as a useful comparison tool when hesitating between two properties (see Table 5).

### Elements to verify

- Check the general state of the house: roof, gutters, siding, paint, etc.
- Is the house energy-efficient? Is it well insulated? Are heating costs high?
- How is the air quality and circulation?
- Is the house damp? Are there traces of mildew? If so, check for cracks or water infiltration.
- Do you have any reason to believe there are structural problems? Stuck windows or uneven floors point to this sort of problem.
- Flush the toilets and check faucets to make sure there is sufficient pressure.

### Setting the fair market value of a property

If you are interested in a property, it is important to get an idea of its actual value on the market. With the help of your broker or agent, compare the house you like to other properties in the neighbourhood and try to identify the elements which could have a positive or a negative impact on the asking price: location, size, year of construction and state of preservation of the property, number and layout of rooms, materials used, landscaping, features specific to the area, etc. This information will help you determine the price you will offer the seller. ▶



TABLE 5	
FACTS SHEET	
<b>Address:</b>	
<b>Real estate broker:</b>	
- agent's name:	
- telephone number:	
<b>Asking price:</b>	
<b>Occupancy date:</b>	
<b>Construction type:</b>	
<b>Rooms</b>	<b>Inside</b>
- total number of rooms:	- walls:
- number of bedrooms:	- floors:
- number of bathrooms:	- lights:
- number of entrances:	- windows:
<b>Surface area</b>	- cupboards:
- lot:	- baths:
- immovable:	- showers:
<b>Size</b>	- storage space:
- lot:	<b>Neighbourhood</b>
- immovable:	- noise:
<b>Outside</b>	- safety:
- facing:	- air and water quality:
- roof:	- traffic:
- windows:	- industries:
- doors:	- commercial activities:
- garage:	- railroads:
- parking:	- flooding risks:



CONT'D	
FACTS SHEET	
<b>Annual fees</b>	<b>Inside arrangement</b>
- property taxes:	- entrance:
- school taxes:	- kitchen:
- garbage collection:	- living room:
<b>Fixtures</b>	- family room:
- heating:	- bedrooms:
- electrical system:	- bathrooms:
- plumbing:	- basement:
- air conditioning	<b>Distance</b>
<b>Inclusions</b>	- work:
- floor-covering:	- commercial services:
- drapes:	- schools:
- electrical appliances:	- police station:
- garden house:	- hospital:
- pool:	- medical clinic:
- other:	- dentist:
<b>Exclusions:</b>	- public transit:
	<b>Co-ownership</b>
<b>Outside arrangement</b>	- parking:
- site orientation:	- storage space:
- landscaping:	- recreational areas:
- fence:	
- terrace and balcony:	<b>Comments:</b>
- pool:	
- paths:	



# The Exclusive Brokerage Contract Purchase of an immovable

There are several ways in which the buyer of an immovable can have a successful search and complete a real estate transaction. He may act alone, in which case he may have to deal directly with the owner of the immovable he wishes to purchase if the seller has elected to sell his property without the services of a broker. Then, the buyer is left to his own devices, both to evaluate the immovable and to carry out the transaction.

The buyer may also choose to go through a real estate broker. Traditionally, the real estate broker accompanying a buyer does so without a contract. If the buyer transacts on a property sold through the broker with whom he is working, the broker will receive compensation from the seller with whom he has a contract to sell. If the buyer transacts on a property sold by a broker other than the one whose services he has retained, again he will not be required to pay compensation to the broker directly, as this compensation will be paid by the other broker as collaborator.

A buyer may also elect to sign a brokerage contract for the purchase of an immovable, setting the objects and terms of the broker's mandate, including compensation paid directly by the buyer to the broker. Although this is not yet common practice, it could be beneficial for a buyer to sign such a contract under certain circumstances, especially where the immovable he wishes to purchase is being sold directly by the owner.

It is recommended to the buyer who signs a contract with a broker to purchase an immovable to use the standard form published by the Association des courtiers et agents immobiliers du Québec. The ACAIQ's Exclusive Brokerage Contract – Purchase of an immovable has been developed to ensure maximum protection for the consumer while clearly outlining the bases on which the broker will act. It includes provisions for the main and additional features of the immovable, the price and the purchasing terms desired. The contract also defines the compensation paid to the buyer's broker, as well as the buyer's and the broker's mutual obligations.



# The promise to purchase

You have finally found the house you were looking for at a price you can afford. You are now ready to make a promise to purchase. Your real estate broker or agent's help will be very valuable to make this step easier.

The promise to purchase is a contract through which a person undertakes to purchase an immovable. In return, the document also indicates that the seller undertakes to sell the immovable once the promise to purchase has been accepted.

It should be noted that the use of the ACAIQ promise to purchase form by the real estate broker or agent is compulsory for chiefly residential immovables containing less than five dwellings and owned by an individual.

## Content of the promise to purchase

### Identification of the parties

The promise to purchase must identify the parties bound by contract, i.e. the seller and the buyer. It should also indicate the names and addresses of the seller and buyer.

### Object of the contract

As its name indicates, the object of the promise to purchase is the purchase of an immovable.

### Description of immovable

The promise to purchase must contain a detailed description of the immovable, including address, cadastral designation, measurements and area of the lot.

If the immovable is held in co-ownership, the contract must specify whether it is held in divided co-ownership or undivided co-ownership. It must also specify the number of parking and storage spaces and their numbers. ▶



**Price and deposit**

The promise to purchase must indicate clearly the purchase price offered by the buyer. The price statement usually indicates that the payment will be made in full upon the signing of the act of sale.

When presenting a promise to purchase, the buyer may give the listing broker a deposit on the purchase of the immovable. There is a section to this effect on the promise to purchase. The deposit, which must be placed in a trust account, can also be remitted to the collaborating broker or acting notary if the listing broker does not have a trust account. The sum remitted following the terms of the promise to purchase will be applied against the purchase price or refunded to the buyer if the promise becomes void.

**Declarations and obligations of the buyer**

The promise to purchase contains a clause stipulating that the buyer has examined the immovable and declares that he is satisfied therewith. In the case of an immovable held in co-ownership, the buyer specifies that he has examined the declaration of co-ownership, including the by-laws of the immovable and the reserve fund, and declares that he is satisfied therewith. If the buyer was unable to review these documents, it is important to make the promise to purchase conditional to such review.

The promise to purchase also stipulates that the buyer undertakes to pay transfer duties, a tax imposed by a municipality to transfer a property right on its territory. This tax is 0.5% of the selling price for the first \$50,000, 1% of the portion between \$50,000 and \$250,000, and 1.5% of the portion of \$250,000 and over (see Table 6).

The cost of the act of sale (notary fees) is also paid by the buyer.

Finally, the declarations of the buyer stipulate that he undertakes not to sell his rights in the promise to purchase, unless authorized by the seller in writing.

**Declarations and obligations of the seller**

The seller also makes a number of declarations in a promise to purchase.

The seller must guarantee that the property and accessories are free from hidden defects, unless otherwise specified in the promise to purchase. He also declares that he is not aware of any factor liable to reduce the value of the immovable. In addition to hidden defects, he continues to be responsible for the defects of which he was aware but did not declare.



The seller must also declare that he has not received any notice from a competent authority indicating that the immovable does not conform to the laws and regulations in force, or any notice from an insurer, following which he has not fully remedied the defect.

The seller must certify that the immovable is provided with water and sewer services or other drainfields.

He must confirm that the immovable is not part of a housing complex, that it is not subject of the *Act to preserve agricultural land* and that it is not classified or recognized as cultural property under the *Cultural Property Act*.

The seller further declares that the immovable conforms to the law and regulations relating to protection of the environment. In the case of an immovable with leases, this must be mentioned in the declarations of the seller.

**Delivery of the immovable**

The promise to purchase contains a clause by which the seller promises to deliver the immovable in the condition in which it was when the buyer examined it.

**Costs relating to repayment and cancellation**

The costs relating to the repayment and cancellation of any debt secured by hypothec not assumed by the buyer must be borne by the seller.

**Ownership documents**

The promise to purchase states the obligations of the seller regarding the titles of ownership. Thus the seller must supply the buyer with a valid title of ownership, free of any debt, charge or other restriction of private or public law other than the usual easements. He must provide authenticated copies of the title of acquisition and the certificate of location describing the current state of the premises. ▶

**TABLE 6**

**EXAMPLES OF CALCULATION OF TRANSFER DUTIES**

SELLING PRICE	\$0 to \$50,000		\$50,000 to \$250,000		\$250,000 and over		TOTAL	
		(0.5%)		(1%)		(1.5%)		
\$78,500	▶	\$250	+	\$285	+	-	=	\$535
\$100,000	▶	\$250	+	\$500	+	-	=	\$750
\$125,000	▶	\$250	+	\$750	+	-	=	\$1,000
\$400,000	▶	\$250	+	\$2,000	+	\$2,250	=	\$4,500

**Defect or irregularity**

The promise to purchase has a mechanism to protect the buyer who finds a defect or irregularity after signing the promise to purchase.

**Intervention of spouse**

The promise to purchase also contains a clause stipulating that the seller must supply a document evidencing his spouse's consent if rendered necessary by his matrimonial regime.

**Common declarations and obligations of the parties**

The promise to purchase contains a number of declarations and obligations which apply to both parties:

- the choice of notary for the signing of the act of sale;
- the adjustments relating to property taxes, general taxes, co-ownership expenses, fuel reserves and income or expenses relating to the immovable;
- the date of signing of the act of sale;
- holding of the broker's compensation by the notary;
- the inclusions and exclusions, as well as leased appliances.

**Reference to annexes**

The promise to purchase may contain a reference to annexes. These are part of the promise to purchase. Annex A, for example, contains all the clauses relating to price and financing, whereas Annex B includes standard clauses applicable to the transaction, including the building inspection clause. There are some others such as Annex G, Annex Pyrite, Declarations by the seller, etc.

**Conditions of acceptance**

The conditions of acceptance of the promise to purchase set deadlines for the acceptance and notification. The acceptance period on the promise to purchase sets the date and time by which the seller must accept the promise to purchase. During this period, the buyer may not withdraw his promise of purchase. The notification of acceptance deadline sets a period during which acceptance must be notified by the seller to the buyer in order to be valid. These deadlines are important: if not adhered to, the promise to purchase is null and void.

**Signatures**

The promise to purchase must include all buyers' and sellers' signatures as well as that of their respective spouses, if applicable. Each copy must bear the original signature of each of the parties. A witness' signature is recommended but not essential to the validity of the contract.

**REMEMBER!**

A promise to purchase is a contract that binds the buyer irrevocably.

**Conditions**

Make sure all your conditions are included on the promise to purchase: mortgage acceptance, building inspection, fireplace inspection, etc. If the house you are interested in is located in a rural area, have a water test (quality and quantity) and check what exists in terms of water treatment system.

If your promise to purchase includes conditions, make sure to indicate an expiry date.

**Items included in the sale**

If you want items such as appliances, light fixtures, window coverings, tool shed, pool, billiard table, etc. to be included in the sale, these must be listed individually on the promise to purchase, otherwise they cannot be claimed after signing unless the seller agrees. If there are valuable items, it is recommended to indicate the registration number and the brand if possible.

**Checking the dates**

Make sure you check the dates indicated for occupancy, adjustments and the act of sale. Never put "to be determined" where the date should appear.

**Deposit in trust**

When presenting a promise to purchase, a deposit is recommended. It will be applied to your downpayment or will be returned to you should the transaction not go through. Once the promise to purchase is accepted, the broker will deposit the funds in a trust account. Your deposit will only be protected by the Fonds d'indemnisation du courtage immobilier up to a maximum of \$15,000 per transaction if it is deposited in an account held by a real estate broker.

**Certificate of location**

It is important to make sure that the certificate of location provided by the seller reflects the reality.





# The counter-proposal

The owner-seller of an immovable may accept or refuse any promise to purchase presented to him. He may also make a counter-proposal. The first purpose of the counter-proposal is to signify to the buyer that his promise to purchase has been rejected. It also allows the seller to accompany his refusal by a new proposal that would be acceptable to him, for example to include or exclude certain items, to change the selling price or simply to further clarify the offer. The buyer in turn may use a counter-proposal form to reply to the seller's counter-proposal, and so on.

## Amendments

A counter-proposal has the effect of canceling all previous counterproposals made by the buyer or the seller. Taking into account the particulars in the promise to purchase, all inclusions and exclusions must be repeated, including the elements retained by the parties in previous steps.

## Conditions of acceptance

The conditions of acceptance of the counter-proposal set a deadline for its acceptance and notification. Therefore, just like in the promise to purchase, the acceptance period on the counter-proposal sets the date and time by which it must be accepted. During this period, the proposer cannot withdraw his counterproposal, and the notification deadline is the date and time during which the acceptance must be notified in order to be valid.

Any counter-proposal should include a deadline by which the counter-proposal must be refused or accepted.

If the counter-proposal is accepted and notified within the period stipulated, the only thing left for the immovable to be considered sold is the fulfilment of all other conditions except the signing of the act of sale. Therefore, a maximum deadline must be set for them to be carried out, in order that the act of sale can be finalized.



# Using specialized services

By dealing with duly qualified people, whose services are covered by professional liability insurance, you will reduce the risk of unpleasant surprises.

## Main services used when purchasing an immovable

### Building inspector

A building inspection is an important step in a real estate transaction. It is a key element of public protection. Real estate brokers and agents have an obligation to recommend that the buyer have a complete inspection of the immovable done.

The ACAIQ in cooperation with the Quebec Association of Building Inspectors (AIBQ) have established standards of practice for building inspections, which are published in a brochure. They provide minimum guidelines for the inspection and the inspection report.

A form entitled "Service Agreement for the Inspection" has been developed to set the terms of the service provided by the inspector.

In addition, a form entitled "Declarations by the Seller of an immovable" has been designed to make the transaction more secure. It helps brokers and agents get relevant informa-

tion regarding the immovable from the seller. It should be noted here that under clause No. 8 of the real estate brokerage contract, the seller must disclose all the information regarding his immovable to the best of his knowledge. This form must always be completed and is an adequate replacement for the form used by some building inspectors.

### Land surveyor

The land surveyor will study the boundaries of the property. He will express, using a certificate of location, his opinion on the location and the condition of the immovable compared to the titles and the cadastre as well as any easements, laws or regulations governing the immovable.

### Mortgage broker

A real estate broker working in the field of mortgages can help you identify the most advantageous loans available on the market, based on your needs and the type of loan you want.

### Notary

The notary plays an important role in the conclusion of a real estate transaction, including when it comes to title examination. One of the notary's main responsibilities is to draw up the act of sale.



# The mortgage loan

Most people need to take out a mortgage loan to finance the purchase of a home. A mortgage loan is a method of financing in which the immovable serves as collateral for the debt repayment. As previously indicated, the amount of the loan will vary depending on the amount of the deposit and the downpayment. The higher these amounts, the lower your mortgage loan will have to be. To evaluate your financing needs, see "How much financing do I need?".

The amount borrowed is referred to as the principal, from which the interest is calculated at interest rates in effect in the lending market. Interest rates are influenced by multiple economic factors, and their fluctuations are difficult to predict. This is why we recommend that you choose your loan based on recent variation in the rates available on the market.

Monthly payments are based on the term, generally between six months and five years, and the loan amortization period, taking into account the mortgage interest rate.

The number of years required to repay the loan is called the amortization period, usually between 10 and 25 years.

The net value of the immovable is calculated by subtracting the unpaid portion of the loan from the purchase price.

## Types of loans

Different types of mortgage loans are available on the market. You must determine which one best suits your needs. This is why we recommend that you shop around in order to negotiate the best possible terms. Use the services of a mortgage broker to help you find the best deal for you.



# The property transfer

Once the promise to purchase or the counter-proposal has been accepted and all the conditions have been fulfilled, the next step is to make the transaction official. The two main components at this stage are the title examination and the act of sale. The property transfer requires the services of a notary, but your real estate broker or agent continues to play a central role at this step of the real estate transaction. Among other things, he will make sure that all documents required are available and will bring assistance in case any problem arises.

## Title examination

The notary will do the necessary research in order to verify that the seller is indeed the owner of the immovable, whether he has the right and the ability to sell, if his spouse or other persons must consent to the sale, etc.

Using the certificate of location, he will verify whether the lot measurements are accurate, whether the immovable is actually erected on the lot sold, if the house was built in accordance with municipal by-laws and zoning laws. He will also verify if the neighbour's property encroaches on the lot, if there are rights of passage, etc.

Through the title examination, the notary will be able to detect the charges or real rights likely to affect or limit your right of ownership.

## Act of sale

The final step of the transaction is the drafting of the act of sale, which officializes the purchase of the immovable. In it, the notary specifies the clauses and conditions that are essential to the protection of your rights.

## Registration of rights of ownership

Once the act of sale is final, the notary will register the transaction with the Bureau de la publicité des droits (land registry office). He may retain the funds until this step has been completed.





## Don't be afraid to ask **any questions** you may have to your real estate broker or agent



Are you satisfied?

You are about to enter into a real estate transaction and you still have a thousand questions. Don't hesitate to ask these questions to your real estate broker or agent. If you are not entirely satisfied, contact the manager of the establishment or the broker for whom your agent works. He will make sure that you have all the information you need to make an enlightened decision.

### Info ACAIQ

The Info ACAIQ information center can also provide information concerning the *Real Estate Brokerage Act* and its regulations, the brokerage contract, the promise to purchase and other forms issued by the Association, as well as any topic related to the ACAIQ's activities, products and services.

### Info ACAIQ

(450) 462-9800 ou 1 800 440-7170  
info@acaiq.com

### Assistance ACAIQ

Our Assistance Department (Assistance ACAIQ) is the door to soliciting help from the Association and reporting violations. Whether submitted by a consumer or a member of the Association, all requests for assistance are received by this department and analyzed to determine the nature of the problem and which of the Association's departments is best qualified to handle it.





## Useful links

### Real Estate Associations

#### Association des constructeurs d'habitations du Québec (APCHQ)

[www.apchq.com](http://www.apchq.com)

### Consumer protection organizations

#### Fonds d'indemnisation du courtage immobilier

[www.indemnisation.org](http://www.indemnisation.org)

✉ [info@indemnisation.org](mailto:info@indemnisation.org)

#### Option consommateurs

[www.option-consommateurs.org](http://www.option-consommateurs.org)

✉ [info@option-consommateurs.org](mailto:info@option-consommateurs.org)

#### Protégez-vous

[www.protegez-vous.qc.ca](http://www.protegez-vous.qc.ca)

✉ [courrier@protegez-vous.qc.ca](mailto:courrier@protegez-vous.qc.ca)

### Consumer Aid Services (SAC)

[www.service-aide-consommateur.qc.ca](http://www.service-aide-consommateur.qc.ca)

✉ [sac\\_04@inno.org](mailto:sac_04@inno.org)

### Government organizations

#### Office de la protection du consommateur

[www.opc.gouv.qc.ca](http://www.opc.gouv.qc.ca)

#### Canadian Mortgage and Housing Corporation (CMHC)

[www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca)

#### Société d'habitation du Québec

[www.shq.gouv.qc.ca](http://www.shq.gouv.qc.ca)

### Professional organizations

#### Quebec Association of Building Inspectors

[www.aibq.qc.ca](http://www.aibq.qc.ca)

#### Chambre des notaires du Québec

[www.cdnq.org](http://www.cdnq.org)

✉ [admin@cdnq.org](mailto:admin@cdnq.org)

#### Ordre des arpenteurs-géomètres du Québec

[www.oagq.qc.ca](http://www.oagq.qc.ca)

✉ [oagq@oagq.qc.ca](mailto:oagq@oagq.qc.ca)

### On-line search

#### Multiple Listing Service (MLS) Canada

[www.sia.ca](http://www.sia.ca)



Useful links • Glossary • Index





# Glossary

## A

### Act of sale

A contract, usually drawn up by a notary, used to officialize the sale of an immovable to a buyer.

### Amortization

Period required to pay back a mortgage loan in full through regular payments. The amortization is usually based on fixed terms of 10, 15, 20 or 25 years.

### Association des courtiers et agents immobiliers du Québec

Organization created under the *Real Estate Brokerage Act* whose main mission is to protect the public by overseeing the activities of all real estate brokerage professionals practicing in Québec.

## B

### Brokerage contract

Agreement under which a person authorizes a real estate broker to act on his behalf, for a given period of time, as intermediary in the purchase, sale, rental or exchange of immovable property. The brokerage contract officializes the rights and obligations of the broker and his client by mutual consent.

In an exclusive brokerage contract the client agrees, for the term of the contract, not to use the services of a broker other than the one with whom he signed the contract. Usually, the exclusive brokerage contract also states that the client who is party to the contract cannot sell or buy the immovable himself.

### Building Inspection

General verification of the state of the main components of an immovable (foundation, structure, roof, heating system, electrical system, etc.) to assess condition.

### Cadastral designation

Information concerning an immovable (location, area, value, etc.), contained in the cadastre for a given region.

### Cadastre

Public register containing the technical data on each immovable in a given region (lot). A lot number used to publish the applicable rights is assigned to each property indexed in the cadastre.

### Certificate of location

Document containing a report and a plan, in which the land surveyor expresses his opinion on the location and condition of an immovable compared to the titles and the cadastre as well as laws and regulations governing the immovable.



### Certificate of practice

Operating permit issued by the Association des courtiers et agents immobiliers du Québec to any natural person, partnership or legal person who meets the legal requirements to carry out real estate brokerage activities in Québec. The granting of a certificate by the ACAIQ is conditional to the successful completion of a series of specialized real estate brokerage courses and an entrance examination to the profession.

### Charge

Amount to be paid according to a preset deadline. Tax payable on the use of a public utility, for example.

### Co-ownership

Immovable in which the ownership is divided between several owners. Right of ownership shared between several persons concerning a single property or a group of properties.

Co-ownership is undivided when the right of ownership is not accompanied by a material division of the property.

Co-ownership is divided when the right of ownership is divided between the co-owners in fractions (lots) each containing a unit, materially divided, and a portion of the common area.

### Co-ownership fees

Expenses related to the maintenance and management of the common areas of a co-ownership property. Monthly payment, usually fixed, used to set up a fund to pay for current and unforeseen expenses (repairs, equipment replacement, etc.).

### Counter-proposal

A proposal presented in reply to a promise to purchase or to another counterproposal and which in itself constitutes a new Promise.

Note: The first purpose of the counter-proposal is to signify refusal of a proposal by the other party to the transaction.

### Deposit

A sum of money that accompanies a promise to purchase an immovable. The deposit must be placed in a trust account and will be deducted from the balance payable at the signing of the act of sale, or it will be returned to the proposer if the sale does not go through.

### Description sheet

Document on which a real estate broker or agent has presented the features (construction year, taxes, measurements, etc.) of an immovable covered by a real estate brokerage contract.

### Downpayment

Personal contribution of the buyer to the financing of an immovable. Cash portion deducted from the selling price, which determines the amount of financing required to complete the purchase.

Note: If the deposit for the purchase of the immovable is less than 25% of the purchase price, the loan must be insured by the Canadian Mortgage and Housing Corporation (CMHC) or by GE Capital Mortgage Insurance Canada.

**E****Easement**

Restriction of the right of ownership for reasons of private interest, general interest or public use. Right of access or use of land by others, for a defined purpose (passage, parking, public utilities, etc.).

**Evaluation**

Process which consists in estimating the market value of an immovable based on the general condition of its components and its specific features. The evaluation is often the result of a comparison with similar immovables up for sale or having recently been sold in the same area.

**F****Financing**

Means used by a buyer to acquire an immovable. Financial resource, often in the form of a mortgage loan provided to the buyer by a financial institution for the purchase of an immovable (see Mortgage loan).

**Fonds d'indemnisation du courtage immobilier**

Body created under the *Real Estate Brokerage Act*, to which all real estate brokers and agents in Québec contribute to compensate consumers who are victims of fraud, dishonest transaction or misappropriation of funds or other property which, under the *Real Estate Brokerage Act*, must be deposited in a trust account.

**H****Hypothec**

Real right granted to a creditor on an immovable as collateral for a debt. This right creates an obligation on the part of the borrower to abide by the loan payback terms by tying the immovable to the agreement (see Financing and Mortgage loan).

**Indirect costs**

Additional expenses to be paid when buying an immovable, including building inspection, property evaluation, loan application, notary fees, taxes, insurance, etc.

**Interest rate**

Percentage representing the amount of interest produced by an amount of one hundred dollars. A 6.5% interest rate will produce an interest amount of \$6.50 payable to the lender for every \$100 borrowed.

The interest rate is used to calculate the amount to be paid to the lender in exchange for financing to allow the buyer to purchase an immovable.

**M****Mortgage loan**

Method of financing in which the immovable is used as collateral for debt repayment.

**Mortgage loan insurance**

Insurance taken out by the buyer of an immovable in order to guarantee the payment of the monthly instalments required to reimburse a mortgage loan in full.

**R****Real estate agent**

A natural person who holds a certificate issued by the Association des courtiers et agents immobiliers du Québec authorizing him to carry out brokerage transactions for the purchase, sale or rental of immovables.

A real estate agent is only authorized to act for and on behalf of a broker. He acts as a representative of the broker.

**Real estate broker**

Natural person, partnership or legal person who holds a certificate issued by the Association des courtiers et agents immobiliers du Québec and authorizing them to carry out brokerage transactions on behalf of others for the purchase, sale, rental or exchange of immovable properties, against compensation. A real estate broker may employ real estate brokers or agents to represent him. The Act gives the broker full responsibility for the professional actions of the persons who represent him.

**Real estate brokerage**

The professional activity of real estate brokers and agents. Brokerage transactions and professional acts carried out by real estate brokers and agents concerning the purchase, sale, rental or exchange of immovable properties. Profession which can only be practiced by holders of a certificate issued by the Association des courtiers et agents immobiliers du Québec.

Note: If the downpayment for the purchase of the property is less than 25% of the purchase price, the loan must be insured by the Canadian Mortgage and Housing Corporation (CMHC) or by GE Capital Mortgage Insurance Canada.

**N****Net proceeds from the sale**

Residual amount deriving from the sale of an immovable once all selling expenses have been deducted, i.e. mortgage loan balance, broker compensation, legal fees, tax adjustments, etc.

**P****Principal**

Amount of money borrowed through a mortgage loan.

**Professional liability insurance**

Professional liability insurance is a security taken out by real estate brokers to protect themselves against the financial consequences of any fault, error, negligence or omission which their representatives or themselves could be responsible for in the course of their activities.

**Promise to purchase**

Undertaking by a person to purchase an immovable under certain conditions set by that person. Contract through which the seller agrees to sell the immovable once he has accepted the promise to purchase.

**Right of ownership**

Recognition which gives the owner of a property the right to use, enjoy and freely and fully dispose of the property, to the extent of the limits and conditions imposed by law.

**Right of withdrawal**

Privilege which a natural person has to withdraw a real estate brokerage contract for the sell of his immovable within three days following receipt of the contract duplicate signed by both parties, unless there is a written waiver. After this period, if the contract is marked "irrevocable", it cannot be cancelled under any circumstance nor can the term be changed unless the broker or agent agrees.

Note: The right of cancellation applies when the contract involves a chiefly residential building containing less than five dwellings.

**Selling expenses**

Additional expenses to be paid when selling an immovable, including mortgage loan balance, real estate broker compensation, notary, tax adjustments, etc.

**Transfer duties (Welcome tax)**

Tax imposed by a municipality on any transfer of right of ownership on its territory.

**Trust account**

Deposit account in a financial institution in which a real estate broker can deposit sums entrusted to him in the course of a real estate transaction.

When presenting a promise to purchase, the buyer often gives the listing broker a deposit on the purchase of the immovable. This deposit must be placed in a trust account.



# Index

Note: terms in bold are defined in the glossary on page 40.

**A****Act of sale**

28, 30, 31, 32, 33, 35, 40, 41.

Adjustments

17, 30, 31, 43, 44.

**Amortization**

19, 34, 40.

See Gross Debt Service (GDS) ratio.

Annexes

30.

Assistance ACAIQ

10, 37.

**Association des courtiers et agents immobiliers du Québec (ACAIQ)**

3, 8, 10, 26, 40, 43.

**B****Brokerage contract (exclusive and non-exclusive)**

10, 26, 33, 37, 40, 41, 44.

Budget

13, 14, 15, 18, 19, 21.

See financial capacity.

**C****Cadastral designation**

27, 40.

See cadastre.

**Cadastre**

33, 40, 41.

See cadastral designation.

Canadian Mortgage and Housing Corporation  
16, 39, 41, 43.

**Certificate of location**

29, 31, 33, 35, 41.

**Certificate of practice**

8, 9, 11, 40, 43.

**Charge**

29, 41.

Compensation (remuneration, commission)  
8, 26, 30, 43, 44.

**Co-ownership**

14, 17, 25, 27, 28, 30, 41.

See co-ownership fees.

**Co-ownership fees**

17, 41.

See co-ownership.

Conditions

19, 30, 31, 32, 35, 43.

**Counter-proposal**

32, 41.

**D**

Deadlines  
30.

Declarations and obligations common to the parties  
30.

Declarations and obligations of the buyer  
28.

Declarations and obligations of the seller  
22, 28, 29, 30, 33.

Defect or irregularity  
30.

Delivery of the immovable (occupancy)  
29, 31.

Deposit  
16, 18, 28, 31, 34, 41, 44.  
See deposit in trust and trust account.

Deposit in trust  
31.

**Description sheet**  
22, 41.

Discipline Committee  
10, 11.

Drainfield (water treatment system)  
29, 31.

**Downpayment**  
16, 18, 31, 34, 41, 42.  
See mortgage loan.

Dwelling  
21, 27, 44.

**E**

**Easement**  
29, 33, 42.

Entrance examination  
9, 40.

**Evaluation**  
13, 17, 42.

**F**

Fault, error, negligence or omission  
11, 43.

Financial capacity  
13, 21.  
See budget.

**Financing**  
18, 42.  
See mortgage loan.

**Fonds d'indemnisation du courtage immobilier**  
11, 31, 39, 42.

Fraud, dishonest transaction or misappropriation of funds  
11, 42.

**G**

Gross Debt Service (GDS) ratio  
13.  
See amortization.

**H**

Home Buyers' Plan (HBP)  
18.

**Hypothec**  
29, 42.  
See mortgage loan.

**I**

**Indirect costs**  
17, 18, 42.

Info ACAIQ  
10, 37.

Inspection  
17, 30, 31, 33, 40, 42.

**Interest rate**  
19, 34, 42.

Items included and excluded (Inclusions, exclusions)  
25, 30, 31, 32.

**L**

Land surveyor  
33, 41.

Legal fees (notary fees)  
17, 43.  
See notary

**M**

Mission  
3, 40.

Mortgage broker  
33, 34.

**Mortgage loan**

13, 14, 16, 19, 34, 40, 42, 43, 44.  
See hypothec and mortgage loan insurance.

**Mortgage loan insurance**

17, 42.  
See hypothec and mortgage loan.

**N****Net proceeds from the sale**

43.  
See selling expenses.

**Notary**

16, 17, 28, 30, 33, 35, 40, 42, 44.  
See legal fees.

Notification  
30, 32.

**O**

Obligation to disclose  
8.

**P****Principal**

14, 34, 43.  
See mortgage loan.

**Professional Inspection Committee**

3, 10.

**Professional liability insurance**

11, 33, 43.

**Promise to purchase**

8, 10, 16, 27, 28, 29, 30, 31, 32, 35, 37, 41, 43, 44.

**Property transfer**

28, 35, 44.







Published and produced by the Association des courtiers  
et agents immobiliers du Québec

6300 Auteuil, suite 300  
Brossard, Québec J4Z 3P2

© Copyright Association des courtiers et agents immobiliers du Québec

All rights reserved.

This work may not be reproduced, all or in part, in any form  
or by any means, whether electronic, mechanical, photographic,  
audio, magnetic, or otherwise, without prior written permission  
of the publisher.

Graphic design: OS communications informatiques  
Photo on the front cover: Zonart 7

Legal deposit – 2004  
Quebec National Library  
Canada National Library

ISBN 2-921749-53-X

## Info ACAIQ

**(450) 462-9800 or 1 800 440-7170**

6300 Auteuil, suite 300  
Brossard (Québec) J4Z 3P2

 [www.acaiq.com](http://www.acaiq.com)  [info@acaiq.com](mailto:info@acaiq.com)