BANFF HOUSING CORPORATION

BHC BUYER'S GUIDE

Photo credit: Hayden Pattullo, Studio North

This document serves as a reference guide for individuals on the Registered Resale List (RRL) who are interested in purchasing a Banff Housing Corporation (BHC) property. It provides essential information about the purchase process. When an opportunity arises to buy a BHC property, BHC staff will be your primary point of contact for inquiries related to the purchase process and the terms and conditions of the property's sublease agreement.

This guide is designed to complement the advice buyers receive from professionals involved in the purchase process, such as lawyers, lenders, and home inspectors.

It is important to understand that the BHC does not represent either the buyer or the seller in the resale process. The BHC facilitates the resale process as a neutral party and cannot offer advice to either party beyond its facilitation role. Buyers and sellers are strongly encouraged to seek independent legal advice.

The following steps outline the process you can expect during a home sale:

1.0 OPEN HOUSE INVITATION
When a BHC home is listed for sale, members on the Registered Resale List (RRL) will receive an email invitation to the open house, along with a request to RSVP if they plan to attend. At the open house, BHC staff will review your eligibility criteria, and you will be required to confirm your status on sight.
The applicant who is the successful in the purchase must sign a statutory declaration confirming the information provided is accurate.

2.0 EXPRESSION OF INTEREST
Interested buyers who attended the open house must email bhc@banff.ca by 4:00 PM the following day to confirm their interest in purchasing the property.

3.0 MORTGAGE PRE-APPROVAL (7 Days)
Interested buyers have seven (7) days to submit a mortgage pre-approval from a lender or mortgage broker familiar with BHC properties. This demonstrates your ability to secure financing as your buying power can change over time. **Buyers will require a minimum of ten percent (10%) of the purchase price for a down payment.** Lenders familiar with BHC shared equity portfolio and Parks Canada lease requirements include:

- ATB (Banff branch) 403-762-8505
- Bow Valley Credit Union (Banff branch) 403-762-3368
- CIBC (Banff branch) 403-762-3317

4.0 NEGOTIATION ORDER (Day 8)
On the eighth (8) day (or the next business day if the 8th is a weekend or statutory holiday), the BHC will determine the order of negotiations based on the following criteria:

1. First-Time Homebuyer (FTHB) Priority: Ranked by points (highest points to least points).
2. All Other Buyers: Ranked by points (highest points to least points).
3. **New applicants***, First-Time Homebuyer Priority: Ranked by points (highest points to least points).
4. **New applicants***, all Other Buyers: Ranked by points (highest points to least points).

PROVISION FOR CURRENT BHC HOMEOWNERS
When a current BHC homeowner decides to purchase another BHC property, their residency points will reset to zero the date they took possession of their current home. This reset is standard practice, as the homeowner has already benefited from the program through their initial BHC purchase. This policy ensures a fair and equitable experience for all participants in the program. *See section 13 below for information on undertaking.*

Barrier Free units
Priority access to any BHC barrier free units will be based on the following criteria:

1. FTHB AND a resident(s) who requires the use of a wheelchair, mobility scooter, or other mobility assistive device that would otherwise cause accessibility and functional challenges in unmodified dwellings.
2. A resident(s) who requires the use of a wheelchair, mobility scooter, or other mobility assistive device that would otherwise cause accessibility and functional challenges in unmodified dwellings.
3. FTHB AND resident(s) with disability, mobility limitations, or experiences other health conditions that may otherwise cause accessibility and functional challenges in unmodified dwellings.
4. A resident(s) with disability, mobility limitations, or experiences other health conditions that may otherwise cause accessibility and functional challenges in unmodified dwellings.
5. FTHB AND a resident(s) 65+ years of age (includes resident(s) with immediate family member(s) over the age of 65 who live with the applicants).
6. A resident(s) over the age of 65 (includes resident(s) with immediate family member(s) over the age of 65 who live with the applicant(s)).

New applicants* When a homeowner initiates the process of selling their home, the Registered Resale list will be frozen on that date. This date determines the point allocation for current RRL applicants who attend the open house and wish to move forward with negotiations. Anyone who joins the RRL after the freeze date and expresses interest in the property will join the list at the bottom of the negotiation list by order by points – they are not permitted to enter the negotiation process until the 'frozen' list has been exhausted.

All interested buyers will only be notified of their ranking in the negotiation order and kept informed about the progress of negotiations as accurately as possible.

5.0 EXCLUSIVE NEGOTIATION TIMEFRAME

The buyer at the top of the negotiation list will have an exclusive 48-hour* period to discuss directly with the seller the potential acquisition of the property. The seller may choose to extend this time frame at their discretion. We encourage all prospective sellers and buyers to enter negotiations in good faith and work towards a viable agreement.

*The 48-hour period is to be used as a guideline only. Other factors may affect this time frame.

Negotiation Process

Here are essential points to outline during your discussion with the seller:

- **Sales Price**: Determine your budget and prepare an offer that is both fair and reasonable.
- **Amount of deposit**: Typically, a seller will require an initial deposit made in good faith after a verbal agreement has been made. The buyers will provide this initial deposit, which will be held in trust by the seller's lawyer and become part of the total purchase price of the property. Deposits are typically in the form of a bank draft.
- **Purchase conditions**: The buyer will want to establish a list of conditions that may include financing approval, selling a current asset, reviewing condominium documents (if applicable), or completing a home inspection.
- **Inclusions**: Specify what is included in the sale, such as appliances, blinds, or other fixtures.
- **Possession date**: Agree on a possession date that works for both parties.

Should the buyer and seller come to a verbal agreement during the negotiation timeframe, the sales process will freeze to allow time for all parties to meet conditions. This is the period where the clauses outlined in the offer to purchase need to be met before a sale can close. This is a busy time for buyers and managing timelines and documentation is key. This period allows potential buyers to perform their due diligence to ensure they can purchase the property, such as drafting a purchase agreement, securing financing, reviewing condominium documents (if applicable), and having a home inspection complete. A predetermined period is permitted to complete these tasks (this can range anywhere from 14-30 business days).

At any point, if the sellers and potential buyers are not able to come to an agreement, the negotiating process will move to the next interested buyer on the list as determined by the negotiating order. This order will continue until the seller accepts a buyer's terms or the list of interested buyers is exhausted.
As sellers and buyers navigate the sales process, we will keep any RRL members waiting in line informed to the best of our ability regarding estimated wait times or any delays due to a pending agreement.

During discussions, the BHC must be notified of all offers and conditions presented to the seller.
If the homeowner later accepts an offer with pricing and conditions that are equal to or less favorable than a previously declined offer, the BHC will reach out to the original applicant who submitted the higher or equivalent offer. That applicant will be given the opportunity to confirm whether they are still interested in purchasing the property under their original terms.

If the applicant confirms their interest, BHC reserves the right to exercise its Right of First Refusal (ROFR), purchase the property at the current offer price, and may resell it to the original applicant at the price and terms they initially offered.

6.0 OFFER TO PURCHASE

The buyer must consult with their preferred law firm to draft an Offer to Purchase. This offer will include the agreements made during the negotiation process. The seller should retain legal representation who will hold funds in trust and review the offer to purchase when prepared.

While we have provided the contact details for three law firms located in the Bow Valley, sellers and buyers can engage with any law firm of their choice:

Highline Law Office
403-762-3438
info@lawbanff.ca

Stringam Law
403-762-4206

Mincher Koeman
403-910-3000
reception@mincherkoeman.com

7.0 SECURE FINANCING

Work closely with your lender as soon as possible to ensure they have all the documents needed to finance your purchase – this is the most important step! You can expect your lender will request the following information. The below is not an exhaustive list:

- Government issued ID for all people who will be listed on title
- Income verification from all sources and employment history
- Proof of down payment funding (minimum 10% for BHC properties) which could include bank statements, RSP and TFSA statements, gift letters, sales agreements on an existing property where the proceeds of the sale will be put towards the purchase of the new home.
- Personal financial information (bank account information, proof of assets and liabilities)
- Authorization to obtain a credit report
- Signed offer to purchase.
- Copy of the property listing.
- An appraisal of the property (your lender will organize this)
- Amount of condominium fees (if applicable)
- Estimated heating and utility costs
- Proof of property insurance

8.0 HOME INSPECTION

A home inspector's sole responsibility is to provide an unbiased third-party opinion on the house's condition. It is the seller's responsibility to provide access to the property for the purpose of the building inspection should this be requested. There are several home inspection companies based out of Canmore and Calgary that service the Banff area. When hiring a home inspector, ensure:

- The home inspector and inspection business are licensed by the Government of Alberta.
- The home inspection business is bonded and has errors and omissions insurance.

9.0 REVIEW CONDOMINIUM DOCUMENTS (if applicable)

If the property is part of a condominium corporation, it is recommended that these documents be reviewed to understand the financial health of the association. There are several third-party Condominium Document Review service providers that can offer an unbiased assessment of an association. Prepare to request the following from the seller for review.

- Bylaws
- Current budget and condominium fees
- Reserve fund study
- Most current audited financials
- Certificate of Insurance
- AGM minutes and any associated minutes from the Board of Directors meetings of the past year
- The Estoppel certificate for the unit
- Management agreement (if the association is managed by a Property Management Company)

10.0 WAIVE CONDITIONS

Once buyers and sellers are satisfied with the outcomes of the conditions outlined in the purchase agreement including home inspection results, condo document review results, financing has been approved, and the offer to purchase has been signed off by both the sellers and buyers, conditions will have been deemed waived, and the sale is deemed to be firm and binding.

The Banff Housing Corporation will provide deferral of equity notification along with the following forms to the respective law firms once mortgage instructions have been sent to BHC administration.

- Mortgage Consent: Confirmation that the mortgage amount being registered on title does not exceed 95% of the owner's equity portion in the property, provided to Parks Canada.
- Sublease Assignment Consent: Confirming new buyer's name(s) associated with the Sublease Agreement, provided to Parks Canada.
- Subordination Agreement: As BHC properties are not currently eligible for traditional mortgage insurance, the BHC assumes this risk by way of a legal contract between the Banff Housing Corporation and the buyer's mortgage provider (if applicable), provided to the lender.

11.0 CLOSE THE SALE

It is the responsibility of the seller and the buyer to coordinate with their law firm to sign legal documents, pay any additional fees, and coordinate critical timelines to ensure the closing date is met.

Steps to Close

- **Lender transfers funds:** The lender sends the mortgage funds to the buyer's lawyer.
- **Buyer provides remaining funds:** The buyer gives their lawyer the remaining down payment (minus any initial deposit already paid) along with closing costs, which cover legal fees and any other related expenses.
- **Lawyer finalizes the purchase:** The buyer's lawyer pays the seller and registers the property in the buyer's name.
- **Buyer takes possession:** The buyer officially takes possession of the home.

The sellers are responsible for arranging to provide keys directly to the buyer by **noon on the agreed-upon possession date**. All keys should be provided for entry, garbage rooms, and common areas, if applicable. **Please advise the BHC of the agreed date and time so a representative can be present.** Sellers should ensure they provide the buyer with clean and vacant possession of the property on the possession date.

12.0 WHAT ARE THE BUYER'S COSTS ASSOCIATED WITH A HOME PURCHASE?

- **Closing costs** - budget for 1%-4% of the purchase price of the property for services rendered, paid at closing to your lawyer.
- **Mortgage consent** - $350 + GST, paid at closing to BHC.
- **Subordination agreement** (if a mortgage will be registered on title) - $650 + GST, paid at closing to BHC.

13.0 PROVISION FOR CURRENT BHC HOMEOWNERS / UNDERTAKING

BHC homeowners are required to occupy their BHC home as their primary residence. Additionally, individuals are not permitted to own more than one BHC property at a time, **except** during a short transition period. This exception applies when a homeowner purchases a new BHC home (the "New Purchase") before selling their current BHC home (the "Existing Home").

Conditions for the Transition Period:

- **Undertaking Requirement**: When entering into a purchase agreement for a New Purchase, if the buyer already owns an Existing Home, they must provide a written undertaking to BHC. This agreement confirms that if the buyer still owns the Existing Home 180 days after the vendor accepts the New Purchase agreement, the New Purchase property will be made available for resale to the next qualified buyer on BHC's purchaser list. The buyer must also fully cooperate with BHC to facilitate this resale.
- **Notice of Resale**: BHC has the right to enforce this undertaking by providing the buyer with at least 15 days' notice.
- **Extension Option**: In exceptional circumstances, BHC may, at its sole discretion, extend the 180-day transition period by up to 15 additional days.

14.0 OTHER CONSIDERATIONS

Cancel / start / relocate utility and other services (gas, electricity, internet, etc.) to your new address.
Update any documents, service providers, and government agencies with your change of physical address (P.O. box does not change).

Property taxes are mailed out each year starting May 31. You have the option to sign up for the Tax Installment Payment Plan (TIPP) and pay monthly through the Town of Banff.

Town of Banff water/sewer/garbage accounts are automatically updated with a land title change, and invoices are mailed out on a quarterly basis.

15.0 HOMEOWNER BUDGET

After preparing to buy your home, the work of financial planning and budgeting doesn't end once you collect the keys – it's the start of a new chapter. As a homeowner, you'll need to account for ongoing expenses that may include

- Mortgage payments
- Condominium fees (if applicable)
- Guaranteed Replacement home insurance OR content insurance (ownership apartments)
- Moving costs
- Annual property taxes
- Utilities
- Repairs and maintenance
- Emergency repairs
- Renovations or upgrades
- BHC administration fee – ($250 + GST or $257.14 + GST (*depending on the development)*) – fee that supports the operational and administrative services to all BHC homeowners (invoiced on an annual basis), paid to the BHC – **this is a mandatory fee**.

Staying proactive in managing your budget is essential for maintaining long-term financial stability and peace of mind. By regularly reviewing your income, expenses, and savings goals, you can better anticipate and prepare for the expected and unexpected costs associated with homeownership.

Purchasing a home is one of the biggest financial decisions most people will make in their lifetime. It's a long-term investment that carries significant financial, legal, and emotional implications. Given the complexity and importance of this decision, doing your research and speaking with experts such as real estate professionals, financial advisors, and mortgage specialists can provide valuable clarity. This guidance can help you understand your options and help you make a confident, informed decision that aligns with your goals and financial reality.

CMHC (Canada Mortgage and Housing Corporation) have valuable home buying information available on their website including affordability calculators and other resources to assist you on your home buying journey.

We're here to help! If you have any questions or would like to set up a meeting to explore the purchase options with the BHC, don't hesitate to reach out to us at bhc@banff.ca or 403-762-1115. We're excited to support you every step of the way and look forward to working with you.