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To: Adrienne Broad; Dawson Mullin

Subject: Mullin DeMeo's Electronic Legal Update - PROPERTY TRANSFER TAX ACT / FIRST TIME HOME BUYER'S QUALIFICATION CHANGES 2008 UPDATE

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PROPERTY TRANSFER TAX ACT /FIRST TIME HOME BUYER'S QUALIFICATION CHANGES 2008 UPDATE

On February 19, 2008, the Minister of Finance, announced amendments to the Property Transfer Tax/First Time Homebuyer's Program, as well as to municipal property tax rules, administered by the Ministry of Small Business and Revenue. These amendments are summarized below. You can find complete information about these at: http://www.sbr.gov.bc.ca/documents_library/bulletins/PTT_004.pdf

WHO QUALIFIES

- a) must be Canadian Citizen or permanent resident (as per Immigration Canada);
- b) A person can qualify if he or she has lived in BC for 12 consecutive months immediately prior to the date of registering title, or has filed two Income Tax Returns as a BC resident within the last six years;
- c) must never have owned an interest in a principal residence anywhere in the world at any time;
- d) must never have received a previous first time homebuyers exemption or refund.

WHAT PROPERTY QUALIFIES

- a) a principal residence, the fair market value of which, anywhere in the province, must not exceed \$425,000.00;
- b) market value of up to \$25,000 more than the \$425,000 threshold will be eligible for a proportional exemption.
Partial Exemption calculation:

$$\text{Partial Exemption Amount} = \text{Applicable rate of PTT} \times \frac{(\$450,000 - \text{Fair Market Value of Property})}{\$25,000}$$
- c) property must not exceed 0.5 hectares and must be used as a primary residence, however properties exceeding this requirement may be eligible for partial exemption;

Exempt Value Calculation:

$$\text{Value of Property that is eligible for Exemption} = \frac{\text{Fair Market Value of Property} \times 0.5 (\text{hectares})}{\text{Total Area of Parcel (in hectares)}}$$

FINANCING REQUIREMENTS

As of February 20, 2008, the financing requirements are eliminated. Purchasers are no longer required to meet any financing requirements in order to qualify for any First Time Homebuyer's Exemption they would otherwise be eligible for.

REQUIREMENTS DURING THE FIRST YEAR OF OWNERSHIP

The purchaser must occupy the residence within 92 days of completion of the transaction and continue to use the residence as his or her principal residence for a period of one year;

Exceptions:

- 1) - death;
- 2) - property is transferred pursuant to court order or separation agreement under the Family Relations Act;
- 3) - purchaser may be eligible for a pro-rated amount of the exemption based on the date purchaser moved from the property ;

Please Note: The above is intended for informational purposes only and is neither a legal opinion nor an exhaustive summary of the Property Transfer Tax Act nor its regulations. If you have questions please call MULLIN DEMEO LAW CORPORATION at 250-477-3327.

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