



Explanatory Form – Country Residential Purchase Contract (Text Version)

Overview:

This explanatory form reviews information that is related to country residential property terms as included in the Country Residential Purchase Contract. For a complete review of the purchase contract forms, this country residential specific information should be reviewed along with the Explanatory Form for the Residential Purchase Contract (PDF or Text Version).

Section 1 – The Property

This section follows the format of all purchase contracts when describing the “Property”. However, for country residential properties there are additional descriptions not used in urban properties, such as the land size in hectares.

Section 3 – General Terms

For seller due diligence - 3.1(h)(i) regarding review of a Real Property Report (RPR) for the Property if the Property is a bare land unit. This advises the seller to do the review to ensure their Section 6 warranties are accurately made.

3.1(i) – the buyer is responsible to determine their ability to purchase land under the *Foreign Ownership of Land Regulations*.

For buyer due diligence – 3.1(j) indicates the buyer may get inspections or advice, including advice on the condominium documents and the RPR for a bare land unit. Each item may require a REALTOR®’s explanation, leading to a well informed buyer.

If the contract is used for resale condominium property that is located in the country, clause 3.1(k) indicates that sections 12 and 13 of the *Condominium Property Act* (Alberta) relating to sale of units by developers and rescission of purchase agreement do not apply.

Section 6 – Representations and Warranties

6.2 The buyer makes a warranty that they are eligible to purchase “controlled land” as defined in the *Foreign Ownership of Land Regulations* (Alberta). “Controlled land” typically refers to farm land and ranches but may include other rural land. The Regulations affect foreign citizens and foreign controlled corporations. The onus is on the buyer to determine their eligibility and they agree to do so in clause 3.1(i). These Regulations can be complex and REALTORS® should not offer advice. Instead, buyers should be advised to seek legal advice.



Section 8 - Conditions

8.1(b) specifies that the seller and buyer will pay for any costs related to their own conditions, except for the providing of documents in the Condominium Documents Condition. This serves to indicate that the provision of documents is to be done and paid for by the seller.

8.2(c) Condominium Documents. Because this contract can be used for bare land condominium units that are located in a rural setting, this clause allows for a review of the condominium documents. The Country Residential Purchase Contract Condominium Property Schedule provides further details for the condition and must be included as an attachment in Section 9 – Attachments and Additional Terms. The condition details and documents on this schedule are the same as found in the Residential Resale Condominium Property Purchase Contract.

8.2(e) Water. This condition is specific to rural properties which may not have a municipal water source.

8.2(f) Septic System. Rural properties are often serviced by a septic system. While it is difficult to fully inspect the system as it is buried underground, the option is available to the buyer to have the system inspected in a way that is satisfactory to them.

8.2(g) Country Residential Property Schedule. Use of this schedule is a best practice recommendation because it gives many details specific to country living and about the subject Property. The information on the schedule is filled out by the seller. The condition allows the seller time to provide the completed schedule by an agreed date. The buyer's condition is that their review of the information on the schedule must be satisfactory to them.

Section 9 – Attachments and Additional Terms

Clause 9.2 details the condominium contributions and fees. Titled unit contributions are described separately from other fees for non-titled, assigned or leased areas.

Section 10 – Closing Process

Clause 10.4 deals with responsibility for payments of special assessment contributions based on when the resolution is passed.

Clause 10.6(b) indicates that if the Property is a bare land condominium, an estoppel certificate will be provided.

To ask a forms-related question, email AREA at forms@albertarealtor.ca