

# First Time Home Buyers' Exemption

## *Property Transfer Tax*

Did you qualify for the First Time Home Buyers' exemption when you purchased your property?

If you qualified for and received the First Time Home Buyers' exemption, you will find some helpful information below about the requirements for keeping this exemption. This information sheet provides information only for those who have already qualified for the First Time Home Buyers' exemption. Please read [Bulletin PTT 004](#), *First Time Home Buyers' Program* for details on how to qualify for the exemption.

### The Basics

- To keep the First Time Home Buyers' exemption, you must satisfy three important requirements during the year after your purchase.

### Requirements

#### 1. Moving in

If you bought an existing home, you must move in within 92 days of registering the transfer at the Land Title office. If you bought vacant land, you must build and move into your new home within one year after registering the transfer. If you don't move in within these time limits, you will be denied your exemption in full.

If you have moved in within the time limits, you must then continue to live there for the remainder of the first year. If you don't, you may be allowed to keep only a portion of the exemption, based on how long you lived there.

There are **two exceptions** that will not affect your exemption.

- If you have to transfer the title out of your name because of a court order or separation agreement under the *Family Relations Act*.
- If you are unable to live in your new home for the entire year because you pass away.

#### 2. Property value

If you are building your new home, the fair market value of the land plus the cost to build the home cannot exceed the threshold amount of **\$375,000**.

If the value exceeds the limit by up to \$25,000, you may be allowed to keep a portion of the exemption. If the value exceeds the limit by more than \$25,000, you will be denied your exemption in full.

### 3. Mortgage payments

You must not pay down your mortgage by more than the allowable limit within the first year. The pay down limit is the greater of:

- \$13,000, and
- the amount that would reduce the mortgage to 70% of the fair market value of the property.

All payments made against the principal mortgage amount, including both regular and lump-sum payments, are used to determine how much you have reduced your mortgage. If you have paid down more than the allowable limit, you may keep a portion of the exemption based on when you went over the limit.

There are **two exceptions** that will not affect your exemption.

- If you pass away before the end of the first year, your life insurance proceeds can reduce your mortgage beyond the allowable limit. Your insurer must pay the proceeds directly to your lender as a term of your policy.
- If you are critically ill or critically injured before the end of the first year, the proceeds from your critical illness or critical injury insurance policy may reduce your mortgage beyond the allowable limit. Your insurer must pay the proceeds directly to your lender as a term of your policy.

At the end of the first year, we will send you a letter asking for details of your mortgage account(s) for the one-year period after you register the transfer. **You must have your lender(s) provide this information to confirm that you are still eligible to keep the exemption.**

**Don't forget to send us this information!** If we do not hear from you, we will assume that you no longer qualify and your exemption will be denied.

#### For More Information

- You may contact our office at 250 387-0604. If you are calling long distance, call Enquiry BC at 604 660-2421 in the Lower Mainland or 1 800 663-7867 elsewhere in the province and ask to be transferred to our phone number, toll free.
- You may visit our website at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr)