

# Buying or Selling an Acreage Home

The attraction of owning a second home as a recreational property or simply living a quieter lifestyle by owning an acreage home is attractive to many people in and around Edmonton. Now if this is you and you have decided you want to live on an acreage, then there are a few things you should be aware of before you buy. Likewise, if you already live on an acreage property and consider to sell, there are similar conditions you should be aware of to help with the sale of your home and make sure the transaction process goes smoothly. Living in, Buying or Selling an acreage property is not the same as your typical urban residential Real Estate transaction and you are advised to do your due diligence first. Below are 4 areas to start you on your way. This is not an exhaustive list and as the land around Edmonton varies North, South, East and West, each area and municipality will have their own differences it may be easier to sit down and discuss your options with a Real Estate professional who understands acreages.

## **Tax:**

Size Matters, and bigger is not always better. Depending on how large the land is, and was it used as a business, leased, farmed with either animals or crops or sub-divided, this can have an impact on the transaction as GST may be applicable. (As a Real Estate professional, we are not allowed to advise if GST is applicable or not, so whether buying or selling, you should consult a GST expert to determine if GST is applicable to a property) Any time you sell rural property you will need to consult an accountant to discuss GST and other tax issues that may pertain to the property. Any time you buy rural or recreational property as well as consulting with an accountant regarding tax matters, you also need to know if the seller is a non-resident of Canada as the buyer must remit the GST (if applicable). Alberta limits non-residents to two plots of agricultural or recreational land not exceeding a total of 20 acres.

## **Water:**

Acreages and most estate homes are not connected to the municipal water supply so these homes typically have a well or a cistern to provide water. Wells may be either bored or drilled. Bored wells are larger diameter and shallower than drilled wells but other than that, there is little difference. The important questions to ask relating to wells are: When was it made? What is water quality? What is the flow rate? It is important to check water quality when buying an acreage home. Most medical testing labs can provide a sterile container and will

test the sample you provide at very reasonable rate and some municipalities provide a free annual service for the home owner to test their own water. On occasion we come across an acreage home where either the water quality in the area is not potable or there are no more rights to drill a well, so these homes will have a cistern. The home owner will have to organize a tanker to deliver potable water as required.

### **Utilities:**

Power, Gas, telephone and internet are readily available when you live in a city. In the countryside however, most places will have power, but often thats all. For heating in these situations you will most likely have a propane storage tank if natural gas hasn't made its way to the property yet. And even if a home has both power and natural gas you will want to confirm it is fully paid off as the costs for installation in remote areas can be costly. For recreational properties, telephone and internet are not as "essential" as they would be if you want to live on an acreage, but this is a personal matter and there are many options out there now to cater for the different life styles.

### **Sewer:**

Once again, Acreage homes are not connected to municipal sewer services so they will have either a septic tank, holding tank, septic field, discharge mound, lagoon or in some remote cases, open discharge. There are many restrictions on what type of system and where to locate it for obvious reasons. All of these systems have a limited lifespan and can be costly to fix or replace. When selling it is recommended to provide proof of any servicing or repairs to septic systems as this can add value. When buying, you will need to check the age of the septic system and look for any tell tale signs that it may be failing. (smells, leaching, soggy patches, long green grass.) You will also need to take into consideration how many people will be using it. An older couple who have lived on an acreage most of their life will be used to this lifestyle and consequently will use less water and put less strain on the septic system. A family with young children or teenagers newly moved to an acreage may overload that same septic system in a relatively short period of time if they are not aware of the differences in living.