Knoedler Team

UNDERSTANDING SUBJECT CONDITIONS

A practical guide to the checks you can make before committing to a home purchase.

Subject conditions are negotiated protections written into an offer. They give you time to investigate specific matters before proceeding. Not every offer includes every subject, and each has its own deadline.

01 **FINANCING** | Mortgage approval

Your lender must approve both you and the specific property. A mortgage preapproval is not final approval; an appraisal and other lender requirements may still apply.

02 **HOME INSPECTION** | Property condition

Have a qualified inspector assess the home. For older properties, we may also recommend specialist checks for drainage, moisture, electrical issues or buried oil tanks, or pools if applicable.

03 **STRATA DOCUMENTS** | Condos & strata townhomes

Review the Form B, minutes, financial statements, budgets, bylaws, insurance and depreciation or engineering reports. Watch for special levies, planned work, insurance deductibles and parking/storage arrangements.

04 **INSURANCE** | Coverage and cost

Confirm with your broker that suitable insurance is available at an acceptable cost. Ask about concerns such as previous water damage, older building systems or special coverage needs; strata owners usually need their own policy too.

05 **DISCLOSURE & TITLE** | Property information

Review the seller's Property Disclosure Statement for any noted defects and the title search for registered charges, easements or covenants. Check permits, suites or other property-use questions when they matter to your plans.

06 **SALE OF YOUR HOME** | If applicable

If you need to sell first, you may negotiate a subject-to-sale condition. Most contracts include a time clause that allows the seller to keep marketing the property to other buyers.
If the seller receives a better, unconditional offer, the time clause triggers a countdown (usually 24 to 72 hours). The original buyer must then either: Waive their conditions and commit to buying the property immediately or walk away, allowing the seller to accept the new offer.

WHAT HAPPENS DURING THE SUBJECT PERIOD?

1. An accepted offer is binding. Subject periods are often around 5–10 business days, but your contract sets the actual dates and times. We help coordinate the process; you must make reasonable, good-faith efforts to meet each condition.

2. Decide before the deadline. Once satisfied, you remove your subjects in writing. If a condition genuinely cannot be met, speak with us promptly. Subjects are not a general right to change your mind.

3. Subject removal is a commitment. Once all subjects are removed, the purchase is generally unconditional. The deposit –typically 5% of the purchase price- is due when your contract says, often upon or shortly after removal. Deposits held in trust are not always automatically released if a deal ends.

THE BC RESCISSION PERIOD IS SEPARATE

For most eligible residential purchases, BC provides a three-business-day right to rescind after offer acceptance, with a fee of 0.25% of the purchase price. It runs at the same time as your subject period. Certain purchases, including leasehold/leased-land properties, are excluded.

Removing subjects before completing your checks, or making a subject-free offer, can expose you to major financial risk. Ask us questions before committing.

General information for BC resale purchases. Actual rights and obligations depend on your signed contract and the applicable law. Seek qualified legal, financial or inspection advice as needed.