

Buying and Selling Revenue Properties

Registrants assisting clients in the purchase and sale of revenue properties should be aware of the unique challenges posed by these transactions. Issues exclusive to transactions involving revenue properties must be considered, especially when the buyer will be assuming the role of a landlord under an existing tenancy agreement.

Clients purchasing revenue properties that are already occupied by tenants should be made aware of The Residential Tenancies Act (the “Act”) and its potential implications. When the buyer takes possession of an occupied revenue property, he or she will be deemed to have notice of, and will assume, all of the former landlord’s rights, liabilities and obligations under the subsisting tenancy agreement. The Act also places obligations on a person who is selling an occupied revenue property. For example, former landlords are required to deliver certain records to new landlords. Registrants should advise clients who are interested in buying or selling revenue properties to consult with a lawyer about how they may be affected by the provisions of the Act.

Registrants should be aware of the following additional sources of information about revenue properties:

- The Office of Residential Tenancies can provide information about outstanding orders or pending applications
- The local municipality can provide information about building inspectors’ reports.
- The local health region can provide information about public health inspectors’ reports.

Your client may wish to contact one or all of these organizations to gather information about a property he or she is thinking of buying, and may wish to make being satisfied with the information a condition on the offer.

While many of the details regarding the purchase and sale of a revenue property are handled by the lawyers representing the buyer and seller, there are often items that should be dealt with in the initial agreement.

For example:

- Does the buyer want to make the purchase conditional on a review of the current tenancy agreement?
- Does the offer address which party is entitled to receive unpaid rents?
- Does the buyer want a written representation by the seller that the information provided with respect to tenancy agreements, rents and/or security deposits is accurate?
- Is the seller prepared to make this representation?
- Is the buyer going to continue leasing the property to the current tenant or will the tenant be asked to leave?

By the time the documents reach the lawyers, it may be too late to adequately address these items. Registrants would be well-advised to suggest to clients that they involve their lawyers early on in the buying or selling process. If the clients consult with lawyers before the contract of purchase and sale is written, it is more likely that the contract will adequately reflect the agreement the buyer and seller want to make. Clarity in a contract is a key element in preventing future disputes between a buyer and seller.¹

¹All information in this article is provided with the permission of the Law Society of Saskatchewan.

Dale Beck, “Sale, Purchase and Foreclosure of Residential Rental Property”, Office of Residential Tenancies

Bob Kasian, MLT, “The Purchase and Sale of a Residential Revenue Property”