



## Real Estate Talk: Purchasing a Country Home

### Description

# Considerations when buying a country home or second residence

By **Joseph Marovitch**

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The world has changed dramatically since the beginning of the pandemic. During the pandemic, many opted to move to their country homes permanently to avoid large crowds and find some peace. Today there is the feeling that the pandemic is less dangerous than when it began, due to vaccines. The movement now appears to be back to the city for some. However, even though the pandemic may not be as virulent as before, we are now contending with wars in Europe, economic turmoil, political unrest, and now there is the threat of nuclear war from that despot in Russia. Many may still want to find a piece of sanctuary in the country. If so, the following information will assist in determining and finding a property away from the city.

When considering a country home to purchase, there are factors that come into play that would not otherwise, if you were purchasing in the city.

A second residence in the mountains and/or by the lake is a dream retreat for many. It is a sanctuary away from the hustle and bustle of city life, especially now. It is an escape from work and the daily grind, a change of scenery, a place to rest and gather one's thoughts or think of nothing. It can also be fun and exciting. A mountain retreat can provide hiking trails, swimming, sailing, waterskiing, alpine skiing, bonfires at night and stars, lots of stars.

When considering a country home to purchase, there are factors that come into play that would not otherwise, if you were purchasing in the city. Most country homes are not in or near a town, therefore the house must have its own well for water and a septic tank for septic situations. If the property you are searching for has a waterfront, many more factors come into play such as, whether the lake is navigable or non-navigable (motor boats allowed or not). Does the lake have an entrance and an exit, or is it sedimentary, meaning not enough oxygen enters the lake to



~~make it liveable and drinkable?~~

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When searching for a country home, these are the questions that must be answered:

1. How far do you want to drive from the city?
2. Do you want a lakefront?
3. Proximity to your neighbours? Most buyers of second homes want privacy as this is their getaway home.
4. If lakefront, do you want motorboats or no motorboats?
5. Proximity to ski hills and towns?
6. Number of bedrooms and bathrooms?

Once you have found that perfect home, the items to inspect and consider are:

1. Condition of the house via a regular inspection
2. When was the chimney last cleaned and inspected?
3. Water test to ensure the well is clean and the water is potable (drinkable)
4. Lake water test to ensure the lake water is bacteria-safe for swimming
5. Ensure the septic tank conforms to city bylaws and is the right size, based on the number of bedrooms in the house.
6. Ensure the septic tank has been emptied. Most municipalities require the septic tank to be emptied every 4 years if the house is a second residence and every two years if it is a permanent residence.
7. Does the house have a working sump pump? A sump pump is a device placed in the basement of the house, below the floor. When the water table rises in the spring, the sump pump automatically pumps the rising water out and away from the house to keep it dry. A sump pump is usually required for homes by a lake.

Finally, the tax implication. In Canada a primary residence upon selling is tax-free. A second residence is considered a luxury item and is therefore not tax-free. Upon selling a second residence, any gain is considered a capital gain and is taxed on 50% of the gain. If you paid \$100,000 for the country home and later sold the property for \$150,000, you would be taxed on 50% of the gain or on \$25,000. The tax you must pay is dependent upon your income, therefore it is always a good idea to purchase a second home by placing it in the name of the person in your household who has the least income, to pay less tax.

A second property can also be placed in the name of a spouse as a primary residence. Therefore, upon selling, the property is tax-free.



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## State of the market

**CPI today (inflation rate) 6.9%**

**TD mortgage prime rate 6.60%**

According to the **Quebec Professional Association of Real Estate Brokers (QPAREB)**, residential property prices are set to decline as low as 12%. The Federal Bank is driving prices down with repeated rate hikes to lower inflation.

Many forces are driving demand and causing inflation such as fluctuating oil prices, war, and political instability here and abroad. Our provincial government is not making anything easier for any of us. In a time when everyone must work together to survive, it appears that governments around the world, supported by certain individuals, are driving citizens in an effort to create chaos.

'According to the Quebec Professional Association of Real Estate Brokers (QPAREB), residential property prices are set to decline as low as 12%. The Federal Bank is driving prices down with repeated rate hikes to lower inflation.'

The economy, healthcare, education, and everything that matters to make our lives easier, cannot be addressed if all we are concerned with, first and foremost, is language issues that only tear our province apart, which is made of so many cultures and languages.

We can only help ourselves as a collective and unified people. If we fight over the things we cannot control and not focus on the things we can, such as health care, the economy, and the environment, where will we end up? Hopefully and soon, we will find common ground and realize what is important to sustain life.

Have a great week.

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## Let's not forget that people with cancer are vulnerable too!

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**Joseph Marovitch** has worked in the service industry for over 30 years. His first career was working with families from Westmount and surrounding areas, hosting children between the ages of 6 to 16 as the owner and director of Camp Maromac, a sports and arts sleep-away summer camp established in 1968. Using the same strengths caring for the families, such as reliability, integrity, honesty and a deep sense of protecting the interests of those he is responsible for, Joseph applies this to his present real estate broker career. Should you have questions please feel free to contact Joseph Marovitch at 514 825-8771, or [josephmarovitch@gmail.com](mailto:josephmarovitch@gmail.com)



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