



Frequently Asked Questions

How are tenants selected?

Rentals @ The Real Estate District (RED) follows a rigorous internal review process for all applicants, regardless of the property type or applicant. We treat all applications equally and without prejudice to ensure fairness. Applicants must provide proof of income/employment and references, and undergo a credit history review. If we cannot review at least 2 of these 3 criteria, we will discuss the pros and cons with the owner. Our target income-to-rent ratio is 3:1, which means that rent should account for approximately 33% or less of the tenant's gross income. In a condo or apartment where some of the utilities are included in the rent, this ratio can increase to 40%. Regardless, we review each application on a case-by-case basis, mainly if there are exceptions to these targets. Before approving an applicant, we will discuss the tenant criteria and selection with the owner. Our goal is to find the best tenant for the property and to ensure they take care of the property and fulfill their financial obligations throughout their tenancy.

- ***Careful tenant selection is crucial to safeguarding the property and reducing potential complications or issues that may arise.***

What is the process when a tenant moves in?

RED has a thorough process for when a tenant moves in to ensure a smooth transition and minimize any potential issues. Firstly, all tenants must provide proof of their insurance and confirm that they have set up their utilities. One of our team members will then meet with the tenant to complete a move-in condition report (inspection) before turning over possession and the keys. This report itemizes & photographs the condition of the property, taking note of any nicks, dents, scratches, and other noteworthy features and listing all appliances (including their model numbers). We review the operation of essential items like the furnace and thermostat, hot water tank, and electrical panel. The tenants are shown where the main water shutoff valve is located and the outdoor water shutoffs (if applicable). We create a "Property Guide" for the new tenants, which answers the most common questions regarding caring for the home, such as the furnace filter size, resetting a GFCI outlet, etc. This thorough process ensures that the tenant feels confident and comfortable in their new home, allowing them to better care for it.

When do Owners receive their rental funds?

Rent is collected on the first business day of each month. The funds are then deposited into your bank account on the 15th of the month, provided all rent payments have cleared and outstanding invoices have been paid. If the 15th falls on a weekend or statutory holiday, the funds will be transferred on the next business day.

How do Owners access their monthly statements?

Owner statements are uploaded to our *Owner Portal* on the same schedule as when the monthly rental funds are transferred. To access your statement, log in to your Owner Portal, select “Documents,” and a list of documents is available for the property.

What is the Owner Portal?

The *Owner Portal* is a web-based database system provided by **RED** that allows Owners to access important information about their properties. After completing the registration process with **RED**, you will receive an email from the online database (Propra) containing a link to the *Owner Portal*. Through this portal, monthly and year-end statements can be accessed, as well as tenant lease agreements, renewals, move-in reports, and more. Additionally, tenants can use the portal to submit maintenance requests, and owners are automatically notified of these requests. The Owner Portal can be accessed at www.propra.io

What should an Owner do if they have questions about their statement?

Review your statement closely, and if you have any questions, please contact rentals@therealestatedistrict.ca.

How do Owners pay any arrears owed to RED?

Any arrears owed to **RED** are due within 15 days of receiving your statement. If funds are owed, please send an email money transfer to finance@therealestatedistrict.ca (security answer/password “**Calgary**”) for the amount due. Alternatively, you can request & complete a Pre-Authorized Debit form and email it to the same email address for processing. The PAD form allows our team to withdraw the funds from your account.

What happens if I don’t pay any arrears owed within 15 days?

If any arrears are still outstanding after 15 days, you will be subject to a \$50/month overdraft fee to cover the carrying and administration costs.

When does RED hold funds?

Funds from a tenant’s rent may be held *in trust* under certain circumstances. These include:

- When there’s an upcoming project and funds will be needed to pay invoices.
- When a tenant is moving out and the property will be vacant for a period. Funds will be needed for utilities, maintenance, snow/lawn care, vacant house checking, etc.
- When a tenant is moving out, and the owner is moving back in. In such cases, a repair may be required in the last month of a tenant’s lease, and since the invoice will be received after our office has stopped collecting any rent, funds need to be available to pay for those possible invoices.

Rest assured that any funds held in the trust account will be disbursed as soon as possible once the reason for having them no longer applies.

What is the difference between the monthly Management Fee and the annual Leasing Fee?

The monthly Management Fee covers the ongoing management of the property, including tenant and owner relations, routine and urgent maintenance, contractor coordination, rent collection, invoice payment, fund depositing into the owner's account, and being available 24/7 for tenant emergencies.

The annual Leasing Fee covers services related to tenant screening, showings, lease negotiations, renewal negotiations, administration, year-end statements, tax forms, dealing with corporate relocation agents, and conducting property visits and inspections twice a year. This fee covers activities performed less frequently, often annually or semi-annually. When an existing tenant renews for an additional term, the Leasing Fee still applies, as RED still performs most of the tasks involved. If a tenant renews for less than a full year, the Leasing Fee is prorated based on the length of the renewal.

In summary, the monthly Management Fee covers ongoing property management services, while the annual Leasing Fee covers the costs associated with leasing and tenant-related activities that occur less frequently.

Can a Pet Deposit or Pet Fee be charged if a pet is allowed?

It's important to note that under the Alberta *Residential Tenancies Act* (RTA), a landlord or their agent can only collect and hold a security deposit equivalent to one month's rent. Therefore, a second deposit specifically for pets is not permitted. However, a monthly pet fee can be charged to compensate the owner for any additional wear and tear caused by the pet. The pet fee amount is usually between \$25 and \$50 per pet, per month, and is used to cover expenses such as sod repairs/replacement and yard clean-up when the tenant moves out during the winter.

It's also important to have tenants sign an additional Pet Agreement when a pet is allowed on the lease. This agreement reinforces the expectations around pets and outlines the consequences if the pet causes any damage to the property. While smaller dogs have generally caused fewer issues, larger dogs and cats are often avoided due to the potential damage they could cause.

What happens if the tenant is unable to pay rent on time?

While non-payment of rent is rare, it does occur. If tenants cannot pay rent on time due to a banking error or an emergency, they can quickly rectify their arrears. In most cases, rent is collected within a week or so of the non-payment notification. However, if the tenant takes longer or there is concern that the reason for the non-payment is not sincere, there are two options to consider:

- Option #1: The tenant can be given more time to catch up, but a written deadline is highly recommended. In some cases, a Lease Amendment or Payment Plan may be put in writing for the tenant to sign, which would support collection efforts if they do not follow the agreed-upon plan.
- Option #2: The tenant can be served with a written notice to terminate the lease in 14 days due to non-payment of rent. If the tenant pays all arrears before the 14 days are up, they can stay in the property. However, if they fail to pay their arrears, they are expected to vacate the property within that same 14-day period.

What happens if the tenant fails to pay my rent arrears or does not vacate the property within the required period?

If the tenant fails to pay their arrears or does not vacate the property within the required period, a hearing can be booked at the Residential Tenancy Dispute Resolution Service (RTDRS) or the Court of King's Bench. This process usually takes anywhere from 2 or 3 weeks and up to 9-10 weeks, depending on how busy the RTDRS is at that time; the Court of King's Bench is often quicker. Provided the tenant has not paid their arrears or moved out by the hearing date, the court hearing proceeds, where arguments are made to explain the arrears and that the Landlord/Agent is seeking arrears and vacant possession of the home. The court should find in favour of the Landlord/Agent and rule that the tenants must move out. However, the RTDRS usually gives the tenant another 2 weeks to move. The cost for RED to take the tenant to a hearing at RTDRS is a \$75 filing fee plus an hourly rate of \$75/hr for the Agent (including the time to prep, service notice, attend the hearing, etc.). If the tenant still has not vacated the property after the additional 2 weeks allowed by RTDRS, then the owner (or RED on the owner's behalf) will need to hire a Civil Enforcement/Bailiff Service to force them out (a Bailiff can physically remove a person & their belonging from the home, while a Real Estate Broker cannot). There would be an additional cost to the Civil Enforcement/Bailiff service, as it is not something RED does.

What is the process for addressing damages caused by a tenant when they move out?

At the beginning of a tenancy, a condition report is completed with RED to document the property's condition, including photos of any existing damage. When the tenant moves out, this report is used to assess any damages beyond normal wear and tear. Most tenants receive a full security deposit refund, with only minor deductions for items such as light bulbs or furnace filters. However, if significant damages are caused, the security deposit may not cover the cost of repairs.

If the cost of repairs exceeds the security deposit, the tenant will be invoiced for the difference. However, there is no guarantee that they will pay, and the owner may need assistance from a Civil Enforcement/Bailiff service or a Collection Agency. Legal action may be taken, which could involve taking the tenant to court.

The first step is to send a final account statement to the tenant and request payment within a specific time frame. If payment is not received, options include using the Residential Tenancy Dispute Resolution Service (RTDRS), which mediates and rules on tenancy disputes. RED charges \$75/hour in addition to the RTDRS's \$75 filing fee. However, this process can be slow, with hearings booked 2-3 months after the application is filed.

Another option is to hire a civil enforcement company to take the tenant to the Court of King's Bench, where a hearing can be scheduled more quickly. The civil enforcement company can explore garnishing wages, going to a collection agency, or placing property liens to collect the debt. RED recommends hiring a civil enforcement company once costs are finalized, as they have expertise in these additional collection measures.

Can a property be sold while tenants are still living there?

Yes, it is possible to sell a rented property, but it can be complicated. We typically sign fixed-term tenancy agreements with specific start and end dates at RED. If the property is sold during the fixed term, the new owner must honour the lease agreement, and while they can take legal possession (ownership) at any time, the new owner cannot move into the property until the tenants have moved out at the end of their lease term. This may work well for investment purposes, but it can impact the sale process if a buyer must wait for possession. In rare cases where the property is rented on a periodic (month-to-month) lease agreement, the owner can terminate the

lease by giving the tenants 3 months' notice *after* the sales agreement has been satisfied (i.e., conditions waived), and the deal is firm. The termination notice cannot be given based on the intent to sell, only after the property is sold.

If selling a property while tenants live there, the REALTOR® must provide a minimum of 24-hour notice before confirming showings. The tenant is responsible for keeping the property tidy, but that does not necessarily mean it is in a "show-ready" condition, and the showings can be challenging and disruptive for families. Tenants are not obligated to leave the property during showings. Selling the property while vacant can often be more straightforward and quicker, as it offers easy access for showings and a quick possession date.

- NOTE: The staff at RED are licensed REALTORS® and would be best positioned to manage the listing, with or without tenants in the home, given that we'll know about the property far more than other REALTORS® will typically have.

Non-Resident Rental Property Owners

What do Owners need to know as non-residents of a residential rental property in Canada?

As a non-resident, you are subject to Canadian income tax on the rental income earned from your Canadian property. Generally, the non-resident tax withheld on your rental income is considered your final tax obligation to Canada. RED will submit 25% of the *gross* rent to CRA monthly and provide an NR4 at year-end, which indicates the total rent collected and total non-resident withholding taxes paid. Once the Owner files their non-resident income taxes, they may receive a refund of some or all of the non-resident tax withheld after claiming deductions such as mortgage interest, property taxes, insurance, condominium fees (if applicable), property management fees and maintenance.

For more information on non-resident income and Section 216, please see:

- [Determining your residency status](#)
- [Non-Resident and Income Tax \(Guide\)](#)
- [Filing and Reporting Requirements](#)

Can Owners have tax withheld based on the net rental income instead of the gross amount?

RED does not offer the option to remit 25% of the *net* rent for various reasons, most notably the risk assumed by the Agent of a non-resident landlord. When a non-resident owner/landlord does not file their income tax on time, CRA will assess the Agent for any taxes owing. As a small business, this financial risk is not something our brokerage is willing to assume.

How is non-resident tax withheld on my gross rental income remitted to the CRA?

Your agent must remit to the CRA the non-resident withholding taxes on or before the 15th day of the month following the month the rental income is paid or credited to you. For example, non-resident withholding taxes are paid by May 15th for rent earned in April.

When is the non-resident Section 216 income tax return due?

Generally, you must send your Section 216 return to the CRA within two years from the end of the year in which the rental income was paid or credited. We recommend filing by June 30th of the following year, and it is essential to file even if you have no tax payable or are not expecting a refund. Suppose you have rental income from more than one rental property in Canada, and you make an election under Section 216. In that case, all of your Canadian rental income and expenses must be reported together on one Section 216 return. For more information, see [T1159 Income Tax Guide for Electing Under Section 216](#).

Please review [NR4 – Non-Resident Tax Withholding, Remitting, and Reporting](#) and speak to your accountant.

What happens if an Owner misses the filing deadline for my Section 216 return?

For each non-resident who does not file their income tax return by the due date, you must pay the tax that would otherwise have been payable on the gross rental income for the year, plus any penalty and interest that applies.

What is RED's Policy for non-resident missed filings and the subsequent CRA Notice of Assessments?

At RED, we take tax compliance seriously and are committed to ensuring that our non-resident clients file their taxes on time. However, we have noticed increased CRA Notice of Assessments received for clients who missed their tax filing deadline. This requires additional time and effort for our staff and the owner-client to sort out. To address this issue, we have implemented the following policy:

- For any non-resident client who fails to file their T1159 Income Tax Return for Electing Under Section 216 by the June 30th deadline and for whom RED receives a Notice of Assessment from CRA, a **\$1,000** fee will be assessed and payable as soon as we receive said notice.
- Suppose RED receives a Notice of Assessment from CRA indicating that an owner/client's tax return has not been received by the due date. In that case, we will no longer approve any future NR6 Undertakings for that owner and property. The non-resident withholding tax remittances will switch to 25% of the gross income, and the owner-client will be responsible for submitting the appropriate expenses directly to the CRA for a refund.

We ask that our non-resident clients inform us when their T1159 Income Tax Return for Electing Under Section 216 has been filed by emailing finance@therealestatedistrict.ca.

What is RED's policy for non-resident owners who sell their property?

If RED has submitted an NR6 on behalf of the non-resident owner and is submitting payments to the Canada Revenue Agency (CRA) for 25% of the net rent, an adjustment must be made before the property is sold. Typically, when a non-resident sells their rental property, the lawyer(s) will hold back 25% of the gross rent on behalf of CRA

to ensure that CRA has collected the maximum amount of taxes owed for that property as a non-resident rental. The holdback can last until the non-resident owner files their income taxes and receives the notice of assessment from CRA, which can take several months and even extend into the following year.

To avoid this, *RED* will pay CRA on the owner's behalf for 25% of the gross rent collected year-to-date and until the tenant moves out or the property is sold. Additionally, *RED* will send a letter to CRA to cancel the NR6. It is important to note that the non-resident withholding taxes payment and cancellation letter should be sent to CRA before the possession day, not necessarily before the property is listed for sale. If this payment and cancellation letter are not completed, the lawyer(s) will likely hold back 25% of the rent for taxes potentially owed to CRA.

We suggest non-resident owners review these two blog articles from Kahane Law: <https://kahanelaw.com/non-resident-real-estate-holdbacks-alberta/> and <https://kahanelaw.com/clearance-certificate-non-resident-canadian-tax/>. These articles are a few years old; therefore, we highly recommend that you chat with an accountant and a lawyer for the most current information. (We don't work with Kahane Law, but find the articles helpful.)

We recommend discussing this policy with your lawyer and/or accountant to confirm any non-resident tax-related questions. Please also review the CRA requirements related to [Disposing of or acquiring certain Canadian property](#).