

## PURCHASING RESIDENTIAL REAL ESTATE

Congratulations!! You've signed a firm and binding agreement for the purchase of your new home and financing is in place. What's next? Well, plenty, actually, but this is where your legal professional comes in to guide you along the path to a successful closing day. Your lawyer plays an important role in protecting your financial and emotional investment in your new home. This article will provide you with the information you need about our role as legal counsel and your responsibilities in the closing process.



### Your Responsibilities

Once the deal is in place, you will need to attend to several further matters to ensure a smooth and successful closing process. Here's what you can expect will be required of you:

1. Make sure you have provided your lawyer with a copy of the Agreement of Purchase and Sale, together with all related documents (waivers, copy of survey etc.) You must also provide your lawyer with your full legal names and dates of birth as they will appear on the Deed. If there is more than one purchaser, you must consider how you will hold title, eg., joint tenancy. We can advise you on the legal consequences of the different types of ownership.
2. If there is no survey for your new home, you will be required to hire a surveyor to prepare one. This can be a significant additional expense! In some cases, an alternative can be to make use of "Title Insurance", although you will need to discuss the pros and cons with us well in advance.
3. Make sure you have a firm mortgage commitment signed with your mortgage company and provide them with the name and contact numbers for your lawyer. Your mortgage company will then take care of instructing your lawyer directly on the preparation of the mortgage documents.
4. Contact your Insurance Agent and arrange to have fire insurance coverage in place on your new home effective the day of closing, with your mortgage company named as "loss payee".
5. Contact the hydro and gas utilities for the municipality in which your new home is located. In some cases, you will be required to visit their offices to sign a service contract prior to closing.



**There's still lots to do before moving day!**

6. Since property taxes will be adjusted on closing, you need not make these arrangements directly. But, be aware that you could be responsible for a tax adjustment of \$600 or more, depending upon your closing date and the date of municipal tax instalments.
7. Let your lawyer know immediately if you know of any legal executions outstanding against you.

## **Closing**

During the time between signing the Agreement and the closing date, the lawyer's role is to carry out all necessary searches to ensure that your new home is free of title defects and is not subject to any legal or financial claims by any person other than your new mortgage company. The searches involved may depend upon the type of property and its location but will typically include: a full title search; a search of sheriff's executions; a building and zoning search; a tax search; and searches with other municipal authorities including water, gas, hydro and conservation authorities. If your lawyer uncovers anything that might be of a concern to you, this should be discussed with you at the earliest opportunity.

Just prior to the closing date, your lawyer will contact you to make an appointment to discuss the results of all searches and to sign the closing documents. At this time, your lawyer will also be in a position to advise you of all closing adjustments and the amount of the down payment you will be required to deliver to your lawyer on the closing date by certified cheque.

On the closing date itself, your lawyer will arrange to meet with the lawyers for the vendors at a mutually agreeable time to exchange documents, cheques and keys. Upon registration of your new Deed, you will be the legal owners of your new home. Please note that closing times cannot be arranged in advance and as a precaution you should not expect to receive your key before 5:00 p.m. on the closing day. Therefore, do not book movers to arrive at 8:00 a.m. or you will be paying to have them sit and wait!



**Your job is not done yet!**

## **Costs**

Legal fees for most residential purchase transactions vary depending upon the complexity of the transaction. We will be happy to provide you with our quote in advance of doing any work on your behalf. In addition, you will be responsible for:

- Land Transfer Tax - based upon the purchase price of your new home. The following chart can be used to calculate the amount of Land Transfer Tax. Please add \$71.30 per instrument to be registered (eg., Deed, Mortgage):

<i>Purchase Price</i>	<i>% of purchase price</i>	<i>Less</i>
\$0 - \$55,000	0.5%	\$0
\$55,001 - \$250,000	1%	\$275.00
\$250,001 and up	1.5%	\$1,525
Over \$400,000 (single family res)	2%	\$3,525

- Title Insurance premium – depending upon the instructions you have provided your lawyer, there will be a one-time title insurance premium payable at the time of closing. Depending on the type of property and the purchase price/mortgage principal amount, title insurance premiums can range from \$200 - \$500. Some title insurance companies will pay examining counsel fees to your lawyer for their expertise in searching the title and arranging coverage which will be disclosed to you at the time of closing.
- Out-of-pocket disbursements, which we pay on your behalf for searches and the like. Depending upon your municipality and the complexity of the searches, you can expect these disbursements to be in the range of \$300 - \$450. Please note that these costs will be the same, regardless of the lawyer you choose.
- G.S.T./H.S.T. - applicable on legal fees and disbursements.

These costs are approximations and are subject to change without notice.

Let us help you make your next move an enjoyable one. Call us today!