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January 12, 2017

Mr. & Mrs. John and Mary Doe
123 Anywhere Street
City, Province, Postal Code

Dear Mr. & Mrs. Doe:

Re: Your purchase from Smith
123 Anywhere Street, City
My File No.: 23421

This letter is to confirm that I will be acting on your behalf with respect to your purchase of the above-noted property. I will be handling all enquiries and preparing documentation in relation to your transaction. Please do not hesitate to contact my office at any time if you have any questions as the transaction progresses. There are several items mentioned below that I should discuss with you soon, either in person or by telephone. I will also need to meet shortly before you take possession to your property to review the entire transaction, sign the documents and arrange for funds. Someone from my office will contact you to arrange such a meeting closer to when this date approaches.

CLOSING DATE

I confirm I am in receipt of a copy of your Agreement of Purchase and Sale and that according to the Agreement your purchase will be finalized on *insert date of closing*. Please note: as there are legal consequences to signing any extensions and/or amendments to the agreement, I recommend you contact my office before doing so. It is also important that you notify me and your lender (where applicable) if there is a change in your closing date.

FEES AND DISBURSEMENTS

My legal fees for completing your transaction are \$850.00, plus HST, and all applicable disbursements and taxes. This fee includes services rendered in a standard real estate purchase transaction.

In some real estate transactions, there may be unforeseen issues and/or difficulties that arise as a result of matters beyond my control. I reserve the right to increase my fees to reflect any additional time expended with the completion of your transaction and will contact you to discuss same.

In addition to these fees, you are required to pay on closing Land Transfer Tax (LTT) to the Province of Ontario. You have also advised that you are a first-time homebuyer, within the meaning of the *Land Transfer Tax Act* and as such meet all of the requirements for the Land Transfer Tax Refund. Therefore, for example, based on a purchase price of \$368,400.00 and the LTT Refund, the amount of LTT payable will be \$0.00 (NIL) The maximum amount of the refund effective January 1, 2017 is \$4,000.00.

Before your closing date, you must therefore provide me with sufficient funds by certified cheque, bank draft, money order or wire transfer to complete your transaction. These funds include the amount owing to the vendors plus legal fees, disbursements and adjustments for extra expenses and taxes as outlined above. We will advise you prior to closing of the total funds required.

TITLE

We have to be advised as to how you wish to take title to your new property. You must provide me with the legal name or names you want on the Transfer (please note that initials cannot be used) as well as the dates of birth for each. There are several options as to how title to the property may be recorded. Where more than one person's name is to be recorded on title, choices include "Joint Tenancy" and "Tenancy-in-Common". If you choose joint tenancy, in the event of the death of one of the joint tenants, the survivor(s) will own the entire property by right of survivorship. For a married or partnered couple, this is the most convenient way to deal with a house when one of the spouses or partners dies. If you choose tenancy-in-common, then upon the death of one co-owner, that person's interest will pass to his or her beneficiary under his or her will or in accordance with intestacy legislation if there is no will.

I confirm the following information you have provided to me for the transfer documents:

Full Name

Birthdate

DOE, John
DOE, Mary
as joint tenants

May 21, 1992
August 15, 1991

Please contact my office immediately if this information is incorrect or incomplete.

MORTGAGE

I confirm *Mortgage Company* will be providing the financing for your purchase.

Typically, I will be asked to act on behalf of the lender as well to avoid some duplication of effort; this is common for these types of transactions. You should be aware, however, that while this

arrangement is more convenient for all parties, it means I represent both yours and the lender's interest. I must therefore tell you that in acting for both you and the lender, I may not keep confidential any information received as between both of you. Should a conflict arise between you and the lender that cannot be resolved, I may no longer be able to act on either your behalf or the lender's behalf.

Please ensure that you finalize your financing with your lender as soon as possible before the closing date to ensure I receive mortgage instructions in a timely fashion.

INSURING TITLE TO YOUR PROPERTY

Lawyers acting for purchasers in Ontario are required as part of their responsibilities to advise their clients as to their options with respect to insuring the title to their property. You may opt for a lawyer's opinion on title or you may choose to purchase a title insurance policy from one of the various title insurance companies operating in Ontario.

If you opt for a lawyer's opinion on title, after your transaction has been completed, you will receive from me an opinion as to whether you have good and marketable title to your property. My opinion will be based on the title and off title inquiries that I make on your behalf and the availability of an up to date survey showing the location of the buildings and boundaries. My opinion of course will be subject to the accuracy of the information that I am provided with from the various governmental offices, and the currency and accuracy of any survey provided to me (which I have already discussed above) for review. Unlike a title insurance policy, which is discussed below, I cannot provide you with any opinion or protection from losses with respect to title fraud.

Your other option is to purchase a title insurance policy. In that case, I do not provide you with a lawyer's opinion on title; instead, I give my opinion to the title insurer who in turn issues a policy to you. A policy of title insurance will insure you against losses resulting from the various covered matters in the policy-including the matters that I would otherwise be giving an opinion to you-such as (i) your title being defective or unmarketable because of someone else owning an interest in your title, (ii) outstanding liens, work orders or encumbrances, and (iii) realty tax arrears. There is also coverage for many survey related matters, including encroachments (other than fences and boundary walls) and violations of municipal set back requirements. With certain exceptions, such as for post-policy date title fraud, coverage for losses applies to the extent that these matters exist as of the policy date (being the date your Transfer is registered) but that are unknown to you at that time.

In addition, the benefits of a title insurance policy include:

- acceptance by most lenders of a title insurance policy in lieu of an up to date survey (which is often required by a lender), therefore, saving you the cost of obtaining a new survey should you not require one for yourself;
- coverage for loss or damage arising from many forms of title fraud;
- a no fault claims process such that you do not have to demonstrate negligence in order to make a claim; and
- coverage for legal fees related to defending your interest in title for matters covered under the policy.

As with all insurance products, title insurance does not cover defects which you are aware of prior to the closing of the transaction (such as adverse circumstances disclosed in a home inspection report or seller property information statement) or which you may have agreed to in your Agreement of Purchase and Sale. All policies are subject to exclusions and exceptions, including, but not necessarily limited to environmental matters and native land claims.

In the event that title insurance is obtained, there are a number of off title searches that I will not be performing as most losses related thereto that exist as of the closing date, but are unknown to you at that time, are covered in your title insurance policy. You will save the disbursement costs related to these off title searches. However, in certain circumstances, such as where the size of the property is important, or if you are planning on adding onto an existing structure, or changes to the use of the property are contemplated, I recommend that certain off title searches be done even if title insurance is being purchased. If this is the case, please advise my office as soon as possible.

I am recommending that your transaction be completed by way of title insurance, and in the event that my firm does not hear from you to the contrary, I will be ordering a policy from Stewart Title Guaranty Company for closing. You will sign an Acknowledgment confirming the manner in which you have chosen to insure your title and confirming my right to disclose relevant information to the title insurer, in relation to your transaction, for the purposes of obtaining a title insurance policy.

Should you wish to discuss in further detail your options in this regard (including the option to purchase title insurance from another company) or if you wish to receive a sample title insurance policy, please contact me as soon as possible, as your decision will affect the manner in which I proceed with your transaction.

INTENDED USE AND CHARACTERISTICS OF PROPERTY

Please advise me as soon as possible if your plans for the property include uses other than owner-occupied residential (e.g. rental property) and/or if you plan on making any additions and/or substantial renovations.

Please also advise as to whether the property is located on a waterfront, highway, ravine, escarpment, or is subject to or near any hydro installations. This information may affect the scope of the enquiries I may need to make on your behalf.

FIRE INSURANCE

Prior to closing, you must arrange for fire insurance to be placed on the property as of the closing date. If you are obtaining a mortgage, the lender must also be noted as a loss payee on the policy and you will want to ensure that the policy provides for "guaranteed replacement cost" as this is a requirement of most lenders. Your insurance agent will need to provide me with a Binder Letter or Certificate of Insurance showing that the insurance is in place. Please make the necessary arrangements for this as soon as possible.

UTILITIES

I will be writing to the utility authorities to advise of your closing date and, where applicable, to request that the meters be read on the closing date. I will also advise them that you will be the new occupants and that you can be reached at the property. As a precaution, I advise that before the closing date you also contact the local utilities and phone company directly in the event they require further information to set up your new accounts.

KEYS

I will receive the keys to your property on closing, I am unable to release the keys to you until all the appropriate documents have been registered with the local Land Registry Office. I cannot guarantee when this will occur. While I assure you that I will do what I can to ensure the timely closing of your transaction, it is not uncommon for the keys to not become available until close to 5:00 pm on your closing date. As such, please ensure that you make the appropriate moving arrangements to account for the delivery of your keys at that time of day.

SIGNING

I will meet with you shortly before your closing date to review your file and to have you sign documents. I will need to meet with each person whose name will appear on the Transfer. If any person whose name will appear on the Transfer will not be available at that time, please advise us as soon as possible as alternative arrangements may have to be made.

IDENTIFICATION

At our meeting, I will require each person, as noted-above, to bring two pieces of identification, one of which must be Canadian/Federal or Provincial government-issued photo identification such as a driver's licence or passport. Unfortunately, a health card is not acceptable identification. If you have any questions about what is an acceptable form of identification or if you do not have Canadian/Federal or Provincial photo identification, please contact me as soon as possible.

Buying a property is one of the most significant purchases that most people make and it is my goal to ensure that your transaction proceeds smoothly and that you obtain good title to your property. If I can be of any assistance prior to your closing date, please do not hesitate to contact me.

Yours very truly,

J. Ronald Scott, Q.C.

JRS:fw

If the refund is claimed at the time of registration, it may offset the land transfer tax that would be payable. If the refund is not claimed at registration, the tax must be paid, and a claim for the refund may be submitted to the Ministry of Finance. No interest is paid on this refund. Procedures for refunds are outlined below, under **Procedures to apply for the refund.**

Refund amounts and limitations

How much money could I receive?

For conveyances or dispositions that occur before January 1, 2017, the maximum amount of the refund is \$2,000.

Beginning January 1, 2017, the maximum amount of the refund is \$4,000. The increased limit of \$4,000 applies only to conveyances or dispositions that occur on or after January 1, 2017, regardless of the date the agreement of purchase and sale was signed.

Beginning January 1, 2017, no land transfer tax would be payable by qualifying first-time purchasers on the first \$368,000 of the value of the consideration for eligible homes. First-time purchasers of homes greater than \$368,000 would receive a maximum refund of \$4,000.

For information on determining the value of the consideration for transfers of new homes, read **Determining the Value of the Consideration for Transfers of New Homes.**

For information on calculating land transfer tax, read **Calculating Land Transfer Tax.**

Limitation

The refund will be reduced if one (or more) of the purchasers is not a first-time homebuyer. The refund will be proportionate to the interest acquired by the individuals who qualify for the refund.

Examples – Parent and Child

Where a parent who is not a first-time homebuyer, and a child who is a first-time homebuyer, purchase a home with equal 50/50 interests, the child may claim a refund of 50% of the land transfer tax refund. The child's claim cannot exceed 50% of the maximum allowable refund (i.e., 50% of \$2,000 for conveyances or dispositions prior to January 1, 2017 or 50% of \$4,000 for conveyances or dispositions on or after January 1, 2017).

In a situation where a parent is also on title to a child's property, such as at the insistence of a bank, it will be necessary to pay land transfer tax at the time of registration and apply for a refund from the Ministry of Finance.

If the parent did not acquire a beneficial interest in the property as a result of the conveyance:

- the ministry will accept the fact that the parent was on title as a trustee for the child, and
- the child would qualify for the first-time homebuyers refund, provided that all other eligibility requirements are met, and evidence of the trust is submitted (e.g., a letter from the bank confirming that the parent is on title for mortgage purposes or a copy of a trust agreement).

Example - Spouse