

Buying A Home Checklist

In Ontario the lawyer typically acts to ensure that the purchaser is getting good and marketable title to the land, as the escrow agent (we oversee the transfer of money), set up a title insurance policy, oversee the transfer of keys, and registration of the deed.

We charge a set fee for a real estate closing with additional fees for additional security (for example the registration of a mortgage or assignment of rents). At present our base fee is \$600.00 for a purchase and \$250.00 for each registered piece of security (most often a mortgage). Disbursements are additional.

Review

There is no fee for reviewing the contract or pre-closing meetings (including reviewing status certificates for condominiums). It is always better to review a purchase contract before it's signed. It's essential to go over the agreement with a lawyer after is agreed to.

Meeting

Once you have an agreement, it is best to meet with a lawyer and review exactly what each party is expecting. Another meeting is necessary a day or two before closing to sign the closing documents and deliver the closing funds, followed by a meeting on the afternoon of closing to pick up keys. Please note the closing documents must be signed in front of a lawyer or notary. If you will not be able to sign in our office arrangements must be made to sign with another lawyer/notary or by power of attorney.

Once we have been retained to purchase a property we complete a title search. Should any significant title problems come up, we will notify you.

Title Insurance

Most transactions now close with title insurance. Due to the current state of fraud, legislation in Ontario puts liability for fraud on the innocent purchaser. As a result, title insurance (which covers for fraud amongst other things) is often mandatory and always highly recommended.

Mortgage

In most transactions the purchaser's mortgagee uses the purchaser's lawyer to do the legal work on the mortgage. The mortgage company is responsible for forwarding mortgage instructions to the lawyer and we prepare the actual mortgage which will be registered on title.

House/Fire Insurance

Most mortgage companies (the "mortgagee") require that you obtain house insurance before closing. Normally the insurance company sends a "binder" verifying you have valid insurance effective the date of closing. The binder letter must include the name and address of each mortgagee.

Adjustments

The vendor's solicitor adjusts for realty taxes, water (if it's flat rate), fuel/oil and any tenancies being assumed on closing. Typically this results in slightly more money being paid on closing although these are not technically closing costs (they are simply pre-paid monies that would otherwise have to be paid).

Please note: There is a \$36.40 ownership update fee applied to each property tax account where a change to ownership is requested. There is also a \$36.40 fee for ownership updates on a utility account. Where requests for update on both a tax account and utility account for the same property and same ownership change are requested and processed at the same time, a fee of \$52.05 total is charged; \$26.00 on the tax account and \$26.05 on the utility account.

Utilities

Private utility companies like gas and hydro no longer form liens on the property. Consequently you are required to contact them directly. Under the Privacy Act they will not take instructions from your lawyer. Water is a public utility, we notify them on closing of the transfer of ownership. Please watch for the final water bill, we have no way of ensuring it is paid as it is not levied until after closing. If it is unpaid it becomes the buyer's responsibility (title insurance will cover it, but must be notified).

Parking

Front Yard Parking is not Transferable in the City of Toronto. You must call the appropriate authority, make an application as the new owner and pay the required fee. Please talk to us about parking, the laws can sometimes be difficult and some parking that is used is often actually illegal.

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Identification

We are now required to get full identification from purchasers. Typically this includes two pieces of ID, one piece of government photo ID and the other typically a credit card. Please note that we are not permitted to view health cards.

Funds

We collect the balance of your down payment before closing as well as all legal fees, disbursements, bank fees (if any), land transfer taxes, registration fees and adjustments. This will be delivered to us in the form of a certified cheque or bank draft payable to 'Dashwood & Dashwood in trust' at the meeting a day or two before closing.

While it is very difficult to set an exact price due to differences in each transaction, the disbursements, including title insurance, H.S.T. and search costs are typically about \$600.00 for transactions under \$400,000.00. Above \$400,000.00 the costs escalates (chiefly due to the title insurance costs).

Registration fees are now \$75.72 per instrument (most transactions have two registrations – the deed and the mortgage).

Land Transfer Tax

Land transfer tax is calculated based on the purchase price, if you are in Toronto, and whether you are a first time home buyer. The calculation is available on many government and real estate related websites.

The actual formula for Ontario Tax is 0.5% on the first \$55,000.00, 1.0% from \$55,000.00 to \$250,000.00, 1.5% from \$250,000.00 to \$400,000.00 and 2.0% above \$400,000.00. The Toronto Tax is 0.5% on the first \$55,000.00, 1.0% from \$55,000.00 to \$400,000.00 and 2.0% over \$400,000.00.

If you are a first time homebuyer, you get the first \$4,000.00 off the Ontario Tax and the first \$3,725.00 off the Toronto Tax.

For first time home buyers of a house in Toronto for \$250,000.00, there will be no land transfer tax.

Note: You must be a Canadian resident in order to qualify for the first time homebuyer rebates.

For non-first time home buyers of a house in Toronto for \$600,000.00 the land transfer tax is \$16,200.00.

Keys

Depending on the arrangements, the keys are normally picked up from my office on the afternoon of closing. Usually the keys are available between 3pm to 5pm.

Checklist

The following is a checklist of things you need to see through once you have signed an offer to purchase:

1. Ensure that you have retained a solicitor to complete the closing prior to the requisition date.
2. Contact your mortgage company to ensure you have a mortgage in place. Please note in this regard your mortgage company will need to check all purchaser's credit ratings, the purchaser's ability to pay and appraise the value of the property. Once all of this is done, the mortgage is typically approved and the mortgage instructions sent to the lawyer. A pre-approval doesn't mean the mortgage company will lend on a specific house.
3. Contact your insurance company and arrange to have an insurance "binder" forwarded to your lawyer.
4. Contact hydro and gas to arrange for new accounts (water in some cases).
5. Contact the phone company to change or transfer your phone number.
6. Contact the post office to arrange for all mail to be redirected.
7. Contact the Ministry of Transport to arrange for your driver's license to be transferred.
8. Book a moving van, keeping in mind that the likely time for the move on the day of closing is later in the day (between 3 pm and 5 pm).
9. Ensure you have sufficient funds easily available to certify (note: virtual banks take up to a week to get certified cheques) three days prior to closing to cover all expenses, adjustments and the balance of the down payment.