

[date]

[client's name]
[client's address]

Dear [client's name],

re: Purchase of [property title/address]

Thank you for retaining me in the purchase of your new home. Your confidence is important and I appreciate the opportunity to be of service. I want you to be fully informed of and comfortable with events as they develop, so please contact me with any questions you may have.

There are several pieces of information and documentation required in any real estate transaction, and I would like to take a moment to go through them with you:

1. A location certificate or plot plan--this is a surveyor's certificate which sets out the location of the building on the lot. All lending institutions require one of these (or title insurance, discussed below) before they will advance mortgage funds.

In your case, [choose one of the following]:

- we have yet to determine if there is an existing location certificate, and have made this enquiry of the vendors' lawyers. We will forward anything received.
- we have a location certificate, which is enclosed.
- there has apparently never been a survey or location certificate, or the vendors have been unable to locate one.

If it turns out there is no existing survey or location certificate, you will either have to obtain a surveyor acceptable to yourself and your lending institution to prepare a certificate (at your expense) before closing or instruct us to obtain title insurance which we arrange - this is usually substantially cheaper (\$275.00) and offers additional advantages (such as, for example, certain protections against forgery and mortgage fraud) which I would be happy to discuss with you directly. I generally recommend title insurance, particularly when there is no location certificate, whether or not you choose to obtain a location certificate as well.

Notwithstanding the requirements of your lender, who may accept an existing certificate as sufficient, you may wish to obtain a new location certificate. If you rely on a certificate which was prepared for someone else, you have little recourse against the surveyor if

he has made a mistake. We, as lawyers, do not certify as to mistakes of survey because we do not have the necessary expertise and because we do not view the property.

Although a location certificate will be sufficient for your bank, if you have concerns at all about the location of buildings on the lot or the description of the lands, you should get a full survey, or title insure this transaction. A full survey can be quite expensive and you should speak to a surveyor about the cost. I, as a lawyer, will confirm that the legal description of the lot corresponds with any approved plan on record at the Registry of Deeds. However, you must understand that although we determine "quality" of title, only a survey determines "extent" of title - ie exact dimensions, any unregistered discrepancies from the written description such as boundaries, encroachments, etc. Our certificate, or guarantee, to you will be subject either to survey, or to the accuracy of the survey, as the case may be.

I generally recommend title insurance (usually \$275.00), whether or not there is an existing location certificate and whether or not you choose to obtain a new one, as it offers additional protections (e.g. mortgage or identity fraud) that a location certificate does not offer and which we cannot guarantee after closing.

2. We need to know how you wish to take title to the property. If you wish to take title in more than one name, there are two ways in which you can take title; as joint tenants or as tenants in common. "Joint Tenancy" means that if one of you should die while you still own the property, the survivor will automatically become the sole owner of the property. "Tenancy in common" means that the ownership interest of the first to die while still being an owner will go to his or her estate to be distributed according to the terms of his or her will.
3. You should let me know if there is any known or apparent recent work on the property. If any trade has worked on the property recently, they can have certain rights which we will have to ensure have been dealt with by the vendors before closing.
4. You will have to arrange insurance for the house in an amount equal to or greater than (if the value of the property warrants) the amount of the mortgage financing. The loss should be payable first to your mortgage company and the policy should contain a standard mortgage clause.
5. You should also make arrangements directly with Nova Scotia Power to open an account in your name on the date of closing.
6. When we meet (and before we process any trust funds), I will need to verify your identity, even if I have acted for you in the past. This is a requirement under the Legal Profession Act in addition to bank requirements. While these vary from bank to bank, in general terms I will need at least two pieces per person of official (usually governmental) ID as well as confirmation of your full names, (current)

addresses, dates of birth, phone numbers (home and work) and occupations. Most people find it convenient to bring in two of the following: driver's license, passport, health card, etc. If you lack two of these, please let me know as soon as possible in order to effect appropriate arrangements; for example, other secondary IDs which may be accepted by relevant institutions are citizenship cards, OAS cards, firearms licenses, and photo employee IDs. I ask for SIN numbers only as a very last resort.

You will have to let me know the results of any water test (if not serviced by municipal water) and appraisal before the deadline for objections set out in the agreement of purchase and sale. You also will let me know whether you have arranged financing, and that you wish me to act both for you and for the mortgage company. It is very important that you let me know by the applicable deadline in the purchase and sale agreement if financing has not been arranged so you can "back out" in time to avoid being liable to the vendors for any loss they suffer on a lower resale.

Finally, I want to spend a moment discussing adjustments. These are additions to and subtractions from the purchase price, which take place at the date of closing. That means that the amount of money that will be required on the closing date will not be as it is shown on the purchase and sale agreement, but an amount greater or lesser than that. The amount will be known prior to closing. These adjustments include:

- a) **Taxes:** Real estate taxes are adjusted so that any amount which has been prepaid by the vendor is a credit to them and added to the purchase price, while any amount that is attributable to a period before closing and which has not been paid by the vendors will be a credit to you and deducted from the purchase price. The taxation year runs April 1 to March 31, and there are two bills sent per year, an interim and a final. Thus, the exact calculation depends on whether one, both, or neither bill has been issued - we will review this in detail when we meet. Note that this adjustment is between vendor and purchaser, and is not the same as the tax component in any mortgage payment.

It is important to note that if you are purchasing from a Nova Scotian resident individual, the current dollar amount of taxes are likely "capped," based on a value that could be substantially lower than your assessment next year ("caps" are lifted with every transfer). The amount (if any) of this spread will depend on the property, the identity of the vendor, and when it last changed hands. We will advise you of the current "uncapped" assessment which will form the basis (with an adjustment for inflation and any improvements to the property) of your assessment next year. It is important to note this difference, so you can prepare for any significant tax increase, either by increasing the tax component of any mortgage payment, or by being aware that there may well be a shortfall in that account when the higher tax bill comes out next year.

- b) **Fuel oil:** The Agreement of Purchase and Sale requires adjustments for fuel oil at closing. This only applies if the property is heated by oil or propane. Because partially filled tanks are difficult to gauge, the standard practice is to have the tank

full at the date of closing, with a top up slip provided to us; the cost of the oil is then added to the purchase price.

- c) **Other costs:** These are additional costs which are required to be paid at the time of closing. These include legal fees, deed registration and the like. I confirm our quote of \$[amount quoted] plus HST and recording costs. Lastly, there is a 1% deed transfer tax, payable on the purchase price on closing, throughout Pictou County.
- d) **HST:** As used housing, the property itself will not attract HST. HST will, however, be charged on goods and services related to the purchase of the property, such as legal fees and survey costs.
- e) **Deposit:** The deposit will be deducted from the amount due at closing.

Again, thank you for retaining me as your lawyer, and please contact me with any questions or comments you may have.

I look forward to hearing from you and to receiving the required information.

Yours very truly,

[your name]