

1) THE STATEMENT OF ADJUSTMENTS

(A) ADJUSTMENTS BETWEEN VENDOR AND PURCHASER

Preparing the statement of adjustments can often be a scary task when you are first learning. There is really no mystery to preparing adjustments if you always keep in mind what you are trying to achieve. The Agreement of Purchase and Sale provides that the purchase price shall be adjusted (up or down) in favor of the Vendor or Purchaser. The standard clause provides:

"Interest, rentals, taxes, rates, fuel on the premises and assessments are to be adjusted to the date of closing".

This means, for example, the Vendor is entitled to be paid for the fuel in his/her tank as an addition to the purchase price or to be paid back by the Purchaser for taxes which he/she has paid beyond the closing date.

I will review many of the various adjustments which may be encountered in real estate transactions. Always remember - you are trying to determine how much money the Vendor is entitled to on the day of closing. Another way of saying it is: "how much

does the Purchaser owe the Vendor on the date of closing". (Refer to Schedules 1A, 1B and 1C while reading so that you will be able to follow my explanation). Any items on the top part of the adjustments are additions to the purchase price. Any items on the bottom part are subtractions off the purchase price for the benefit of the Purchaser also known as credits to the purchase price.

(i) COST OF THE PROPERTY TO THE PURCHASER/ADDITIONS TO PURCHASE  
PRICE

1. Purchase Price

Obviously the Purchaser must pay the agreed upon price as found on the Agreement of Purchase and Sale or any counter offers or amendments.

2. Tax Adjustment

There are two ways of determining how the taxes are to be adjusted. I will explain only the one which I use which I believe to be the most fail safe and most commonly used. It is a two part adjustment.

First, you put on the top half of the adjustments what has been paid toward taxes, if any, in the particular calendar year.

This is normally called "taxes in advance". If the Vendor has paid nothing, leave it blank. If the Vendor has paid any amount, put it down no matter whether it is only part or all of the taxes. What you have done is have the Purchaser pay back the Vendor everything he has paid to the date of closing. In other words, the Purchaser has paid what the Vendor has paid. This will make more sense once you understand the second half of the adjustment, which is a deduction or "credit" in favour of the Purchasers for the actual amount that the Vendor is responsible to pay up until the date of closing. By giving the Vendor back what he has paid and by taking from him the actual amount due to date of closing, the Purchaser ends up by either taking money from the Vendor for his share of the taxes or paying him back for taxes he has over paid.

For example, if taxes in a particular year were \$1,000.00 and the Vendor has paid \$450.00 already, you would place \$450.00 on the top half of the adjustments. On the credit side (bottom half), the Purchaser would calculate how much in taxes the Vendor owed from January 1, to the date of closing. Therefore, you will need to know how many days in the year have gone by from January 1st to the date of closing.

Let us suppose the closing is October 10, 1989, which is the 283rd day in the year. First we would divide the total taxes in the year by the number of days in the year in order to get a daily rate for taxes:

$$1,000.00/365 = \$2.74 \text{ per day}$$

Then we would multiply the daily tax by the number of days in the year which have gone by (283).

$$\$2.74 \times 283 = \underline{\$ 775.42}$$

This resulting figure would be the tax credit to the Purchaser to be placed on the bottom part of the adjustments. What this means is that the Vendor should have paid \$775.42 on his taxes (if he had known in advance when he was closing). However, he paid \$450.00. The Purchaser paid back \$450.00 but received a credit for \$775.42. The net result is that the Purchaser received (\$775.42 - \$450.00) or \$325.42 from the Vendor off the purchase price to pay towards taxes owing by the Vendor. Since the Vendor paid \$450.00 (in fact) to the tax department and we know the tax bill was \$1,000.00, the Purchaser must pay (\$1,000.00 - \$450.00) = \$650.00 to the tax department but has received \$325.42 towards that bill from the Vendor. The Purchaser will pay all the outstanding taxes in this case after having received the vendors portion which amount will be shown on the second page of adjustments.

### 3. Fuel Oil Adjustment

If the Vendor wishes to be paid for the oil in his tank, his solicitor will instruct him to have the tank filled on closing. The Purchaser will pay for a full tank of fuel as a credit to the Vendor (top half of the adjustments) on date of closing. Always ask the Vendor or Purchaser if the tank is a regular "oval shaped"

200 gallon tank or if it is less or more (i.e. 150 gallon). Sometimes there is more than one tank. The cost of a full tank varies with the cost of fuel but at the present time a full 200 gallon tank costs \$260.00 - \$265.00.

If the home is heated by propane, the propane company will usually pay the Vendor back directly for the propane in the tank and will bill the Purchaser separately for a full tank. Always check with the particular propane company to determine how they deal with this issue.

4. Extras

If the home is a new home, any extras requested by the Purchaser or overruns on allowances will be added to the purchase price on the top half of the adjustments.

5. Condominium Common Fee Adjustment

If the property is a condominium and the Vendor has paid the common fees for the month, he will want to be paid back for the days after closing to the end of the month. (See the example calculation in Schedule 1B). In that case, assume the condo fees are \$95.00 per month and already paid by the Vendor for the month of October. Since there are twenty one days left from October 10th to the 31st, the Vendor wants 21 out of 31 days back or:

$$\$95.00 \times 21/31 = \$64.35$$

If the Vendor has not paid for October, the Purchaser will want credit from the Vendor on the bottom half of the page for the first ten days of the month which he did not own the property. You will never see an adjustment on the top and the bottom of the adjustment. The decision whether to credit to the Vendor or the Purchaser will be determined on whether the Vendor has over paid or under paid his common fees to the date of closing.

6. Contingency Fee/Reserve Account

If the Agreement of Purchase and Sale provides that the Vendor is to be repaid the funds held by the Condominium Corporation to his credit, then the Purchaser must pay that amount to the Vendor as an addition to the purchase price (Refer to Schedule 1B).

7. Tax Account Balance at Mortgage Company (Debit and Credit)

In the event the Purchaser is assuming the Vendors mortgage and the Vendor has a credit in his tax account with the mortgage company, he will want the Purchaser to pay him back for it. Therefore, you must refer to the assumption statement to determine if there is a credit or a debit in the tax account. If there is a credit, the Purchaser will pay the Vendor by way of an addition to the purchase price, the amount of the credit in the tax account.

If there is a debit or deficit in the tax account, the Purchaser will take a credit off the price for the amount to compensate for the deficit in the tax account which increases the amount of liability the Purchaser is assuming (See Schedule 1C for example of credit situation).

(ii) CREDITS TO THE PURCHASE PRICE

8. Deposit

The Purchaser will receive a credit on date of closing for the amount of the deposit placed with the Vendor's agent. This amount is placed on the bottom half of the adjustments to reduce the funds due to the Vendor on closing.

9. Interest on Any Outstanding Taxes

As we discussed previously, if the Vendor has not paid tax bill rendered to him up to closing, there may be interest outstanding. The Purchaser takes a credit off the purchase price for outstanding taxes for previous years and for outstanding interest. The Purchaser takes this money by way of a credit so that the Purchaser can use these funds to pay the outstanding amount. The payment of these amounts will show up on page two of the adjustments and will be discussed later.

#### 10. Betterment Charges

When you call the tax office for the tax status relating to the property, you should always ask if there are any betterment charges against the property. Normally, any such charges are payable by the Vendor but are physically paid by the Purchaser's lawyer if they are outstanding at the date of closing. Therefore, the Purchaser must take a credit from the Vendor to pay out these charges.

#### 11. Mortgage Assumption

If the Purchaser is assuming the Vendors mortgage, the amount to be assumed will reduce the funds due to the Vendor on closing. The bottom line amount to be assumed as provided by the mortgage company is not necessarily the amount to be placed in the adjustments. You must look at the breakdown in the statement to determine what credits go to the Vendor and what credits go to the Purchaser. For example, we have already discussed that the Vendor will want credit for the tax account balance. Also, most statements are made as of the first day of the month. If the closing is, say October 10th, the Purchaser will want to take credit for the ten days interest from the Vendor so that when the Purchaser makes the mortgage payment on the first of November, he will have received the Vendor's share towards the payment made on the first of November. Remember that this payment on the first of



November 1s for the period running October 1st - October 31st and this is the reason why the Purchaser will ask for ten days share of the mortgage from the Vendor (Refer to Schedule 1C).

12. Vendor Take Back Mortgage

If the agreement provides for the Vendor to hold a mortgage on the property, this amount is entered as a credit to the Purchaser. In other words the Vendor is postponing his right to receive \$10,000.00 of the purchase price and his security for that is a mortgage on the property (Refer to Schedule 1A).

13. Release of Mortgage, Statutory Declaration

If the Vendor has a mortgage to payout from the proceeds of sale or if there is a mortgage on record at the Registry of Deeds which has not been marked released, the Vendor's lawyer will normally undertake to pay out that mortgage and provide a suitable release for recording to the Purchaser's lawyer. The Vendor will therefore give a credit to the Purchaser for recording that release. The Registry of Deeds currently charges thirty dollars and fifty cents for the first page and fifty cents for every extra page. Most releases of mortgage are two pages long and the standard adjustment is a thirty one dollar (\$31.00) credit to the Purchaser. The Purchaser will then give the \$31.00 funds to the lawyer to hold until the release arrives and can be recorded.

This is done on the second page of adjustments.

If a statutory declaration is required because of a title objection, credit it given in the same manner as a release (Refer to Schedule 1A).

14. Tax Certificate

If the Purchaser and Vendor are to do a proper adjustment for taxes, a tax certificate is normally ordered by the Purchaser from the appropriate Municipality and paid for by the Vendor by way of a credit from the Vendor to the Purchaser. The Purchaser will then reimburse his lawyer for ordering it on his behalf on the second page of adjustments.

15. Holdback

If there are deficiencies in the property on the date of closing, often a holdback is agreed upon by the lawyers for the Vendor and Purchaser. This is money held back by the Purchaser (usually) until the work is completed by the Vendor (usually). These funds are held by the Purchaser's lawyer (usually) by transferring this credit to the lawyers trust account on the second page of adjustments (Refer to Schedule 1C).

16. Allowances

In new homes, the purchase price often includes allowances for such items as flooring and fixtures. In this way the Purchaser can choose his own flooring. If the Purchaser is to arrange installation and payment of the flooring, a credit is given to the Purchaser off the purchaser price. The Purchaser can then spend whatever amount he likes on flooring. This method you will see on Schedule 1 as a credit to the Purchaser. If, however, the price is to include the allowance and the Vendor pays for the carpet then the allowance need not be reflected in the statement of adjustments. Only if the Purchaser exceeds the amount of the allowance will that "overrun" be shown as a credit to the Vendor (Refer to Schedule 1C).

17. Rental Adjustment, Security Deposits and Interest on Security Deposits

If the property is a rental property and is sold with tenants remaining in the property, the Purchaser will want his/her share of the rent for the month of closing. If the rent was \$600.00 per month and the closing was on the tenth of the month (say October 10th) then the credit to the Purchaser for the remaining twenty one days would be calculated as follows:

$$\$600.00 \times 21/31 = \$406.45$$

In addition, the Purchaser will want to obtain from the Vendor by

way of a credit, the security deposit and interest on that security deposit held by the Vendor. Since January 1985 interest on security deposits are calculated at the rate of 7% annual compound interest. The interest is provided until the date of closing. For example, interest to October 10th in any year from January first is:

Security Deposit X 283/365

Every full year is calculated as security deposit X 7%, the resulting figure is then added on to the security deposit. In other words, interest accumulates on security deposits plus the interest in each succeeding year. Therefore, you will need to know how long the security deposit has been held in order to calculate the interest on it (Refer to Schedule 1A).

**(B) VENDOR - CALCULATION OF NET PROCEEDS OF SALE**

Once the balance due to the Vendor has been calculated, the second page of adjustments is used to determine either:

- (1) how much money the Vendor will receive after everything that is required is paid out of the sale (see Schedule 3);
- (2) how much money the Purchaser will receive after everything that is required is paid out of the sale (see Schedule 4);

Which sheet you use depends, of course, on whether you are acting for the Vendor or the Purchaser.

From the balance due to the Vendor, the following amounts may be deducted (Refer to Schedule 3).

(1) Real Estate Commission

The deposit put down by the Purchaser is given to the real estate agent who credits that amount to the balance of real estate commission due. The broker will provide the lawyers office with a statement showing the balance due for closing. Always double check the arrangement regarding commission by referring to the Agreement of Purchase and Sale and checking the calculations to make sure your client pays the correct amount (Refer to Schedules 1A, 1B and 1C- second page).

(2) Mortgage Pay Out

The mortgage pay out statement will show the balance due on closing. I always like to check it with my clients before closing to make sure the balance is correct. Sometimes penalties are added to the pay out which may not have been expected by the Vendor and it is better to communicate these figures to the clients before closing rather than have a delay on the closing day. The lawyer usually undertakes to pay out mortgages of the Vendor and will want to be sure there are no obstacles in his way (Refer to Schedules 1A and 1B - second page).

(3) Holdbacks

Sometimes the parties agree that the Vendor's lawyer will hold any holdback funds in his/her trust account. If this is the case, there will be no adjustment on the first page but the Vendor's lawyer will show it on the second page as a holdback from the proceeds of sale (Refer to Schedule 1C - second page).

(4) Disbursements

Some of the disbursements to be paid out are:

- 1) regular legal disbursements - postage, photocopying, deliveries, long distance charges;
- 2) recording costs - if the Vendor has agreed to record any

documents;

- 3) estoppel certificate - if the Vendor's lawyer has ordered it for supplying it to the Purchaser (otherwise the Purchaser takes a credit for the cost of the estoppel certificate on the adjustments as between the Vendor and Purchaser).

(5) Judgments

If the Vendor has a judgment against him and his lawyer has agreed to pay them out of the proceeds of sale, any such amount is shown on the second page (Refer to Schedule 1A - second page).

(6) Legal Fees

Most lawyers will deduct their fees from the proceeds of sale at the time of closing.

## (C) PURCHASER - CALCULATION OF TOTAL FUNDS REQUIRED BY PURCHASER

The following are amounts which may be added on to the balance due to the Vendor to determine the total funds required by the Purchaser on closing

(1) Deed Transfer Tax

This is a tax payable to the Municipality upon the transfer of title to land. There are certain exemptions which the lawyer should be familiar with. The tax is a percentage of the purchase price. Here are some common ones:

City of Halifax	1 1/4%
City of Dartmouth	1 1/4%
Town of Bedford	1% for value under \$100,000.00; 1 1/4% for value \$100,000.00 or above
County of Halifax	1 1/4%
County of Hants (East or West)	1/2 of 1%

(2) Municipal Property Taxes

If there are actually taxes owing, the Purchaser pays what is owing. He will have received a credit for the Vendor's share if a portion of what is owing is attributable to the time of the the Vendor's ownership of the property. Any interest outstanding will, of course, be added on and paid out with taxes owing.



(3) Pay Out of Existing Mortgages

If the Purchaser took a credit on the first page of the adjustments for payment of the Vendor's mortgage, the same amount will be placed on the second page. In this way enough funds have been taken from the amount due to the Vendor to pay his mortgage.

(4) Pay Out of Existing Liens or Judgments

If the Purchaser has a judgment against him this amount must be paid out prior to recording the deed to ensure clear title to the Purchaser. If the judgment is against the Vendor and the Purchaser took credit on the first page, then the amount of the pay out will be added on the second page (Schedule 1A - page 3) .

(5) Preparation of Second Mortgage

Often the lawyer for the Vendor charges a fee for preparation of the vendor take back mortgage. This fee is often paid by the Purchaser as a separate cheque to the Vendor's lawyer and is added on to the purchase price on the second page of adjustments. Sometimes the fee is adjusted for on the first page as an addition to the purchase price and then the Vendor's lawyer recovers the sum from the Vendor.

(6) Pay Out of Betterment Charges

If the Purchaser has received credit for the Vendor's betterment charges, the Purchaser will have to take those funds to pay out such charges. The amount that was taken as a credit on page one is entered on page two so that the Purchaser will payout those charges.

(7) Tax Certificate

The Purchaser receives credit from the Vendor for the tax certificate and reimburses the lawyer for payment of for the tax certificate by the lawyer on the second page.

(8) Other Amounts Payable on Closing

All of the legal fees, disbursements, title search cost, recording, surveyors costs are also added on to determine the net balance to close (Refer to Schedule 1A, 1B, 1C - page 3 for complete list). Most firms have the adjustment sheets on computer or have preprinted forms which serve as a reminder of what items must be added on.

Final Balance

A total sum required at closing is determined by adding up all additional costs to the net balance due to the Vendor. The amount of funds coming from the mortgage company is deducted from the total required at closing to give a figure which represents how much extra money the client must bring in to the lawyers office to complete the closing.

## 2) OBTAINING FUNDS FROM THE MORTGAGE COMPANY

The mortgage instructions sent to the lawyer by the mortgage company explains what the lawyer (and his/her assistant) must do to obtain the mortgage funds. Normally 48 hours notice is required by telephone to order funds. You need to have the mortgage number assigned to the loan available to quote over the phone. Once you have ordered funds, you will be required to provide the mortgage company with several or all of the following documents:

- 1) preliminary report on title;
- 2) location certificate;
- 3) draft copy of mortgage;
- 4) other special conditions as set out in the letter of instructions;

These documents can normally be provided as an "exchange" for funds on date of closing. In other words, you would send your courier to the mortgage company with the documents and pick up the mortgage cheque. Each mortgage company has their own procedure for arranging funding.

The mortgage company often deducts certain amounts from the mortgage cheque such as:

- 1) application and/or appraisal fees;
- 2) interest adjustment;
- 3) tax holdback;

## 4) high ratio insurance fee (CMHC/MICC)

Never assume that the mortgage cheque will be exactly the principal amount of the mortgage advance. Therefore, it is always good to ask the mortgage officer how much money you will receive on date of closing. Then you will know how much to deduct from the total required at closing to determine how much the Purchaser requires to bring in at closing.

### 3) OBTAINING FUNDS FROM THE PURCHASER

Once you know the total amount required at closing and the amount coming from the mortgage company, you will be able to call your Purchaser with the amount required by him. All law firms require certified cheques or bank drafts payable to the firm, "In Trust". All funds for the purchase go into the lawyers trust account and cheques are written the same day for all the amounts set out above required for closing. If you don't emphasize that the clients cheque must be certified, then the client often arrives prepared to write out a personal cheque which would take five or six days to clear the account before other cheques could be written on it. You often have to send the personal cheque to the client's bank and have it certified before closing. It is a practise in our firm to tell the clients at the beginning that they will have to bring in a certified cheque on closing, then confirm it in writing and tell them again when we call them with the amount required to close.

## 4) FIRE INSURANCE

The Purchaser will be required by the mortgage company and for his own good, to have sufficient fire insurance coverage on the property. Generally, the amount covered must be at least the amount of the mortgage. Since the Purchaser is putting his own money into the property, he will likely want that covered too. The fire insurance agent can advise as to the suitable amounts for a particular property. The mortgage company will require the insurance policy to contain the standard mortgage clause. This protects the mortgage company if a fire occurs whether or not there has been a breach of the policy by the insured Purchaser. This clause adds the interest of the Mortgagee to the policy and shows "loss payable" to the Mortgagee in the event of a loss by fire etc.

It is good practice to obtain either a copy of the policy or summary sheet from the insurance company or a letter confirming coverage prior to closing. The particulars you will need to know are shown on Schedule 2.

## 5) CERTIFICATE OF TITLE

A certificate of title is the lawyers guarantee that the client or mortgage company, whichever is the case, has a good marketable title to the property. After all, this is the major part of the lawyers job - to ensure clear title. It is standard practice to provide the client with a certificate of title on closing and to provide the mortgage company with one at the time of final reporting (after registraton of all documents).

A sample certificate of title to a client for a single family residential detached home is shown on Schedule 3. A condominium certificate of title is shown on Schedule 4. The form of final reporting and certification to the mortgage company varies from company to company. Each one has its own form which is sent to the lawyer with the initial mortgage instructions.

There are certain limitations normally placed on the certificate of title given by the lawyer to the client, for example:

- 1) The lawyer cannot certify that the dwellings, if any, are located within the boundaries of the lot. This is the job of a surveyor and the reason why location certificates are required;
- 2) The lawyer does not check that the measurements in the deed meet the actual measurements on the ground. He only certifies as to the chain of title of the lands as described;



- 3) The certificate is made subject to the accuracy of the records at the Registry of Deeds. Obviously, the lawyer can't tell if the Registry records are correct or not and therefore must limit the certificate;
- 4) The certificate of clear title is made subject to any existing restrictions such as restrictive covenants or rights-of-way which encumber the title but are not removable or do not form a valid objection to the title on the lands;
- 5) The certificate is made subject to any mortgages placed on the property by the Purchaser;

It is the lawyers job to inform the legal assistant as to what exceptions must be placed on the certificate of title. The abstract of title and objection letter must be reviewed before the certificate of title is prepared.

The certificate to the mortgage company often includes statements to the effect:

- 1) The lawyer has prepared the mortgage document according to their written instructions;
- 2) The lawyer has prepared and recorded a valid first (or second) charge;
- 3) The mortgage company has a good and marketable title free from all encumbrances except as stated and approved by them or which do not affect the marketability of the title;

- 4) The mortgagee has complied with the Matrimonial Property Act.

## 6) CHECKING AND EXECUTION OF DOCUMENTS

- 1) Deeds - Whether sent by Vendor or received by Purchaser
  - is the type of deed correct - i.e., Trustees Deed, Quit Claim Deed, Warranty Deed (Refer to Agreement);
  - check title search/Vendor's Deed for correct Grantors and correct spelling;
  - check Releasor if required;
  - check for instructions on Grantee, spelling and whether joint tenancy;
  - check description, is it the same as sent/received;
  - are building restrictions and rights-of-ways noted;
  - is the Matrimonial Property Affidavit the correct one;
  - have the proper parties signed the deed;
  - is the certificate or affidavit of execution completed correctly;
  - if the deed was signed outside of this Province, was the certificate completed by a Notary Public for the Province in which the document was executed;
  
- 2) Mortgage
  - recheck mortgage instructions in detail, especially for special conditions;
  - check any special instructions that come with the cheque;
  - check that the mortgagors are the same as the Grantees

on the deed and if the proper parties are included in the mortgage document as required by the mortgage company;

- are special clauses added
  - prepayment clause
  - guarantor/releasor clause
  - sales clause
  - if extra clause is added as a Schedule, have you put "Schedule \_\_\_\_ attached hereto shall form part of this mortgage";
- is the legal description the same as that provided in the deed;
- check the interest rate - has it lowered since you received the instructions and are the clients permitted the lower rate;
- check payment amount;
- are any clauses in the standard document to be deleted, i.e., graduated payment clause in CMHC mortgages, replaced prepayment clauses;
- is the Matrimonial Property Affidavit correct and signed and sworn properly;
- have the clients signed correctly;
- is the certificate or affidavit of execution sworn correctly;

Other Documents

- are other documents received from the Vendor such as assignment of rents, assignment of leases, etc., executed properly;

Some other documents that may be required either by the Purchaser or mortgage company on closing are:

- 1) statutory declaration regarding outstanding judgments;
- 2) statutory declaration regarding mechanics liens;
- 3) personal indemnity regarding mechanics liens;
- 4) waiver of liens;
- 5) bill of sale;
- 6) leases;
- 7) power of attorney;
- 8) special and/or directors resolutions;
- 9) UFFI warranty;
- 10) direction and authorization to pay funds in trust;
- 11) collateral security documents - collateral chattel mortgage  
- assignment of rents
- 12) certificate of good standing of company;

## 7) CLOSING DAY CHECK LIST - PURCHASER/MORTGAGOR

- 1) Subsearch ordered
  - for property and judgment on Vendor and Purchaser;
- 2) agreement of Purchase and Sale
  - recheck for terms;
- 3) Mortgage
  - funds ordered
  - requisition for funds prepared
  - requisition for funds sent with required preliminary documents
  - amount of mortgage cheque ascertained
- 4) Fire insurance received
  - loss payable clause
  - standard mortgage endorsement
- 5) Client's cheque
  - payable to correct party
  - certified
  - correct amount
- 6) Abstract rechecked for
  - judgments
  - outstanding mortgages
  - other encumbrances
- 7) Final letter to Vendor's lawyer typed noting all undertakings;

- 8) All pay out letters done
  - pay out mortgage
  - pay out taxes, betterments
  - other amounts, such as surveyor, title searcher, etc.
- 9) Deed transfer tax affidavits prepared
  - signed by clients or lawyer
  - note new correct mailing address and postal code
  - transfer of title is closing day, not date of deed
  - is amount correct
- 10) Have you double checked addition on adjustments;
- 11) Have you double checked taxes;
- 12) Who has keys - what are conditions for release to client;
- 13) Has final inspection been done by client;

#### Follow Up

- 1) Have you noted all documents yet to come and undertakings in a special place
  - i.e., tickler system or follow up system;
- 2) Recording documents
  - have you recorded documents as soon as possible after closing
  - do you have a system of tracing these documents, such as a registry book

## 3) Final reporting

- is as much as possible ready to go to the mortgage company for final reporting;



## 8) CLOSING DAY CHECK LIST - VENDOR

- 1) Have you advised client to fill up tank;
- 2) Have you advised client to bring in keys;
- 3) Has appointment been set up early in the day;
- 4) Are all documents prepared correctly
  - deed
  - UFFI
  - direction to pay funds in trust
- 5) Are adjustments confirmed
  - is addition double checked;
- 6) Are all pay out letters typed
  - real estate commission (calculation correct), mortgages, judgments, liens
- 7) Is final letter to Purchaser's lawyer typed noting all undertakings;
- 8) Once funds are received, are all mortgages, paid out immediately;
- 9) Are all undertakings noted in special place/follow up system;

9) CLOSING PROCEDURE WITH CLIENT AND LAWYER -  
PURCHASER/MORTGAGOR

- 1) Review title - note exceptions to certificate of title  
re: - survey  
- accuracy of records  
- building restrictions  
- mortgages  
- taxes/betterments
- 2) Review location certificate with client;
- 3) Advise as to Municipal set backs/restrictions;
- 4) Explain what happens when deed arrives  
- deed transfer tax  
- recording  
- retaining deed, safekeeping
- 5) Explain that tax status of property and if being paid by mortgage company;
- 6) Explain adjustments  
- first and second page;
- 7) Explain amount and calculation of funds received from mortgage company;
- 8) Explain bill  
- fees and disbursements;
- 9) Explain undertakings of Vendor's lawyer;
- 10) Obtain client's cheque;
- 11) Explain mortgage document, execution of mortgage document and

other documents required;

- 12) Check if final inspection went O.K.;
- 13) Give clients copies of all documents;
- 14) Arrange for keys;
- 15) Get new phone number and mailing address for client;
- 16) Make sure clients understand what they have paid for and are happy;

## 10) CLOSING PROCEDURE WITH CLIENT AND LAWYER - VENDOR

- 1) Ask if clients have moved out;
- 2) Obtain keys;
- 3) Check as to fuel tank fill up;
- 4) Check as to new address of client and new phone numbers;
- 5) Review mortgage pay out statement;
- 6) Review real estate commission statement;
- 7) Explain adjustments - first and second page;
- 8) Explain bill - fees and disbursements;
- 9) Have clients executed direction to pay funds in trust
- 10) Explain UFFI warranty in detail, have clients executed;
- 11) Explain deed and have clients execute;
- 12) Explain that deed and keys are held in trust by Purchaser's lawyer until funds are received;
- 13) Deliver copy of adjustments, statements and bill to client along with the cheque;
- 14) Explain your undertaking to pay out mortgage and send releases to Purchaser's lawyer;
- 15) Make sure client is happy with service provided;