

Approximately 2-6 months later, you will get another letter from your lawyer or notary containing a copy of a State of Title Certificate (a document issued from the Land Title Office) showing you as the registered owner, subject to your mortgage and any encumbrances or ordinances noted in your meeting with your lawyer or notary. The State of Title Certificate confirms your ownership of your home and concludes the matter.

## Siebenga & King Law Offices

We are a firm of lawyers who believe that you, the customer, ought to know and fully understand what we do for you.

As a result, we have written this brochure as a general overview of the process required to buy your home. Your purchase deserves individual attention and you should not view this document as legal advice or the complete story on your purchase. If after reading through this information you have questions, please contact us directly. We are happy to provide you with a quote for services that is both easy to understand and cost competitive. We also offer other services of a personal and corporate nature and are able to arrange flexible appointments, to meet your schedule.

David J. Siebenga,  
Lawyer

Sanda L. King,  
Lawyer

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# 288 12899 - 76 Avenue  
Surrey, BC. V3W 1E6  
P: 604-592-3550 F: 604-592-3551

6139 - 176 Street  
Cloverdale, BC. V3S 4E9  
P: 604-574-0770 F: 604-574-0107

# 200 9380 College Street  
Chilliwack, BC. V2P 4L6  
P: 604-793-1905 F: 604-793-1906

# 101 33255 S. Fraser Way  
Abbotsford, BC. V2S 2B2  
P: 604-852-1782 F: 604-852-4782

www.sklawoffices.com  
info@sklawoffices.com



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# SOLD

## What happens next?

### A simple guide



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## Congratulations!!

Your offer to purchase your home has been accepted. Now there only remains three dates important to complete the process:

**The Completion Date:** the date all of your money and mortgage financing will be paid out.

**The Adjustment Date:** the date used for adjusting and other charges.

**The Possession Date:** the date you take possession of the property.

### To Get You There: Financing

If you have mortgage pre-approval, you should contact your offer to purchase by sending a copy of your offer to your bank. If you have not been pre-approved, you need to contact a mortgage broker or your bank to get financing. You will need to bring your Social Insurance number, proof of earnings plus the details of your assets and outstanding debts. You will also need to choose your professional and give his or her phone number to the lender or mortgage broker and your realtor.

### What Banks Want: Appraisals, Insurance Surveys and Title Insurance

Besides documentation, the banks require information on the property. The bank will want an appraisal to independently confirm that the price you are paying for the property is fair market value. The cost for this appraisal is for by you. The bank will also want you to arrange insurance on the property prior to the completion of the purchase. Arrange this with a fire insurance agent, you or your realtor will have to provide information on the house, the policy is in place with the proper address and name on it, it can be faxed to the legal professional. The insurance binder for mortgage funding. Insurance companies often charge a service fee for this binder that will be your responsibility to pay.

The bank may also want to ensure that the house and buildings on the property are located on your land and not the neighbour's. This is done by way of either a **site survey** or title insurance. To be acceptable to a bank, a site survey must be a current and accurate, surveyor produced, to-scale diagram of your property including all buildings located on it. The seller, your realtor or the local City Hall may have a current site survey on file and, if not, one can be ordered from a surveyor. A site survey is a useful document to have after completion for future financing and so you can accurately locate future additions or extensions.

Alternatively, you can buy a one time **title insurance policy** to insure the bank against site survey defects and other issues. To decide which option is best for you, determine which one the bank will accept, your usage requirements, and the cost involved for each. Contact your legal professional for further information on your options.

## Selecting a Lawyer or Notary

To complete the purchase of your property, you will need to hire a legal professional to do the paperwork for you. Since there is a significant amount of money involved in your purchase, you need to have a bonded legal professional to transact the money for you. These professionals are either lawyers or notaries.

### Lawyers or Notaries: What's the Difference?

The primary difference between a lawyer and a notary is **the amount of work they can do for you**. Both can sign the documents you need to buy your home, but only a lawyer can effectively deal with the matter should legal complications arise. Lawyers also carry a more comprehensive degree of liability insurance than required by a notary. The bank will generally require you to use a lawyer from its list of professionals. Since the bank is lending you the money, it has the right to have its documents prepared by the professional of its choosing and to charge you for that service. If you have a legal professional in mind, check with that person to see if they are on your bank's list.

Although you can use your own lawyer, if you want to save costs, you can by signing a consent form to engage the bank's lawyer to help you with the purchase completion process.

### Closing Costs

These include: **Legal Fees** - the professional's fees for preparing documents and his time. **Disbursements** - the charges the lawyer pays on your behalf that you are to pay. **Taxes** - legal fees are taxed with GST, PST and some disbursements will be taxed depending on what they are.

Some firms, such as Siebenga & King Law Offices charge a flat fee that includes all the closing costs. Some lawyers charge a set legal fee plus costs, which are estimated but could double if unexpected circumstances arise. If you are getting an estimated set of costs, get the estimate in writing to prevent any surprises on closing day.

Once you have chosen your lawyer or notary, communicate this information to both your realtor and your bank, so all documentation can be forwarded directly to your lawyer or notary.

## Your First Telephone Contact with your Legal Professional

You will need to contact your lawyer or notary to inform him or her that you are planning to use his or her services. Your legal professional will require certain information from you:

- **Your legal name and occupation**
- **The address that you wish on the property title**
- **Whether you are a first time home buyer**

If you are, you may be exempt from the 1 to 2% property transfer tax charged on the purchase price of property in BC. To see if you are exempt, review the regulations online at:

<http://www.rev.gov.bc.ca/rpt/ptt/FormsandGuides/returns.htm>
- **Who your bank is and whether you have a site survey**
- **Who your insurance agent is**

Once this first telephone call is completed and all instructions are received by your lawyer, your lawyer or notary will proceed to draft documents for you. A second telephone call from his or her office will occur to confirm with you an appointment time for meeting (usually 1-4 days prior to the completion date), as well as the amount of funds you will need to complete the purchase. When you come in for this appointment, these funds will need to be in the form of a **bank draft or certified cheque**.

## Your Meeting with Your Legal Professional

In preparation for this meeting, your lawyer or notary will have drafted a transfer which will be signed by the seller of the property. They will also discuss the following three essential areas of the purchase with you during this meeting:

**1. Conveyance Supporting Documents** including Property Purchase Tax Returns and the Purchaser's Statement of Adjustments. The Purchaser's Statement of Adjustments is a complete financial report of all dollar adjustments (including the purchase price of the property, the amount of the local taxes, the legal expenses and bank required fees, as applicable).

**2. Title:** After you finalize the purchase of your property, you will obtain title to it. This title is housed at the Land Title Office and contains three main categories:

- **The Registered Owner** in fee simple or freehold (*both terms being legal terms that indicate ownership*)
- **Financial Charges**, being the mortgages or financial charges on the title.
- **Any City or Private Charges** registered against the title. These non-financial charges or encumbrances can include a variety of items. Common examples include building restrictions, general covenants or agreements requiring or restricting the use of property for some purpose, and right of way and easements where public authorities or neighbours can gain access to a portion of the property for various stated purposes. These items, along with the size of the property being purchased, are very significant and as such, are handled twice; once by your realtor, identifying property limitations during your offer to purchase the property, and

secondly, by your legal professional to confirm they have been made aware of the property's restrictive covenants to purchasing the property.

**3. Bank Documents for a Mortgage.** You will be required to sign the Mortgage documents (*For Part 1 and 2*) and other bank documents. **Part 1** is the amount you are borrowing, the interest rate at which you are borrowing and the general repayment agreement made with the bank. **Part 2** is a set of the Standard Mortgage Terms (*administrative provisions*). These Standard Mortgage Terms are written in favour of the bank in a similar vein as if you had the money and were loaned to someone else. They stipulate that you are obliged to keep the property in good condition and make the payments falling which the bank has legal recourse and can, if necessary, sell the home in satisfaction of the loan. Further, if after sale there is a shortfall, the bank may be able to pursue you to recover the outstanding amount on the loan.

## The Day of Completion: What Happens?

On the completion date, your lawyer or notary will bring your certified cheque or bank draft in Trust and submit it with the documents you have signed, along with the Transfer, to the Land Title Office for **registration**. Computerized time searches of the title are triggered only when your lawyer or notary is satisfied that you own the property (*subject only to the mortgage and other charges of which you are aware*), will he or she then **release the funds** to the seller's legal professional to clear title and financial obligations of the seller. The Land Title Office issues a time date serial number for all documents to evidence the ownership. Once the funds are exchanged, **the contract is completed**, which entitles you to take possession on the date stated in your contract.

Shortly after this, your legal professional will forward you a copy of the Transfer and Mortgage with registration confirmation, as well as copies of other documents that you did not receive in your meeting with the lawyer.