

BUYING AND SELLING A HOME – FREQUENTLY ASKED QUESTIONS

Why do I need a lawyer when I buy a house?

For most people, buying a house is the largest purchase they will make. You want to protect your investment by making sure that you receive “clear title” to the property – that the title is transferred to your name without any previous charges or encumbrances registered. If you are borrowing money from a bank or credit union, the bank or credit union will want a lawyer to prepare and register a mortgage against the title as security for the loan.

When do I need to contact a lawyer?

Once all the conditions of your offer to purchase (such as financing) have been removed, your realtor will ask you if you have a lawyer. You may want to speak to one of our lawyers before this, however, to get an idea of the fees and land titles costs.

If you have made a private deal with a seller, you may wish to use a standard offer to purchase form; or you can contact our office and we will prepare an agreement for you and the seller to sign.

You should also advise your mortgage lender as soon as you are approved, so that the lender can send the mortgage instructions to us.

What do I need to bring when I meet with the lawyer?

Every person named on the mortgage will have to meet with the lawyer. In special cases, such as where one of the mortgagors is out of province, we may be able to fax or email documents for signing. All lenders and lawyers are required to obtain two pieces of identification, one of which must have a picture. Some banks do not accept Saskatchewan Health cards as acceptable identification. You will also need to arrange for fire insurance on the property you are buying, and bring the “cash to close” – this is the balance of your down payment and the amount we will need for legal fees, land title transfer and mortgage registration fees, and potential tax adjustments. We will usually try to advise you of this amount when you call to make an appointment to meet with one of our lawyers.

Do I still need a lawyer if I am the seller?

As a seller, your obligation is to provide the proper transfer documents to the buyer’s lawyer, and to ensure that any encumbrances on the title, such as prior mortgages, are paid out and discharged, or removed from the title. Before you give your keys to the buyer or the realtor, you want to be assured of receiving the purchase price, or that you will receive it once the buyer has received the proceeds of their mortgage. Our lawyers will prepare the necessary documents, arrange for and pay out any outstanding mortgages or charges, and protect your interests.

How much does it cost for buying or selling a house?

Our fees are based on a scale according to the purchase price. Both the seller and the buyer are charged legal fees. If the buyer is taking out a mortgage, there are additional fees, also based on the amount of the mortgage.

In addition to legal fees, there are disbursements, which are costs and expenses which we pay on your behalf. The most significant disbursements are land titles fees. These fees are paid to the Land Titles Registry to register the transfer of title and any mortgage. Transfer registration costs \$3.00 per \$1000, or 0.3% of the purchase price. Registration of a mortgage costs \$150.

Your lender may also want us to obtain either a real property or surveyor's certificate, or title insurance. Sometimes the seller will have a surveyor's certificate. If they do not, the buyer will have to pay us to obtain one (usually \$250), or to get title insurance (\$150).

There are additional disbursements charged for postage, photocopying, courier and fax, and search fees for searching the title(s) and taxes.

Lawyers are required to charge GST and PST on legal fees and some disbursements.

Here are some examples of legal fees and disbursements:

Purchase of \$200,000 with a mortgage of \$190,000:

Legal fees for purchase:	\$500.00
Legal fees for mortgage:	\$440.00
Registration of transfer:	\$600.00
Registration of mortgage:	\$150.00
Submission fee:	20.00
Title searches (2)	20.00
Tax certificate:	20.00
File opening	12.00
Postage, copying, fax	33.95
GST	47.00
PST	<u>47.60</u>
TOTAL	\$1890.55

Purchase of \$125,000 with mortgage of \$120,000

Legal fees for purchase:	\$400.00
Legal fees for mortgage:	375.00
Registration of transfer:	375.00
Registration of mortgage:	150.00
Submission fee:	20.00
Title searches (2)	20.00
Tax certificate:	20.00
File opening	12.00
Postage, copying, fax	33.95
GST	38.75
PST	<u>39.35</u>
TOTAL	\$1484.05