

PURCHASE INFORMATION MEMORANDUM

TO: Clients

FROM: Ember Leigh Hamilton

Thank you for retaining me as your Solicitor. I would like to bring the following information to your attention regarding your purchase.

1. SEPTIC SYSTEM:

If you are a first time home buyer in the country, whereby a septic system is installed, please be advised that the life expectancy of a septic system and tiles in good working order, is approximately 20-25 years. From that point on, it is possible that repairs or replacement of the entire system may be required. Prior to signing the Agreement of Purchase and Sale, it is advisable that you inspect the property thoroughly by walking around the outside of the property especially around the back over where the system is installed and checking closely for any signs of a leaking septic system or foul odours. This can be signs of a deteriorating system. If there is an obvious problem, I would suggest you call the Local Health Unit and notify them. For older systems, ask the current owner where the septic opening is located.

2. WELL WATER: POTABILITY TEST:

If the water on the property is supplied by a well (rather than municipal water), it is usual to obtain 1-3 water potability tests prior to closing. Normally it is the real estate agent or sometimes the vendor who supplies the water for the test. There have been cases where the well has been "shocked" (bleach poured into the well) prior to taking the water sample or even cases where the water submitted for testing was not from the actual well. My best advice, trust no-one. You are the persons who will be residing in the house and who will be drinking and using the water for normal household use. I would encourage you to take your own water sample and submit it for testing to the local health authority. There is no charge for this service. You can arrange to do so with your real estate agent.

3. POSSESSION OF PROPERTY:

I would advise you not to take possession of the property prior to closing, whether it be for renovations or simply to store some of your belongings. Taking possession prior to closing can lead to serious problems which could jeopardize your transaction. If it is absolutely necessary that you obtain possession of the property prior to closing, I would suggest that you give serious consideration to advancing the actual closing date. In any event, please contact me as soon as possible.

4. LEGAL FEES & DISBURSEMENTS:

Disbursements, ie. out-of-pocket expenses, are in addition to our fee and these will vary from transaction to transaction. In addition, the Province of Ontario charges Land Transfer Tax on the purchase of all real property in the Province of Ontario which tax is to be paid by the Purchaser. GST is also applied to fees and certain disbursements. I would be more than happy to provide you with an approximation of the disbursements as well as the amount of Land Transfer Tax with respect to your transaction upon request. Should the transaction become unduly complex, I reserve the right to charge more than the standard fee. For example, a transaction would be unduly complex if there were serious problems with the title or if you or the other party wished to withdraw from the

transaction and it was necessary to enter into lengthy negotiations between all parties concerned. I would like to stress that it is only in certain rare circumstances that a transaction becomes unduly complex. If it appears that your transaction is developing serious problems and it may be necessary to increase my fee, I will advise you immediately. You must also realize that should the transaction not be finalized I will still have spent time and incurred disbursements which must be paid for by you.

5. TITLE INSURANCE:

Historically, as part of a purchase the lawyer did a number of searches (zoning, tax, 40 year title search, septic, water potability etc) in order to guarantee title. Several years ago Title Insurance came into existence and guarantees title as of the date of purchase (covers title defects these searches may have revealed).

Mortgage companies insist on title insurance to cover the mortgage and most clients also obtain the homeowner policy as it is cheaper than having all the searches completed. The title insurance company allows the lawyer to retain \$150.00 of the fee for additional work associated with obtaining title insurance.

6. NEW HOME PURCHASERS ONLY:

(1) In your agreement of purchase and sale, in addition to the purchase price, you have agreed to pay for:

- (a) Any charges incurred for the connection of water services or the installation of a water meter; (approx.\$300.00)
- (b) The enrolment fee required pursuant to the Ontario New Home Warranty Plan; (approx. \$700.00)
- (c) An amount to be estimated by the Builder to be held on account of any interest which may be payable pursuant to the terms of the Builders Agreement;
- (d) An amount for retail sales tax, if any, payable on chattels which may be involved in the purchase, the allocation of value of such chattels to be estimated where necessary by the Builder;
- (e) If applicable, insurance premium on the Builder's insurance to be assumed;
- (f) If applicable, a charge to reimburse the Builder for tree planting charges;
- (g) Hydro connection charges. (approx.\$500.00)
- (h) if living in the country, Emergency 911 costs of approximately \$20.00

Prior to signing the Agreement try to negotiate with the builder to waive some of these fees.

NON-COMPLETION

(2) You have agreed with the Builder that if for any reason the dwelling is not completed on or before the completion date of the sale, you will grant such reasonable extensions of time for completion of the work as may be required by the Builder for up to 120 days and the date for completion of this sale may be extended accordingly. We ask that you read the appropriate paragraphs in the Builders Agreement for the procedure to extend the closing date. The regulations under the Ontario New Home Warranty Program provides notice periods and compensation for closings extended without proper notice.

INSPECTION

One week prior to the closing date, you will meet with a representative of the Builder to

inspect the subject property and verify that the interior of the dwelling house has been substantially completed. Any items which may remain incomplete or in need of rectification, **shall** be listed on a form of Certification of Completion and Possession and completed by the Builder after closing. You have agreed to provide reasonable access to the Builder or its representative to complete or rectify any items outstanding after closing and title may be subject to a right of re-entry in favour of the Builder. Please note that you are required to close even though certain interior finishes are incomplete on closing. In our experience, the Builder will often require the sale to close even though the dwelling is not complete to a stage acceptable to you.

OCCUPANCY CERTIFICATE

You have acknowledged in the Builder's Agreement that your property may be subject to obtaining an Occupancy Certificate and the Builder has agreed to comply with all the requirements with respect to such certificate prior to closing. Furthermore, you have agreed to accept the Builder's undertaking in connection therewith and close the transaction notwithstanding the Occupancy Certificate may not be available as of the closing date. If in turn you wish to close you have to also agree to accept the Builder's undertaking to obtain an Occupancy Certificate.

7. VACANT LAND PURCHASE ONLY:

It is the **sole responsibility of the purchaser** of vacant land to obtain the following approvals from the proper authorities as follows:

- (1) Verification of an Entrance Permit to the subject property
- (2) Verification that a Building Permit can be obtained to build on the property should you wish to do so.
- (3) Purchaser satisfying him/herself, adequate water is available
- (4) Verification of Hydro and Telephone Service
- (5) Verification from the Health Unit that a Septic Permit is available